

STATE BANK OF INDIA | Banking

Steady growth & Attractive valuation

LKP

Price Analysis:

Continued trend in Asset Quality improvement, steady 1QFY21 performance and attractive valuation reinforce our conviction that the bank is well placed to fight impending stress. However, the transition of the bank's top post is likely to be a key overhang. The pointers which acknowledge our conviction are: 1) In 1QFY21, gross slippages declined to ₹39.1bn v/s ₹82.9bn in the previous quarter, which resulted in decline in headline NPA ratios with GNPA at 5.44% (v/s 6.15% in 4QFY20) and NNPA at 1.86% (v/s 2.23% in 4QFY20). 2) A positive surprise on Loan under moratorium which reduced to 9.5% of loan amount against 23% declared earlier. 3) Business growth in line with industry aided by strong domestic NIMs (3.24% v/s 2.97% in the previous quarter). We estimate credit growth of 9% CAGR at FY20-23E. Healthy operating metrics may translate into FY22E ROA and ROE of 0.5% and 9% respectively. Compelling Valuation prices in most of the negatives making SBI an Attractive BUY

Gazing the core:

Continued trend in Asset Quality improvement: Slippages during the previous quarter were ₹39.1bn (v/s ₹82.9bn in 4QFY20), of these 37% came from the retail book while Agriculture, corporate and SME slippages contributed 13%, 6% and 27% respectively. The headline GNPA and NNPA ratio declined substantially to 5.44% and 1.86% respectively as asset classification stood still. The PCR for the bank stands at 86.3% (+270 bps QoQ). Agriculture GNPA remain flat at 15.37% v/s 15.85% in 4QFY20. Furthermore, the agriculture book is changing as its gold loan contribution is increasing substantially. Overall corporate GNPA ratio reduced to 7.73% from 9.67% in the previous quarter. Further, GNPA reduction (₹233.4bn) has assisted the lower slippages to reduce the headline GNPA/NNPA ratio. Net NPAs are multi-year lows while PCR has inched-up even further with 100% provisioning on DHFL. The only irritant is the low O/s Covid-19 contingent buffer at ₹30bn or 13bps of overall loans which is much lower than its private peers.

Better moratorium disclosures: Loan under moratorium (LuM) is at 9.5% for Term loans. The bank has provided better disclosures on LuM. For the Term loans (~70% of the total loans), LuM is defined as customers who have paid up-to 1 (zero or one) EMI, out of 4 EMIs, as of June-end. LuM stands at 9.5% of Term loans with rest ~90.5% of the portfolio having paid 2 or more EMIs. Of the 9.5% LuM, Retail & SMEs are 4.2%; Private Corporates are 3.3% while the rest 2.0% are AA/AAA private corporates. Further, within Retail & SME LuM at ₹672bn, Home Loan is ₹320bn (7% of total HL book), MSME is ~₹230bn (~8% of MSME loans) and personal loan at ₹110bn. alternatively, out of total Interest accrued for 1QFY21, only 11.1% has been deferred. During 1QFY21, the bank made Covid-19 contingent provisions of ₹18.4bn. O/s Covid-19 provisions stand at ₹30.1bn or just 13 bps of loans, which is much lower v/s private peers.

Key Financials (₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
NII	883,489	980,848	1,137,404	1,245,136	1,377,281
Operating Profit	554,360	681,326	698,669	760,208	842,532
Reported Profits	1,622	139,172	147,914	226,466	315,609
Net Worth	1,962,599	2,082,448	2,206,185	2,405,788	2,527,983
Loan & Advances	21,858,769	23,252,896	24,648,069	27,112,876	30,366,421
Int. Bearing Liabilities	33,144,031	35,562,764	38,073,940	41,653,411	46,102,318

Key Ratios (%)	FY19	FY20	FY21E	FY22E	FY23E
NIM's	2.7	2.8	3.0	3.1	3.1
C/I	55.7	52.5	52.8	52.8	52.3
Gross NPA	7.5	6.2	6.9	6.2	5.2
Tier 1	10.9	10.5	10.5	10.4	9.9
Adj. RoA	0.0	0.4	0.4	0.5	0.6
Adj. RoE	0.4	6.4	6.2	8.9	11.7

Rating	Buy
Current Market Price (₹)	196
12 M Price Target (₹)	285
Potential upside (%)	45

Stock Data

FV (₹):	1
Market Cap Full (₹ bn):	1,739
Market Cap Free Float (₹ bn):	748
52-Week High / Low (₹):	351 / 150
2-Year High / Low (₹):	374 / 150
1 Year Avg. Dly Traded Volume (in lakh)	594
BSE Code / NSE Symbol:	500112 / SBIN
Bloomberg:	SBIN IN

Shareholding Pattern (%)

	Jun-20	Mar-20	Dec-19	Sep-19
Promoter	57.64	57.63	57.68	57.88
FPIs	7.91	9.59	10.98	10.83
MFs	13.18	13.62	13.75	13.58
FI's / Banks	0.08	0.07	0.05	0.05
Insurance	11.27	10.59	10.55	10.58
Others	9.92	8.50	6.99	7.08

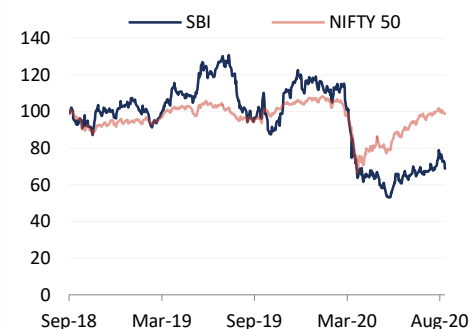
Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
SBI	3%	6%	-23%	-29%
Nifty 50	1%	12%	8%	3%

* To date / current date : September 9, 2020

SBI vs Nifty 50



Steady operational 1QFY21: Aided by a sequential rise in domestic NIMs to 3.24% (vs. 2.97% for 4QFY20) the NII witnessed a healthy growth of 17% sequentially. The cost of deposit has moderated further to 4.48%; declining 46bps sequentially. Core-fee income has witnessed de-growth of 43% sequentially. Separately, C/I ratio declined to 52.2% (v/s 56.4% in the previous quarter). Management indicated that the NIMs are likely to remain stable or moderate further.

