

May 9, 2024

RESULT REPORT Q4 FY24 | Sector: Banks

State Bank of India

Flagged as the top pick in June 2021, SBI's investment thesis remains broadly intact

Our view - Project finance draft no bugbear and capital ratio no constraint

Asset quality - SBI assuaged concerns regarding the RBI draft circular on project finance, while underlying asset quality outcomes remained sound: SBI clarified that it has project loans worth Rs 1.21 trn, while there is a 3-year timeline to make provisions as per the Draft. They further added that any provisioning arising out of the Project Finance Draft is much lesser than the annual outlay arising out of ECL. Separately, they noted that the impact from IndAS / ECL would amount to Rs 60bn per year. For the quarter, Gross NPA additions had amounted to Rs 39.84bn, translating to an annualised gross slippage ratio was 0.4%, while recoveries and upgrades amounted to Rs 20.52bn.

Net interest margin - Management's guidance for stable NIM sounded largely believable: Whole bank NIM at 3.30% was up/down 8bps/-30bps QoQ/YoY, sequentially higher due to higher yield on advances and interest on income tax refund. The interest on income tax refund amounted to about Rs 13bn compared with Rs 7bn odd in 3Q. The bank's cost of deposits had plateaued in December and NIM should not undergo any significant change. The bank endeavor would be to maintain NIM at the current level.

Balance sheet growth - While capital ratios remain lower than peers, management reiterates headroom for growth: The guidance for the bank's credit growth in FY25 is 13-15%. The CET1 ratio stands 10.36% and management continues to foresee CET1 accretion on internal accruals. The bank remains open to the option of raising equity capital if the growth trend so warrants. As per the bank's estimation, it can grow Rs 7trn without raising capital, which translates to 21% growth. For the quarter, whole bank advances grew 5.1%/15.2% QoQ/YoY driven sequentially by Corporate, Retail and Agri. loans.

We maintain 'Buy' rating on SBI with a revised price target of Rs 1000: 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 255 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 Highlights (See "Our View" above for elaboration and insight)

- **Opex control:** Total cost to income ratio was at 51.3% down by -904/-341bps QoQ/YoY and the Cost to assets was at 2.0% down by -10/-20bps QoQ/YoY.
- **Fee income:** Core fee income to average assets was at 0.6%, up 15bps QoQ but down -2bps YoY

Exhibit 1: Result table

(Rs mn)	Q4 FY24	Q3 FY24	% qoq	Q4 FY23	% yoy
Total Interest Income	1,110,426	1,067,338	4.0	929,511	19.5
Interest expended	(693,874)	(669,181)	3.7	(525,586)	32.0
Net Interest Income	416,552	398,157	4.6	403,925	3.1
Fee Income	87,250	62,400	39.8	80,030	9.0
Non-fee Income	86,443	52,189	65.6	59,584	45.1
Other income	173,693	114,589	51.6	139,614	24.4
Total Income	590,245	512,746	15.1	543,539	8.6
Employee Expense	(163,481)	(193,618)	(15.6)	(176,164)	(7.2)
Other Opex	(139,288)	(115,767)	20.3	(121,164)	15.0
Operating expenses	(302,769)	(309,386)	(2.1)	(297,328)	1.8
PPoP	287,476	203,361	41.4	246,211	16.8
Provisions	(16,098)	(6,879)	134.0	(33,157)	(51.4)
Exceptional Item	0	(71,000)	NA	0	NA
PBT	271,378	125,482	116.3	213,054	27.4
Tax	(64,394)	(33,843)	90.3	(46,109)	39.7
PAT	206,984	91,640	125.9	166,945	24.0

Source: Company, YES Sec-Research

Recommendation	: BUY
Current Price	: Rs 820
Target Price	: Rs1000
Potential Return	: +22%

Stock data (as on May 9, 2024)

Nifty	21,958
52 Week h/l (Rs)	840 / 543
Market cap (Rs/USD mn)	7236076 / 86719
Outstanding Shares (mn)	8,925
6m Avg t/o (Rs mn):	11,394
Div yield (%):	1.4
Bloomberg code:	SBIN IN
NSE code:	SBIN

Stock performance



Shareholding pattern (As of Mar'24 end)

Promoter	56.9%
FII+DII	34.7%
Others	7.3%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	1000	960

