

# State Bank of India | BUY



## Annual Report FY24 Analysis - value transforming into growth

SBI's FY24 [annual report](#) reflects that the bank ticked all the right boxes on quality, growth and profitability. Loan growth was healthy 15.8% while deposit growth picked up to 11.1% in a difficult liquidity environment (domestic CD ratio at comfortable 68.3%) while the bank managed to maintain CASA levels at healthy 41.1%. All these reflecting in protection of the bank's market share in an intensely competitive scenario. Credit cost declined to 23bps for the year (-27bps YoY, vs 187bps in FY20) and ROA crossed 1% (1.05% in FY24) mark after FY09 on annual basis. Although the one time impact of wage revision and provisions for pension liabilities resulted in higher opex (opex ratio at 2.02% vs 1.87% YoY), robust credit growth, relatively steady NIM (at 3.28% vs 3.37% YoY) and lower provisions resulted in healthy PAT growth (+ 22% YoY). In terms of capital, CET1 ratio for SBI increased by 9bps YoY (at 10.36% vs 10.27% in FY23) despite [increase in risk weights](#) mandated by RBI in Nov'23, indicating adroit capital management. CAR for the standalone bank now stands at 14.25%.

Given improving credit demand (especially in wholesale segment) and expected pickup in private capex, SBI is set to deliver mid-teens credit growth in the near term. Most of the deposit repricing is in the base which is expected to alleviate the pressure on funding costs and asset pricing tweaks are likely to aid NIMs. Normalization in opex (in absence of one offs in wage revision) and contained credit cost given favourable macros will help the bank to further improve its profitability, delivering ROAs of 1-1.1% and ROEs of 15-18%. We expect SBIN to deliver 21.9% PPOP CAGR (over a lower base of FY24) and 15.4% earnings CAGR over FY24-FY26e. In view of recent market volatility, SBI gives confidence on the back of its strong liability franchise. Moreover, SBI's valuations are partly driven by macro outlook for the Indian economy which continues to be in solid shape. While the stock is trading at the upper end of the historical band (core bank trading at 1.02x FY26e P/BV), we believe the case for de-rating of valuations could only be due to macro risks or relapse of credit worries (which still remains a key discussion point for PSU banks). We maintain our BUY rating with TP of 1050.

- **Steady operational performance:** Strong credit growth (+15.8% YoY), relatively steady NIMs (3.28% vs 3.37% YoY), robust growth in non-interest income (+41.1% YoY) and controlled credit cost resulted in PAT growth of 21.6% YoY (bank reported healthy ROA/ROE of 1.05%/18.8%), despite higher operating expenses (+28% YoY, due to one-time wage revision and pension liabilities). SBI continued to build its strong liability franchise (500mn+ customers) via its omni-channel approach with emphasis on digital banking.
- **Asset quality improved substantially:** Gross slippages declined to 0.59% in FY24 (vs 0.62% YoY). Significant improvement has been seen in NPAs of power and telecom industry (2% and 3% in FY24 vs 11% and 6% in FY20 respectively) over FY20-24. SBI reported superlative credit costs 23bps for FY24; however we expect normalization going ahead.
- **Valuation and view:** SBI is now closing-in on some of the private sector bank valuations and while re-rating could be gradual, we do not see material triggers for de-rating unless macro deteriorates meaningfully. We maintain our BUY rating on the stock with TP of 1050 valuing the core bank at 1.5x FY26e BVPS. SBI remains our top PSU pick.

Financial Summary		(INR mn)				
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E	
Net Profit	3,16,760	5,02,325	6,10,766	7,04,822	8,13,818	
Net Profit (YoY) (%)	55.2%	58.6%	21.6%	15.4%	15.5%	
Assets (YoY) (%)	10.1%	10.6%	12.1%	10.1%	10.3%	
ROA (%)	0.7%	1.0%	1.0%	1.1%	1.1%	
ROE (%)	13.0%	18.1%	18.8%	18.5%	18.1%	
EPS	35.5	56.3	68.4	79.0	91.2	
EPS (YoY) (%)	55.2%	58.6%	21.6%	15.4%	15.5%	
<b>PE (x)</b>	<b>22.3</b>	<b>14.0</b>	<b>11.5</b>	<b>10.0</b>	<b>8.7</b>	
BV	288	336	392	463	543	
BV (YoY) (%)	11.5%	16.8%	16.6%	18.1%	17.3%	
<b>P/BV (x)</b>	<b>2.75</b>	<b>2.35</b>	<b>2.02</b>	<b>1.71</b>	<b>1.45</b>	

Source: Company data, JM Financial. Note: Valuations as of 05/Jun/2024

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Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,050
Upside/(Downside)	33.0%
Previous Price Target	1,050
Change	0.0%

Key Data – SBIN IN	
Current Market Price	INR790
Market cap (bn)	INR7,048.2/US\$84.5
Free Float	33%
Shares in issue (mn)	8,924.6
Diluted share (mn)	
3-mon avg daily val (mn)	INR16,953.4/US\$203.3
52-week range	912/543
Sensex/Nifty	74,382/22,620
INR/US\$	83.4

Price Performance			
%	1M	6M	12M
Absolute	-5.0	29.8	34.5
Relative*	-5.6	21.6	13.5

\* To the BSE Sensex

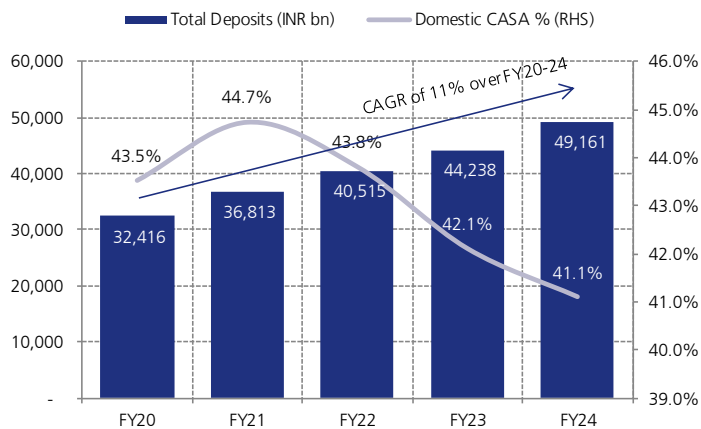
JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key takeaways from FY24 Annual Report -

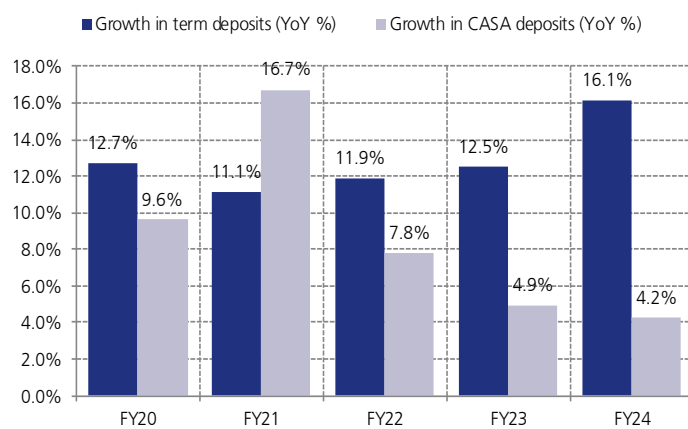
- Promising growth in both deposits and advances:** Overall deposits for SBI grew by 11.1% in FY24 despite system wide liquidity crunch supported by growth in domestic term deposits (+16.4% YoY) while domestic CASA ratio declined to 41.1% which in turn has resulted in increase in cost of deposits. Given resilient economic activity and strong credit demand, loan growth showed robust growth of 15.8% in FY24. Although loan growth for the bank outpaced deposits growth, overall CD ratio remained comfortable at 75.3% (Domestic CD ratio at 68.3%). SBI has maintained its market leadership in deposits and advances with market share of 22.6% and 19.1% respectively.