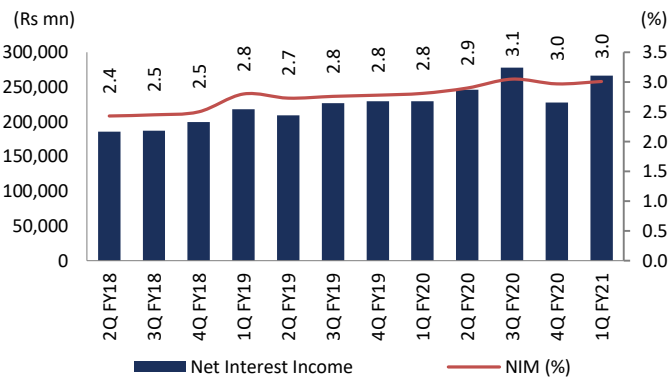
Business growth in line with Industry: The Bank has been retaining its market share (21% of total SCB's credit) as credit grew by 7.7% YoY though de-grew by 1.2% sequentially. The retail segment (37% of loan book) growth was 0.2% sequentially as other segments de-grew considering risk aversion.

The BBB recommended Mr. Dinesh Khara as next chairman: The Banks Board Bureau (BBB) has recommended Dinesh Kumar Khara for the post of SBI Chairman. The board further said that Challa Sreenivasulu Setty will be in the reserve list for vacancy. Dinesh Kumar Khara and Challa Sreenivasulu Setty are both Managing Directors of SBI. The present SBI chairman incumbent Mr. Rajnish Kumar will demit office on October 7. Kumar was appointed for a period of three years from October 2017. Banks Board Bureau's recommendation made it clear that Rajnish Kumar is not looking at an extension. The transition is likely to be a key overhang for the bank but for a shorter duration.

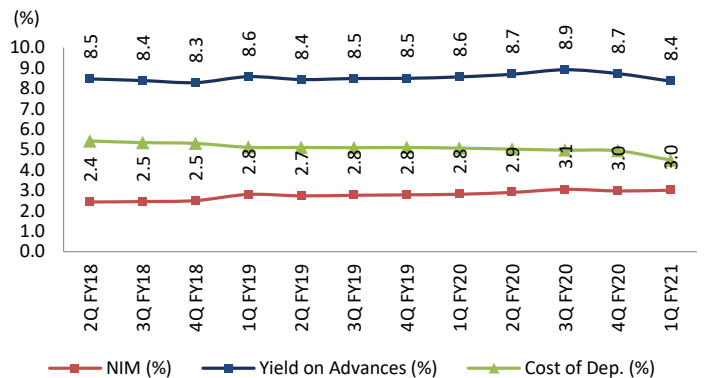
Outlook and Valuation:

We expect the bank to post an ROA/ROE of 0.5%/8.9% by FY22E led by healthy balance sheet growth along with higher PCR and stable asset quality. We value the standalone bank with PBV of 0.7x FY22E Adj. BVPS of ₹248 and value of subsidiaries per share of ₹112 to arrive at price target of ₹285.

