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## Annual report analysis

## Banking

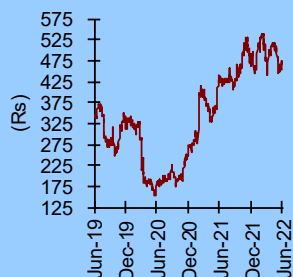
Target price Rs673

## Shareholding pattern

	Sep '21	Dec '21	Mar '22
Promoters	57.6	57.6	57.6
Institutional investors	34.7	34.5	34.6
MFs and others	13.1	12.9	13.2
FIs/Banks	0.0	0.0	0.0
Insurance Cos.	9.9	10.0	10.1
FIs	11.7	11.6	11.3
Others	7.7	7.9	7.8

Source: CMIE

## Price chart



## State Bank of India

**BUY**  
Maintained

## Annual report analysis – Focus on productivity, adaptability, sustainability, inclusivity

Rs462

From 'Enterprising bank, enduring enterprise' in FY20 to 'Resilience, People, Technology' (as pillars of future growth) in FY21, State Bank of India's (SBI) FY22 annual report is themed 'Setting new standard in banking excellence' focusing on productivity, adaptability, sustainability and inclusivity.

**Numbers tell the story of adaptability and inclusivity:** ~468mn depositors, 142mn financial inclusion accounts (BC channel), 14.2mn farmers served, 4.5mn home loan customers, 35%-plus market share (amongst banks) in home loans, 27.6% share in debit card spends, 15.2% market share in POS, 95.5% share of transactions in alternate channels, >48mn YONO registered users, Rs55trn government business turnover, 17.9mn salary savings accounts, 9.8mn new regular savings account rolled out in FY22, etc.

**Even on this scale, the bank has set new standard in banking excellence:** SBI exited FY22 with 13.9% RoE and 0.67% RoA aided by growth build-up, GNPA's at a decadal low, slippages at <1%, credit cost at 55bps and steady margin profile. Improved visibility on asset quality with 'new normal' credit cost of 1%, credit growth of 13%/15% for FY23E/FY24E, asset resolution and stable NIMs will drive RoE to >16% by FY23E/FY24E and valuations to 1.5x Sep'23E book. Maintain **BUY** with an unchanged target price of Rs673.

## Notable and relevant data points from annual report:

- ▶ Disbursed Rs1.46trn of home (and related) loans in FY22 commanding 35.3% market share amongst banks. New car loan journey on YONO was started for NTB customers and 13% of vehicle disbursements were from a pre-approved suite.
- ▶ Bank has sanctioned 1.14mn digital personal loans amounting to Rs211bn during FY22.
- ▶ Consumer durable loans – 11.1mn pre-approved customers for POS EMI and online EMI loans.
- ▶ Slippages were curtailed at <1%; GNPA's settled at a decadal low of 3.97%; around 22 accounts with aggregate exposure of approximately Rs170bn (0.6% of advances) are proposed to be transferred to NARCL in phases.
- ▶ With provision on security receipts (SR) of Rs78.6bn as of FY22, SRs are fully provided for. Of the gross restructuring of Rs329bn, 5.5% has slipped into NPA during FY22.
- ▶ ~40% of investment portfolio is in AFS category. Bank appropriated Rs46.5bn in FY21 towards investment fluctuation reserves, thereby building reserves to 1.28% (vs 0.56% in FY21) of investments in AFS/HFT category.
- ▶ No pending family pension liability; discount rate assumption for retirement benefits increased by 45bps in FY22.
- ▶ As of FY22, YONO has set a record with 111.74mn downloads, 16.62mn logins in a day, 26k new digital savings bank accounts per day, and 48.35mn registered users. YONO-B platform is used by 1.75mn corporate users with a registered user base of 619k as of FY22. 139.4k 'new to digital' customers were onboarded till FY22 through the YONO business portal.

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Market Cap	Rs4122bn/US\$53bn	Year to Mar	FY21	FY22	FY23E	FY24E
Reuters/Bloomberg	SBI.BO/SBIN IN	NII (Rs bn)	1,107	1,207	1,390	1,610
Shares Outstanding (mn)	8,924.6	Net Profit (Rs bn)	204	391	450	546
52-week Range (Rs)	541/407	EPS (Rs)	23	44	50	61
Free Float (%)	42.4	% Change YoY	(1)	92	15	21
FII (%)	11.3	P/E (x)	12	7	6	5
Daily Volume (US\$'000)	1,19,694	P/BV (x)	1.1	1.0	0.9	0.7
Absolute Return 3m (%)	0.1	P/ABV (x)	1.3	1.1	0.9	0.7
Absolute Return 12m (%)	8.5	GNPA (%)	5.0	4.0	3.5	3.2
Sensex Return 3m (%)	(1.6)	RoA (%)	0.5	0.8	0.9	0.9
Sensex Return 12m (%)	5.1	RoE (%)	9.5	16.4	16.5	16.9

Please refer to important disclosures at the end of this report

**Retail growth was driven by home loans growing at 11.5% YoY (to Rs5.62trn), gold loans (up 9.9% YoY to Rs230.6bn) and Xpress Credit (up 28.5% YoY to Rs2.48trn).**

- **Home loans – market share at 35.3% amongst banks:** SBI disbursed Rs1.46trn of home (and related) loans in FY22 commanding 35.3% market share amongst banks. This aided 11% growth in home loan portfolio to Rs5.62trn thereby constituting 23.87% of bank advances. Affordable housing portfolio stands at 58.19% (vs 59.27%) of its total home loan portfolio, while PSL stood at 34.15% (vs 33.19%).

As the Central Nodal Agency (CNA) for PMAY subsidy, SBI processed over 64,272 subsidy claims aggregating to Rs15bn earning an income of Rs171mn during FY22. NPA in home loans fell below the Mar'21 level to 0.5% by end of Mar'22. Bank has so far approved 8,578 residential projects (RERA approved) with penetration of 22.47% in these tied-up projects.

- **Vehicle financing – Instant in-principle car sanction for largest OEMs; new car loan journey on YONO for NTB customers; developed e2e digital 2-wheeler finance:** Bank has entered into tie-ups with India's two largest OEMs, MSIL and HMIL, by which an eligible customer can generate an instant in-principle sanction letter while booking the car on the OEM platform. Bank was at the topmost position on both platforms among all financiers.

New car loan journey on YONO was started for customers not maintaining an account with SBI. 13% of total disbursements were from a pre-approved suite. In two-wheeler financing, SBI has developed an e2e digital product, *SBI-Easyride*, where the customer does not need to visit branch for the sanction of loan and disbursement.

- **Unsecured lending: catering to salaried, pensioners and self-employed customers:** Bank is aggressively catering to the needs of the salaried class (both government and private), pensioners and self-employed/other customers. It also extends loans to salaried customers of other banks through SBI Quick Personal Loans.

Bank's personal loan portfolio (Xpress credit and pension loan) crossed Rs2.85trn registering a growth of 28.06%. Of the incremental growth of Rs621bn, flagship product, Xpress credit, contributed Rs549bn. Bank launched a new unsecured personal loan product, *SBI KAVACH LOAN*, in Jun'21 for customers requiring funds up to Rs0.5mn for covid treatment at a concessional rate of interest and extended 180k loans amounting to Rs36.9bn. Bank has sanctioned 1.14mn digital loans totaling Rs211bn during FY22 (compared to 1.16mn digital loans amounting to Rs160bn in FY21).

