

BUY
 TP: Rs 1,044 | ▲ 23%

STATE BANK OF INDIA

| Banking

| 05 August 2024

Strong performance aided by operational efficiencies

- PAT declined on subdued topline and higher credit cost, while operational efficiency offset some of its adverse impact
- NIM slid 6bps QoQ to 3.2%; asset quality continued to improve despite higher slippages on seasonality; continued to guide 15% loan growth
- We maintain BUY on strong growth, stable NIM and asset quality, and revise TP to Rs 1,044 (Rs 969 earlier) set at 1.5x FY26 ABV (Jun'26)

Ajit Agrawal

research@bobcaps.in

Healthy profits: SBIN's NII declined 1% QoQ due to higher deposit costs. Reported NIM slid 6bps QoQ to 3.2% and it guided to remain at current levels for FY25. Other income fell 36% QoQ, mainly due to weak treasury gains (Rs 26bn vs. Rs 34.6bn in Q4) and absence of interest on IT refunds (Rs 7bn in Q4). The wage revision provision behind opex fell 15% QoQ, leading to a 188bps decline in C/I ratio, and the bank guided for further potential to improve. Provision jumped 114% QoQ mainly due to stress asset aging (Rs 23bn), dragging PAT 18% QoQ. Credit cost was 48bps (18bps in Q4) and management expects it to normalise to 50bps over FY25.

Healthy business growth: loan grew 16% YoY aided by healthy growth in SME loans (20% YoY) and overseas loans (14% YoY), while retail book grew (14% YoY), due to slowdown in auto loans (17%) and express credit (+11%). Corporate book grew a strong 16% YoY. Management expects credit growth of 13-15% for FY25 (we estimate Credit/Deposit CAGR of 15%/13% over FY24-26) given strong liquidity with excess SLR of Rs 3.7tn, LCR of 129% and modest domestic LDR (76%). Deposits grew 8.2% YoY, driven by term deposits. CASA ratio declined 45bps QoQ to 39.1%.

Asset quality continued to improve: GNPA decline 3bps QoQ to 2.2%, while NNPA stayed flat at 57bps, with PCR of 74%. Credit cost (calc.) normalised to 37bps vs. 17bps in Q4 and SBIN guiding for it stabilising at 50bps in FY25 leading us to further normalise it to 41/54bps vs. earlier estimates of 36/45bps for FY25/FY26. SBIN's restructured book was Rs 160bn, forming 0.4% of loans vs. Rs 173bn in Q4, whereas SMA-1&2 book stood at Rs 46bn (Rs 33bn in Q4). A non-NPA provision of Rs 311bn (144% of NNPA) provides a cushion against any sudden rise in stress or other regulatory provision requirement

Maintain BUY: Healthy business growth, despite SBIN's size, along with stable margins and asset quality augured well. We expect stable NIM at 3% and ROA/ROE of 1%/16% by FY26. We broadly maintain our growth estimates and raise provision. Given SBIN's consistent strong performance across segments, we revise our new SOTP-based TP to Rs 1,044 (from Rs 969), set at a P/ABV (Jun'26) of 1.5x, using the Gordon Growth Model and add Rs 200/sh for subsidiaries – BUY.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	SBIN IN/Rs 848
Market cap	US\$ 90.4bn
Free float	42%
3M ADV	US\$ 208.3mn
52wk high/low	Rs 912/Rs 543
Promoter/FPI/DII	58%/11%/24%

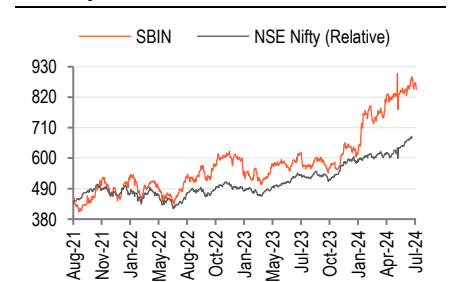
Source: NSE | Price as of 2 Aug 2024

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
NII (Rs mn)	1,598,758	1,671,042	1,886,198
NII growth (%)	10.4	4.5	12.9
Adj. net profit (Rs mn)	610,766	701,640	753,272
EPS (Rs)	68.4	78.6	84.4
Consensus EPS (Rs)	86.9	76.0	87.0
P/E (x)	12.4	10.8	10.0
P/BV (x)	2.0	1.7	1.5
ROA (%)	1.0	1.1	1.0
ROE (%)	17.3	17.2	16.1

