

August 3, 2024

**RESULT REPORT Q1 FY25** | Sector: Banks

# State Bank of India

**Seasonally weak quarter but overall investment thesis remains broadly intact**

**Our view – Management guides for stable NIMs and a healthy advances growth**

**Asset quality** – The bank doesn't see any structural uptrend in slippages and hence maintains its credit cost guidance: Gross NPA additions amounted to Rs 87.07bn for 1QFY25, translating to an annualized slippage ratio of 0.9% for the quarter. Gross NPA additions had amounted to Rs 39.84bn during 4QFY24. The management has stated that the sequentially higher slippages were due to seasonality in agri loans and some incremental slippages in personal loans but they don't see any structural uptrend in slippages. Of the fresh slippages of Rs 79bn in 1Q the bank has already recovered Rs 16bn in YTD 2Q. Total loan loss provision was Rs 45.18bn, up by 37% QoQ and 70% YoY, translating to an annualised credit cost of 48bps. Of the total loan loss provision, Rs 19.76bn pertains to slippages and Rs 24.73bn pertains to ageing of assets. The bank has guided for a credit cost of 50bps for FY25.

**Net interest margin** – NIMs sequentially lower as the bank had no interest on income tax refund in 1Q but the management expects to maintain it at current levels: Global NIM at 3.22% was down -8bps/-11bps QoQ/YoY. There was no interest on income tax refund in 1QFY25 as against Rs 13bn in 4QFY24. The bank is currently comfortable with regards to liquidity where its LCR as of June 2024 is at 129% and it holds excess SLR of Rs 3.7trn. The bank has guided to maintain its NIM at the current level plus minus 10bps.

**Balance sheet growth** – Deposits growth continues to lag advances growth but loan to deposit ratio remains comfortable: Whole bank advances grew 1.2%/15.4% QoQ/YoY driven sequentially by SME, Home Loan, Gold Loan, Agri and International loans. The bank has guided for a credit growth of 15% in FY25. The total deposits were at Rs 49,017 bn, down by -0.3% QoQ but up by 8.2% YoY. The domestic loan to deposit ratio was at 69.28% and the management has guided to maintain it in the range of 70-72%.

**We maintain 'Buy' rating on SBI with a revised price target of Rs 1035:** We value the bank at 1.3x FY26 P/BV for an FY25E/26E RoE profile of 16.4/16.4%. We assign a value of Rs 285 per share to the subs., on SOTP. (See our [sector report dated June 2021](#)).

**(See Comprehensive con call takeaways on page 2 for significant incremental colour.)**

**Other Aspects (See "Our View" above for elaboration and insight)**

- **Opex control:** Total cost to income ratio was at 49.4% down by -188/-95bps QoQ/YoY and the Cost to assets was at 1.7% down by -32/-19bps QoQ/YoY.
- **Fee income:** Core fee income to average assets was at 0.4%, down -13bps/-3bps QoQ/YoY.

## Exhibit 1: Result table

(Rs mn)	Q1 FY25	Q4 FY24	% qoq	Q1 FY24	% yoy
Total Interest Income	1,115,260	1,110,426	0.4	959,755	16.2
Interest expended	(704,005)	(693,874)	1.5	(570,705)	23.4
<b>Net Interest Income</b>	<b>411,255</b>	<b>416,552</b>	<b>(1.3)</b>	<b>389,050</b>	<b>5.7</b>
Fee Income	69,210	87,250	(20.7)	66,260	4.5
Non-fee Income	42,409	86,443	(50.9)	54,374	(22.0)
<b>Total Non-Interest Income</b>	<b>111,619</b>	<b>173,693</b>	<b>(35.7)</b>	<b>120,634</b>	<b>(7.5)</b>
<b>Total Income</b>	<b>522,873</b>	<b>590,245</b>	<b>(11.4)</b>	<b>509,683</b>	<b>2.6</b>
Employee Expense	(154,660)	(163,481)	(5.4)	(166,007)	(6.8)
Other Opex	(103,728)	(139,288)	(25.5)	(90,707)	14.4
<b>Total Operating expenses</b>	<b>(258,387)</b>	<b>(302,769)</b>	<b>(14.7)</b>	<b>(256,714)</b>	<b>0.7</b>
<b>PPoP</b>	<b>264,486</b>	<b>287,476</b>	<b>(8.0)</b>	<b>252,969</b>	<b>4.6</b>
Provisions	(34,494)	(16,098)	114.3	(25,013)	37.9
<b>PBT</b>	<b>229,992</b>	<b>271,378</b>	<b>(15.3)</b>	<b>227,956</b>	<b>0.9</b>
Tax	(59,640)	(64,394)	(7.4)	(59,113)	0.9
<b>PAT</b>	<b>170,352</b>	<b>206,984</b>	<b>(17.7)</b>	<b>168,843</b>	<b>0.9</b>