- **Consumer durable loans – 11.1mn pre-approved customers for POS EMI and online EMI loans:** Bank offers two e2e products, namely *POS EMI Loan* and *Online EMI Loan*. While POS EMI loan is being provided through Pine Labs POS machines at various shops, malls, stores, and showrooms. It has entered into tie-ups with Bill Desk and PayU to offer online EMI loans at select online shopping portals. These products are available to 11.1mn pre-approved customers based on their account behaviour and other AI/ML technology parameters.

- **SME banking – Pioneer and market leader:** SBI is a pioneer and market leader in SME financing with 829 SME-intensive and dedicated branches across India. With over 1.8mn customers, the SME portfolio of Rs3.05trn as of FY22 accounts for nearly 10.83% of the bank's total advances. Loans above Rs5mn are handled by 1,810 active relationship managers (SME) across India for better customer connect.

Bank has extended supply chain finance to over 31k dealers and over 12.26k vendors with total sanctioned limits of over Rs386.8bn (e-DFS) and Rs58.25bn (e-VFS). Thirty-seven new tie-ups were established during FY22, including CG Power, Skoda, Honda India Power, Bajaj Auto, Nestle India, Ambuja Cement, Trident, and Tata Consumer Products, among others.

- **Agri lending – second-highest market share in SHG loans:** Bank's agriculture & allied activities lending crossed the milestone of Rs2.27trn in FY22, catering to more than 14.2mn farmers.

Agriculture gold loan portfolio increased to Rs736bn in FY22 from Rs669bn in FY21. SBI has the second-highest market share in SHG loans outstanding among all banks, with outstanding loans of Rs240bn to 871k SHGs, covering more than 8.5mn women members.

- **Corporate credit – Demand is picking-up:** Corporate Accounts Group (CAG) is a dedicated business unit (BU) of the bank. It handles SBI's 'high-value credit' portfolio and has four specialised branches headed by general managers located in top three commercial centres, namely Mumbai (2), Delhi (1) and Chennai (1). The business model of CAG BU is based on the relationship management concept. Loan portfolio of CAG BU as of FY22 was Rs6.18trn (fund-based – Rs4trn and non-fund based Rs2.16trn) compared to a total loan portfolio of Rs5.42trn (fund-based Rs3.6trn and non-fund based Rs1.81trn) as of FY21. Demand for credit picked up in the second half of FY22, resulting in Rs760bn net credit growth at the CAG BU. Major top corporates and *navratna* PSUs are esteemed customers of the CAG BU.

As the bank gets into the busy season, there will be more utilisation of limits and the corporate portfolio would further gather pace. As of Q4FY22, it had working capital unutilised limit of Rs2.76trn and term loan unutilised limit of Rs2.0trn. Being optimistic about scale-up of international business given credit demand in the US / UK / Hong Kong towards better-quality India-linked corporates, overseas advances grew 2.9% QoQ / 15.5% YoY. Trade financing, loan syndication as well as factoring services contributed to the gained traction.

- **Leader in NRI banking:** SBI is a leader in NRI banking space with a market share of 22.38% (as of Jan'22). It has around 3.6mn NRI customers, who are being catered through 450 dedicated specialized NRI branches / NRI-intensive branches in India, foreign offices in 30 countries, 227 global banks as correspondent banks and tie-ups with 45 exchange houses and five banks (in the Middle East) to facilitate remittances.

SBI Wealth has shown decent growth in terms of investment AUM and clients in FY22. Investment AUM has increased >66% to Rs143bn, and client base expanded to 2,97,246 from 2,55,196. AUM of clients also increased >20% to Rs2.52trn.

## **Slippages were curtailed at <1%; GNPA's settled at 3.97%, a decadal low**

- Slippages through the year were consistently curtailed (annualised run-rate of 0.43% in Q4, <0.4% in Q3, 0.7% in Q2, 2.6% in Q1FY22), thereby containing it for the full year at <1%. Recoveries and upgrades were higher at Rs214bn (chunky corporate account) and further supported by write-offs of Rs197bn; GNPA's settled at 3.97%, lowest in the past decade. Net NPA too was contained at 1.02% with improved coverage.
- Credit costs have also declined significantly by 57bps to 0.55% in FY22 with absolute provision of Rs141bn for non-performing assets (vs Rs272bn in FY21). Besides, there was investment depreciation of Rs34bn.
- Coverage ratio improved to 75% (as a matter of policy, the bank would like to insulate its portfolio from any future shocks).
- Around 22 accounts with aggregate exposure of approximately Rs170bn (0.6% of advances) are proposed to be transferred to NARCL in phases.
- With provision on security receipts (SR) of Rs78.6bn as of FY22, SRs are fully provided for and book value is nil across various categories of ratings. Of the gross restructuring of Rs329bn, 5.5% has slipped into NPA during FY22.
- Non-NPA provisions remained at Rs306bn with standard asset provisioning at Rs200bn, provision on restructured pool at Rs79bn and other loan-related provisions of Rs27.4bn. Overall, we are building-in slippages at 1.4% / 1.3% and credit cost at 1.0% / 0.9% for FY23E / FY24E, respectively.

## **~40% of investment portfolio is AFS/HTM; bank is building investment fluctuation reserves to protect against rate increase**

- SBI's investment portfolio has risen 9.6% to Rs15trn as of FY22. Within the domestic investment portfolio, 60.77% is in the HTM category while the rest is under AFS category. The yield on investment is in line with the interest rate scenario and has come down to 6.07% from 6.32% in FY21.
- Bank appropriated Rs46.5bn in FY21 towards investment fluctuation reserves, thereby building reserves to 1.28% (vs 0.56% in FY21) of investments in AFS/HFT category (protecting it against rate increase). Bank, as advised by the regulator, has devised the roadmap to create an investment fluctuation reserve at 2% level by FY24.

## **No pending family pension liability; discount rate assumption revised upwards**

- Pursuant to the revision in family pension payable to employees of the bank covered under 11th Bi-Partite settlement, SBI had provided for the entire additional liability of Rs74.2bn in P&L. There is no unamortised expenditure in the balance sheet on account of family pension scheme.
- Retirement benefit actuarial assumptions: Discount rate was increased by 45bps over FY21; salary escalation considered at 5.8% (vs 5.6%).

### Other highlights

- Number of complaints relating to internet banking/mobile banking spiked 1.35x to 1.3mn.
- Fees/brokerage earned in respect of the insurance broking, agency and bancassurance business grew 20% to Rs19bn primarily led by >25% growth in SBI Life Insurance to Rs12.4bn.
- Fees /remuneration received in respect of the marketing and distribution function (excluding bancassurance business) from SBI MF was up 64% to Rs7.4bn and up 48% from SBI Cards to Rs2bn.