Financial Summary

(Rs mn)	FY24	FY25E	FY26E
NII	1,598,758	1,785,094	2,067,995
PPOP	937,972	1,151,289	1,401,214
Net Profit	610,766	692,683	824,610
Growth (%)	21.6	13.4	19.0
EPS (Rs)	68.4	73.9	88.0
BVPS (Rs)	423	499	573
P/E (x)	8.3	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	12.9	12.6

Δ in earnings estimates

Rs. bn	FY24E	FY25E	FY26E
EPS (New)	NA	73.9	88.0
EPS (Old)	NA	77.0	90.9
% change	NA	-3.9%	-3.2%

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COMPREHENSIVE CON-CALL TAKEAWAYS

Regarding RBI Draft Circular on Project Finance

- The bank is yet to evaluate the Draft in its entirety, but it regards the RBI as a receptive regulator, which will not ignore the viewpoint of the banking industry as well as of SBI, individually.
- The bank is carrying Non-NPA provisions worth Rs 320bn and can absorb any such incremental provisions in “no time”.
- SBI has project loans worth Rs 1.21 trn, while there is a 3-year timeline to make provisions as per the Draft.
- It may be noted that there is a Discussion Paper on ECL as well and the same has not yet crystallised (implying that it takes time for such things to be frozen).
- Any provisioning requirement as per Project Finance Draft is much lesser than the annual outlay arising out of ECL.
- Furthermore, the bank will revisit the pricing of project loans, if need be.
- The bank feels that the RBI is concerned with regard to the pricing of project loans as, for example, sometimes 15-year project loans are being priced as per the t-bill rate.
- The bank is quite confident that there will be some middle path that would be arrived at.

Operating expenses

- **Staff opex**
 - The staff opex is down by -15.6% QoQ and -7.2% YoY.
 - The wage revision provision arising from the bi-partite settlement amounted to Rs 133.87bn for FY24.
 - There has been a Rs 71bn cost due to pension liabilities and dearness neutralization in FY24 (incurred in 3Q).
 - **Attrition rate**
 - The attrition rate for the bank is just 1.43%.
 - **Guidance**
 - Compared with the roughly Rs 130bn wage-related provision made, the run-rate increase is about Rs 60bn, implying a roughly Rs 70bn decline compared with FY24.
 - Hence, compared with a Rs 710bn total underlying staff cost in FY24, the staff cost in FY25 would be closer to Rs 630bn.
- **Non-staff opex**
 - Non-staff opex is up by 20.3% QoQ and 15.0% YoY.
- **Total opex**
 - Total Opex, at Rs. 302.8 bn, is down -2.1% QoQ but up 1.8% YoY.
 - Consequently, cost/income ratio came in at 51.3%, down by -904bps QoQ and -341bps YoY.
 - The cost to income ratio amounted to 55.66% for FY24 but excluding one-offs, this would be 49.34%, better by 315 bps YoY.
 - **Guidance**
 - The bank is aiming to lower its cost to income ratio.

(Con call takeaways continue on the next page)

Advances growth

- The total gross advances for the bank grew 15.2% YoY with domestic advances growing 16.3% YoY and overseas advances growing 9.5% YoY.
- Within domestic advances, retail advances, agri, SME and corporate advances grew 14.7%, 17.9%, 20.5% and 16.2%, respectively.
- **Guidance**
 - The guidance for the bank's credit growth in FY25 is 13-15%.
- **Corporate loans**
 - The bank intends to become part of the global supply chain in various industries.

Net interest margin

- **NIM for the quarter**
 - NIM was at 3.30%, up 8bps QoQ but down -30bps YoY.
- **Guidance**
 - The bank's cost of deposits had plateaued in December and NIM should not undergo any significant change.
 - The bank endeavor would be to maintain NIM at the current level.
- **Yield**
 - The competitive intensity will allow the bank to improve yield (indicating it is not so intense).
 - **Interest on income tax refund**
 - The interest on income tax refund amounted to about Rs 13bn for the quarter compared with Rs 7bn odd in 3Q.
- **Loan mix by rate category**
 - MCLR - 36%
 - EBLR - 25%
 - Fixed - 21%
 - Other - 14-15%

Capital adequacy

- The CET1 ratio stands 10.36%.
- Management continues to foresee CET1 accretion (on internal accruals).
- The bank remains open to the option of raising equity capital if the growth trend so warrants.
- As per the bank's estimation, it can grow Rs 7trn without raising capital, which translates to 21% growth.
- There is headroom to add Additional Tier 1 capital.