Exhibit 1. Deposit growth led by term deposits; CASA ratio declines



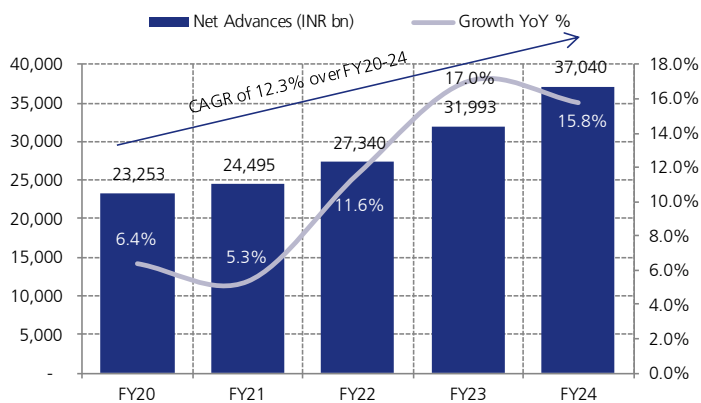
Source: Company, JM Financial

Exhibit 2. Term deposits lead growth; CASA growth declines



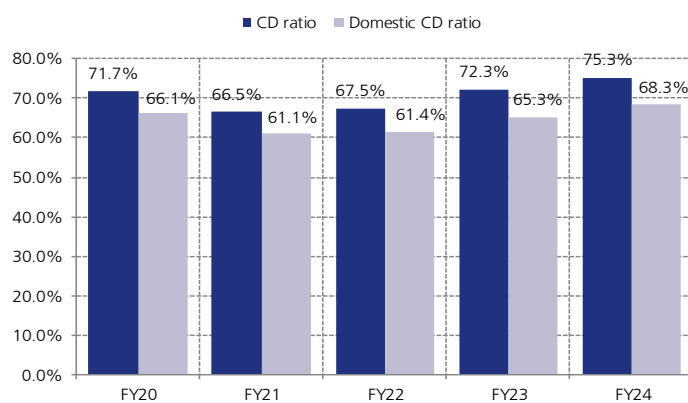
Source: Company, JM Financial

Exhibit 3. Loan growth outpaced deposit growth...



Source: Company, JM Financial

Exhibit 4. ...However, CD ratio remains comfortable



Source: Company, JM Financial

Exhibit 5. SBI has been able to maintain its market share in loans and deposits

Market share data	FY20	FY21	FY22	FY23	FY24
Deposits	22.8%	23.3%	NA	23.0%	22.6%
Advances	19.7%	19.8%	NA	19.7%	19.1%
FCNR deposits	NA	NA	24.7%	26.1%	25.2%
Debit Card Spends	29.4%	29.2%	27.6%	26.3%	25.0%
Government business	NA	67%	63.0%	65.9%	63.0%
# of ATMs	28%	29%	29.8%	29.9%	29.0%
ATM transactions by volume	46%	34%	34.0%	34.0%	31.0%

Source: Company, JM Financial, FCNR – foreign currency non resident

- **Growth in advances is driven by SME and agri segment:** In FY24, SBI increased its share of corporate segment in overall portfolio led by growth in SME business (+20.5% YoY) followed by Agri loans (+17.9% YoY). In retail segment, Auto loans and Xpress credit personal loans grew at brisk pace of 19.5% and 14.6% respectively. SBI is one of the largest home loan providers in the country with industry market share of 20.5% (as of Dec'23), while among all SCBs its market share stands at 26.5%.

**Exhibit 6. Product wise market share of SBI**

Product wise market share	FY20	FY21	FY22	FY23	FY24
Home loans#	30.6%	34.5%	35.3%	33.1%	26.5%
Auto loans	32.9%	31.7%	NA	19.4%	19.8%
Education Loans	34.7%	29.5%	NA	33.2%	32.4%*
Gold Loans	33.0%	NA	NA	31.9%	30.6%

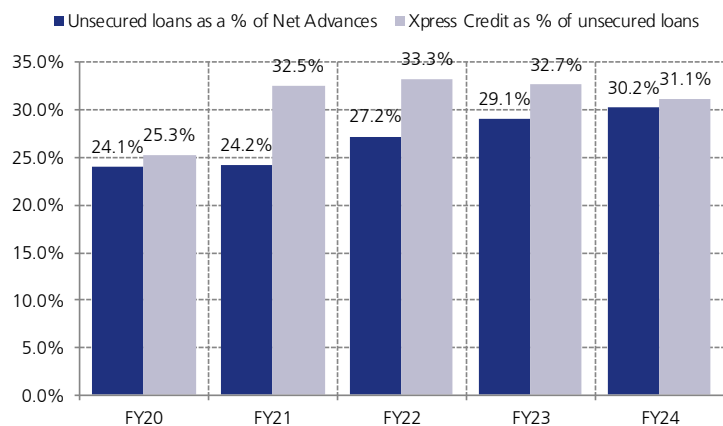
Source: Company, JM Financial, # Among all SCBs, \*As of Feb24

**Exhibit 7. Growth in advances has been driven by Retail credit over FY20-FY24**

Product Mix (INR bn)	FY20	FY21	FY22	FY23	FY24	YoY Growth	CAGR (FY20-24)
Corporate (Large + Mid+ SME)	11,118	10,977	11,762	13,390	15,712	17.3%	9.0%
Agriculture	2,061	2,142	2,282	2,586	3,049	17.9%	10.3%
Retail credit	7,513	8,707	10,023	11,792	13,523	14.7%	15.8%
Home loans	4,559	5,038	5,617	6,407	7,258	13.3%	12.3%
Auto loans	727	763	791	975	1,165	19.5%	12.5%
Xpress Credit	1,412	1,928	2,477	3,040	3,484	14.6%	25.3%
Personal Gold Loans	37	210	231	287	327	13.8%	72.2%
Residual retail loans	778	768	907	1,083	1,288	19.0%	13.4%
International	3,574	3,569	4,119	4,924	5,391	9.5%	10.8%
<b>Total Gross Advances</b>	<b>24,228</b>	<b>25,394</b>	<b>28,187</b>	<b>32,692</b>	<b>37,675</b>	<b>15.2%</b>	<b>11.7%</b>