### Strategic / new initiatives

- Bank launched *Samarthya*, an engagement programme for all employees in the age group of 35 or below. The programme has been offered through a unique 'Smart Classroom'. Over 67k employees are to be trained under the programme, and 72% have already been covered in FY22.
- Two new end-to-end digital loan journeys were introduced, viz. pre-approved two-wheeler loan (*SBI Easyride*) and pre-approved business loan (PABL) for PoS customers. Loans aggregating Rs219bn have been extended digitally through analytics-based products in FY22.
- Bank has introduced a mass knowledge enhancement programme, *Project Utkarsh*. It has also introduced the 'Customer Service Index' for categorising branches based on the quality of customer service.
- For the convenience of customers, account opening facility through video KYC was launched on 22<sup>nd</sup> Apr'21 and ~640k accounts have been opened through this facility till Mar'22.
- A facility for SMS alerts in 13 languages has been enabled facilitating customers to register for SMS alerts in their preferred language.
- A new application for loan collection was launched in Apr'21, for recording the follow-up calls to delinquent account holders. During the current year, 25.5mn calls were made using this application.

### Various technology initiatives to improve efficiency

- Bank has been working on upgrading ATM connectivity by arranging 4G connectivity to off-site ATMs.
- Alternate secondary links to the branches and offices have been put in place to reduce and eliminate downtime.
- Bank has been awarded Nagpur Metro, Noida Metro and MMRDA Lines 2A and seven metro projects to implement qSPARC technology on the RuPay platform.
- Retail loan management solution (RLMS) and vendor verification module (VVM) were introduced in loan processing to ensure uniform underwriting standards, seamless delivery and end-to-end digitisation aimed at providing customer delight.
- Bank has also embarked upon a complete revamp of its e-banking web platform for its overseas operations.

## YONO – a masterpiece

- As of FY22, YONO has set a record with 111.74mn downloads, 16.62mn logins in a day, 26K new digital savings bank accounts per day and 48.35mn registered users. Pre-approved personal loans (PAPLs) totaling Rs211bn were extended in FY22. By the end of FY22, more than 2.4mn YONO agri gold loans amounting to Rs375bn were sanctioned through YONO *Krishi*.
- Bank opened 9.875mn new savings bank accounts, of which 63% have been opened through the YONO portal / app. To increase penetration and nudge customers into adopting technology, the YONO Lite app is now available in 12 Indian languages while the Yono *Krishi* app is available in 10 Indian languages.
- YONO-B platform is used by 1.753mn corporate users as of FY22. 140k 'new to digital' customers were onboarded till FY22 through the YONO business portal. The registered user base of the YONO-B mobile app was 619k by the end of FY22. Total downloads since 1st Jul'20 (date of launch) are 2mn. It processed issuance of 23,883 import LCs amounting to Rs1.68trn with 66% being digital LCs (jump from 7% in FY19).
- Merchant onboarding on SBlePay registered a YoY growth of 73.87% by onboarding 346 merchants in FY22. Related fee income grew 70.7% Rs445mn in FY22. The turnover in transaction value registered a YoY increase of 55.30%, with transactions amounting to Rs850bn in FY22.

## Equally focusing on giving back to the society by CSR initiative

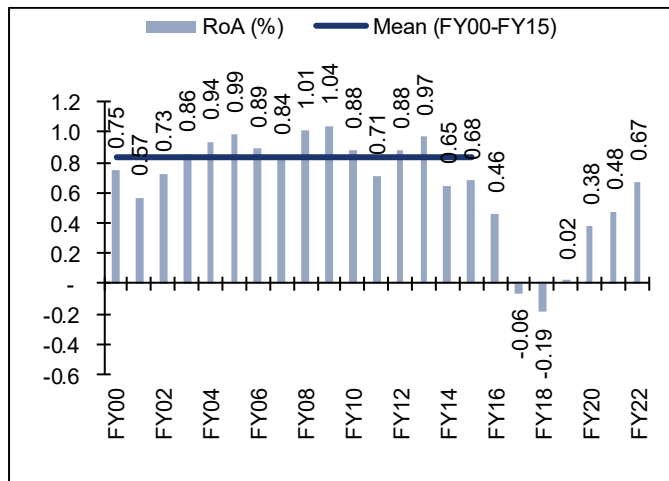
- During FY22, the total CSR spend by SBI stood at Rs2.04bn (1% of the net profit of FY21), with Rs1bn allocated to the SBI Foundation. Bank spent 35% of the total CSR spends towards the fight against covid.
- The focus areas of the bank's CSR activities for FY22 included rural and alum area development, healthcare and sanitation, education, environment sustainability, tribal welfare, empowerment of women and senior citizens, and supporting sports and athletes. Bank is also underwriting RE financing in a big way. FY22 witnessed the dual listing of SBI's Green Bonds worth US\$650mn on the India International Exchange and the Luxembourg Stock Exchange.

**Table 1: SOTP (Sep'23E)**

Subsidiary	Valuation method	Company value (Rs mn)	SBI stake	SBI stake value (Rs mn)	SoTP value (Rs per share)
<b>SBI</b>	<b>1.5x P/ABV</b>	<b>44,26,311</b>	-	<b>44,26,311</b>	<b>496</b>
SBI Life Insurance	25x NBAP	13,86,000	56	7,69,230	86
SBI General Insurance	25x PE	1,42,550	70	99,785	11
SBI Mutual Fund	7.5% of AUM	4,62,252	63	2,90,664	33
SBI cards	Market Cap	8,97,237	70	6,27,169	70
SBI Caps	15x PE	1,72,750	100	1,72,750	19
Others	0.5x PB	28,800	35	10,080	1
<b>Value of subsidiaries</b>					<b>221</b>
<b>Value of subsidiaries after hold co discount of 20%</b>					<b>177</b>
<b>SBI Value</b>					<b>673</b>