Source: Company, Bloomberg, BOBCAPS Research |

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Income Statement							
Interest Income	671,279	702,595	735,170	771,338	786,926	17.2	2.0
Income on investments	250,070	270,023	284,307	282,005	282,652	13.0	0.2
Int. on bal. with RBI & inter-bank funds & Others	38,406	41,170	47,861	57,083	45,682	18.9	(20.0)
Interest income	959,755	1,013,788	1,067,338	1,110,426	1,115,260	16.2	0.4
Interest expense	570,705	618,788	669,181	693,874	704,005	23.4	1.5
Net interest income	389,050	395,000	398,157	416,552	411,255	5.7	(1.3)
Growth YoY (%)	24.7	12.3	4.6	3.1	5.7	(1,900bps)	258bps
Non-interest income	120,634	107,906	114,589	173,693	111,619	(7.5)	(35.7)
Growth YoY (%)	421.7	21.6	(0.1)	24.4	(7.5)	(42,920bps)	(3,188bps)
Total income	509,683	502,906	512,746	590,244	522,873	2.6	(11.4)
Growth YoY (%)	52.1	14.1	3.5	8.6	2.6	(4,952bps)	(600bps)
Staff expenses	166,007	189,264	193,618	163,481	154,660	(6.8)	(5.4)
Other operating expenses	90,707	119,476	115,767	139,288	103,728	14.4	(25.5)
Operating expenses	256,714	308,740	309,386	302,769	258,387	0.7	(14.7)
Pre-Provisioning Profit (PPoP)	252,969	194,166	203,361	287,476	264,486	4.6	(8.0)
Growth YoY (%)	98.4	(8.1)	(19.4)	16.8	4.6	(9,381bps)	(1,221bps)
Provisions	25,013	1,153	6,879	16,098	34,494	37.9	114.3
Growth YoY (%)	(43.1)	(96.2)	(88.1)	(51.4)	37.9	8,096bps	8,935bps
Exceptional Item	-	-	71,000	-	-	-	-
PBT	227,956	193,013	196,482	271,378	229,992	0.9	(15.3)
Tax	59,113	49,713	33,843	64,394	59,640	0.9	(7.4)
PAT	168,843	143,300	91,640	206,984	170,352	0.9	(17.7)
Growth YoY (%)	178.2	8.0	(35.5)	24.0	0.9	(17,735bps)	(2,309bps)
Per Share							
FV (Rs)	1	1	1	1	1	0.0	0.0
EPS (Rs)	19	16	10	23	19	0.9	(17.7)
Book Value (Rs)	386	403	413	423	445	15.4	5.3