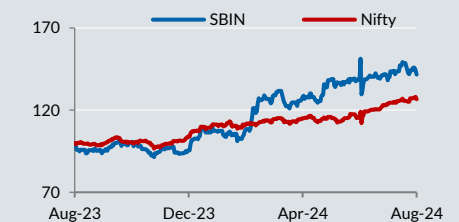
Source: Company, YES Sec-Research

Recommendation	: BUY
Current Price	: Rs 848
Target Price	: Rs 1035
Potential Return	: +22%

## Stock data (as on August 2, 2024)

Nifty	24,718
52 Week h/l (Rs)	912 / 543
Market cap (Rs/USD mn)	7785832 / 92916
Outstanding Shares (mn)	8,925
6m Avg t/o (Rs mn):	14,207
Div yield (%):	1.6
Bloomberg code:	SBIN IN
NSE code:	SBIN

## Stock performance



	1M	3M	1Y
Absolute return	0.9%	2.0%	43.6%

## Shareholding pattern (As of Jun'24 end)

Promoter	56.9%
FII+DII	34.4%
Others	7.6%

## Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	1035	1030

## Financial Summary

(Rs mn)	FY24	FY25E	FY26E
NII	1,598,758	1,787,205	2,072,537
PPOP	937,972	1,153,320	1,405,585
Net Profit	610,766	693,272	826,907
Growth (%)	21.6	13.5	19.3
EPS (Rs)	68.4	74.0	88.2
BVPS (Rs)	423	499	574
P/E (x)	8.2	7.6	6.4
P/BV (x)	1.3	1.1	1.0
ROE (%)	17.3	16.4	16.4
ROA (%)	1.0	1.1	1.1
Tier-1 (%)	11.9	12.8	12.5

## Δ in earnings estimates

Rs. bn	FY24E	FY25E	FY26E
EPS (New)	NA	74.0	88.2
EPS (Old)	NA	73.9	88.0
% change	NA	0.1%	0.3%

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## COMPREHENSIVE CON-CALL TAKEAWAYS

### Net interest margin

- **NIM for the quarter**
  - NIM was at 3.22%, down -8bps QoQ and -11bps YoY
- **Guidance**
  - The bank has guided to maintain NIM at the current level plus minus 10bps
- **Yield**
  - The domestic yield on advances was up 5bps YoY
  - **Interest on income tax refund**
    - There was no interest on income tax refund in 1Q
- **Loan mix by rate category**
  - MCLR – 36%
  - EBLR – 27%
  - Fixed – 20%
  - Other – 14%

### Operating expenses

- **Total opex**
  - Total Opex, at Rs. 258.4 bn, is down -14.7% QoQ but up 0.7% YoY.
  - The cost to income ratio amounted to 49.4% for 1QFY25, down by -118bps QoQ and -95bps YoY.
  - **Guidance**
    - The bank has guided that the cost to income ratio to improve going forward
- **Staff opex**
  - The staff opex is down by -5.4% QoQ and -6.8% YoY.
  - The provisions for employees were at Rs 34.99bn, down by -33% QoQ and -41% YoY.
- **Non-staff opex**
  - Non-staff opex is down by -25.5% QoQ but up by 14.4% YoY.

### Asset quality

- **Slippages**
  - Gross NPA additions amounted to Rs 87.07bn for 1QFY25, translating to an annualized slippage ratio of 0.92% for the quarter. (Gross NPA additions had amounted to Rs 39.84bn during 4QFY24).
  - Of the fresh slippages of Rs 79bn in 1Q the bank has already recovered Rs 16bn in YTD 2Q
  - **Reasons for higher Slippages**
    - Seasonality in Agri loan slippages
    - Higher slippages in personal loans due to delayed salary to government employees in some states
  - **Segment-wise Slippages**
    - Retail – Rs 30bn
    - SME – Rs 20bn
    - Large value accounts – Rs 2bn
    - Balance is Agri loans segment

(Con call takeaways continue on the next page)

- **Recoveries and upgrades**
  - Recoveries and upgrades amounted to Rs 36.66bn for 1QFY25, implying net NPA addition of Rs 50.41bn for the quarter.
  - The recovery from technically written off accounts amounted to Rs 10.08bn in 1QFY25 compared with about Rs 11.34 bn in 1QFY24
- **Provisions**
  - **P&L provisions**
    - Provisions were Rs 34.5bn, up by 114% QoQ and 37.9% YoY, translating to calculated annualised credit cost of 37bps.
    - Total loan loss provision was Rs 45.18bn, up by 37% QoQ and 70% YoY, translating to an annualised credit cost of 48bps.
    - **Break-up of Loan Loss Provisions**
      - Provisions due to slippages – Rs 19.4bn
      - Provisions due to ageing of assets – Rs 24.73bn
      - Prudent provisions for standard agriculture loans – Rs 1.06bn
    - **Guidance**
      - The bank expects the current increase in slippages in the unsecured personal loan is temporary and don't see any upward trend
      - The bank has guided for a credit cost of 50bps for FY25
  - **Outstanding provisions**
    - The PCR including written off accounts amounted to 91.76% and excluding written off accounts amounted to 74.41%.
- **Restructured book**
  - The outstanding standard restructured advances stood at Rs 160.2bn or 0.4% of gross advances
- **NPA ratios**
  - GNPA ratio stands at 2.2%, down -3bps QoQ and -55bps YoY while NNPA ratio stands at 0.6%, flat QoQ but down -14bps YoY.
- **SMA**
  - The total SMA 1 and 2 was at Rs 79bn as of June 2024 as against Rs 93bn as of June 2023
- **Impact of ECL norms**
  - The bank is currently in a better position with regards to existing provisions held and expect the ECL norms when implemented to have a positive impact