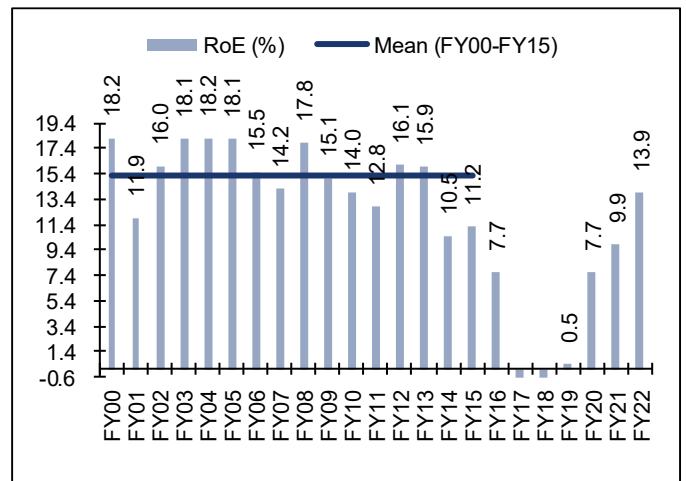
Source: I-Sec research

**Chart 1: RoA to normalise to historical average of ~84bps**



Source: Company data, I-Sec research

**Chart 2: New normal credit cost trajectory and chunky corporate recoveries to drive RoE higher**



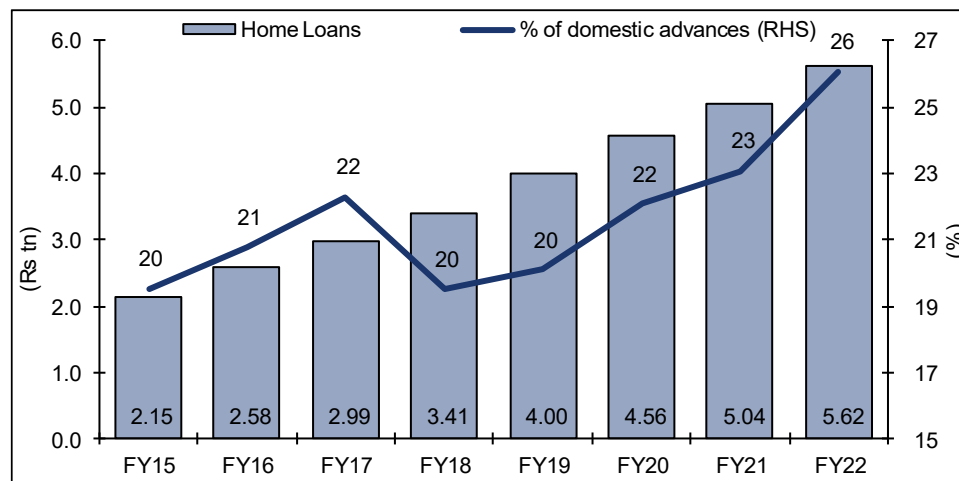
Source: Company data, I-Sec research

**Table 2: Consolidated market leadership and gains market share in retail segments**

Particulars (Rs bn)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	% Change YoY	% Change QoQ
Agriculture	2,142	2,094	2,150	2,215	2,282	7	3
Retail	8,707	8,721	9,045	9,522	10,023	15	5
SME	2,789	2,843	2,798	3,072	3,055	10	(1)
Corporate	8,187	7,905	7,568	7,834	8,707	6	11
International	3,569	3,675	3,747	4,004	4,119	15	3
<b>Total</b>	<b>25,394</b>	<b>25,238</b>	<b>25,308</b>	<b>26,646</b>	<b>28,187</b>	<b>11</b>	<b>6</b>

Source: Company data, I-Sec research

**Chart 3: Home loan segment rapidly increasing its share in overall portfolio**



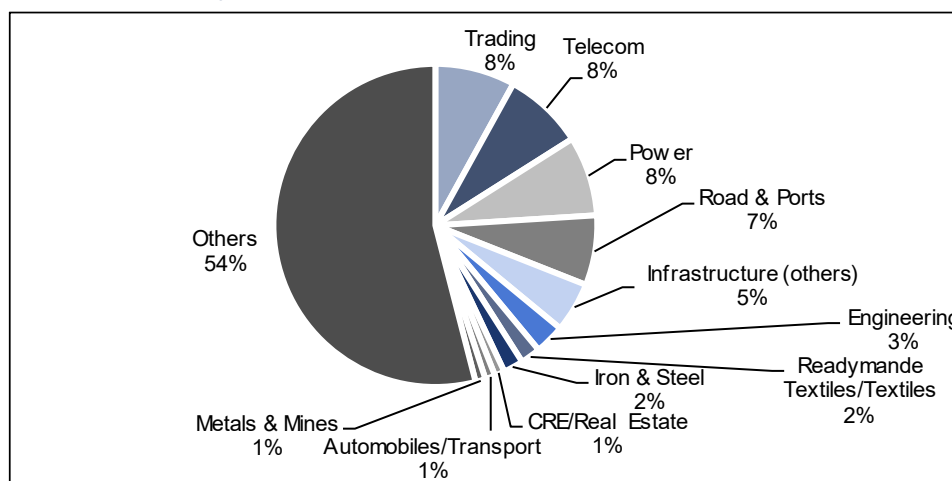
Source: Company data, I-Sec research.

**Table 3: Asset quality has held up well in tough times of pandemic**

(Rs bn)	FY18	FY19	FY20	FY21	FY22
GNPA	2,234	1,728	1,491	1,264	1,120
GNPA %	10.91%	7.53%	6.15%	4.98%	3.97%
NNPA %	5.73%	3.01%	2.23%	1.50%	1.02%
Fresh Slippages + Increase in O/s	1,003	397	545	293	268
Cash Recoveries/Up-gradations	145	315	258	176	214
Write-offs	402	589	524	355	197
Recoveries in AUCA	53	83	93	103	78
PCR (incl. AUCA)	66%	79%	84%	88%	90%
PCR (excl. AUCA)	50%	62%	65%	71%	75%

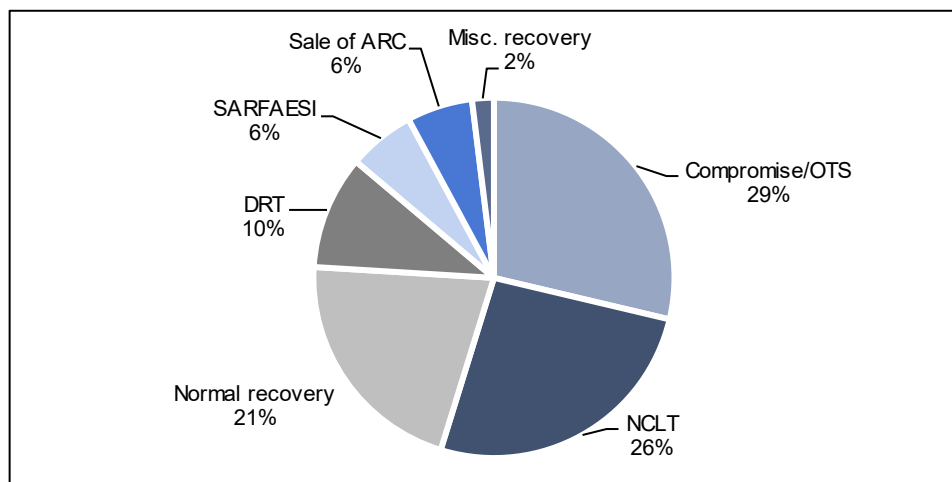
Source: Company data, I-Sec research.

**Chart 4: Industry-wise NPA is well diversified across sectors**



Source: Company data, I-Sec research.

**Chart 5: NCLT and compromise/OTS constitute >50% of total recoveries**



Source: Company data, I-Sec research.



**Table 4: Sector-wise GNPA % declined across sectors in FY22**

(%)	FY18	FY19	YoY Chg	FY20	YoY Chg	FY21	YoY Chg	FY22	YoY Chg
<b>Priority Sector</b>	<b>10.21</b>	<b>8.72</b>	<b>(1.49)</b>	<b>10.74</b>	<b>2.02</b>	<b>9.37</b>	<b>(1.37)</b>	<b>7.66</b>	<b>(1.71)</b>
Agriculture & allied activities	11.12	11.68	0.56	15.95	4.27	15.22	(0.73)	13.38	(1.84)
Industry sector eligible as Propriety Sector Lending	16.12	12.92	(3.20)	18.54	5.62	12.05	(6.49)	3.46	(8.59)
Services	9.87	9.75	(0.12)	6.31	(3.44)	8.35	2.04	6.51	(1.84)
Personal Loans	3.19	1.81	(1.38)	1.88	0.07	1.37	(0.51)	1.15	(0.22)
<b>Non-Priority Sector</b>	<b>11.11</b>	<b>7.15</b>	<b>(3.96)</b>	<b>4.79</b>	<b>(2.36)</b>	<b>3.62</b>	<b>(1.17)</b>	<b>2.77</b>	<b>(0.85)</b>
Agriculture & allied activities	8.04	0.46	(7.58)	10.28	9.82	13.18	2.90	8.42	(4.76)
Industry sector eligible as Propriety Sector Lending	17.96	11.52	(6.44)	7.08	(4.44)	7.04	(0.04)	5.77	(1.27)
Services	4.19	3.23	(0.96)	4.37	1.14	3.15	(1.22)	2.17	(0.98)
Personal Loans	0.76	0.77	0.01	0.82	0.05	0.66	(0.16)	0.65	(0.01)
<b>Total</b>	<b>10.91</b>	<b>7.53</b>	<b>(3.38)</b>	<b>6.15</b>	<b>(1.38)</b>	<b>4.98</b>	<b>(1.17)</b>	<b>3.97</b>	<b>(1.01)</b>

Source: Company data, I-Sec research.