Product Mix (%)	FY20	FY21	FY22	FY23	FY24
Corporate (Large + Mid+ SME)	45.9%	43.2%	41.7%	41.0%	41.7%
Agriculture	8.5%	8.4%	8.1%	7.9%	8.1%
Retail credit	31.0%	34.3%	35.6%	36.1%	35.9%
Home loans	18.8%	19.8%	19.9%	19.6%	19.3%
Auto loans	3.0%	3.0%	2.8%	3.0%	3.1%
Xpress Credit	5.8%	7.6%	8.8%	9.3%	9.2%
Personal Gold Loans	0.2%	0.8%	0.8%	0.9%	0.9%
Residual retail loans	3.2%	3.0%	3.2%	3.3%	3.4%
International	14.7%	14.1%	14.6%	15.1%	14.3%
<b>Total Gross Advances</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

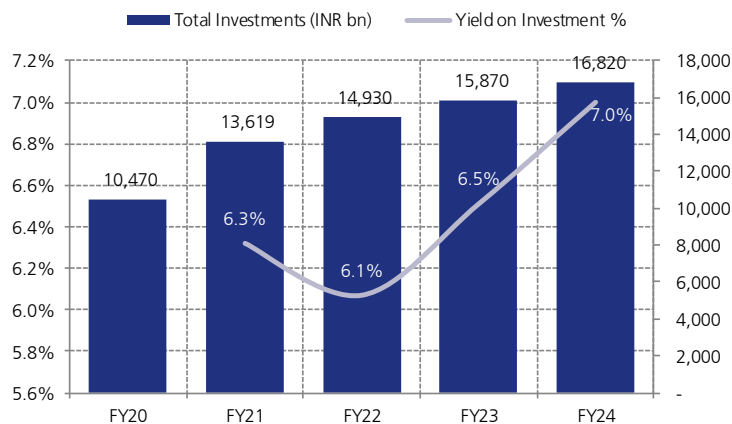
Source: Company, JM Financial

**Exhibit 8. Share of unsecured loans\* has increased driven by Xpress credit over FY20-24**

Source: Company, JM Financial, \*includes non-retail unsecured loans also

- Other income grew by 41.1% in FY24

- **Investment yield increased in FY24:** In FY24, Investment book of the bank increased in by 6% YoY and the yield on investment inched up to 7.0% in line with increased interest rate scenario.

**Exhibit 9. Yield on investment increased to 7.0% vs 6.5% YoY in line with interest rates**

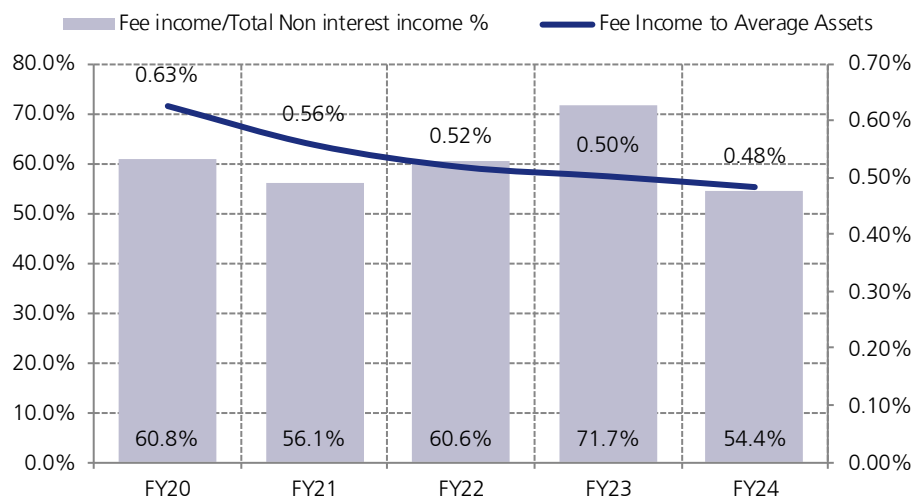
Source: Company, JM Financial

- **Steady fee income** and increase in income from sale of investments and subsidiaries

**Exhibit 10. Other income increased due to sale of investments and income from subs**

Other income breakup (INR bn)	FY20	FY21	FY22	FY23	FY24	Growth YoY %	CAGR FY20-24
Fee Income (Commission/Brokerage)	237	235	246	262	281	7.2%	4.3%
Exchange Transactions	25	24	35	29	17	-41.4%	-9.1%
Sale of investments	24	45	35	33	69	109.6%	30.7%
Revaluation of Investments	0	0	-3	-46	49	-206.3%	NA
Income from subsidiaries	2	6	7	9	20	129.4%	74.4%
Recovery from w/o accounts (AUCA)	93	103	78	71	69	-2.3%	-7.0%
Other misc. income	9	6	8	8	11	31.4%	4.2%
<b>Total Non-Interest Income</b>	<b>390</b>	<b>420</b>	<b>406</b>	<b>366</b>	<b>517</b>	<b>41.1%</b>	<b>7.3%</b>

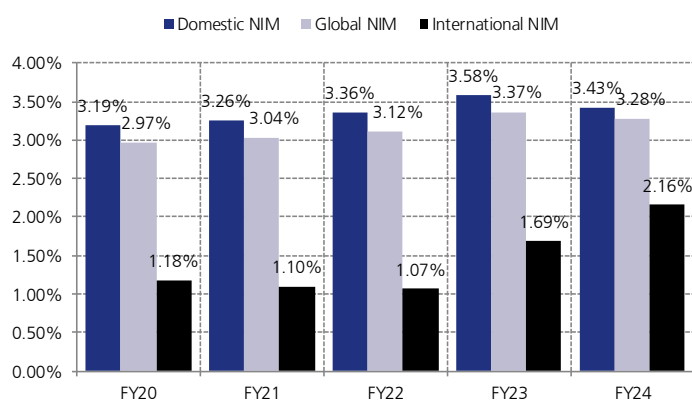
Source: Company, JM Financial; AUCA – Advance Under Collection Account

**Exhibit 11. Fee income as a % of non-interest income moderated in FY24**

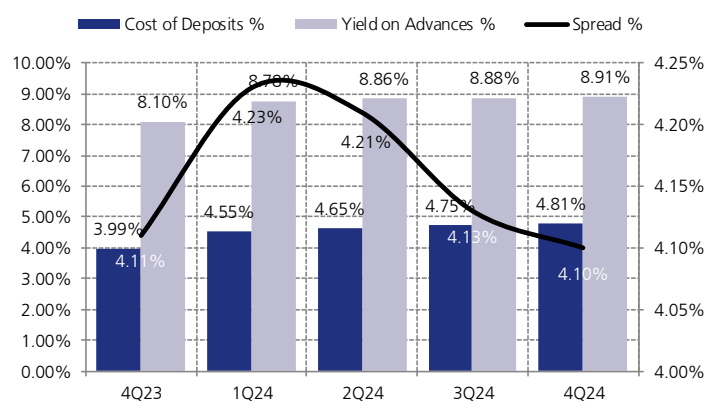
Source: Company, JM Financial

- **Net Interest Margin moderates:**

Domestic NIM for FY24 declined marginally to 3.43% from 3.58% in FY23 as deposit rates increased at a faster pace than rate of increase in yields.