## Advances growth

- The total gross advances for the bank grew 15.4% YoY with domestic advances growing 15.6% YoY and overseas advances growing 14.4% YoY.
- Within domestic advances, retail advances, agri, SME and corporate advances grew 13.6%, 17.1%, 19.9% and 15.9% YoY, respectively.
- On corporate loans, the proposals pending for sanctions and awaiting disbursement pipeline was Rs 4.62 trillion
- **Guidance**
  - The guidance for the bank's credit growth in FY25 is 15%.
- **Unsecured personal loans**
  - The bank is mindful of the growth in Xpress Credit segment due to its impact on RWA
  - The average ticket size of Xpress Credit loans is Rs 0.72mn

(Con call takeaways continue on the next page)

## Deposits growth

- The total deposits were at Rs 49,017 bn, down by -0.3% QoQ but up by 8.2% YoY.
- Term deposits have grown 12.2% YoY.
- CASA deposits have grown by 2.6% YoY
- The share of CASA in domestic deposits was at 40.7%, down by -218bps YoY
- The bank holds 26.27% market share in savings deposits
- **More on YONO**
  - Total 0.48bn customers are registered on YONO
  - 63% of the regular savings bank's accounts were opened through YONO in 1Q

## Non-interest income

- The total non-interest income was at Rs 111.6bn, down by -35.7% QoQ and -7.5% YoY.
- The fee income was at Rs 69.2bn, down by -20.7% QoQ but up 4.5% YoY
- Non-fee income was down -22% YoY and -50.9% QoQ

## Liquidity

- Excess SLR for the bank amounts to Rs 3.7 trillion.
- The LCR for the bank stood at 129%.
- The domestic loan to deposit ratio was at 69.28%
- **Guidance**
  - The bank will maintain the domestic loan to deposit ratio in the range of 70-72%
- **RBI draft circular on LCR**
  - The bank has is assessing the impact of draft guidelines
  - The bank will submit its observations on the provision of draft guidelines to RBI shortly

## Capital adequacy

- The CET1 ratio stands 10.25%.
- There was a positive accrual of Rs 36bn in the reserves due to new investment norms
- The RWA to total asset was at 53.2%, up by 272bps YoY
- **Capital Raise**
  - The bank has approval for raising Rs 100bn through Tier I capital and Rs 150bn through tier II capital

## Return ratios

- The 1QFY25 RoE amounted to 20.98%, down -344 bps YoY.
- The 1QFY25 RoA amounted to 1.1%, down -12 bps YoY.

## Exhibit 2: Key quarterly balance sheet / business data

(Rs mn)	Q1 FY25	Q4 FY24	% qoq	Q1 FY24	% yoy	Q1 FY25*	chg qoq*	chg yoy*
Gross Advances	38,120,870	37,675,350	1.2	33,037,310	15.4	100.0	0bps	0bps
Corporate	11,385,790	11,382,020	0.0	9,821,840	15.9	29.9	-34bps	14bps
SME	4,434,120	4,330,370	2.4	3,699,170	19.9	11.6	14bps	43bps
Retail	13,680,450	13,522,650	1.2	12,042,790	13.6	35.9	-1bps	-57bps
Home Loan	7,395,810	7,258,180	1.9	6,525,480	13.3	19.4	14bps	-35bps
Auto Loan	1,176,250	1,165,430	0.9	1,008,530	16.6	3.1	-1bps	3bps
Xpress Credit	3,455,760	3,484,380	(0.8)	3,107,780	11.2	9.1	-18bps	-34bps
Gold Loan	354,370	326,760	8.4	294,030	20.5	0.9	6bps	4bps
Others	1,298,260	1,287,900	0.8	1,106,970	17.3	3.4	-1bps	5bps
Agriculture	3,090,940	3,049,440	1.4	2,640,520	17.1	8.1	1bps	12bps
International	5,529,570	5,390,860	2.6	4,832,990	14.4	14.5	20bps	-12bps
Total Deposits	49,017,259	49,160,768	(0.3)	45,312,367	8.2	100.0	0bps	0bps
Domestic	47,039,500	47,243,360	(0.4)	43,522,270	8.1	96.0	-13bps	-8bps
Term	27,895,100	27,823,400	0.3	24,861,680	12.2	56.9	31bps	204bps
SA	16,682,820	16,549,530	0.8	16,078,270	3.8	34.0	37bps	-145bps
CA	2,461,580	2,870,430	(14.2)	2,582,320	(4.7)	5.0	-82bps	-68bps
International	1,977,759	1,917,408	3.1	1,790,097	10.5	4.0	13bps	8bps
Investments	16,288,359	16,713,397	(2.5)	15,726,297	3.6	NA	NA	NA
Investments/(Invest. + Net Adv.) (%)	30.3	31.1	-81bps	32.7	-242bps	NA	NA	NA
Borrowings	5,856,672	5,975,609	(2.0)	4,123,516	42.0	NA	NA	NA
Borrowings/(Borr. + Deposits) (%)	10.7	10.8	-16bps	8.3	233bps	NA	NA	NA
RWA to Total Assets (%)	53.2	52.1	106bps	0.0	5320bps	NA	NA	NA