Asset quality

- **Slippages**
 - Gross NPA additions amounted to Rs 39.84bn for 4QFY24, translating to an annualized slippage ratio of 0.43% for the quarter. (Gross NPA additions had amounted to Rs 50.46bn during 3QFY24.)

(Con call takeaways continue on the next page)

- **Recoveries and upgrades**
 - Recoveries and upgrades amounted to Rs 20.52bn for 4QFY24, implying net NPA addition of Rs 19.32bn for the quarter.
 - The recovery from technically written off accounts amounted to Rs 69.34bn in FY24 compared with about Rs 70 bn in FY23
 - There are no lumpy accounts that remain but that was also true at the beginning of FY24.
- **Provisions**
 - **P&L provisions**
 - Provisions were Rs 16.1bn, up by 134% QoQ but down by -51.4% YoY, translating to calculated annualised credit cost of 18bps.
 - **Reversals**
 - The reversal on NPA amounted to Rs 9bn pertaining to NPA automation.
 - There were also reversals on 2 standard accounts, with the reversal amounting to Rs 13.06bn and Rs 3.7bn.
 - **Credit cost**
 - The impact from IndAS / ECL would amount to Rs 60bn per year, which does not worry the bank at all.
 - This is a back-of-the-envelope calculation and this requirement could come down as the bank's book has improved further.
 - **Guidance**
 - Even though the bank had earlier guided for a credit cost of 50 bps, it aspires to keep the credit cost as low as possible.
 - The internal target for credit cost is 25 bps.
 - **Outstanding provisions**
 - The PCR including written off accounts amounted to 91.89% and excluding written off accounts amounted to 75%.
- **Restructured book**
 - The outstanding standard restructured advances stood at Rs 172.8bn or 0.5% of gross advances.
- **NPA ratios**
 - GNPA ratio stands at 2.2%, down -18 bps QoQ and -54 bps YoY while NNPA ratio stands at 0.6%, down -7 bps QoQ and -10bps YoY.
- **Agri NPA**
 - The Agri NPA has been brought down from 15% to 9%.
 - The bank is aiming to bring it down to 6-8%.

Deposits growth

- The total deposits were at Rs 49,161 bn, up by 3.2% QoQ and 11.1% YoY.
- Term deposits have grown 16% YoY.
- Wholesale funding has been contained.
- The bank is focused on increasing its share in the CA market and maintaining its leadership in the SA market.

Liquidity

- Excess SLR for the bank amounts to Rs 3.7 trn.

(Con call takeaways continue on the next page)

- The LCR for the bank stood at 124%.
- The bank would like to maintain a domestic CD ratio of 75%.

Return ratios

- The FY24 RoE amounted to 20.32%, up 89 bps YoY.
- The bank continues to aim to deliver an RoE in excess of 15% on sustainable basis.

Non-interest income

- The total non-interest income was up 41% in FY24.
- **Fee income**
 - There was a spike in miscellaneous income for the quarter due to higher AUCA recovery, dividend, commission and annual maintenance charges.