NII Trend

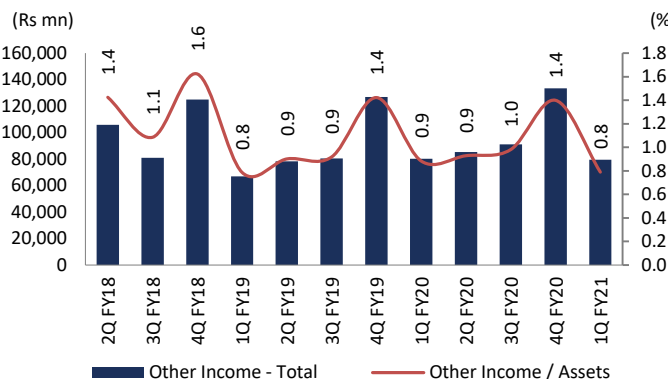


Yield & Margin's Trend

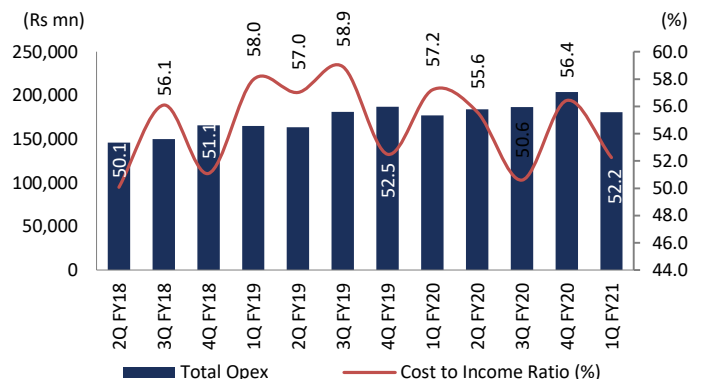


Source: Company, LKP Research

Other Income Trend

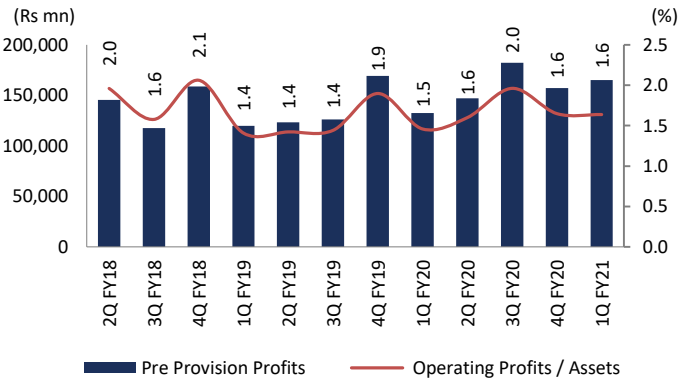


Total Opex Trend



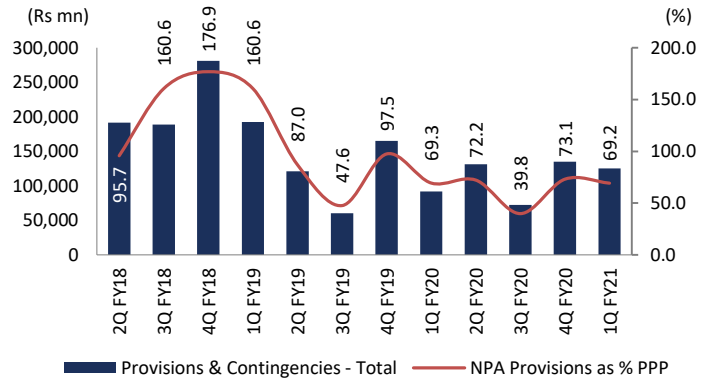
Source: Company, LKP Research

Pre Provision Profit Trend



Source: Company, LKP Research

Provision Expenses Trend

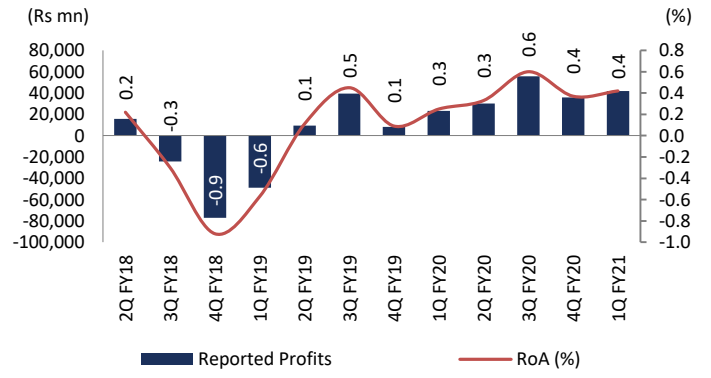


Credit Cost Trend

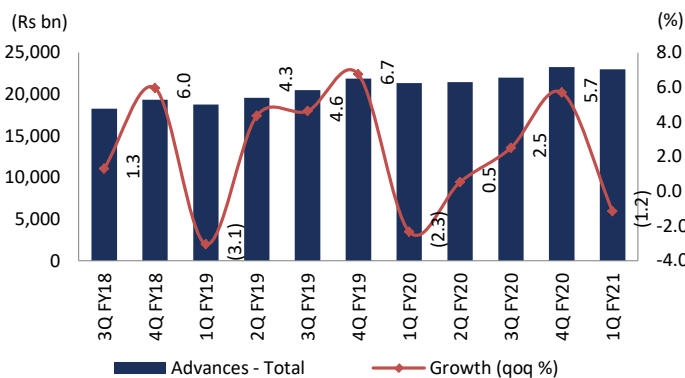


Source: Company, LKP Research

Reported Profit Trend

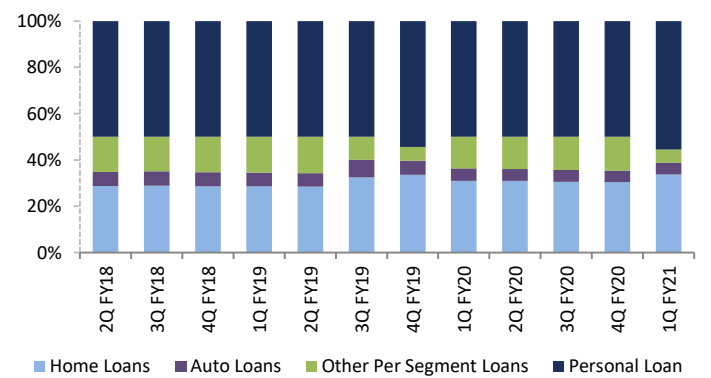


Loan Book Trend

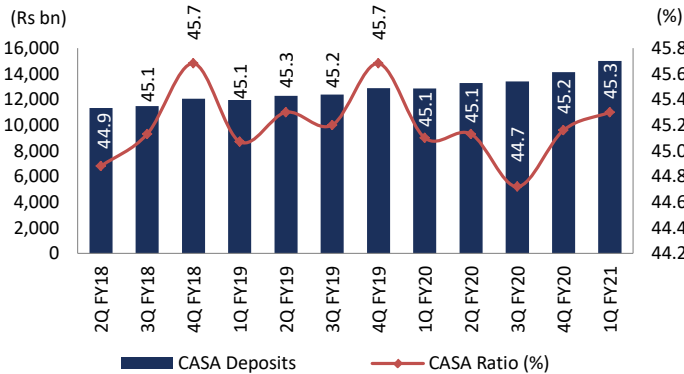


Source: Company, LKP Research

Retail Loan Book Mix

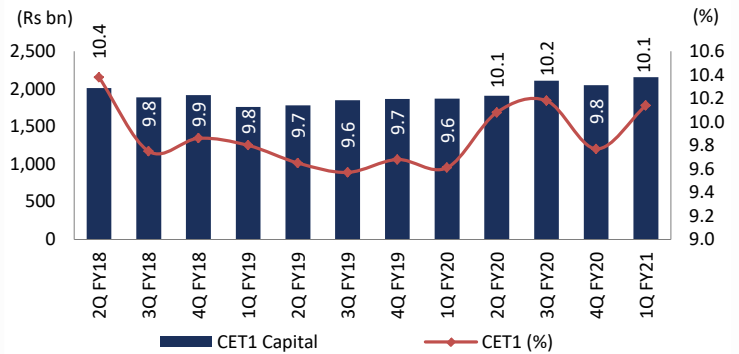


CASA Deposit Trend

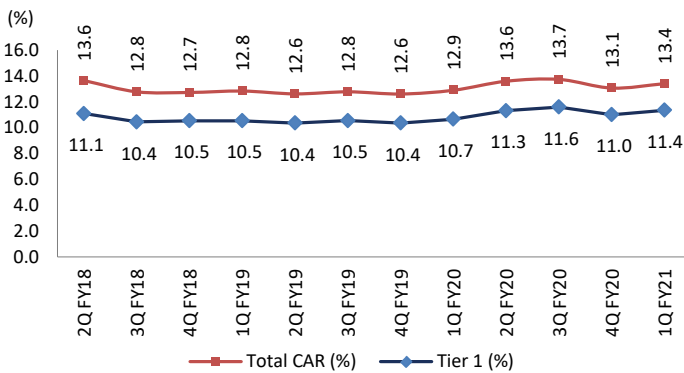


Source: Company, LKP Research

CET 1 Ratio Trend

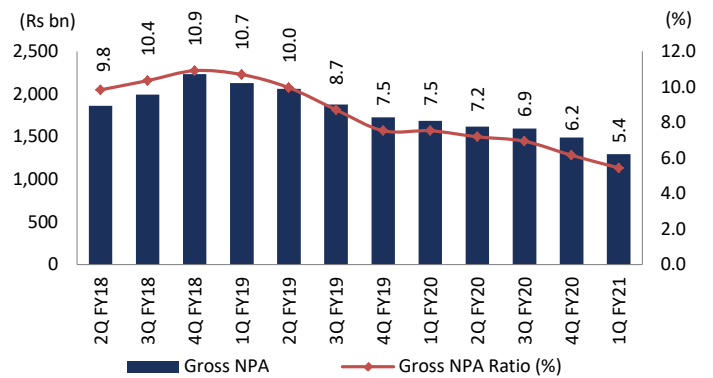


CRAR Trend

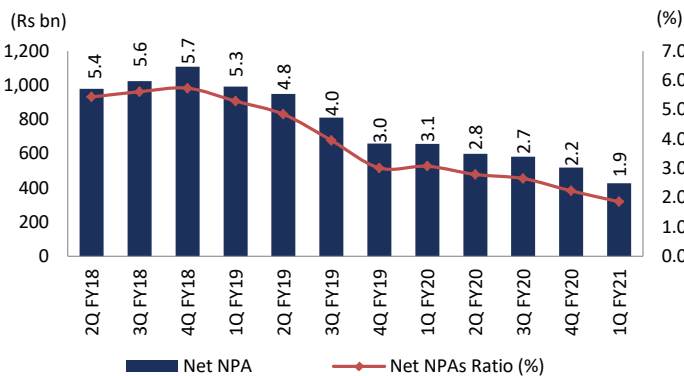


Source: Company, LKP Research

Gross NPA Trend

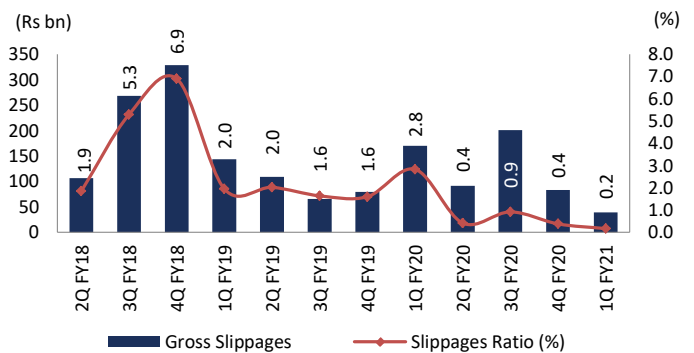


Net NPA Trend



Source: Company, LKP Research

Slippages Trend



Financial Performance at a glance

Exhibit: Income Statement Analysis

(₹ mn)	1Q FY21	1Q FY20	% yoy / bps	4Q FY20	% qoq / bps	FY20	FY19	% yoy / bps
Int. on Loan	441,011	438,634	0.5	425,797	3.6	1,797,488	1,616,402	11.2
Int. on Investment	187,055	169,551	10.3	173,165	8.0	682,047	744,062	(8.3)
Int. on Balances	17,944	3,902	359.9	9,489	89.1	29,204	11,791	147.7
Int. Others	18,994	14,291	32.9	18,364	3.4	64,496	56,432	14.3
Interest Inc.	665,004	626,378	6.2	626,814	6.1	2,573,236	2,428,687	6.0