Source: BOBCAPS Research, Company

Fig 2 – Quarterly snapshot: Key balance sheet & other metrics

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Deposits	45,312,367	46,892,185	47,622,207	49,160,768	49,017,259	8.2	(0.3)
Growth YoY (%)	12.0	11.9	13.0	11.1	8.2	(383bps)	(295bps)
Advances	32,350,227	33,451,673	35,195,143	37,039,709	37,491,389	15.9	1.2
Growth YoY (%)	14.9	13.3	15.1	15.8	15.9	98bps	12bps
Investment	15,726,297	16,926,169	16,894,063	16,713,397	16,288,359	3.6	(2.5)
Equity	3,444,416	3,592,273	3,689,539	3,772,465	3,973,883	15.4	5.3
Assets	55,430,757	58,263,183	59,656,163	61,796,939	61,911,540	11.7	0.2
Growth YoY (%)	10.3	12.0	12.0	12.0	11.7	140bps	(32bps)
Yield (%)							
Yield on Funds	7.55	7.74	7.86	7.96	7.86	31bps	(10bps)
Cost of Funds	4.63	4.88	5.09	5.13	5.12	49bps	(1bps)
Spread	2.92	2.86	2.77	2.83	2.74	(18bps)	(9bps)
Net Interest Margin (calc.)	3.06	3.02	2.93	2.99	2.90	(16bps)	(9bps)
Ratios (%)							
Other Income / Net Income	23.7	21.5	22.3	29.4	21.3	(232bps)	(808bps)
Cost to Income ratio	50.4	61.4	60.3	51.3	49.4	(95bps)	(188bps)
CASA ratio	41.2	40.2	39.5	39.5	0.0	(4118bps)	(3950bps)
C/D ratio	71.4	71.3	73.9	75.3	76.5	509bps	114bps
Investment to Assets	28.4	29.1	28.3	27.0	26.3	(206bps)	(74bps)
Asset Quality							
GNPA	913,278	869,741	867,488	842,763	842,260	(7.8)	(0.06)
NNPA	229,954	213,524	224,084	210,511	215,547	(6.3)	2.4
Provision	683,325	656,217	643,404	632,253	626,714	(8.3)	(0.9)
GNPA (%)	2.76	2.56	2.42	2.24	2.21	(55bps)	(3bps)
NNPA (%)	0.71	0.64	0.64	0.57	0.57	(14bps)	0bps
PCR (%)	74.8	75.4	74.2	75.0	74.4	(41bps)	(61bps)

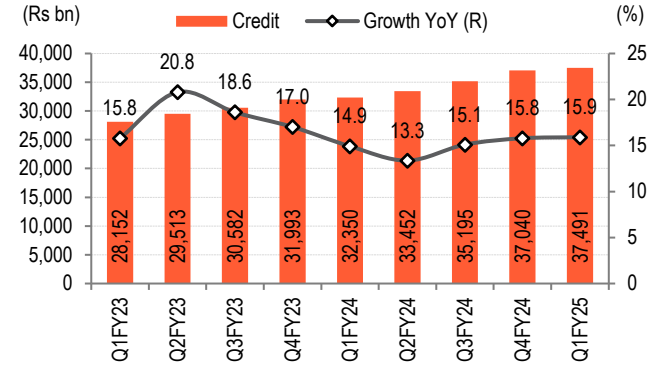
Source: BOBCAPS Research, Company

Fig 3 – Actual vs. Estimates

Key Parameters (Rs bn)	Q1FY25A	Q1FY25E	Actual vs. Estimates (%)
Loan	37,491	37,203	0.8
Deposits	49,017	51,022	(3.9)
Assets	61,912	62,395	(0.8)
NII	411	424	(3.1)
PPOP	264	264	0.4
Provision	34	33	3.2
PAT	170	171	(0.4)