**Table 5: Industry-wise NPA suggests >10% NPA is in telecom, gems and jewellery, engineering sector**

Industry (Rs bn)	Fund-based Outstanding			NPA (%)	Non-Fund based (O/s)
	Standard	NPA	Total		
Coal	115	2	117	1.8%	78
Mining	84	1	85	1.3%	32
Iron & Steel	548	23	571	4.1%	491
Metal Products	307	8	315	2.4%	138
All Engineering	406	44	450	9.8%	639
Of which Electronics	47	1	48	2.0%	72
Electricity	66	0	66	0.0%	-
Cotton Textiles	247	14	261	5.2%	19
Jute Textiles	11	0	12	3.8%	0
Other Textiles	134	10	144	6.9%	33
Sugar	68	4	72	5.1%	10
Tea	12	1	13	4.7%	0
Food Processing	529	47	576	8.2%	30
Vegetable Oils & Vanaspati	52	5	58	9.4%	34
Tobacco / Tobacco Products	2	0	2	8.6%	1
Paper / Paper Products	55	4	59	6.5%	12
Rubber / Rubber Products	100	8	108	7.8%	22
Chemicals / Dyes / Paints etc.	945	25	971	2.6%	809
Of which Fertilisers	180	7	187	3.6%	141
Of which Petrochemicals	495	1	496	0.3%	532
Of which Drugs & Pharma	136	4	140	2.9%	22
Cement	88	7	95	7.2%	45
Leather & Leather Products	32	3	35	8.5%	4
Gems & Jewellery	117	16	133	12.1%	3
Construction	432	14	446	3.0%	177
Petroleum	492	3	495	0.6%	335
Automobiles & Trucks	177	10	187	5.2%	71
Computer Software	75	0	75	0.1%	17
Infrastructure	3,732	284	4,016	7.1%	851
Of which Power	1,905	85	1,993	4.3%	326
Of which Telecommunication	345	59	404	14.6%	62
Of which Roads & Ports	823	77	900	8.5%	205
Other Industries	2,760	302	3,062	9.9%	717
NBFCs & Trading	4,228	141	4,369	3.2%	418
Residual Advances	11,851	152	12,002	1.3%	312
<b>Total</b>	<b>27,664</b>	<b>1,128</b>	<b>28,791</b>	<b>3.9%</b>	<b>5,340</b>

Source: Company data, I-Sec research.

**Table 6: Details of the NPAs transferred during FY22**

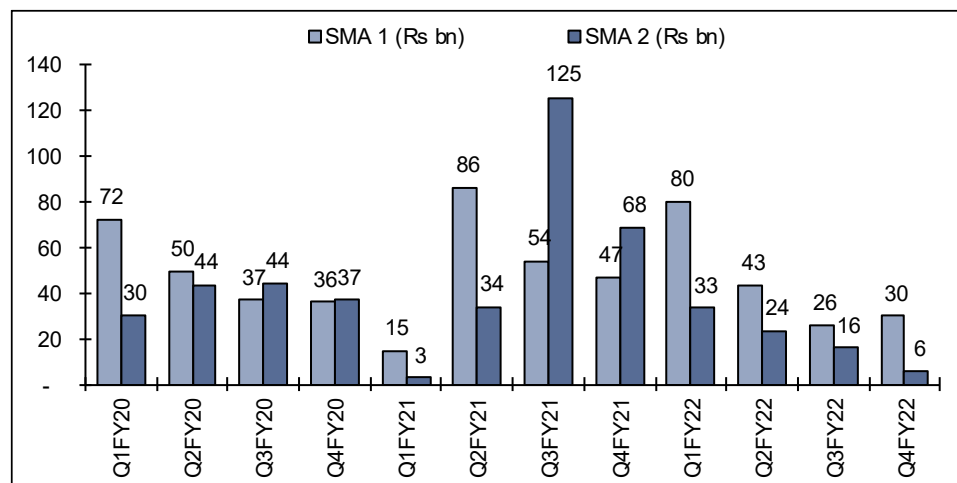
Particulars	To ARCs	To permitted transferees	To other transferees
No. of accounts	23	16	-
Aggregate principal outstanding of loans transferred (Rs bn)	32.40	4.98	-
Weighted average residual tenor of the loans transferred (Years)	1.14	-	-
Net book value of loans transferred (at the time of transfer) (Rs bn)	1.15	1.97	-
Aggregate consideration (Rs bn)	11.19	2.71	-

Source: Company data, I-Sec research.

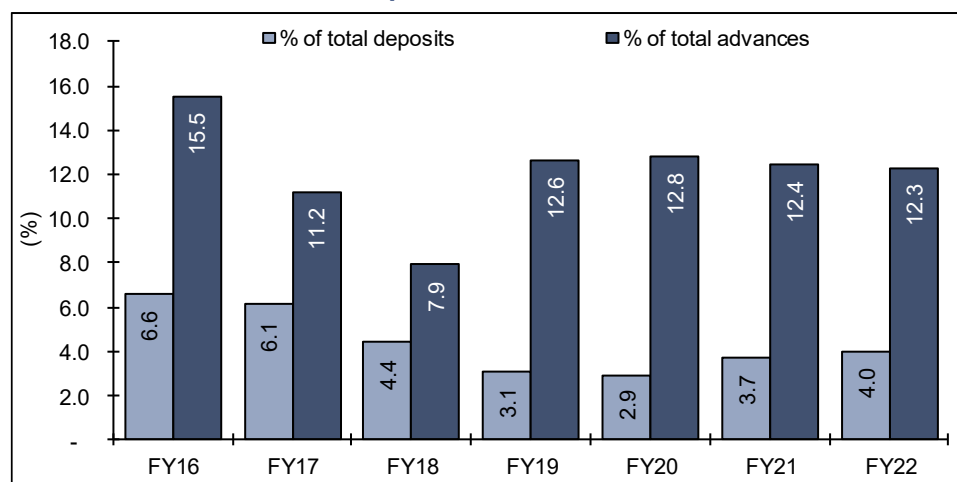
**Table 7: Restructuring post covid pandemic by the bank**

(Rs bn)	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of H1FY22	Of (A), aggregate debt that slipped into NPA during H2FY22	Of (A), amount written off during H2FY22	Of (A), amount paid by the borrowers during H2FY22	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of H2FY22
Personal loans	155.41	1.43	0.00	1.82	154.98
Corporate loans	173.54	16.50	0.00	3.07	154.62
of which MSME	122.74	7.20	0.00	8.83	124.46
Others	-	-	-	-	-
<b>Total</b>	<b>328.95</b>	<b>17.93</b>	<b>0.00</b>	<b>4.89</b>	<b>309.60</b>

Source: Company data, I-Sec research

**Chart 6: SMA pool on a sustained downward trend**

Source: Company data, I-Sec research

**Chart 7: Concentration of deposits and advances**

Source: Company data, I-Sec research.