Exhibit 2: Key quarterly balance sheet / business data

(Rs mn)	Q4 FY24	Q3 FY24	% qoq	Q4 FY23	% yoy	Q4 FY24*	chg qoq*	chg yoy*
Gross Advances	37,675,350	35,842,520	5.1	32,692,420	15.2	100.0	0bps	0bps
Corporate	11,382,020	10,240,940	11.1	9,797,680	16.2	30.2	164bps	24bps
SME	4,330,370	4,181,210	3.6	3,592,700	20.5	11.5	-17bps	50bps
Retail	13,522,650	12,963,100	4.3	11,791,520	14.7	35.9	-27bps	-18bps
Home Loan	7,258,180	6,938,970	4.6	6,406,800	13.3	19.3	-9bps	-33bps
Auto Loan	1,165,430	1,131,180	3.0	975,230	19.5	3.1	-6bps	11bps
Xpress Credit	3,484,380	3,353,520	3.9	3,039,890	14.6	9.2	-11bps	-5bps
Gold Loan	326,760	308,810	5.8	287,050	13.8	0.9	1bps	-1bps
Others	1,287,900	1,230,620	4.7	1,082,550	19.0	3.4	-1bps	11bps
Agriculture	3,049,440	2,917,480	4.5	2,586,120	17.9	8.1	-5bps	18bps
International	5,390,860	5,539,800	(2.7)	4,924,400	9.5	14.3	-115bps	-75bps
Total Deposits	49,160,768	47,622,207	3.2	44,237,778	11.1	100.0	0bps	0bps
Domestic	47,243,360	45,679,270	3.4	42,535,710	11.1	96.1	18bps	-5bps
Term	27,823,400	26,866,300	3.6	23,906,670	16.4	56.6	18bps	256bps
SA	16,549,530	16,317,590	1.4	15,814,660	4.6	33.7	-60bps	-209bps
CA	2,870,430	2,495,380	15.0	2,814,380	2.0	5.8	60bps	-52bps
International	1,917,408	1,942,937	(1.3)	1,702,068	12.7	3.9	-18bps	5bps
Investments	16,713,397	16,894,063	(1.1)	15,703,662	6.4	NA	NA	NA
Investments/(Invest. + Net Adv.) (%)	31.1	32.4	-134bps	32.9	-183bps	NA	NA	NA
Borrowings	5,975,609	5,524,889	8.2	4,931,352	21.2	NA	NA	NA
Borrowings/(Borr. + Deposits) (%)	10.8	10.4	44bps	10.0	81bps	NA	NA	NA
RWA to Total Assets (%)	52.1	52.6	-42bps	50.4	174bps	NA	NA	NA

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

Exhibit 3: Key quarterly ratios

(%)	Q4 FY24	Q3 FY24	chg qoq	Q4 FY23	chg yoy
Global Net interest margin	3.30	3.22	8bps	3.60	-30bps
Cumm. Yield on advances	8.91	8.88	3bps	8.10	81bps
Cumm. Cost of Deposits	4.81	4.75	6bps	3.99	82bps
Domestic CASA	41.1	41.2	-8bps	43.8	-269bps
Loan to Deposit ratio	75.3	73.9	144bps	72.3	302bps
Non-int. income / Total Income	29.4	22.3	708bps	25.7	374bps
Fee Income/Avg. Total Assets	0.6	0.4	15bps	0.6	-2bps
Cost to Income	51.3	60.3	-904bps	54.7	-341bps
Opex/Avg. Total Assets	2.0	2.1	-10bps	2.2	-20bps
RoA (Annualised)	1.4	0.6	74bps	1.2	13bps
Annualised Slippage Ratio, %	0.4	0.6	-14bps	0.4	0bps
Provision coverage ratio	91.9	91.5	40bps	91.9	-2bps
Gross NPA	2.2	2.4	-18bps	2.8	-54bps
Net NPA	0.6	0.6	-7bps	0.7	-10bps
Capital adequacy ratio	14.3	13.1	123bps	14.7	-40bps
Tier I capital ratio	11.9	10.6	135bps	12.1	-13bps
Common equity tier 1 capital ratio	10.4	9.1	127bps	10.3	9bps

Source: Company, YES Sec – Research

Exhibit 4: Segmental NPA

(Rs mn)	Q4 FY24	Q3 FY24	% qoq	Q4 FY23	% yoy
Corporate	278,480	293,620	(5.2)	347,740	(19.9)
Corporate NPA (%)	2.5	2.9		3.6	
SME	162,210	169,890	(4.5)	170,930	(5.1)
SME NPA (%)	3.8	4.1		4.8	
Agriculture	292,130	294,460	(0.8)	296,750	(1.6)
Agriculture NPA (%)	9.6	10.1		11.5	
Retail - Per Segment	94,960	91,620	3.6	74,340	27.7
Retail Per segment NPA (%)	0.7	0.7		0.6	
International	14,980	17,890	(16.3)	19,510	(23.2)
Overseas NPA (%)	0.3	0.3		0.4	