<i>Yield on Advances (%)</i>	8.4	8.6	(21)	8.7	(37)	-	8.5	-
Interest Expenses	398,588	396,990	0.4	399,145	(0.1)	1,592,388	1,545,198	3.1
<i>Cost of Dep. (%)</i>	4.5	5.1	(59)	4.9	(46)	-	5.1	-
Net Interest Income	266,416	229,388	16.1	227,674	17.0	980,848	883,489	11.0
<i>NII to Net Operative Income</i>	77.0	74.1	290	63.0	1,396	68.4	70.6	(217)
<i>NIM (%)</i>	3.01	2.8	20	3.0	4	-	2.8	-
<i>Dom. NIM (%)</i>	3.2	3.0	23	3.2	5	3.2	3.0	24
<i>Int. NIM (%)</i>	1.1	1.2	(5)	1.2	(5)	-	1.3	-
Core Fee Income	44,710	51,770	(13.6)	78,730	(43.2)	237,250	233,040	1.8
Other Income - Total	79,575	80,154	(0.7)	133,461	(40.4)	452,215	367,749	23.0
<i>Other Inc to Net Oper. Income (%)</i>	23.0	25.9	(290)	37.0	(1,396)	31.6	29.4	217
Net Operating Revenue	345,990	309,542	11.8	361,135	(4.2)	1,433,063	1,251,238	14.5
Employee Expenses	118,651	109,181	8.7	120,387	(1.4)	457,150	410,547	11.4
<i>Empl. Cost/Oper. Exps. (%)</i>	34.3	35.3	(98)	33.3	96	31.9	32.8	(91)
Other Opex	62,126	67,900	(8.5)	83,406	(25.5)	294,587	286,330	2.9
<i>Other Opex/ Assets (%)</i>	0.2	0.2	(3)	0.2	(6)	0.8	0.8	(3)
Total Opex	180,777	177,081	2.1	203,793	(11.3)	751,737	696,877	7.9
<i>Cost to Income Ratio (%)</i>	52.2	57.2	(496)	56.4	(418)	52.5	55.7	(324)
Pre Provision Profits	165,214	132,462	24.7	157,343	5.0	681,326	554,360	22.9
Provisions & Contingencies - Total	125,013	91,829	36.1	134,951	(7.4)	433,304	531,286	(18.4)
<i>NPA Provisions as % PPP</i>	69.2	69.3	(11)	73.1	(387)	63.6	95.8	(3,224)
Profit Before Tax	55,598	40,632	36.8	49,705	11.9	248,023	23,075	974.9
Tax	13,704	17,510	(21.7)	13,892	(1.4)	103,141	14,453	613.7