**Exhibit 12. Domestic NIM declined by about 15bps in FY24...**

Source: Company, JM Financial

**Exhibit 13. ...As deposit repricing outpaced yield inch-up**

Source: Company, JM Financial

- **Operating expenses increase due to one offs:**

In FY24, operating cost had two one offs: a) wage revision of INR133.9bn and provision for pension amounting to INR71bn which has resulted in increased opex ratio for the year.

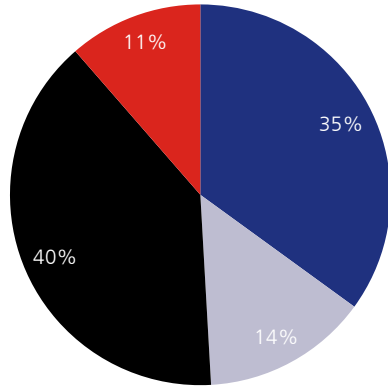
**Exhibit 14. Opex growth CAGR is in line with growth in gross advances**

Opex breakup (INR bn)	FY20	FY21	FY22	FY23	FY24	Growth YoY %	CAGR (FY20-24)
<b>Employee cost</b>	457.1	509.4	501.4	572.9	712.4	24.3%	11.7%
Wage revision	-	-	-	24.9	133.9		
Provision for pension and gratuity	-	-	74.2	-	71.0		
Employee cost (ex-one offs)	457.1	509.4	427.3	548.0	507.5		
Growth YoY %	11.4%	11.4%	-16.1%	28.3%	-7.4%		
<b>Other opex</b>	294.6	317.2	358.4	404.5	465.2	15.0%	12.1%
Growth YoY %	2.9%	7.7%	13.0%	12.9%	15.0%		
<b>Total Opex</b>	752	827	860	977	1,178	20.5%	11.9%
<b>Total Assets</b>	39,276	45,109	49,642	54,892	61,521	12.1%	11.9%

Source: Company, JM Financial

**Exhibit 15. Wage revision increases overall opex for FY24**

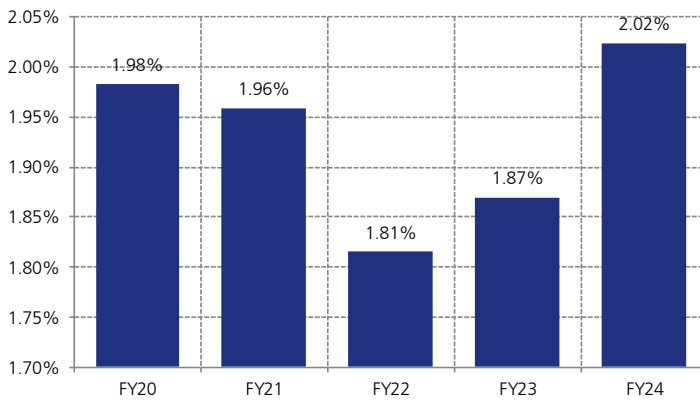
■ Salary ■ Retiral Benefits and other provisions ■ Overheads ■ Wage revisions (one offs)



Source: Company, JM Financial

**Exhibit 16. Higher opex ratio in FY24 due to one offs**

■ Total Opex/Average Total Assets

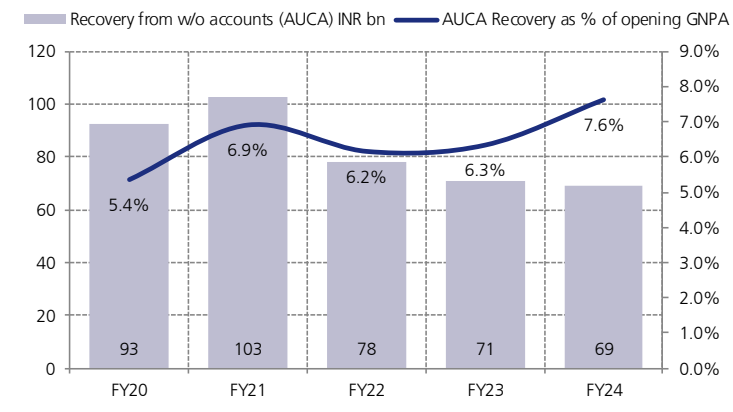


Source: Company, JM Financial

▪ **Asset quality improves due to lower gross slippages:**

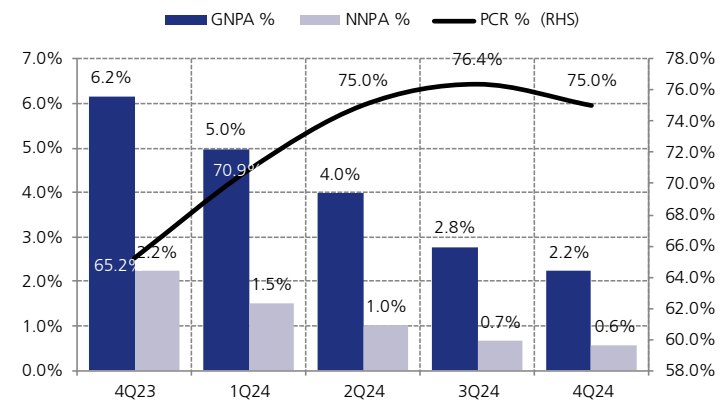
Headline asset quality for SBI has improved significantly with GNPA/NNPA at 2.2%/0.6% (-54bps/-10bps YoY) in FY24 with PCR inching up to 75% (without considering AUCA recoveries). Significant improvement has been seen in NPAs of power and telecom industry over FY20-24 and have stabilised in FY24. Credit cost for FY24 stood at 23bps. We expect steady recoveries from AUCA accounts and built in normalisation of credit cost going ahead.