Source: Company, YES Sec – Research, \*Share in Total and change in share

## Exhibit 3: Key quarterly ratios

(%)	Q1 FY25	Q4 FY24	chg qoq	Q1 FY24	chg yoy
Global Net interest margin	3.22	3.30	-8bps	3.33	-11bps
Cumm. Yield on advances	8.83	8.91	-8bps	8.78	5bps
Cumm. Cost of Deposits	5.00	4.81	19bps	4.55	45bps
Domestic CASA	40.7	41.1	-41bps	42.9	-218bps
Loan to Deposit ratio	76.5	75.3	114bps	71.4	509bps
Non-int. income / Total Income	21.3	29.4	-808bps	23.7	-232bps
Fee Income/Avg. Total Assets	0.4	0.6	-13bps	0.5	-3bps
Cost to Income	49.4	51.3	-188bps	50.4	-95bps
Opex/Avg. Total Assets	1.7	2.0	-32bps	1.9	-19bps
RoA (Annualised)	1.1	1.4	-26bps	1.2	-12bps
Annualised Slippage Ratio, %	0.9	0.4	49bps	1.0	-4bps
Provision coverage ratio	91.8	91.9	-13bps	91.4	35bps
Gross NPA	2.2	2.2	-3bps	2.8	-55bps
Net NPA	0.6	0.6	0bps	0.7	-14bps
Capital adequacy ratio	13.9	14.3	-42bps	14.6	-70bps
Tier I capital ratio	11.8	11.9	-15bps	12.0	-19bps
Common equity tier 1 capital ratio	10.3	10.4	-11bps	10.2	6bps

Source: Company, YES Sec – Research

## Exhibit 4: Segmental NPA

(Rs mn)	Q1 FY25	Q4 FY24	% qoq	Q1 FY24	% yoy
Corporate	247,520	278,480	(11.1)	336,370	(26.4)
Corporate NPA (%)	2.2	2.5		3.4	
SME	166,230	162,210	2.5	176,400	(5.8)
SME NPA (%)	3.8	3.8		4.8	
Agriculture	304,250	292,130	4.1	297,740	2.2
Agriculture NPA (%)	9.8	9.6		11.3	
Retail - Per Segment	110,330	94,960	16.2	84,970	29.8
Retail Per segment NPA (%)	0.8	0.7		0.7	
International	13,930	14,980	(7.0)	17,800	(21.7)
Overseas NPA (%)	0.3	0.3		0.4	

Source: Company, YES Sec - Research

## Exhibit 5: Fund based outstanding of industrial sectors

(Rs mn)	Q1 FY25	Q4 FY24	% qoq	Q1 FY24	% yoy	% Share*
Infrastructure	3,919,530	3,946,810	(0.7)	3,674,050	6.7	12.0
Power	2,029,370	2,047,290	(0.9)	1,852,610	9.5	6.2
Telecom	296,630	303,760	(2.3)	379,630	(21.9)	0.9
Roads & Ports	1,130,460	1,128,350	0.2	1,058,530	6.8	3.5
Others	463,060	467,410	(0.9)	383,280	20.8	1.4
Services	4,388,560	4,549,050	(3.5)	3,707,570	18.4	13.5
Iron & Steel	665,260	661,360	0.6	545,670	21.9	2.0
Aviation & Airports	216,360	212,730	1.7	167,660	29.0	0.7
Tourism & Hotels	128,770	131,350	(2.0)	112,350	14.6	0.4
Textiles	380,430	387,550	(1.8)	353,110	7.7	1.2
Petroleum & Petrochemicals	569,800	586,670	(2.9)	435,050	31.0	1.8
Engineering	267,500	263,100	1.7	250,120	6.9	0.8
Commercial Real Estate	617,060	580,590	6.3	478,880	28.9	1.9
Other Industries	4,666,650	4,393,180	6.2	3,796,560	22.9	14.3

Source: Company, YES Sec - Research, \*Share in total domestic advances for latest quarter

## Exhibit 6: Quarterly Actuals Vs Estimates

Q1FY25 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	411,255	428,911	(4.1)
Pre-Prov. Operating Profit	264,486	259,979	1.7
Profit After Tax	170,352	181,748	(6.3)