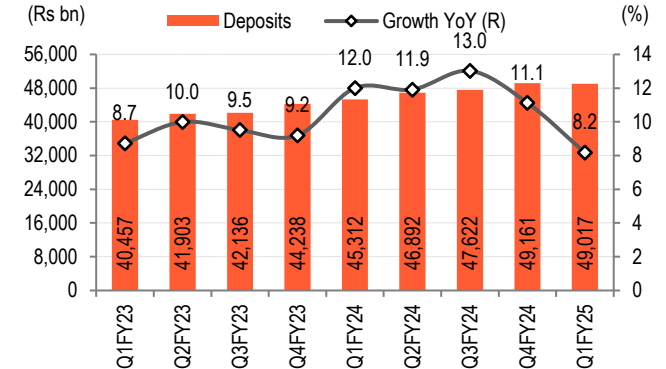
Source: Company, BOBCAPS Research

Fig 4 – Loan growth remained healthy across segments



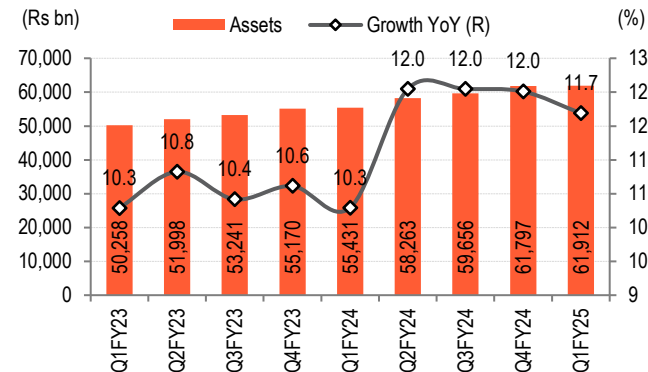
Source: Company, BOBCAPS Research

Fig 5 – Deposits remained subdued



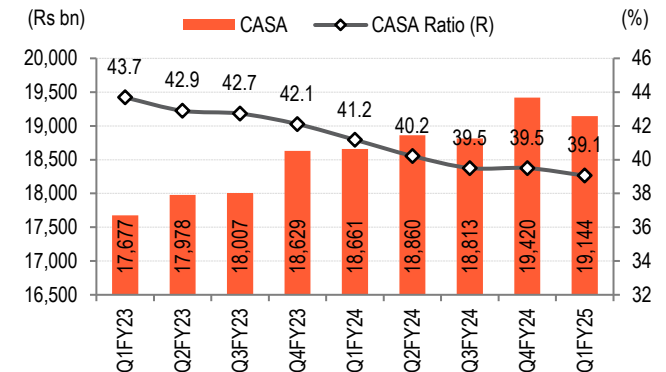
Source: Company, BOBCAPS Research

Fig 6 – Assets grew 12% YoY



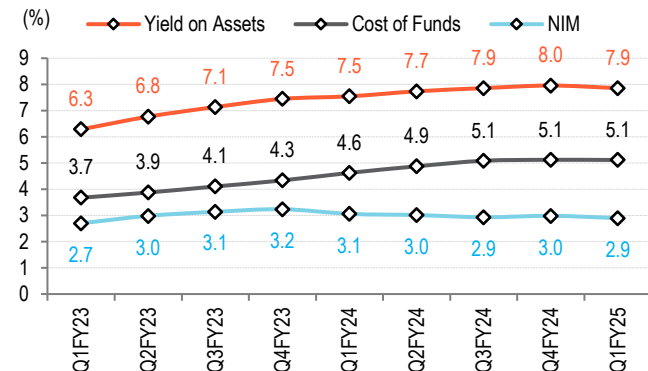
Source: Company, BOBCAPS Research

Fig 7 – CASA ratio declined 45 QoQ on CA decline



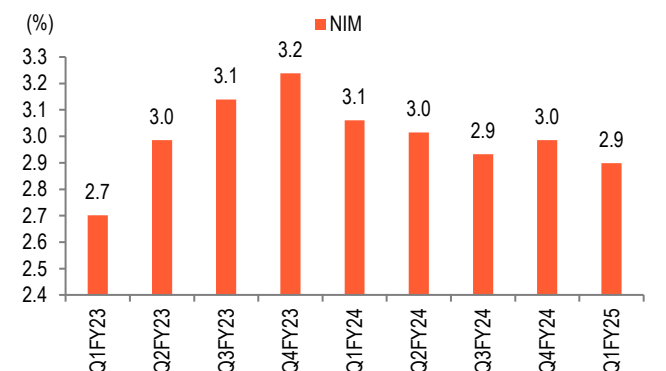
Source: Company, BOBCAPS Research

Fig 8 – NIM (calc.) down 90bps QoQ



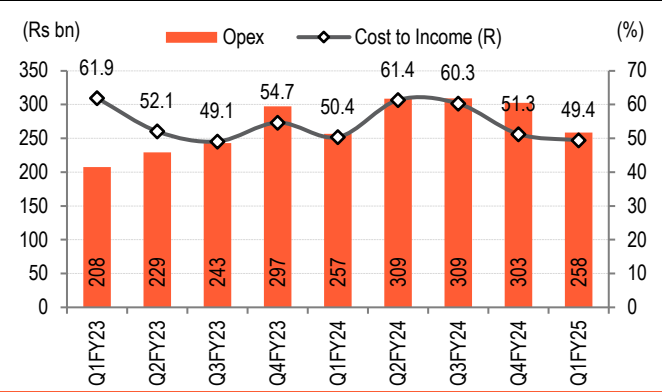
Source: Company, BOBCAPS Research

Fig 9 – NIM expected to sustain at ~3% over FY25E



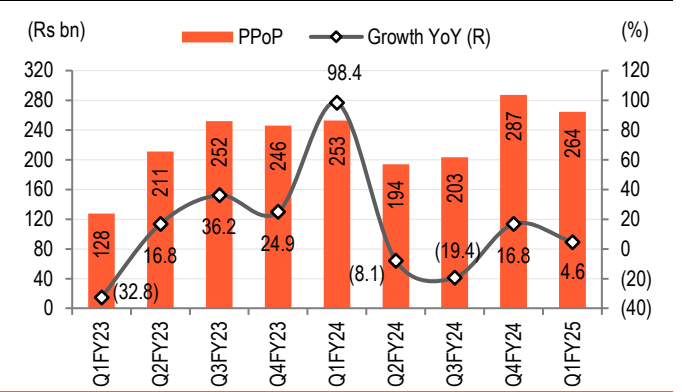
Source: Company, BOBCAPS Research

Fig 10 – Opex declined on lower staff costs



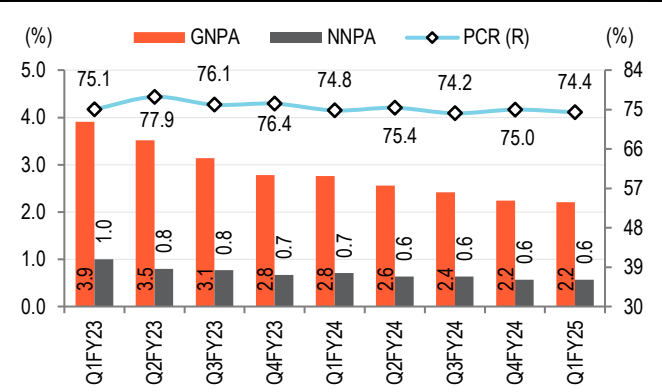
Source: Company, BOBCAPS Research

Fig 11 – PPOP modest on lower topline