**Table 8: Exposure to top-20 largest borrowers is ~11%**

Particulars	FY18	FY19	FY20	FY21	FY22
Total exposure to 20 largest borrowers/customers	3,658	4,471	5,257	4,357	4,995
% of total exposure	12.11%	12.80%	13.93%	10.63%	11.05%

Source: Company data, I-Sec research

**Table 9: Exposure to top-20 accounts constitutes ~30% of total GNPA**

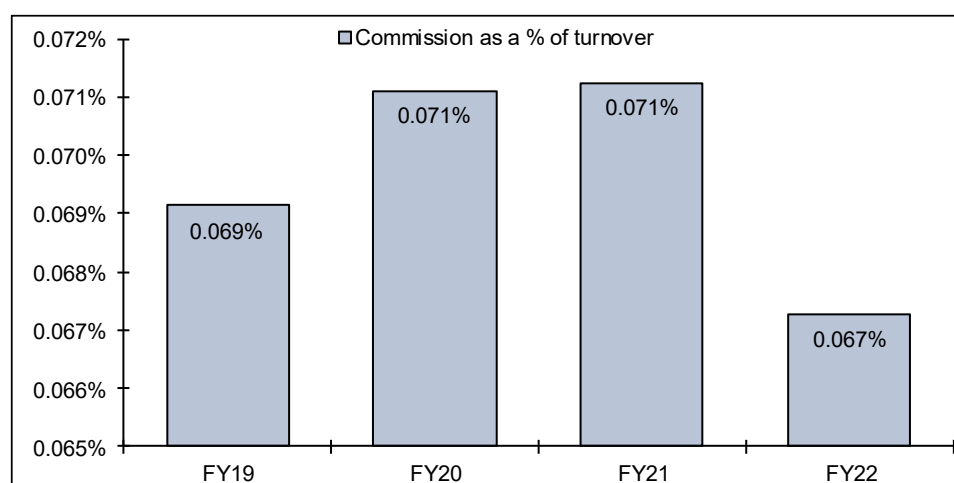
Particulars (Rs bn)	FY21	FY22
Total Exposure to top twenty largest NPA exposure to Total Gross NPAs	409	299
Percentage of exposures to the twenty largest NPA accounts to total gross NPAs	33.00%	27.26%

Source: Company data, I-Sec research

**Table 10: Income from bancassurance business has doubled from FY18 to FY22**

Name of the Company (Rs mn)	FY18	FY19	FY20	FY21	FY22
SBI Life Insurance Co. Ltd	7,148	9,519	11,169	12,398	15,675
SBI General Insurance Co. Ltd	2,126	2,709	3,145	3,274	3,190
NTUC and Manu life Financial Limited	11	12	9	8	13
Tokio Marine and ACE	3	16	23	15	6
Unit Trust and LIC	3	5	4	2	0
AIA Singapore	1	6	11	1	0
IFAST				2	4
Aviva				-	4
<b>Total</b>	<b>9,290</b>	<b>12,267</b>	<b>14,361</b>	<b>15,699</b>	<b>18,893</b>

Source: Company data, I-Sec research

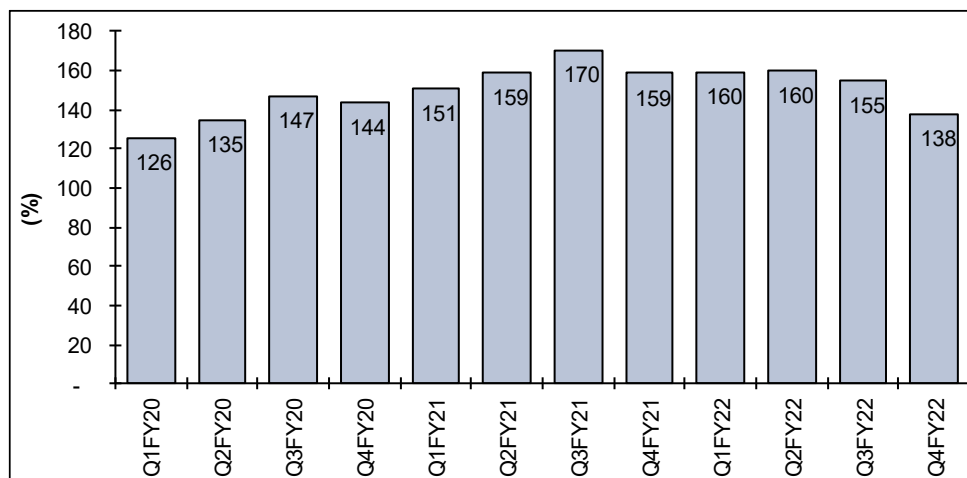
**Chart 8: Market leader in government business, with a market share of over 63% in Central government turnover.**

Source: Company data, I-Sec research.

**Table 11: Principal actuarial assumptions**

	FY18	FY19	FY20	FY21	FY22
<b>Pension</b>					
Discount Rate	7.76%	7.79%	6.83%	6.90%	7.35%
Expected Rate of return on Plan Asset	7.76%	7.79%	6.83%	6.90%	7.35%
Salary Escalation Rate	5.00%	5.20%	5.40%	5.60%	5.80%
Attrition Rate	0.00%	0.40%	0.80%	1.20%	1.60%
<b>Gratuity</b>					
Discount Rate	7.78%	7.77%	6.84%	6.82%	7.27%
Expected Rate of return on Plan Asset	7.78%	7.77%	6.84%	6.82%	7.27%
Salary Escalation Rate	5.00%	5.20%	5.40%	5.60%	5.80%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Provident Fund</b>					
Discount Rate	7.78%	7.77%	6.84%	6.82%	7.27%
Guaranteed Return	8.65%	8.55%	8.50%	8.50%	8.50%
Salary Escalation Rate	5.00%	5.20%	5.40%	5.60%	5.80%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Company data, I-Sec research

**Chart 9: Gradually deploying excess liquidity (LCR %) into relatively higher-yielding assets**

Source: Company data, I-Sec research.

**Table 12: Capital adequacy ratio as on 31<sup>st</sup> Mar'22**

	CET 1 (%)	Tier 1 (%)	Total (%)	Shareholding (%)
SBI Group	10.26	11.68	14.03	
State Bank of India (SBI)	9.94	11.42	13.83	
SBI (Mauritius) Ltd.	18.64	18.64	19.64	96.60
SBI (Canada)	13.44	13.44	15.06	100.00
SBI (California)	14.51	14.51	15.70	100.00
Commercial Indo Bank LLC, Moscow	35.21	35.21	35.21	60.00
Bank SBI Indonesia	67.74	67.74	68.68	99.34
Nepal SBI Bank Ltd	13.30	13.30	16.39	55.00
SBI (UK) Ltd	16.86	16.86	17.15	100.00

Source: Company data, I-Sec research

**Table 13: Second-highest market share in SHG loans among all banks; agri disbursements much higher than targets**

(Rs bn)	Target	Disbursement	% Achievement
FY15	845.00	861.93	102%
FY16	897.81	1,024.23	114%
FY17	951.68	1,252.70	132%
FY18	1,057.41	1,668.19	158%
FY19	1,163.15	1,563.85	134%
FY20	1,279.47	1,774.73	139%
FY21	1,744.68	1,982.68	114%
<b>FY22</b>	<b>1,925.00</b>	<b>2,193.96</b>	<b>114%</b>

Source: Company data, I-Sec research.