Source: Company, YES Sec - Research

## Exhibit 7: Operating Expense Break-up

(Rs mn)	Q1 FY25	Q4 FY24	% qoq	Q1 FY24	% yoy
Employee Expense (A)	154,660	163,480	(5.4)	166,010	(6.8)
Salary	119,670	111,230	7.6	106,410	12.5
Provisions for Employees	34,990	52,250	(33.0)	59,600	(41.3)
Other Operating Expense (B)	103,730	139,290	(25.5)	90,710	14.4
Business Dev. Expenses	10,610	23,000	(53.9)	8,930	18.8
Others	93,120	116,290	(19.9)	81,780	13.9
<b>Total Operating Expense (A+B)</b>	<b>258,390</b>	<b>302,770</b>	<b>(14.7)</b>	<b>256,720</b>	<b>0.7</b>

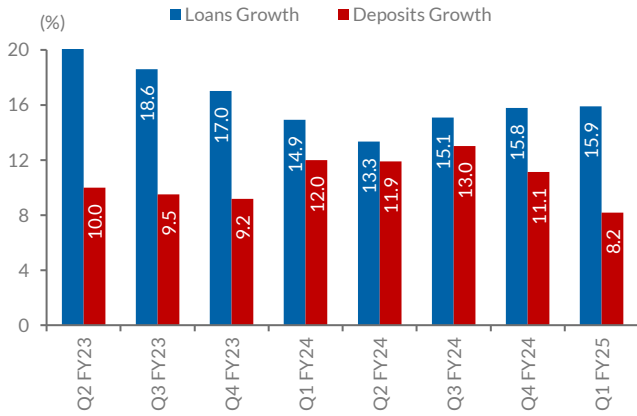
Source: Company, YES Sec – Research

## Exhibit 8: Non-Interest Income Break-up

(Rs mn)	Q1 FY25	Q4 FY24	% qoq	Q1 FY24	% yoy
Total Fee Income (A)	69,210	87,250	(20.7)	66,260	4.5
Loan Processing Charges	12,520	20,250	(38.2)	10,260	22.0
Commission on Govt. Business	10,130	9,950	1.8	10,060	0.7
Commission on LC/BG	7,890	8,410	(6.2)	7,800	1.2
Cross Selling	8,640	11,210	(22.9)	6,920	24.9
Remittance, Collection, etc.	14,910	19,070	(21.8)	14,320	4.1
Misc. Fee Income	15,120	18,360	(17.6)	16,900	(10.5)
Total Other Income (B)	42,400	86,450	(51.0)	54,380	(22.0)
Trading profits	25,890	34,630	(25.2)	38,470	(32.7)
Forex	3,610	2,250	60.4	2,860	26.2
Others	12,900	49,570	(74.0)	13,050	(1.1)
<b>Total Non-Interest Income (A+B)</b>	<b>111,610</b>	<b>173,700</b>	<b>(35.7)</b>	<b>120,640</b>	<b>(7.5)</b>