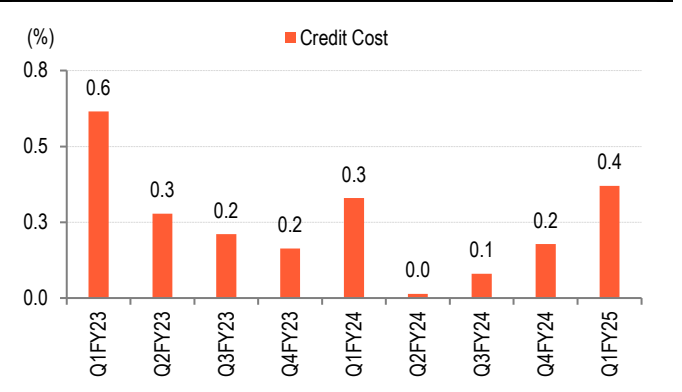
Source: Company, BOBCAPS Research

Fig 12 – Asset quality continued to improve



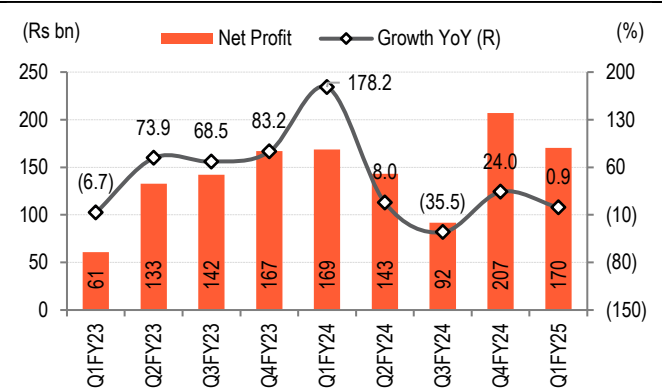
Source: Company, BOBCAPS Research

Fig 13 – Credit cost normalising



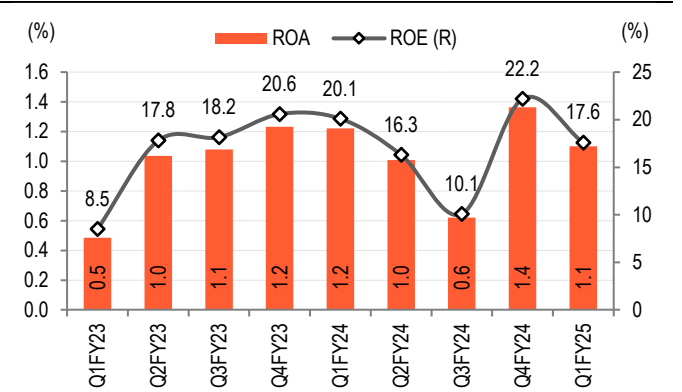
Source: Company, BOBCAPS Research

Fig 14 – PAT fell on lower topline and higher provision



Source: Company, BOBCAPS Research

Fig 15 – Return ratios have potential to improve further



Source: Company, BOBCAPS Research

Fig 16 – Loan book trend

(Rs bn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Home Loans	6,525	6,723	6,939	7,258	7,396	13.3	1.9
Auto Loans	1,009	1,049	1,131	1,165	1,176	16.6	0.9
Xpress Credit	3,108	3,203	3,354	3,484	3,456	11.2	(0.8)
Personal Loans	294	303	309	327	354	20.5	8.4
Other Retail Loans	1,107	1,157	1,231	1,288	1,298	17.3	0.8
Retail Loans	12,043	12,434	12,963	13,523	13,680	13.6	1.2
Agriculture	2,641	2,739	2,917	3,049	3,091	17.1	1.4