**Table 14: Bank as advised by the regulator has devised the roadmap to create investment fluctuation reserve at 2% level by FY24**

(Rs bn)	FY21	FY22
Opening Balance	11	30
Add: Amount transferred during the year	19	46
Less: Drawdown	-	-
<b>Closing Balance</b>	<b>30</b>	<b>77</b>
Closing balance of investments in AFS and HFT category	5,443	6,007
Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	0.56%	1.28%

Source: Company data, I-Sec research.

Table 15: ALM FY22

(Rs bn)	Upto 30 days	Over 31 days and upto 3 months	Over 3 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	6%	3%	28%	22%	11%	30%	100%
Advances	4%	4%	14%	35%	13%	29%	100%
Investments	1%	2%	10%	26%	17%	43%	100%
Borrowings	40%	8%	12%	20%	14%	6%	100%
Foreign Currency Assets	11%	12%	23%	25%	16%	12%	100%
Foreign Currency Liabilities	19%	14%	28%	20%	13%	6%	100%

Source: Company data, I-Sec research

Table 16: ALM FY21

(Rs bn)	Upto 30 days	Over 31 days and upto 3 months	Over 3 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	7%	3%	28%	22%	10%	30%	100%
Advances	5%	3%	13%	36%	13%	31%	100%
Investments	2%	3%	11%	25%	17%	43%	100%
Borrowings	40%	7%	17%	16%	12%	7%	100%
Foreign Currency Assets	11%	9%	21%	27%	18%	14%	100%
Foreign Currency Liabilities	17%	13%	34%	18%	12%	5%	100%

Source: Company data, I-Sec research

Table 17: ALM FY20

(Rs bn)	Upto 30 days	Over 31 days and upto 3 months	Over 3 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	8%	7%	28%	18%	10%	28%	100%
Advances	5%	4%	8%	47%	9%	27%	100%
Investments	2%	5%	11%	17%	15%	49%	100%
Borrowings	9%	15%	31%	25%	16%	4%	100%
Foreign Currency Assets	17%	11%	18%	25%	19%	11%	100%
Foreign Currency Liabilities	18%	17%	31%	17%	12%	4%	100%

Source: Company data, I-Sec research

Table 18: ALM FY19

(Rs bn)	Upto 30 days	Over 31 days and upto 3 months	Over 3 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	7%	7%	29%	18%	10%	28%	100%
Advances	4%	3%	8%	50%	13%	22%	100%
Investments	2%	3%	7%	17%	19%	51%	100%
Borrowings	32%	19%	16%	12%	7%	14%	100%
Foreign Currency Assets	15%	9%	20%	24%	21%	10%	100%
Foreign Currency Liabilities	21%	15%	30%	17%	13%	4%	100%

Source: Company data, I-Sec research

Table 19: ALM FY18

(Rs bn)	Upto 30 days	Over 31 days and upto 3 months	Over 3 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	21%	15%	30%	17%	13%	4%	100%
Advances	8%	6%	20%	15%	13%	39%	100%
Investments	2%	7%	8%	16%	16%	51%	100%
Borrowings	40%	13%	15%	12%	7%	13%	100%
Foreign Currency Assets	8%	8%	19%	37%	19%	9%	100%
Foreign Currency Liabilities	16%	17%	28%	20%	11%	8%	100%

Source: Company data, I-Sec research

## Financial summary

**Table 20: Profit and Loss statement**

(Rs mn, year ending Mar 31)

	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Net Interest Income	7,51,990	7,48,537	8,83,489	9,80,848	11,07,106	12,07,063	13,90,121	16,10,232
% Growth	31	(0)	18	11	13	9	15	16
Fee income	2,13,890	2,29,968	2,33,039	2,37,250	2,35,180	2,45,640	2,75,117	3,13,633
Add: Other income	2,12,480	1,61,677	1,34,710	2,14,964	1,84,386	1,59,999	1,82,757	1,95,548
<b>Total Net Income</b>	<b>11,78,360</b>	<b>11,40,182</b>	<b>12,51,238</b>	<b>14,33,062</b>	<b>15,26,673</b>	<b>16,12,702</b>	<b>18,47,994</b>	<b>21,19,413</b>
% Growth	39	(3)	10	15	7	6	15	15
Less: Operating Expenses	(5,83,770)	(5,99,434)	(7,29,000)	(7,51,737)	(8,26,659)	(8,59,791)	(9,52,938)	(10,75,317)
<b>Pre-provision operating profit</b>	<b>5,94,590</b>	<b>5,40,748</b>	<b>5,22,237</b>	<b>6,81,325</b>	<b>7,00,014</b>	<b>7,52,911</b>	<b>8,95,057</b>	<b>10,44,096</b>
<b>NPA Provisions</b>	<b>(5,54,210)</b>	<b>(7,13,742)</b>	<b>(5,45,291)</b>	<b>(4,27,760)</b>	<b>(2,72,444)</b>	<b>(1,40,869)</b>	<b>(2,73,397)</b>	<b>(2,94,330)</b>
Other provisions	(53,030)	(36,650)	7,005	(2,950)	(1,67,690)	(1,03,660)	(20,000)	(20,000)
Exceptional item	(38,420)	54,362	15,606	62,156	15,397	-	-	-
<b>PBT</b>	<b>(51,070)</b>	<b>(1,55,283)</b>	<b>(443)</b>	<b>3,12,772</b>	<b>2,75,277</b>	<b>5,08,382</b>	<b>6,01,660</b>	<b>7,29,766</b>
Less: taxes	(5,410)	89,808	(7,453)	(1,05,747)	(71,177)	(1,17,459)	(1,51,438)	(1,83,682)
<b>Reported profit</b>	<b>(56,480)</b>	<b>(65,475)</b>	<b>(7,896)</b>	<b>2,07,026</b>	<b>2,04,101</b>	<b>3,90,924</b>	<b>4,50,222</b>	<b>5,46,084</b>
% Growth	(157)	16	(88)	(2,722)	(1)	92	15	21

Source: Company data, I-Sec research

**Table 21: Balance sheet**

(Rs mn, year ending Mar 31)