Source: Company, YES Sec - Research

Exhibit 5: Fund based outstanding of industrial sectors

(Rs mn)	Q4 FY24	Q3 FY24	% qoq	Q4 FY23	% yoy	% Share*
Infrastructure	3,946,810	3,719,310	6.1	3,733,290	5.7	12.2
Power	2,047,290	1,879,890	8.9	1,923,000	6.5	6.3
Telecom	303,760	344,050	(11.7)	398,510	(23.8)	0.9
Roads & Ports	1,128,350	1,085,510	3.9	1,055,670	6.9	3.5
Others	467,410	409,860	14.0	356,110	31.3	1.5
Services	4,549,050	4,014,090	13.3	3,573,010	27.3	14.1
Iron & Steel	661,360	612,850	7.9	467,170	41.6	2.1
Aviation & Airports	212,730	177,670	19.7	167,310	27.1	0.7
Tourism & Hotels	131,350	132,170	(0.6)	110,890	18.5	0.4
Textiles	387,550	373,300	3.8	347,110	11.7	1.2
Petroleum & Petrochemicals	586,670	501,110	17.1	503,310	16.6	1.8
Engineering	263,100	256,250	2.7	213,230	23.4	0.8
Commercial Real Estate	580,590	477,440	21.6	478,440	21.4	1.8
Other Industries	4,393,180	4,157,960	5.7	3,796,630	15.7	13.6

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

Exhibit 6: Quarterly Actuals Vs Estimates

Q4FY24 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	416,552	408,781	1.9
Pre-Prov. Operating Profit	287,476	219,096	31.2
Profit After Tax	206,984	155,162	33.4

Source: Company, YES Sec - Research

Exhibit 7: Operating Expense Break-up

(Rs mn)	Q4 FY24	Q3 FY24	% qoq	Q4 FY23	% yoy
Employee Expense (A)	163,480	193,620	(15.6)	176,160	(7.2)
Salary	111,230	98,080	13.4	103,300	7.7
Provisions for Employees	52,250	95,540	(45.3)	72,860	(28.3)
Other Operating Expense (B)	139,290	115,770	20.3	121,160	15.0
Business Dev. Expenses	23,000	17,030	35.1	13,340	72.4
Others	116,290	98,740	17.8	107,820	7.9
Total Operating Expense (A+B)	302,770	309,390	(2.1)	297,320	1.8

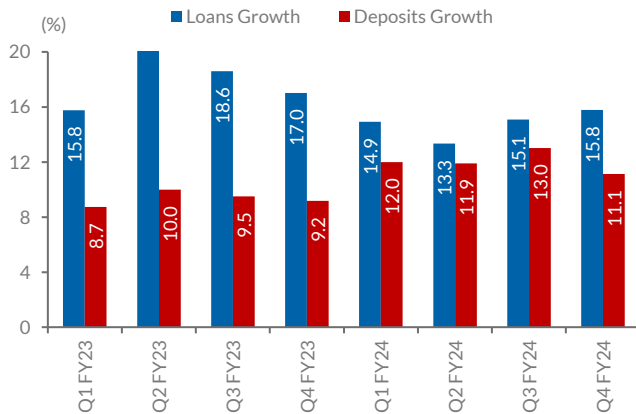
Source: Company, YES Sec – Research

Exhibit 8: Non-Interest Income Break-up

(Rs mn)	Q4 FY24	Q3 FY24	% qoq	Q4 FY23	% yoy
Total Fee Income (A)	87,250	62,400	39.8	80,030	9.0
Loan Processing Charges	20,250	12,920	56.7	14,050	44.1
Commission on Govt. Business	9,950	8,990	10.7	8,860	12.3
Commission on LC/BG	8,410	7,920	6.2	8,180	2.8
Cross Selling	11,210	11,080	1.2	11,320	(1.0)
Remittance, Collection, etc.	19,070	15,320	24.5	19,990	(4.6)
Misc. Fee Income	18,360	6,170	197.6	17,630	4.1
Total Other Income (B)	86,450	52,190	65.6	59,580	45.1
Trading profits	34,630	25,050	38.2	18,000	92.4
Forex	2,250	9,070	(75.2)	(290)	(875.9)
Others	49,570	18,070	174.3	41,870	18.4
Total Non-Interest Income (A+B)	173,700	114,590	51.6	139,610	24.4