SME	3,699	3,890	4,181	4,330	4,434	19.9	2.4
Corporate	9,822	9,777	10,241	11,382	11,386	15.9	0.0
Domestic Advances	28,204	28,840	30,303	32,284	32,591	15.6	1.0
Overseas Loans	4,833	5,272	5,540	5,391	5,530	14.4	2.6
Gross Loans	33,037	34,113	35,843	37,675	38,121	15.4	1.2

Source: Company, BOBCAPS Research

Fig 17 – Loan book distribution

(%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Home Loans	19.8	19.7	19.4	19.3	19.4	(35bps)	14bps
Auto Loans	3.1	3.1	3.2	3.1	3.1	3bps	(1bps)
Xpress Credit	9.4	9.4	9.4	9.2	9.1	(34bps)	(18bps)
Personal Loans	0.9	0.9	0.9	0.9	0.9	4bps	6bps
Other Retail Loans	3.4	3.4	3.4	3.4	3.4	5bps	(1bps)
Retail Loans	36.5	36.5	36.2	35.9	35.9	(57bps)	(1bps)
Agriculture	8.0	8.0	8.1	8.1	8.1	12bps	1bps
SME	11.2	11.4	11.7	11.5	11.6	43bps	14bps
Corporate	29.7	28.7	28.6	30.2	29.9	14bps	(34bps)
Domestic Advances	85.4	84.5	84.5	85.7	85.5	12bps	(20bps)
Overseas Loans	14.6	15.5	15.5	14.3	14.5	(12bps)	20bps
Gross Loans	100.0	100.0	100.0	100.0	100.0	0bps	0bps