<i>Effective Tax Rate (%)</i>	24.6	43.1	(1,845)	27.9	(330)	41.6	62.6	(2,105)
Reported Profits	41,893	23,122	81.2	35,813	17.0	144,881	8,622	1,580.3
<i>RoA (%)</i>	0.4	0.3	17	0.4	5	0.4	0.0	36
<i>RoE (%)</i>	6.9	5.2	175	6.2	76	7.7	0.5	726

Source: Company, LKP Research

Exhibit: Balance Sheet Analysis

(₹ mn)	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	QoQ % / bps	YoY % / bps
Net Worth	2,209,138	2,225,578	2,260,753	2,325,207	2,320,074	2,416,557	4.2	8.6
RoE (%)	1.5	5.2	5.3	9.6	6.2	6.9	76	175
CET1 (%)	9.7	9.6	10.1	10.2	9.8	10.1	37	53
Tier 1 (%)	10.4	10.7	11.3	11.6	11.0	11.4	35	70
Total CAR (%)	12.6	12.9	13.6	13.7	13.1	13.4	34	51
RWA - Total	19,269,586	19,493,227	18,949,059	20,729,283	20,989,805	21,248,527	1.2	9.0
Advances - Total	21,858,769	21,347,737	21,461,598	21,999,169	23,252,896	22,983,462	(1.2)	7.7
Investments	9,670,220	9,443,548	9,850,222	10,121,007	10,469,545	12,252,284	17.0	29.7
Total Assets	36,809,143	35,819,969	36,780,006	37,491,922	39,513,939	41,179,316	4.2	15.0
RoA (%)	0.09	0.25	0.33	0.60	0.37	0.42	5	17
Deposits	29,113,860	29,488,207	30,333,958	31,112,286	32,416,207	34,193,628	5.5	16.0
Saving Deposit	10,851,510	11,035,370	11,308,220	1,891,290	11,935,660	12,943,840	8.4	17.3
Current Deposit	2,021,340	1,808,640	1,953,490	11,517,010	2,174,150	2,043,340	(6.0)	13.0
CASA Deposits	12,872,850	12,844,010	13,261,710	13,408,300	14,109,810	14,987,180	6.2	16.7
CASA Ratio (%)	45.7	45.1	45.1	44.7	45.2	45.3	14	20
Dom. Term Deposits	15,269,580	15,662,280	16,125,838	16,573,670	17,136,347	18,068,400	5.4	15.4
Interest Bearing Liabilities - Total	33,144,031	32,321,331	33,075,816	33,737,772	35,562,764	37,323,587	5.0	15.5