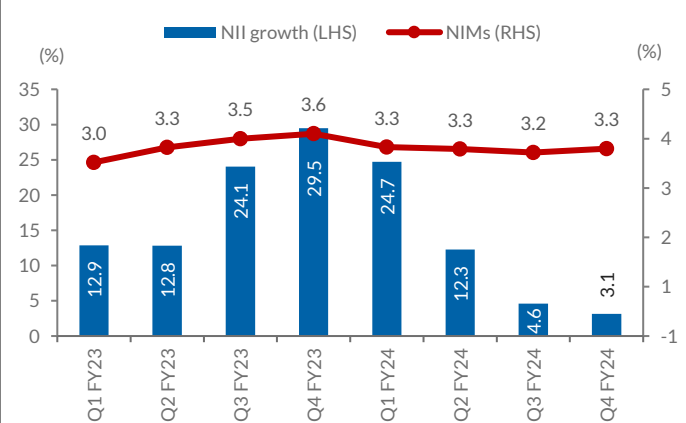
Source: Company, YES Sec – Research

Exhibit 9: Loans and Deposits growth (YoY %)



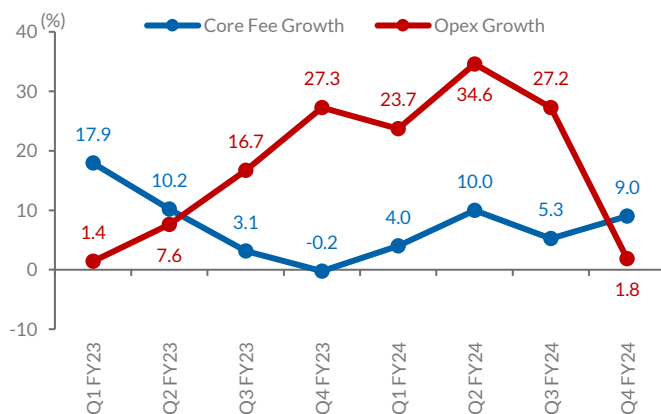
Source: Company, YES Sec – Research

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



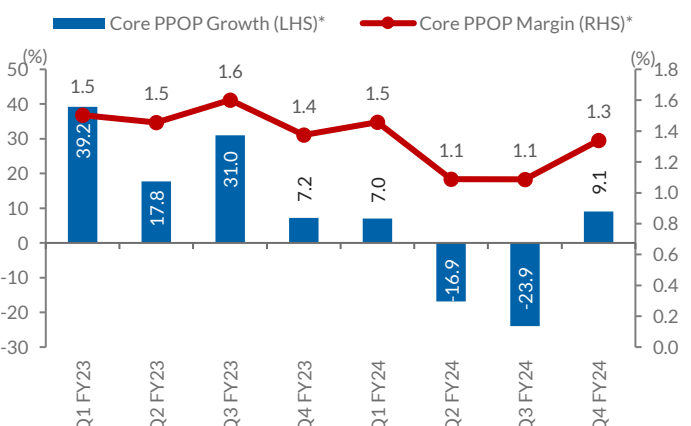
Source: Company, YES Sec – Research

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



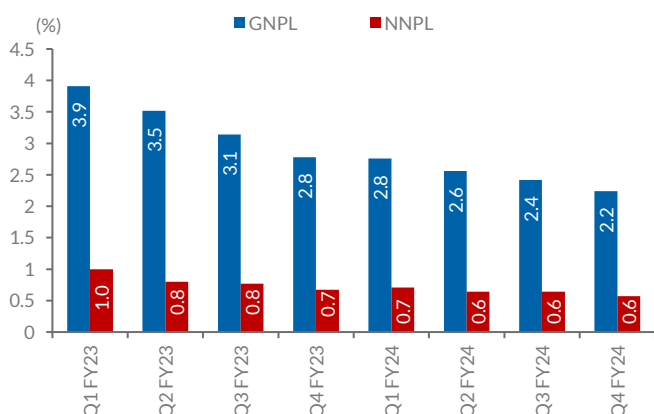
Source: Company, YES Sec – Research

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



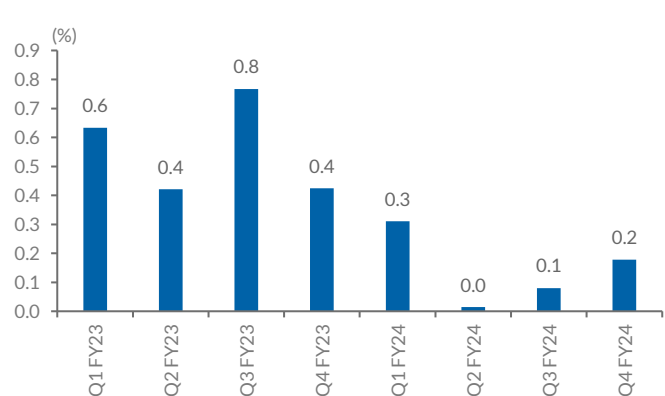
Source: Company, YES Sec – Research, * Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