**Exhibit 17. Steady recovery from AUCA accounts**



Source: Company, JM Financial

**Exhibit 18. Headline asset quality at its best in the recent past**



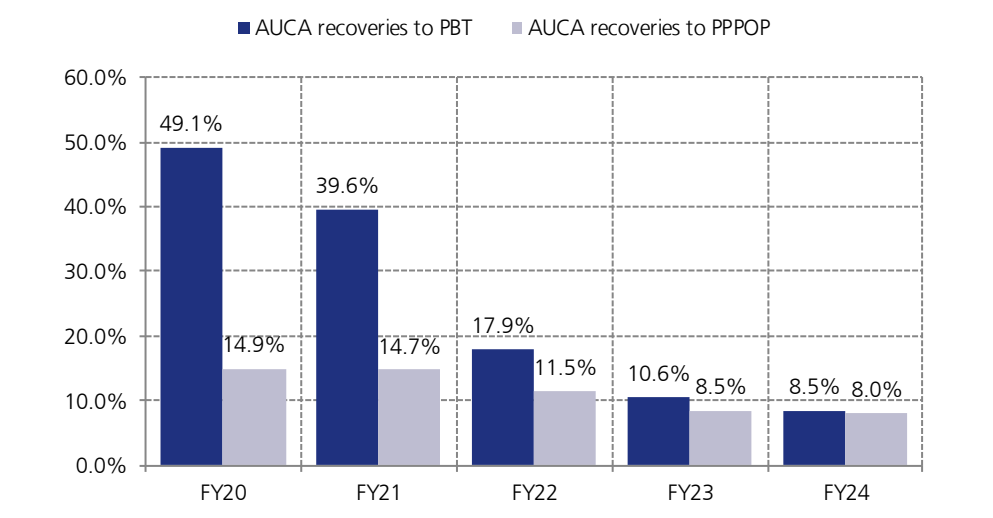
Source: Company, JM Financial

**Exhibit 19. Gross slippages decline in FY24 to 0.59%**

Asset Quality (INR bn)	FY20	FY21	FY22	FY23	FY24
<b>Opening GNPA</b>	<b>1,728</b>	<b>1,491</b>	<b>1,264</b>	<b>1,120</b>	<b>909</b>
Add: Fresh additions	498	286	250	184	203
Less: Recovery	178	126	103	122	32
Less: Upgrades	33	43	94	32	76
Less: Write offs	524	344	197	241	162
<b>Closing GNPA</b>	<b>1,491</b>	<b>1,264</b>	<b>1,120</b>	<b>909</b>	<b>843</b>
Gross Slippage ratio	2.21%	1.20%	0.97%	0.62%	0.59%
Net Slippages ratio	1.27%	0.49%	0.20%	0.10%	0.28%

Source: Company, JM Financial

**Exhibit 20. Dependence of PBT and PPOP on AUCA recovery has steadily gone down**



Source: Company, JM Financial

**Exhibit 21. Industry wise distribution of the NPA Portfolio**

Industry	FY20	FY21	FY22	FY23	FY24
Power	11%	10%	8%	5%	2%
Telecom	6%	7%	8%	3%	3%
Trading	7%	7%	8%	9%	8%
Roads & Ports	5%	6%	7%	7%	8%
Infrastructure (Others)	5%	5%	5%	6%	7%
Engineering	3%	3%	3%	2%	2%
Iron & steel	4%	2%	2%	1%	1%
Textiles	3%	2%	2%	2%	2%
CRE/Real Estate	0%	1%	1%	2%	2%
Automobile/Transport	0%	1%	1%	1%	1%
Metals & Mines	2%	1%	1%	1%	1%
Others	54%	55%	54%	61%	63%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company, JM Financial

**Exhibit 22. PSL book GNPA's higher than non PSL GNPA's; notable improvement over FY20-24**

INR bn	FY20	FY21	FY22	FY23	FY24
<b>PSL book</b>	<b>5,559</b>	<b>5,994</b>	<b>6,956</b>	<b>7,258</b>	<b>8,348</b>
GNPAs	597	562	533	414	430
GNPA %	10.74%	9.37%	7.66%	5.70%	5.15%
<b>Non PSL book</b>	<b>18,669</b>	<b>19,400</b>	<b>21,230</b>	<b>25,425</b>	<b>29,327</b>
GNPAs	894	702	588	496	413
GNPA %	4.79%	3.62%	2.77%	1.95%	1.41%
<b>Total Gross Advances</b>	<b>24,228</b>	<b>25,394</b>	<b>28,187</b>	<b>32,682</b>	<b>37,675</b>
GNPAs	1,491	1,264	1,120	909	843
GNPA %	6.15%	4.98%	3.97%	2.78%	2.24%

Source: Company, JM Financial

**Exhibit 23. Segmental GNPA's: GNPA's have come down across segments over FY20-24**

Segmental GNPA's	FY20	FY21	FY22	FY23	FY24
<b>Retail</b>	<b>5.39%</b>	<b>4.46%</b>	<b>3.77%</b>	<b>3.02%</b>	<b>2.63%</b>
Agri	15.85%	15.17%	13.33%	11.47%	9.58%
Per segment	1.06%	0.80%	0.74%	0.63%	0.70%
SME	9.43%	7.67%	6.55%	4.76%	3.75%
<b>Corporate</b>	<b>9.67%</b>	<b>7.71%</b>	<b>5.96%</b>	<b>3.55%</b>	<b>2.45%</b>
<b>International</b>	<b>0.46%</b>	<b>0.68%</b>	<b>0.55%</b>	<b>0.40%</b>	<b>0.28%</b>
<b>Total</b>	<b>6.15%</b>	<b>4.98%</b>	<b>3.97%</b>	<b>2.78%</b>	<b>2.24%</b>

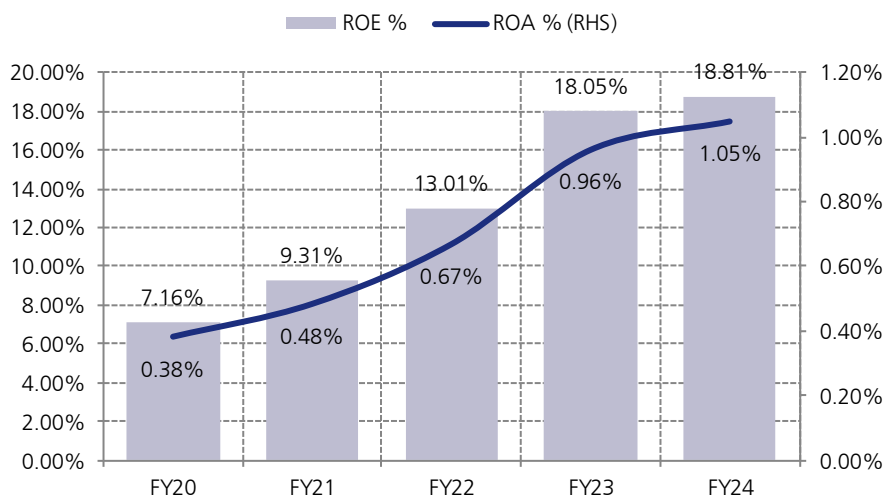
Source: Company, JM Financial



▪ Profitability improves on the back of lower provisions despite higher opex:

SBI reported ROA in excess of 1% for the first time after FY09 on annual basis. ROA/ROE of 1.05%/18.8% in FY24 reflects strong performance. We expect this trend to continue and build in avg ROA/ROE of 1.1%/18.3% over FY25-26e.