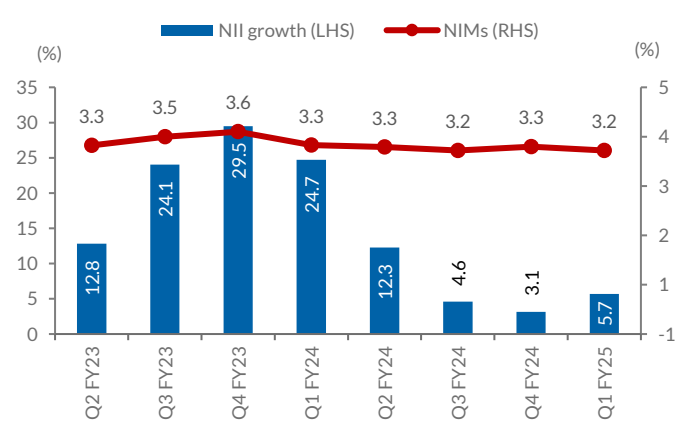
Source: Company, YES Sec – Research

**Exhibit 9: Loans and Deposits growth (YoY %)**



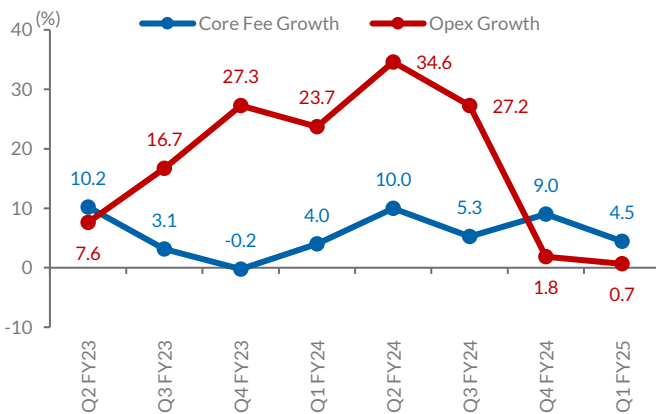
Source: Company, YES Sec – Research

**Exhibit 10: NII growth (YoY %) and NIM (%)**



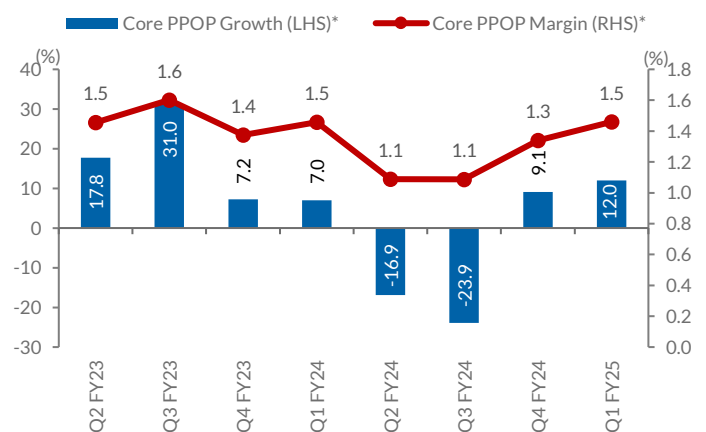
Source: Company, YES Sec – Research

**Exhibit 11: Core Fee and Opex growth (YoY %)**



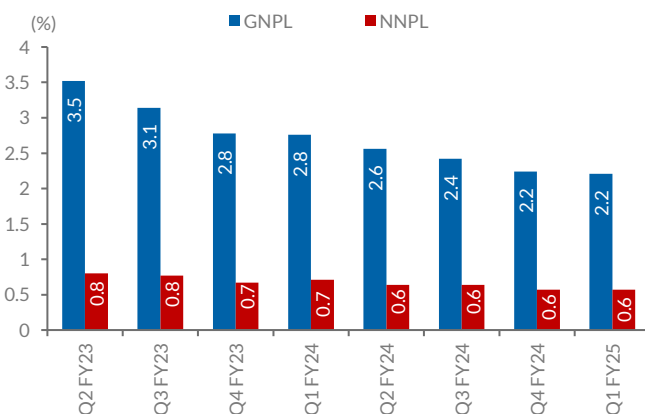
Source: Company, YES Sec – Research

**Exhibit 12: Core PPOP growth (YoY %) and Core PPOP margin (%)**



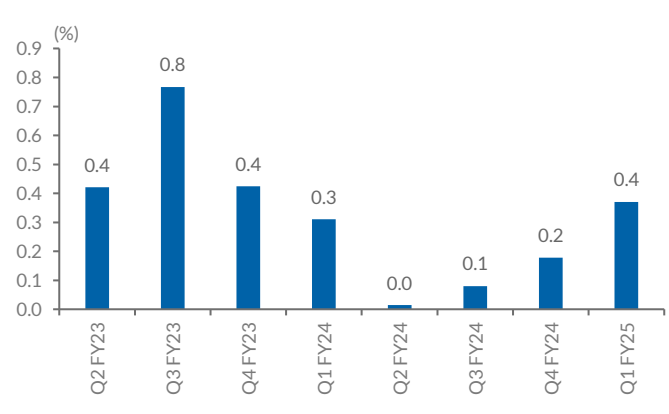
Source: Company, YES Sec – Research, \*Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