Exhibit 13: Gross NPA and Net NPA (%)



Source: Company, YES Sec – Research

Exhibit 14: Provisions/Average Advances (%)



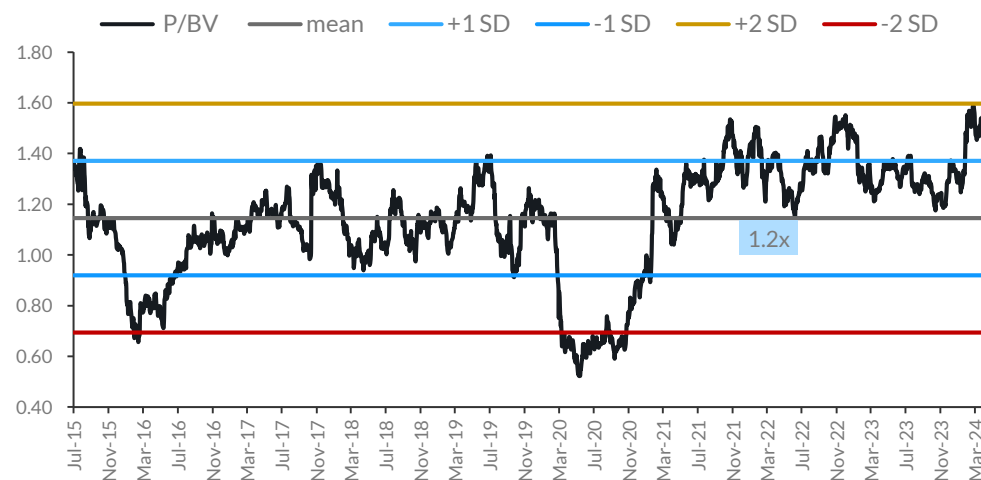
Source: Company, YES Sec – Research

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	3,515,809	3,972,864
Investments	14,814,455	15,703,662	16,713,397	18,784,765	21,115,274
Advances	27,339,666	31,992,693	37,039,709	41,854,871	47,296,004
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
Total assets	49,875,974	55,169,785	61,796,939	68,640,295	76,463,125
Net worth	2,800,881	3,276,084	3,772,465	4,677,553	5,373,783
Deposits	40,515,341	44,237,778	49,160,768	55,420,478	62,493,952
Borrowings	4,260,434	4,931,352	5,975,609	5,722,949	5,910,042
Other liabilities	2,299,318	2,724,571	2,888,097	2,819,314	2,685,348
Total liabilities incl. Equity	49,875,974	55,169,785	61,796,939	68,640,295	76,463,125

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	4,683,887	5,286,035
Interest expense	(1,547,497)	(1,872,626)	(2,552,548)	(2,898,793)	(3,218,040)
Net interest income	1,207,076	1,448,405	1,598,758	1,785,094	2,067,995
Non-interest income	405,639	366,156	516,822	532,317	600,336
Total income	1,612,715	1,814,561	2,115,580	2,317,411	2,668,331
Operating expenses	(859,791)	(977,431)	(1,177,608)	(1,166,122)	(1,267,117)
PPoP	752,924	837,130	937,972	1,151,289	1,401,214
Provisions	(244,521)	(165,073)	(49,142)	(225,614)	(299,236)
Profit before tax	434,219	672,056	817,830	925,675	1,101,978
Taxes	(117,459)	(169,732)	(207,063)	(232,992)	(277,368)
Net profit	316,760	502,324	610,766	692,683	824,610

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
Net interest income	2.5	2.8	2.7	2.7	2.9
Non-interest income	0.9	0.7	0.9	0.8	0.8
Total income	3.4	3.5	3.6	3.6	3.7
Operating expenses	-1.8	-1.9	-2.0	-1.8	-1.7
PPoP	1.6	1.6	1.6	1.8	1.9
Provisions	-0.5	-0.3	-0.1	-0.3	-0.4
Profit before tax	0.9	1.3	1.4	1.4	1.5
Taxes	-0.2	-0.3	-0.4	-0.4	-0.4
Net profit	0.7	1.0	1.0	1.1	1.1