Source: Company, LKP Research

Exhibit: Earning Assets Mix & Incremental Contribution

	As on (₹ mn)				As % of Working Assets	YoY / YTD growth (% / bps)			Incremental Contribution in Working Assets (%)		
	FY18	FY19	FY20	1Q FY21		FY19	FY20	1Q FY21	FY19	FY20	1Q FY21
Home Loans	3,131,060	4,003,770	4,558,650	4,554,430	12.0	27.9	13.9	(0.1)	46.5	22.4	(0.3)
Auto Loans	663,620	718,840	726,620	701,510	1.9	8.3	1.1	(3.5)	2.9	0.3	(1.6)
Xpress Credit	-	1,049,060	-	1,459,900	3.9	-	(100.0)	-	-	(42.3)	90.9
Other Per Segment Loans	1,671,260	706,760	2,190,620	772,160	2.0	(57.7)	210.0	(64.8)	(51.4)	59.8	(88.3)
Personal Loan	5,465,940	6,478,430	7,475,890	7,488,000	19.8	18.5	15.4	0.2	54.0	40.2	0.8
Agriculture	1,882,510	2,026,810	2,060,670	2,042,880	5.4	7.7	1.7	(0.9)	7.7	1.4	(1.1)
Total Corporate	10,115,440	11,402,230	8,442,150	8,093,220	21.4	12.7	(26.0)	(4.1)	68.6	(119.4)	(21.7)
Advances - Total	19,348,802	21,858,769	23,252,896	22,983,462	60.7	13.0	6.4	(1.2)	133.8	56.2	(16.8)
Investments	10,609,867	9,670,219	10,469,545	12,252,284	32.4	(8.9)	8.3	17.0	(50.1)	32.2	111.0
Cash & Cash Equivalent	1,918,986	2,224,901	2,510,970	2,603,944	6.9	15.9	12.9	3.7	16.3	11.5	5.8
Working Assets	31,877,655	33,753,890	36,233,411	37,839,690	100.0	5.9	7.3	4.4	100.0	100.0	100.0

Source: Company, LKP Research

Exhibit: Funding Profile Analysis

(₹ mn)	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	33,144,031	32,321,331	33,075,816	33,737,772	35,562,764	37,323,587	5.0	15.5
Global Deposits	29,113,860	29,488,207	30,333,958	31,112,286	32,416,207	34,193,628	5.5	16.0
CASA Deposits	12,872,850	12,844,010	13,261,710	13,408,300	14,109,810	14,987,180	6.2	16.7
Saving Deposit	10,851,510	11,035,370	11,308,220	1,891,290	11,935,660	12,943,840	8.4	17.3
Current Deposit	2,021,340	1,808,640	1,953,490	11,517,010	2,174,150	2,043,340	(6.0)	13.0
Dom. Term Deposits	15,269,580	15,662,280	16,125,838	16,573,670	17,136,347	18,068,400	5.4	15.4
Borrowings	4,030,171	2,833,124	2,741,858	2,625,487	3,146,557	3,129,959	(0.5)	10.5
Interest Bearing Liabilities - Total	33,144,031	32,321,331	33,075,816	33,737,772	35,562,764	37,323,587	5.0	15.5

Source: Company, LKP Research

Exhibit: Funding mix and Incremental Contribution

	As on (₹ mn)				As % of Total Working Fund	YoY/ YTD growth			Incremental Contribution YoY/ YTD Growth (%)		
	FY18	FY19	FY20	1Q FY21		FY19	FY20	1Q FY21	FY19	FY20	1Q FY21
Global Deposits	27,063,433	29,113,860	32,416,207	34,193,628	86.0	7.6	11.3	5.5	82.8	130.5	95.7
Saving Deposit	10,137,745	10,917,520	12,063,720	12,943,840	32.6	7.7	10.5	7.3	31.5	45.3	47.4
Current Deposit	1,901,739	2,058,752	2,273,356	2,043,340	5.1	8.3	10.4	(10.1)	6.3	8.5	(12.4)
CASA Deposits	12,039,484	12,976,272	14,337,076	14,987,180	37.7	7.8	10.5	4.5	37.8	53.8	35.0
Dom. Term Deposits	13,954,451	15,166,162	16,909,083	18,068,400	45.5	8.7	11.5	6.9	48.9	68.9	62.4
Borrowings	3,621,421	4,030,171	3,146,557	3,129,959	7.9	11.3	(21.9)	(0.5)	16.5	(34.9)	(0.9)
Interest Bearing Liabilities - Total	30,684,854	33,144,031	35,562,764	37,323,587	93.9	8.0	7.3	5.0	99.3	95.6	94.8
Net Worth	2,191,286	2,209,138	2,320,074	2,416,557	6.1	0.8	5.0	4.2	0.7	4.4	5.2
Working Fund	32,876,139	35,353,170	37,882,838	39,740,143	100.0	7.5	7.2	4.9	100.0	100.0	100.0
<i>Interest Exp. / Assets</i>	4.73	4.33	4.17	4.0		(40)	(16)	(22)			

Source: Company, LKP Research

Exhibit: Asset Quality Analysis

(₹ mn)	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	QoQ % / bps	YoY % / bps
Gross Slippages	79,610	169,950	91,261	200,980	82,910	39,100	(52.8)	(77.0)
<i>Slippages Ratio (%)</i>	1.60	2.83	0.42	0.92	0.38	0.17	(21)	(266)
Gross NPA	1,727,504	1,684,939	1,616,361	1,596,612	1,490,919	1,296,607	(13.0)	(23.0)
<i>Gross NPAs Ratio (%)</i>	7.53	7.53	7.19	6.94	6.15	5.44	(71)	(209)
<i>PCR - Calculated (%)</i>	61.9	61.1	62.9	63.5	65.2	67.1	186	601
<i>PCR - Inc. Tech w/o (%)</i>	78.7	79.3	81.2	81.7	83.6	86.3	270	698
Net NPA	658,947	656,239	599,392	582,486	518,713	427,036	(17.7)	(34.9)
<i>Net NPAs Ratio (%)</i>	3.01	3.07	2.79	2.65	2.23	1.86	(37)	(121)
SMA 1&2	77,620	102,890	183,130	81,010	72,660	17,500	(75.9)	(83.0)