Exhibit 24. Profitability improves with ROA/ROE at 1.05%/18.81% in FY24



Source: Company, JM Financial

Exhibit 25. Du-pont analysis for ROA (ex-AUCA recoveries)

SBI- Du-pont Analysis (%)	FY20	FY21	FY22	FY23	FY24
NII / Assets (%)	2.59%	2.62%	2.55%	2.77%	2.75%
Other income / Assets (%)	1.03%	0.99%	0.86%	0.70%	0.89%
- Recoveries on adv w/o / Assets (%)	0.24%	0.24%	0.16%	0.14%	0.12%
Total Income / Assets (%)	3.62%	3.62%	3.40%	3.47%	3.63%
- Employee Cost to Assets (%)	1.21%	1.21%	1.22%	1.10%	1.35%
- Other Cost to Assets (%)	0.78%	0.75%	0.76%	0.77%	0.80%
Cost to Assets (%)	1.98%	1.96%	1.97%	1.87%	2.15%
PPP / Assets (%)	1.63%	1.66%	1.43%	1.60%	1.49%
Provisions / Assets (%)	1.14%	1.04%	0.52%	0.32%	0.08%
- Loan loss charge / Assets (%)	1.11%	0.73%	0.40%	0.28%	0.14%
PBT / Assets (%)	0.50%	0.62%	0.92%	1.29%	1.41%
Core ROA (%)	0.22%	0.45%	0.67%	0.96%	1.05%
<b>ROA (%)</b>	<b>0.38%</b>	<b>0.48%</b>	<b>0.67%</b>	<b>0.96%</b>	<b>1.05%</b>
<b>ROA (%) (ex of recoveries)</b>	<b>0.14%</b>	<b>0.24%</b>	<b>0.50%</b>	<b>0.83%</b>	<b>0.93%</b>

Source: Company, JM Financial

▪ **Comfortable capital position:**

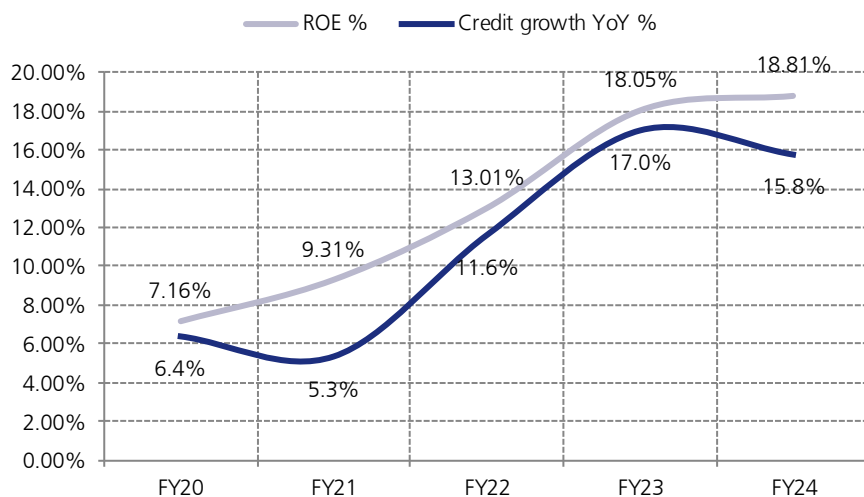
CET1 ratio for SBI increased by 9bps YoY (at 10.36% vs 10.27% in FY23) despite increase in risk weights mandated by RBI in Nov'23 which indicates adroit capital management by the bank. CAR for the standalone bank now stands at 14.25%. ROE has remained well above credit growth over FY20-24, which has helped SBI accrete capital. As long as this condition prevails, it is expected that the bank might not raise capital.

**Exhibit 26. Accreted capital; CET1 ratio increases by 9bps despite increase in risk weights**

Standalone bank capital position	FY20	FY21	FY22	FY23	FY24
CET1 (Standalone) %	9.77%	10.02%	9.94%	10.27%	10.36%
Tier I (%)	11.00%	11.44%	11.42%	12.06%	11.93%
Tier II (%)	2.06%	2.30%	2.41%	2.62%	2.32%
<b>CAR (%)</b>	<b>13.06%</b>	<b>13.74%</b>	<b>13.83%</b>	<b>14.68%</b>	<b>14.25%</b>

Source: Company, JM Financial

**Exhibit 27. Capital raise assessment based on credit growth and ROE**



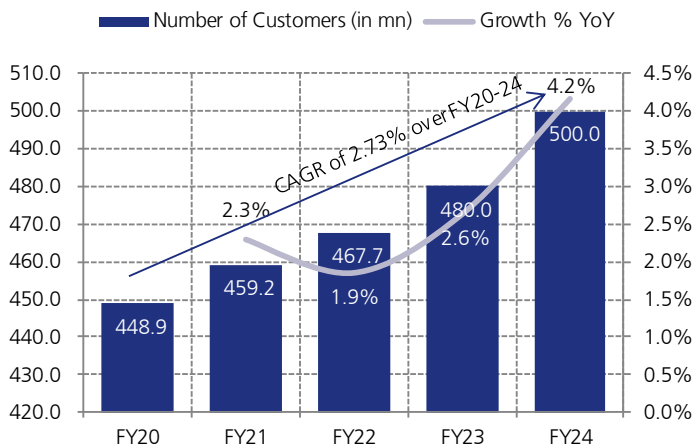
Source: Company, JM Financial

Other key initiatives taken:

**1. Customer Centricity:** SBI’s multichannel delivery model – digital, mobile, ATM, internet, social media and branches, offers customers a wide choice to carry out transactions, at any time and place.

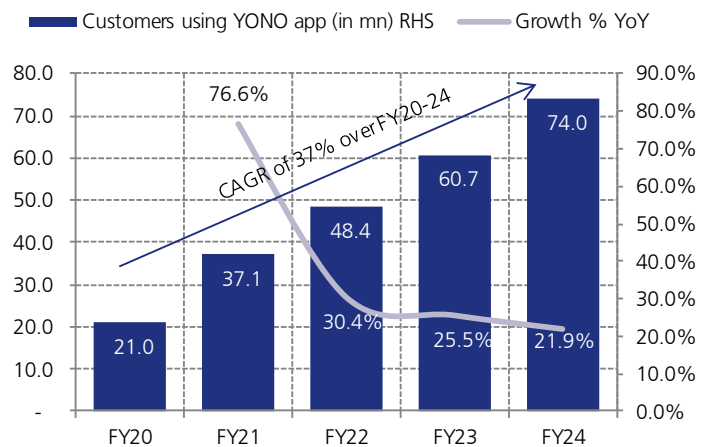
**2. Technology and Innovation:** SBI aims to become the “Banker to every Business” whole range of banking needs – Trade Finance, Forex, Cash Management, Internet Banking, API Banking, Pre-Approved Business Loans (PABL), Cash Management and Supply-chain finance. SBI has its own private cloud named ‘Meghdoot’, designed to meet the challenges posed by the rapid technological developments, hosting 400+ applications including UPI, Kiosk Banking, DBT, Loan Management System applications, Government Business Solutions.