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	675,570	BV	120,840	5.6	69.0%	465,873	52.2
SBI Life Insurance	1,423,784	EV	582,500	2.4	55.5%	789,488	88.5
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	651,593	BV	421,454	1.5	26.1%	170,261	19.1
SBI AMC	914,365	AUM	9,143,653	10%	62.9%	574,953	64.4
Value of Subsidiaries						2,277,145	255.2

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	1,785,094	2,067,995	NA	1,835,072	2,115,878	NA	(2.7)	(2.3)
Pre-Prov. Operating Profit	NA	1,151,289	1,401,214	NA	1,186,348	1,434,376	NA	(3.0)	(2.3)
Profit after tax	NA	692,683	824,610	NA	721,128	852,150	NA	(3.9)	(3.2)

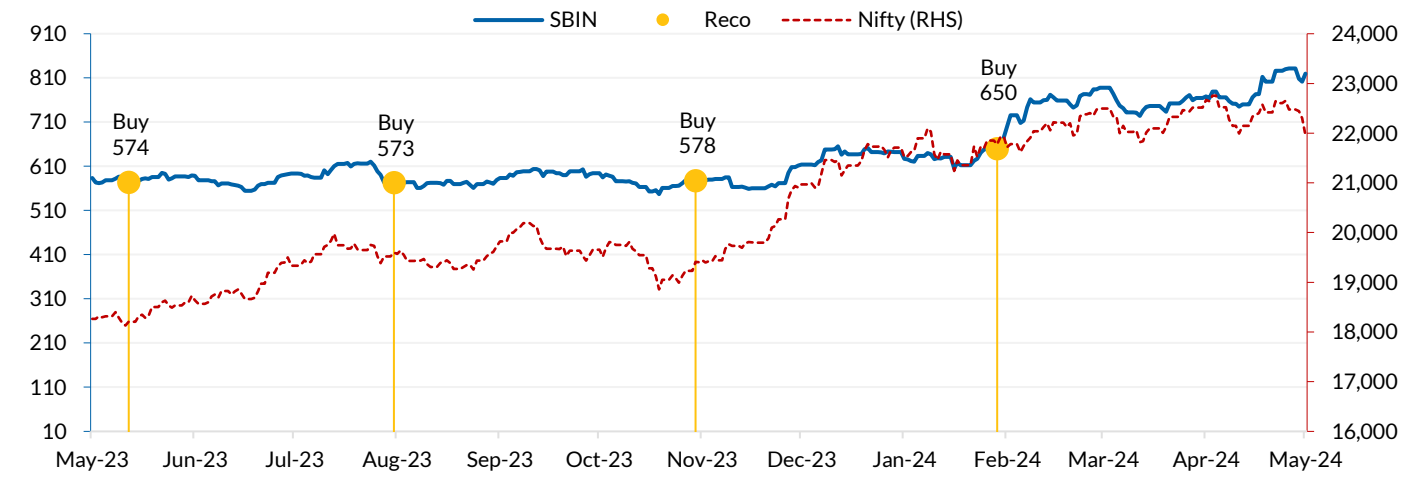
Source: Company, YES Sec – Research

Exhibit 22: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25E	FY26E
Growth matrix (%)					
Net interest income	9.0	20.0	10.4	11.7	15.8
PPoP	5.2	11.2	12.0	22.7	21.7
Net profit	55.2	58.6	21.6	13.4	19.0
Loans	11.6	17.0	15.8	13.0	13.0
Deposits	10.1	9.2	11.1	12.7	12.8
Profitability Ratios (%)					
Net interest margin	3.1	3.4	3.3	3.3	3.4
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
Per share figures (Rs)					
EPS	35.5	56.3	68.4	73.9	88.0
BVPS	314	367	423	499	573
ABVPS	256	312	368	434	499
Valuation multiples					
P/E	15.9	10.0	8.3	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
NIM internals (%)					
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	75.5	75.7
CASA ratio	44.5	42.7	39.5	39.9	40.0
Opex control (%)					
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
Capital adequacy (%)					
Tier 1 capital ratio	11.4	12.1	11.9	12.9	12.6
Asset quality (%)					
Slippage ratio	1.0	0.6	0.6	1.0	1.0
Gross NPL ratio	4.3	2.8	2.2	2.4	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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