Source: Company, LKP Research

Annual Projections

Exhibit: Profit and Loss Statement

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Int. Income / Opr. Revenue	2,428,687	2,573,236	2,680,384	2,854,127	3,085,952
Interest Expenses	1,545,198	1,592,388	1,542,980	1,608,990	1,708,672
Net Interest Income	883,489	980,848	1,137,404	1,245,136	1,377,281
<i>NIM (%)</i>	2.69	2.80	3.03	3.07	3.09
Adjusted NII	827,057	916,352	1,137,404	1,245,136	1,377,281
Core Fee Income & Dividend	233,039	237,251	245,554	257,832	270,724
Exchange Income	21,558	25,164	26,171	27,741	29,405
Sale of Investments	10,228	85,757	60,030	66,333	74,293
Other Misc. Income	102,924	104,044	12,232	12,966	13,744
Other Income - Total	367,749	452,215	343,987	364,872	388,166
Net Operating Revenue	1,251,238	1,433,063	1,481,391	1,610,008	1,765,447
<i>Employee Exp.</i>	410,547	457,150	502,865	553,151	608,466
<i>Other Opex</i>	286,330	294,587	279,858	296,649	314,448
<i>Total Opex</i>	696,877	751,737	782,723	849,800	922,915
<i>C/I Ratio (%)</i>	55.70	52.46	52.84	52.78	52.28
Pre Provision Profits	554,360	681,326	698,669	760,208	842,532
<i>PPP Growth (yoy %)</i>	(6.8)	22.9	2.5	8.8	10.8
Provisions & Contingencies - Total	538,286	439,013	501,450	458,253	421,721
<i>Credit Cost (As % of Op. AUM)</i>	2.82	2.03	2.10	1.80	1.50
Profit Before Tax	16,075	242,313	197,219	301,955	420,812
Tax	14,453	103,141	49,305	75,489	105,203
<i>Effective Tax Rate (%)</i>	62.6	41.6	25.0	25.0	25.0
Reported Profits	1,622	139,172	147,914	226,466	315,609
<i>PAT Growth (yoy %)</i>	(102.5)	8,479.2	6.3	53.1	39.4

Source: Company, LKP Research

Exhibit: Balance Sheet

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	8,925	8,925	8,925	8,925	8,925
Reserves (ex Revel. Reserve)	1,953,674	2,073,523	2,197,260	2,396,864	2,519,058
Net Worth - Ex Revaluation	1,962,599	2,082,448	2,206,185	2,405,788	2,527,983
Deposits	29,113,860	32,416,207	34,932,840	38,237,832	42,183,621
Borrowings	4,030,171	3,146,557	3,141,100	3,415,580	3,918,697
Interest Bearing Liabilities (Rs mn)	33,144,031	35,562,764	38,073,940	41,653,411	46,102,318
Other Lia. & Prov.	1,455,973	1,631,101	1,818,675	1,991,723	2,301,579
Total Liabilities	36,809,143	39,513,939	42,328,235	46,274,187	51,152,717
Assets					
Cash & Cash Equivalent	2,224,901	2,510,970	2,736,607	2,952,841	3,182,131
Investments	9,670,219	10,469,545	11,359,911	12,258,341	13,224,412
Credit Equivalent	1,383,369	1,764,211	1,814,306	1,891,841	1,973,089
Loan & Advances (₹ mn)	21,858,769	23,252,896	24,648,069	27,112,876	30,366,421
Growth (yoy %)	13.0	6.4	6.0	10.0	12.0
Fixed Assets	391,976	384,393	412,379	445,878	490,034
Other Assets	2,663,277	2,896,136	3,171,268	3,504,252	3,889,719
Total Assets	36,809,143	39,513,939	42,328,235	46,274,187	51,152,717

Source: Company, LKP Research

Exhibit: Per share data

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Face Value (₹)	1	1	1	1	1
Adjusted Share O/S (mn)	8,925	8,925	8,925	8,925	8,925
Earnings Per Share (₹)	0.2	15.6	16.6	25.4	35.4
EPS (% YoY)	(102.5)	8,479.2	6.3	53.1	39.4
P/E (x)	1,076.7	12.5	11.8	7.7	5.5
Book Value (₹)	219.9	233.3	247.2	269.6	283.3
BVPS (% YoY)	1.0	6.1	5.9	9.0	5.1
P/BV (x)	0.9	0.8	0.8	0.7	0.7
Adj. BV (₹)	183.0	204.3	225.7	248.0	261.7
Adj. BV (% YoY)	17.6	11.6	10.5	9.9	5.5
P/ABV (x)	1.1	1.0	0.9	0.8	0.7