Source: Company, BOBCAPS Research

Fig 18 – Deposit trend

(Rs bn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Current Deposits	2,582	2,530	2,495	2,870	2,462	(4.7)	(14.2)
Saving Deposits	16,078	16,330	16,318	16,550	16,683	3.8	0.8
CASA Deposits	18,661	18,860	18,813	19,420	19,144	2.6	(1.4)
Term Deposits	24,862	26,173	26,866	27,823	27,895	12.2	0.3
Domestic Deposits	43,522	45,033	45,679	47,243	47,040	8.1	(0.4)
Overseas Deposits	1,790	1,859	1,943	1,917	1,978	10.5	3.1
Total Deposits	45,312	46,892	47,622	49,161	49,017	8.2	(0.3)

Source: Company, BOBCAPS Research

Fig 19 – Deposit distribution

(%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Current Deposits	5.7	5.4	5.2	5.8	5.0	(68bps)	(82bps)
Saving Deposits	35.5	34.8	34.3	33.7	34.0	(145bps)	37bps
CASA Deposits	41.2	40.2	39.5	39.5	39.1	(213bps)	(45bps)
Term Deposits	54.9	55.8	56.4	56.6	56.9	204bps	31bps
Domestic Deposits	96.0	96.0	95.9	96.1	96.0	(8bps)	(13bps)
Overseas Deposits	4.0	4.0	4.1	3.9	4.0	8bps	13bps
Total Deposits	100.0	100.0	100.0	100.0	100.0	0bps	0bps

Source: Company, BOBCAPS Research

Earnings call highlights

Asset quality

- SBIN's asset quality improved QoQ in Q1FY25 with GNPA reducing by 3bps to 221bps and NNPA remaining flat at 57bps. Slippages during the quarter stood at Rs 87.1bn vs. Rs 39.8bn in Q4, wherein fresh slippages totalled Rs 79bn and out of which Rs 16bn has been already upgraded. Upgrades and recoveries stood at Rs 87.6bn vs. Rs 64.6bn in Q4FY24.
- Higher slippages during the quarter were attributable to: (1) aging provision on standard asset, (2) higher slippages on unsecured retail book due to delayed salary from some of the states, and 3) seasonality on agri book.
- Credit cost was 48bps vs. 18bps in Q4, and management is guiding for some normalisation of credit cost in the range of 50bps going forward.
- Restructured loans stood at Rs 160bn (0.4% of loans) vs. Rs 172.8bn in Q4. SMA-1/2 stood at Rs 46.4bn (SMA-1 at Rs 26.6bn and SMA-2 at Rs 19.7bn) from Rs 33bn in Q4.
- The bank has a non-NPA provision of Rs 310.8bn (Rs 242bn standard provision, Rs 50.8bn restructuring provision and Rs 17.6bn other loan-related provision), which is 144% of NNPA.

Loans and deposits

- Management is targeting credit growth of 13-15% over FY25.
- With current CAR level and additional liquidity in balance sheet, SBIN can grow its assets by Rs 6.5- 7tn without any external capital.
- The bank's large corporate loans grew 16% YoY (flat QoQ) in Q4, while SMEs witnessed strong growth of 20% YoY (2% QoQ). Retail loans remained subdued at 14% YoY (1% QoQ), mainly due to auto loans (16.6% YoY, 1% QoQ) and Xpress credit (11% YoY, -1% QoQ). International business grew at healthy pace of 14% YoY (3% QoQ).
- The bank intends to increase domestic loan deposits ratio (LDR) to 70-72% which currently stands at ~69%.
- It has excess statutory liquidity ratio (SLR) to the tune of Rs 3.7tn.

- The bank's liquidity coverage ratio (LCR) ratio stood at 129% for the quarter.
- The loan mix for Q1 is 27% for EBLR (external benchmark-based lending rate), 36% MCLR (marginal cost of funds-based lending rate) and 20% fixed and the rest is others.
- Deposits grew 8.2% YoY led by term deposits. Savings and current accounts grew modestly by 4% and -5% YoY respectively, leading to a QoQ decline in CASA ratio of 45bps to 39.1%.