**Exhibit 28. Added 20mn customers in FY24 on a large base**



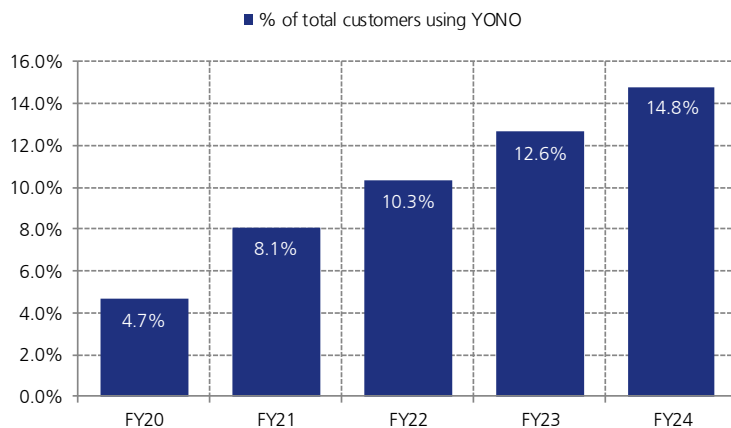
Source: Company, JM Financial

**Exhibit 29. Rapid adoption of YONO – indicating digital shift**



Source: Company, JM Financial

**Exhibit 30. Almost 15% of all the customers now use YONO**



Source: Company, JM Financial

**3. Mobilization of deposits:** Launched products like: (i) SBI Green Rupee Term Deposit, which aims to mobilise deposits for financing green initiatives; (ii) SBI We Care Deposit scheme with higher interest rates extended to senior citizens; and (iii) Sarvottam (Non-Callable Deposit) Term Deposit scheme with higher interest rates for 1 year and 2 year deposits.

**4. Catering different customer segments:** In FY24, 40 Transaction Banking Hubs (TB-Hub) were opened in the top 27 district centres across the country, for providing comprehensive solutions for transactions, payments, collections, and other financial needs.

**5. Increased Preapproved Personal Loans (PAPL) limit:** SBI increased its PAPL limit to INR 1.5mn and tied up with major car companies for offering instant in-principle sanction to customers while booking cars.

**6. SIDBI-led PSB consortium:** SBI is one of the stakeholders in SIDBI-led initiative ‘psbloanin59minutes.com’, providing easy access of loans to SMEs. In FY24, 17,773 leads for INR108.31bn have been sanctioned with ATS ranging from INR0.1mn to INR50mn.

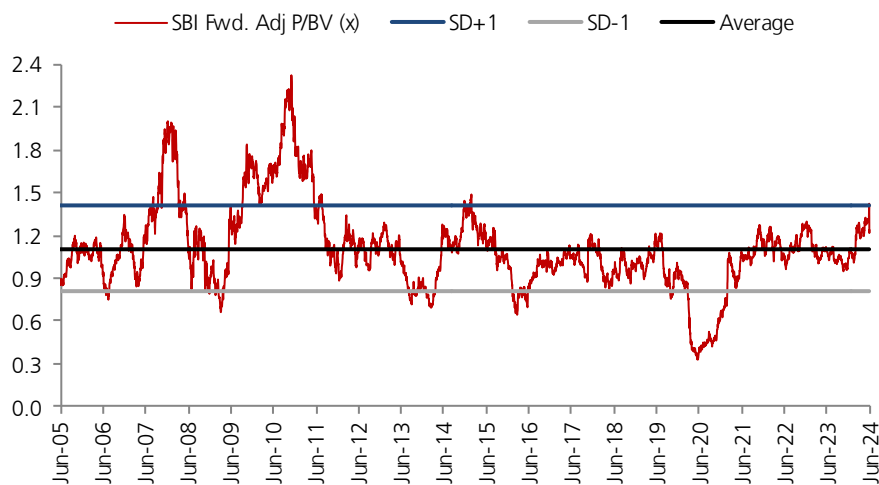
▪ Valuation Summary:

**Exhibit 31. SOTP- based valuation summary**

SBI SOTP	Holding (%)	Valuation Methodology	Value per Share	Contribution to TP (%)
<b>SBI Bank - Parent</b>	<b>100.0%</b>	<b>1.5x FY26E BVPS</b>	<b>815</b>	<b>78%</b>
<b>Non-Bank Subs and investments</b>			<b>258</b>	<b>25%</b>
SBI Life	55.4%	Based on market cap less 20% holdco discount	69	7%
SBI General	69.1%	Based on recent transaction less 20%	19	2%
SBI AMC	62.6%	35x FY26E EPS	68	6%
UTI MF	10.0%	Based on market cap	1	0%
SBI Caps	100.0%	15x FY24 EPS	28	3%
SBI DFHI	72.2%	1x book value	1	0%
SBI Cards	68.9%	Based on market cap less 20% holdco discount	41	4%
NSE	7.6%	Based on recent txns	15	1%
Yes Bank stake	26.1%	Based on market cap	16	2%
<b>Less: Cost of Investments</b>			<b>-24</b>	<b>-2%</b>
<b>Total (INR)</b>			<b>1,050</b>	<b>100%</b>

Source: Company, JM Financial

**Exhibit 32. SBIN (banking business): One year forward Price to Book (x)**



Source: Company, JM Financial

## Financial Tables (Standalone)

Profit & Loss						(INR bn)
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E	
Net Interest Income	1,207	1,448	1,599	1,816	2,085	
Profit on Investments	32	-14	118	90	90	
Exchange Income	35	29	17	20	24	
Fee & Other Income	339	350	381	388	429	
<b>Non-Interest Income</b>	<b>406</b>	<b>366</b>	<b>517</b>	<b>498</b>	<b>543</b>	
<b>Total Income</b>	<b>1,613</b>	<b>1,815</b>	<b>2,116</b>	<b>2,314</b>	<b>2,627</b>	
Operating Expenses	934	977	1,249	1,230	1,340	
<b>Pre-provisioning Profits</b>	<b>679</b>	<b>837</b>	<b>867</b>	<b>1,084</b>	<b>1,287</b>	
Loan-Loss Provisions	188	148	82	144	202	
Provisions on Investments	34	15	-6	0	0	
Others Provisions	22	2	-27	0	0	
<b>Total Provisions</b>	<b>245</b>	<b>165</b>	<b>49</b>	<b>144</b>	<b>202</b>	
<b>PBT</b>	<b>434</b>	<b>672</b>	<b>818</b>	<b>940</b>	<b>1,085</b>	
Tax	117	170	207	235	271	
<b>PAT (Pre-Extraordinaries)</b>	<b>317</b>	<b>502</b>	<b>611</b>	<b>705</b>	<b>814</b>	
Extra ordinaries (Net of Tax)	0	0	0	0	0	
<b>Reported Profits</b>	<b>317</b>	<b>502</b>	<b>611</b>	<b>705</b>	<b>814</b>	
Dividend paid	63	101	122	70	98	
<b>Retained Profits</b>	<b>253</b>	<b>401</b>	<b>488</b>	<b>634</b>	<b>716</b>	