Source: Company, LKP Research

Exhibit: Detailed ROA Tree

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Yields / Margins					
Yield on Advance	7.8	8.0	7.8	7.7	7.5
Yield on Funds	7.4	7.4	7.1	7.0	6.9
Cost of Funds (CoF)	4.8	4.6	4.2	4.0	3.9
Interest Spread	2.6	2.7	3.0	3.0	3.0
NIM's	2.7	2.8	3.0	3.1	3.1
Operating Ratios					
Interest Income / Assets	6.8	6.7	6.6	6.4	6.3
Interest Exp. / Assets	4.3	4.2	3.8	3.6	3.5
NII / Assets	2.5	2.6	2.8	2.8	2.8
Fee Income / Assets	0.7	0.6	0.6	0.6	0.6
Other Non Core Income / Assets	0.0	0.2	0.1	0.1	0.2
Other Income / Assets	1.0	1.2	0.8	0.8	0.8
Net Operating Income / Assets	3.5	3.8	3.6	3.6	3.6
NII to Net Operative Income	70.6	68.4	76.8	77.3	78.0
Other Income to Net Operative Income	29.4	31.6	23.2	22.7	22.0
Empl. Cost/Oper. Exps.	58.9	60.8	64.2	65.1	65.9
Other Op. Exps./Oper. Exps.	41.1	39.2	35.8	34.9	34.1
C/I Ratio (%)	55.7	52.5	52.8	52.8	52.3
Provisions as % PPP	42.5	30.2	33.8	28.5	23.9
Credit Cost (As % of Op. AUM)	2.8	2.0	2.1	1.8	1.5
Effective Tax Rate (%)	62.6	41.6	25.0	25.0	25.0
Employee Exp. / Assets	1.2	1.2	1.2	1.2	1.2
Other Opex/ Assets	0.8	0.8	0.7	0.7	0.6
Total Opex / Assets	2.0	2.0	1.9	1.9	1.9
Operating Profits / Assets	1.6	1.8	1.7	1.7	1.7
Op Profit ex Except Items / Assets	1.6	1.8	1.7	1.7	1.7
Provisions / Assets	1.5	1.1	1.2	1.0	0.9
Profit Before Tax / Assets	0.1	0.6	0.5	0.7	0.9
Tax Expenses / Assets	0.0	0.3	0.1	0.2	0.2
RoA	0.0	0.4	0.4	0.5	0.6
Leverage (x)	18.8	19.0	19.2	19.2	20.2
RoE	0.4	6.4	6.2	8.9	11.7
Adj. RoA	0.0	0.4	0.4	0.5	0.6
Adj. RoE	0.4	6.4	6.2	8.9	11.7

Source: Company, LKP Research

Exhibit: Balance Sheet Ratio

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Credit / Deposit	75.1	71.7	70.6	70.9	72.0
Incremental C/D	122.4	42.2	55.4	74.6	82.5
Investment Deposit	33.2	32.3	32.5	32.1	31.3
Dom. SLR Investment / Deposits	27.1	25.7	26.2	26.1	25.7
CASA	46.1	45.9	46.0	46.5	46.5

Source: Company, LKP Research

Exhibit: Asset Quality

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Slippage Ratio (%)	2.1	2.5	2.4	1.5	1.2
Gross NPA	1,727,503	1,489,125	1,693,974	1,690,591	1,590,815
Gross NPAs Ratio (%)	7.5	6.2	6.9	6.2	5.2
PCR (%)	61.9	65.2	65.3	67.9	67.1
Net NPA	658,947	518,713	586,971	542,784	523,395
Net NPAs Ratio (%)	3.0	2.2	2.4	2.0	1.7
Total Impaired Loans	1,779,328	1,489,125	1,693,974	1,690,591	1,590,815
Impaired Loan as % of Loan / AUM	7.7	6.0	6.4	5.8	4.9
Total Risk Reserves	1,068,556	970,412	1,107,002	1,147,806	1,067,420
Total Risk As % of Loan Book	4.6	3.9	4.2	4.0	3.3

Source: Company, LKP Research

Exhibit: Key Assumptions & Forecasts

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Loan & Advances (₹ mn)	21,858,769	23,252,896	24,648,069	27,112,876	30,366,421
Growth (yoy %)	13.0	6.4	6.0	10.0	12.0
Interest Bearing Liabilities (₹ mn)	33,144,031	35,562,764	38,073,940	41,653,411	46,102,318
Growth (yoy %)	13.0	6.4	6.0	10.0	12.0
Yield on Funds	7.4	7.4	7.1	7.0	6.9
Cost of Funds (CoF)	4.8	4.6	4.2	4.0	3.9
Interest Spread	2.6	2.7	3.0	3.0	3.0
NIM's	2.7	2.8	3.0	3.1	3.1
Other Income Growth	(17.5)	23.0	(23.9)	6.1	6.4
C/I Ratio (%)	55.7	52.5	52.8	52.8	52.3
Effective Tax Rate (%)	62.6	41.6	25.0	25.0	25.0

Return Ratios

Adj. RoA	0.0	0.4	0.4	0.5	0.6
Adj. RoE	0.4	6.4	6.2	8.9	11.7

Asset Quality Metrics

Credit Cost (As % of Op. AUM)	2.8	2.0	2.1	1.8	1.5
Gross NPAs Ratio (%)	7.5	6.2	6.9	6.2	5.2
Net NPAs Ratio (%)	3.0	2.2	2.4	2.0	1.7

Source: Company, LKP Research

Exhibit: SOTP Valuation

Business Line	Year	Method	"NW / PAT/ EV / AUM / Mcap (₹ Mn)"	"Assigned Multiple (X)"	"Value of Firm (₹ Mn)"	"Stake (%)"	"Value Assigned to Listed Entity (₹ Mn)"	Per Share (₹)
Standalone Entity	Adj. Net Worth FY22E	P/ABV	2,213,622	0.7	1,549,535	100%	1,549,535	174
Subsidiaries / Associates								
Assets Management Business								
SBI AMC	1QFY21	AUM	3,641,366	6.0%	218,482	63%	137,644	15
Insurance Business								
SBI Life	Current	Mcap	828,290	1.0	828,290	58%	477,095	53
Other Business								
SBI Cards	Current	Mcap	758,580	1	758,580	70%	527,289	59
YES Bank	Current	Mcap	341,020	1	341,020	30%	102,306	11
Value of Investment & Sub (₹ Mn)							1,244,334	139
HOLD Company Discounts							20%	
Value of Investment & Sub - ex HOLD Co Discounts							995,467	112
SOTP Based Enterprise Valuation							2,545,002	285

Source: Company, LKP Research

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