	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Capital	8,110	8,925	8,925	8,925	8,925	8,925	8,925	8,925
Reserve & Surplus	21,10,016	21,82,361	22,00,214	23,11,150	25,29,827	27,91,956	32,42,178	37,88,262
Deposits	2,58,53,203	2,70,63,433	2,91,13,860	3,24,16,207	3,68,12,771	4,05,15,341	4,51,74,605	5,10,47,304
Borrowings	33,21,057	36,21,421	40,30,171	31,46,557	41,72,977	42,60,434	45,41,323	49,30,755
Other liabilities	17,56,232	16,71,381	14,55,973	16,31,101	18,19,797	22,99,319	24,14,284	25,34,999
<b>Total liabilities</b>	<b>3,30,48,618</b>	<b>3,45,47,520</b>	<b>3,68,09,143</b>	<b>3,95,13,939</b>	<b>4,53,44,296</b>	<b>4,98,75,974</b>	<b>5,53,81,315</b>	<b>6,23,10,245</b>
Cash & Bank Balances	27,08,617	19,18,986	22,24,901	25,10,970	34,30,387	39,45,523	36,87,541	37,64,549
Investment	93,29,267	1,06,09,867	96,70,220	1,04,69,545	1,35,17,052	1,48,14,455	1,66,66,262	1,89,16,207
Advances	1,86,89,626	1,93,48,802	2,18,58,769	2,32,52,896	2,44,94,978	2,73,39,666	3,09,82,061	3,57,20,238
Fixed Assets	4,99,064	3,99,923	3,91,976	3,84,393	3,84,192	3,77,082	3,80,852	3,84,661
Other Assets	18,22,043	22,69,942	26,63,277	28,96,136	35,17,687	33,99,249	36,64,599	35,24,590
<b>Total Assets</b>	<b>3,30,48,618</b>	<b>3,45,47,520</b>	<b>3,68,09,143</b>	<b>3,95,13,939</b>	<b>4,53,44,296</b>	<b>4,98,75,974</b>	<b>5,53,81,315</b>	<b>6,23,10,245</b>
% Growth	46.3	4.5	6.5	7.3	14.8	10.0	11.0	12.5

Source: Company data, I-Sec research

**Table 22: DuPont analysis**

(%, year ending Mar 31)

	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest income	8.1	6.5	6.8	6.7	6.2	5.8	6.0	6.2
Interest expense	(5.3)	(4.3)	(4.3)	(4.2)	(3.6)	(3.3)	(3.3)	(3.4)
<b>NII</b>	<b>2.7</b>	<b>2.2</b>	<b>2.5</b>	<b>2.6</b>	<b>2.6</b>	<b>2.5</b>	<b>2.6</b>	<b>2.7</b>
Other income	0.8	0.5	0.4	0.6	0.4	0.3	0.3	0.3
Fee income	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.5
<b>Total income</b>	<b>4.2</b>	<b>3.4</b>	<b>3.5</b>	<b>3.8</b>	<b>3.6</b>	<b>3.4</b>	<b>3.5</b>	<b>3.6</b>
Operating expenses	(2.1)	(1.8)	(2.0)	(2.0)	(1.9)	(1.8)	(1.8)	(1.8)
<b>Operating profit</b>	<b>2.1</b>	<b>1.6</b>	<b>1.5</b>	<b>1.8</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>
<b>NPA provision</b>	<b>(2.0)</b>	<b>(2.1)</b>	<b>(1.5)</b>	<b>(1.1)</b>	<b>(0.6)</b>	<b>(0.3)</b>	<b>(0.5)</b>	<b>(0.5)</b>
Total provisions	(0.2)	(0.1)	0.0	(0.0)	(0.4)	(0.2)	(0.0)	(0.0)
<b>PBT</b>	<b>(0.0)</b>	<b>(0.6)</b>	<b>(0.0)</b>	<b>0.7</b>	<b>0.6</b>	<b>1.1</b>	<b>1.1</b>	<b>1.2</b>
Tax	(0.0)	0.3	(0.0)	(0.3)	(0.2)	(0.2)	(0.3)	(0.3)
<b>PAT</b>	<b>(0.1)</b>	<b>(0.4)</b>	<b>(0.1)</b>	<b>0.4</b>	<b>0.4</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>

Source: Company data, I-Sec research

**Table 23: Key ratios***(Year ending Mar 31)*

	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
EPS – Diluted (Rs)	-7.2	-7.3	-2.6	23.2	22.9	43.8	50.4	61.2
% Growth	-156	1	-64	-980.9	-1.4	91.5	15.2	21.3
DPS (Rs)	-	-	(0.50)	-	-	8.32	9.58	11.63
Book Value per share (BVPS) (Rs)	201	218	215	227	252	281	332	393
% Growth	6.7	8.4	-1.3	5.8	10.8	11.7	17.9	18.5
Adjusted BVPS (Rs)	82	112	147	171	209	245	297	359
% Growth	-20	37	31	16	22	18	21	21
<b>Valuations</b>								
Price / Earnings (x)	NM	NM	NM	12.3	12.5	6.5	5.7	4.7
Price / Book (x)	1.4	1.3	1.3	1.3	1.1	1.0	0.9	0.7
Price / Adjusted BV (x)	3.5	2.5	1.9	1.7	1.4	1.2	1.0	0.8
<b>Asset Quality</b>								
Gross NPA (Rs mn)	17,78,660	22,34,270	17,27,500	14,90,920	12,63,890	11,20,234	11,23,752	11,57,956
Gross NPA (%)	9.1	10.9	7.5	6.2	5.0	4.0	3.5	3.2
Net NPA (Rs mn)	9,69,780	11,08,548	6,58,948	5,18,710	3,68,100	2,79,657	2,62,139	2,57,969
Net NPA (%)	5.2	5.7	3.0	2.2	1.5	1.0	0.8	0.7
NPA Coverage ratio (%)	45	50	62	65	71	75	77	78
Gross Slippages (%)	7.7	5.1	1.9	2.4	1.2	1.1	1.4	1.3
Credit Cost (%)	3.5	3.8	2.5	1.8	1.8	0.9	1.0	0.9
Net NPL/Net worth	46	51	30	22	14	10	8	7
<b>Business ratios (%)</b>								
ROAA	(0.2)	(0.2)	(0.1)	0.5	0.5	0.8	0.9	0.9
ROAE	(3.8)	(3.7)	(1.2)	10.5	9.5	16.4	16.5	16.9
ROAA (Excl. Exceptional item)	(0.1)	(0.4)	(0.1)	0.4	0.4	0.8	0.9	0.9
ROAE (Excl. Exceptional item)	(1.1)	(6.5)	(1.2)	10.5	9.5	16.4	16.5	16.9
Credit Growth	27.7	3.5	13.0	6.4	5.3	11.6	13.3	15.3
Deposits Growth	49.4	4.7	7.6	11.3	13.6	10.1	11.5	13.0
CASA	43.7	44.5	44.2	43.5	44.7	43.8	44.8	45.5
Credit / Deposit Ratio	72.3	71.5	75.1	71.7	66.5	67.5	68.6	70.0
Cost-Income ratio	49.5	53	59	52	54	53	52	51
Operating Cost / Avr. Assets	2.1	1.8	2.0	2.0	1.9	1.8	1.8	1.8
Fee Income / Total Income	18	20	19	17	15	15	15	15
<b>Earnings ratios</b>								
Yield on Advances	9.3	7.4	7.8	8.0	7.2	6.6	6.8	6.9
Yield on Earning Assets	8.6	7.0	7.4	7.4	6.8	6.3	6.4	6.6
Cost of Deposits	6.4	5.1	5.0	4.8	4.1	3.7	3.8	3.9
Cost of Funds	6.1	4.9	4.9	4.7	4.1	3.6	3.7	3.8
NIM	2.9	2.4	2.7	2.8	2.9	2.8	2.9	2.9
<b>Capital Adequacy (%)</b>								
RWA (Rs mn)	1,76,71,185	1,89,00,948	1,92,69,586	2,09,89,805	2,31,40,217	2,54,50,512	2,85,75,106	3,21,11,549
Tier I	10.1	10.4	10.7	11.0	10.2	10.3	10.6	11.1
CAR	12.9	12.6	12.7	13.1	13.3	11.2	11.5	12.0

Source: Company data, I-Sec research

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