Source: Company, JM Financial

Key Ratios					
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Growth (YoY) (%)</b>					
Deposits	10.1%	9.2%	11.1%	10.0%	10.0%
Advances	11.6%	17.0%	15.8%	15.0%	14.0%
Total Assets	10.1%	10.6%	12.1%	10.1%	10.3%
NII	9.0%	20.0%	10.4%	13.6%	14.8%
Non-interest Income	-3.3%	-9.7%	41.1%	-3.7%	9.0%
Operating Expenses	13.0%	4.7%	27.7%	-1.5%	9.0%
Operating Profits	-3.1%	23.3%	3.6%	25.0%	18.7%
Core Operating profit	-1.3%	31.6%	-12.0%	32.8%	20.4%
Provisions	-44.4%	-32.5%	-70.2%	193.8%	40.0%
Reported PAT	55.2%	58.6%	21.6%	15.4%	15.5%
<b>Yields / Margins (%)</b>					
Interest Spread	2.68%	2.87%	2.82%	2.70%	2.61%
NIM	2.76%	2.99%	2.97%	2.97%	3.01%
<b>Profitability (%)</b>					
Non-IR to Income	25.2%	20.2%	24.4%	21.5%	20.7%
Cost to Income	57.9%	53.9%	59.0%	53.1%	51.0%
ROA	0.67%	0.96%	1.05%	1.09%	1.14%
ROE	13.0%	18.1%	18.8%	18.5%	18.1%
<b>Assets Quality (%)</b>					
Slippages	1.04%	0.68%	0.64%	0.85%	0.90%
Gross NPA	3.98%	2.78%	2.24%	1.89%	1.77%
Net NPAs	1.02%	0.67%	0.57%	0.48%	0.45%
Provision Coverage	75.0%	76.4%	75.0%	75.0%	75.0%
Specific LLP	0.54%	0.31%	0.28%	0.27%	0.36%
Net NPAs / Network	10.9%	7.2%	6.0%	5.0%	4.5%
<b>Capital Adequacy (%)</b>					
Tier I	11.42%	12.06%	11.93%	12.45%	12.91%
CAR	13.83%	14.68%	14.28%	14.61%	14.88%

Source: Company, JM Financial

Balance Sheet						(INR bn)
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E	
Equity Capital	9	9	9	9	9	
Reserves & Surplus	2,558	2,990	3,488	4,122	4,838	
Deposits	40,515	44,238	49,161	54,077	59,485	
Borrowings	4,260	4,931	5,976	6,426	7,128	
Other Liabilities	2,299	2,725	2,888	3,119	3,275	
<b>Total Liabilities</b>	<b>49,642</b>	<b>54,892</b>	<b>61,521</b>	<b>67,753</b>	<b>74,735</b>	
Investments	14,814	15,704	16,713	19,193	20,489	
Net Advances	27,340	31,993	37,040	42,596	48,559	
Cash & Equivalents	3,946	3,079	3,108	3,693	4,057	
Fixed Assets	143	146	151	302	333	
Other Assets	3,399	3,971	4,510	1,970	1,297	
<b>Total Assets</b>	<b>49,642</b>	<b>54,892</b>	<b>61,521</b>	<b>67,753</b>	<b>74,735</b>	

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
NII / Assets	2.55%	2.77%	2.75%	2.81%	2.93%
Other Income / Assets	0.86%	0.70%	0.89%	0.77%	0.76%
Total Income / Assets	3.40%	3.47%	3.63%	3.58%	3.69%
Cost / Assets	1.97%	1.87%	2.15%	1.90%	1.88%
PBP / Assets	1.43%	1.60%	1.49%	1.68%	1.81%
Provisions / Assets	0.52%	0.32%	0.08%	0.22%	0.28%
PBT / Assets	0.92%	1.29%	1.41%	1.45%	1.52%
Tax rate	27.1%	25.3%	25.3%	25.0%	25.0%
ROA	0.67%	0.96%	1.05%	1.09%	1.14%
RoRWAs	1.34%	1.91%	2.03%	2.06%	2.12%
Leverage	19.3	18.3	17.6	16.4	15.4
ROE	13.0%	18.1%	18.8%	18.5%	18.1%

Source: Company, JM Financial

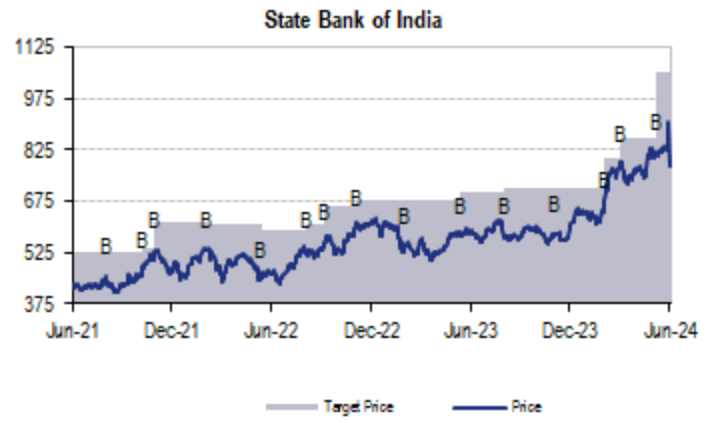
Valuations					
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
Shares in Issue	8.9	8.9	8.9	8.9	8.9
EPS (INR)	35.5	56.3	68.4	79.0	91.2
EPS (YoY) (%)	55.2%	58.6%	21.6%	15.4%	15.5%
PER (x)	22.3	14.0	11.5	10.0	8.7
BV (INR)	288	336	392	463	543
BV (YoY) (%)	11.5%	16.8%	16.6%	18.1%	17.3%
ABV (INR)	288	336	392	463	543
ABV (YoY) (%)	14.1%	16.8%	16.6%	18.1%	17.3%
P/BV (x)	2.75	2.35	2.02	1.71	1.45
P/ABV (x)	2.75	2.35	2.02	1.71	1.45
DPS (INR)	7.1	11.3	13.7	7.9	10.9
Div. yield (%)	0.9%	1.4%	1.7%	1.0%	1.4%

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
27-Aug-20	Buy	300	
4-Nov-20	Buy	300	0.0
11-Jan-21	Buy	350	16.7
4-Feb-21	Buy	480	37.1
21-May-21	Buy	525	9.4
4-Aug-21	Buy	525	0.0
11-Oct-21	Buy	535	1.9
3-Nov-21	Buy	615	15.0
5-Feb-22	Buy	610	-0.8
15-May-22	Buy	590	-3.3
7-Aug-22	Buy	610	3.4
11-Sep-22	Buy	660	8.2
6-Nov-22	Buy	675	2.3
3-Feb-23	Buy	675	0.0
18-May-23	Buy	700	3.7
6-Aug-23	Buy	710	1.4
5-Nov-23	Buy	710	0.0
4-Feb-24	Buy	800	12.7
5-Mar-24	Buy	860	7.5
10-May-24	Buy	1,050	22.1

## Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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