**Exhibit 13: Gross NPA and Net NPA (%)**



Source: Company, YES Sec – Research

**Exhibit 14: Provisions/Average Advances (%)**



Source: Company, YES Sec – Research

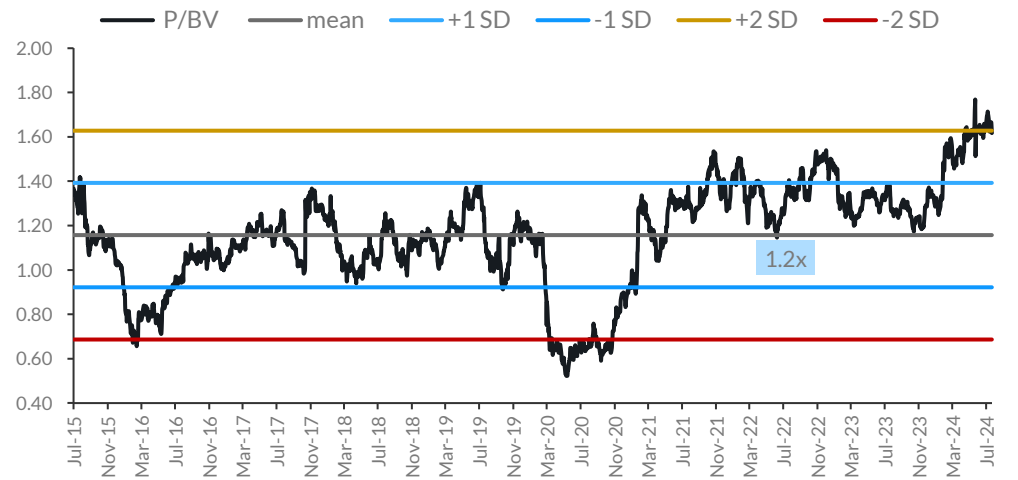


**Exhibit 15: 1-year rolling P/BV band**



Source: Company, YES Sec – Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

**Exhibit 16: 1-yr rolling P/BV vis-a-vis the mean and standard deviations**



Source: Company, YES Sec – Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

## ANNUAL FINANCIALS

### Exhibit 17: Balance sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Total cash & equivalents	3,945,523	3,078,996	3,108,020	3,531,366	3,990,443
Investments	14,814,455	15,703,662	16,713,397	18,852,042	21,191,279
Advances	27,339,666	31,992,693	37,039,709	42,040,069	47,505,278
Fixed assets	377,082	423,818	426,173	426,173	426,173
Other assets	3,399,249	3,970,616	4,509,642	4,058,678	3,652,810
<b>Total assets</b>	<b>49,875,974</b>	<b>55,169,785</b>	<b>61,796,939</b>	<b>68,908,328</b>	<b>76,765,983</b>
Net worth	2,800,881	3,276,084	3,772,465	4,678,143	5,376,669
Deposits	40,515,341	44,237,778	49,160,768	55,411,219	62,515,990
Borrowings	4,260,434	4,931,352	5,975,609	5,990,445	6,178,720
Other liabilities	2,299,318	2,724,571	2,888,097	2,828,521	2,694,604
<b>Total liabilities incl. Equity</b>	<b>49,875,974</b>	<b>55,169,785</b>	<b>61,796,939</b>	<b>68,908,328</b>	<b>76,765,983</b>

Source: Company, YES Sec – Research

### Exhibit 18: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Interest income	2,754,573	3,321,031	4,151,307	4,694,345	5,308,310
Interest expense	(1,547,497)	(1,872,626)	(2,552,548)	(2,907,140)	(3,235,773)
<b>Net interest income</b>	<b>1,207,076</b>	<b>1,448,405</b>	<b>1,598,758</b>	<b>1,787,205</b>	<b>2,072,537</b>
Non-interest income	405,639	366,156	516,822	533,477	602,808
<b>Total income</b>	<b>1,612,715</b>	<b>1,814,561</b>	<b>2,115,580</b>	<b>2,320,682</b>	<b>2,675,345</b>
Operating expenses	(859,791)	(977,431)	(1,177,608)	(1,167,363)	(1,269,760)
<b>PPoP</b>	<b>752,924</b>	<b>837,130</b>	<b>937,972</b>	<b>1,153,320</b>	<b>1,405,585</b>
Provisions	(244,521)	(165,073)	(49,142)	(226,857)	(300,538)
Exceptional Item	(74,184)	0	(71,000)	0	0
<b>Profit before tax</b>	<b>434,219</b>	<b>672,056</b>	<b>817,830</b>	<b>926,463</b>	<b>1,105,047</b>
Taxes	(117,459)	(169,732)	(207,063)	(233,191)	(278,140)
<b>Net profit</b>	<b>316,760</b>	<b>502,324</b>	<b>610,766</b>	<b>693,272</b>	<b>826,907</b>

Source: Company, YES Sec – Research

## Exhibit 19: Du Pont Analysis (RoA tree)

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Interest income	5.8	6.3	7.1	7.2	7.3
Interest expense	-3.3	-3.6	-4.4	-4.4	-4.4
<b>Net interest income</b>	<b>2.5</b>	<b>2.8</b>	<b>2.7</b>	<b>2.7</b>	<b>2.8</b>
Non-interest income	0.9	0.7	0.9	0.8	0.8
<b>Total income</b>	<b>3.4</b>	<b>3.5</b>	<b>3.6</b>	<b>3.6</b>	<b>3.7</b>
Operating expenses	-1.8	-1.9	-2.0	-1.8	-1.7
<b>PPoP</b>	<b>1.6</b>	1.6	1.6	1.8	1.9
Provisions	-0.5	-0.3	-0.1	-0.3	-0.4
<b>Profit before tax</b>	<b>0.9</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>
Taxes	-0.2	-0.3	-0.4	-0.4	-0.4
<b>Net profit</b>	<b>0.7</b>	<b>1.0</b>	<b>1.0</b>	<b>1.1</b>	<b>1.1</b>

Source: Company, YES Sec – Research

## Exhibit 20: Sum of the Parts (SOTP) - Subsidiaries

Subsidiary	Market Cap / Assigned value (Rs mn)	Valuation metric	Metric value (Rs mn)	Trailing multiple (Implied / Assigned)	Stake (%)	Stake value (Rs mn)	Per share (Rs)
SBI Cards	679,405	BV	126,810	5.4	69.0%	468,517	52.5
SBI Life Insurance	1,746,600	EV	582,500	3.0	55.5%	968,490	108.5
SBI General Insurance	45,600	PAT	2,400	19.0	70.0%	31,920	3.6
SBI Capital Markets	244,650	PAT	16,310	15.0	100.0%	244,650	27.4
Bank	797,586	BV	456,490	1.7	26.1%	208,409	23.4
SBI AMC	988,256	AUM	9,882,560	10%	62.9%	621,415	69.6
<b>Value of Subsidiaries</b>						<b>2,543,402</b>	<b>285.0</b>

Source: Company, YES Sec – Research

## Exhibit 21: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Net Interest Income	NA	1,787,205	2,072,537	NA	1,785,060	2,067,996	NA	0.1	0.2
Pre-Prov. Operating Profit	NA	1,153,320	1,405,585	NA	1,151,259	1,401,222	NA	0.2	0.3
Profit after tax	NA	693,272	826,907	NA	692,660	824,616	NA	0.1	0.3

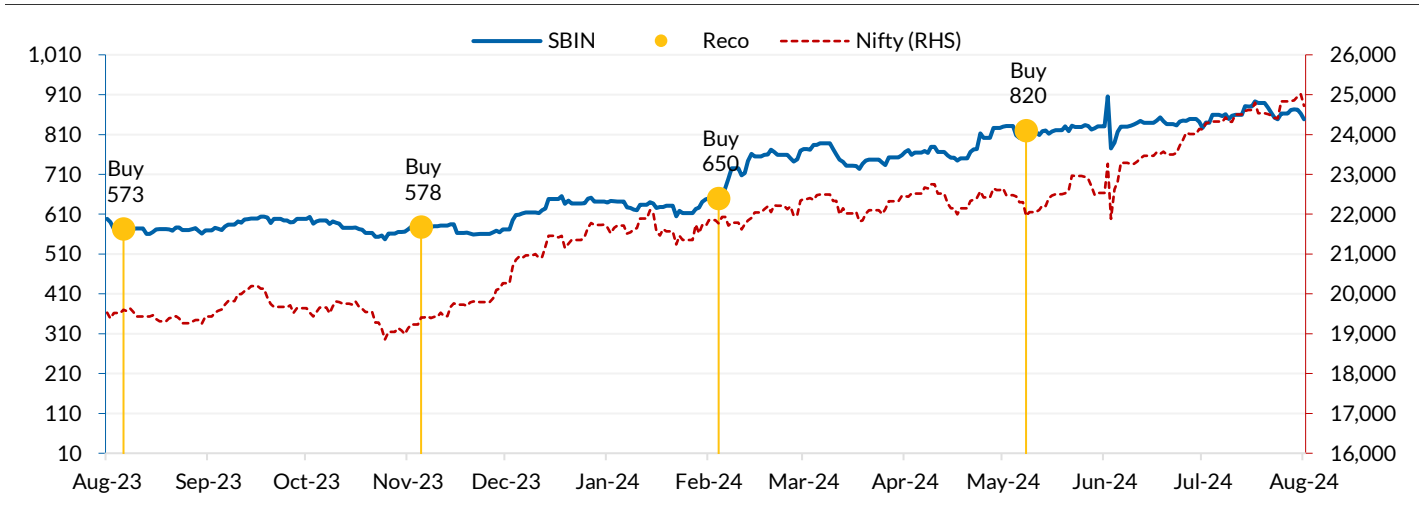
Source: Company, YES Sec – Research

## Exhibit 22: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25E	FY26E
<b>Growth matrix (%)</b>					
Net interest income	9.0	20.0	10.4	11.8	16.0
PPoP	5.2	11.2	12.0	23.0	21.9
Net profit	55.2	58.6	21.6	13.5	19.3
Loans	11.6	17.0	15.8	13.5	13.0
Deposits	10.1	9.2	11.1	12.7	12.8
<b>Profitability Ratios (%)</b>					
Net interest margin	3.1	3.4	3.3	3.3	3.3
Return on Average Equity	11.9	16.5	17.3	16.4	16.4
Return on Average Assets	0.7	1.0	1.0	1.1	1.1
<b>Per share figures (Rs)</b>					
EPS	35.5	56.3	68.4	74.0	88.2
BVPS	314	367	423	499	574
ABVPS	256	312	368	434	499
<b>Valuation multiples</b>					
P/E	15.9	10.0	8.2	7.6	6.4
P/BV	1.8	1.5	1.3	1.1	1.0
P/ABV	2.2	1.8	1.5	1.3	1.1
<b>NIM internals (%)</b>					
Yield on loans	6.6	7.5	8.3	8.4	8.4
Cost of deposits	3.7	3.8	4.7	4.8	4.8
Loan-deposit ratio	67.5	72.3	75.3	75.9	76.0
CASA ratio	44.5	42.7	39.9	39.9	40.0
<b>Opex control (%)</b>					
Cost/Income ratio	53.3	53.9	55.7	50.3	47.5
Cost to average assets	1.8	1.9	2.0	1.8	1.7
<b>Capital adequacy (%)</b>					
Tier 1 capital ratio	11.4	12.1	11.9	12.8	12.5
<b>Asset quality (%)</b>					
Slippage ratio	1.0	0.6	0.6	1.0	1.0
Gross NPL ratio	4.3	2.8	2.2	2.3	2.4
Credit cost	0.5	0.3	0.3	0.5	0.6
Net NPL ratio	1.0	0.7	0.6	0.8	0.9

Source: Company, YES Sec – Research, Valuations are the implied value of standalone entity net of subsidiaries

## Recommendation Tracker



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