NIM

- NIM reported 6bps QoQ decline to 3.22%, while management guided for NIM to remain at the current level for FY25 with a deviation of 10bps plus and minus.

Opex

- SBIN witnessed significant operational efficiency and its total operating expenses remained flat YoY at 0.7% and declined 15% QoQ. Operating expenses fell due to the decline in employee cost (5% QoQ) and other operating cost by 25% QoQ.
- C/I ratio improved 188bps QoQ to 49.4% and the bank is guiding for further potential for improvement in the absence of wage revision provision during FY24.

Capital adequacy

- The CAR stood at 13.9% with Tier-1 capital of 11.8% (CET1 10.2%, AT1 1.5%).
- Management indicated that the bank is well capitalised to fund future credit growth internally but won't hesitate to tap the market for capital raising if needed, preferably through AT1 and Tier 2 bonds.

Valuation methodology

We lower our FY25/26 deposit estimates for SBIN by 1.3% each, while lowering the credit growth estimate by 0.4%/1.3% due to competitive intensity and business challenges. Despite current market dynamics – where across the industry banks are increasing the unsecured mix on loan books to improve margins and, hence, continuously raising regulatory concerns over aggressive growth and credit risk – we increase our credit cost assumptions for FY25/FY26 to 41bps/54bps (36bps/45bps earlier). We estimate a PAT CAGR of 11% over FY24-26.

Healthy business growth despite size along with stable margins and asset quality are likely to provide further potential for improved performance. We expect stable NIM at 3% and ROA/ROE of 1%/16% by FY26. We broadly maintain our growth estimates and tweak provision upwards. Given SBIN's consistent strong performances across segments, stable NIM and asset quality, we revise our new SOTP-based TP to Rs 1,044 (from Rs 969), set at a P/ABV (Jun'26) of 1.5x using the Gordon Growth Model and adding in Rs 200/share for subsidiaries. Maintain BUY.

Fig 20 – Revised estimates

(Rs mn)	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Loan	42,596	48,559	42,781	49,198	(0.4)	(1.3)
Deposits	55,060	62,218	55,797	63,051	(1.3)	(1.3)
Assets	69,071	77,003	68,862	78,038	0.3	(1.3)
NII	1,671	1,886	1,744	2,030	(4.2)	(7.1)
PPOP	1,108	1,261	1,038	1,270	6.7	(0.7)
Provisions	162	246	144	207	12.9	18.9
PAT	702	753	664	789	5.7	(4.5)

Source: BOBCAPS Research

Fig 21 – Key operational assumptions

Parameter (%)	FY24A	FY25E	FY26E	FY27E
Advances Growth	15.8	15.0	14.0	14.0
Net Interest Income Growth	10.4	4.5	12.9	15.6
PPoP Growth	3.6	27.8	13.9	19.5
PAT Growth	21.6	14.9	7.4	17.8
NIM	3.0	2.8	2.8	2.9
GNPA	2.2	1.9	1.8	1.7
CAR	14.3	13.6	13.8	13.6

Source: Company, BOBCAPS Research

Fig 22 – SOTP valuation summary

Business	Valuation method	Holdings (%)	Value (Rs/sh)
Bank	1.5x FY26E ABV	100	844
SBI Life	Mcap	55	109
SBI AMC	6% of AUM	63	44
SBI General	25x FY26 EPS	70	7
SBI Card	Mcap	69	53
SBI Capital	15x FY26 EPS	100	24
Holding Company Discount	15%	-	(35)
Total	-	-	1,044

Source: Company, BOBCAPS Research

Fig 23 – Valuation assumptions

Gordon Growth Model	(%)
Return on Equity (RoE)	6.4
Cost of Equity (Ke)	5.4
Growth (Period 1)	1.2
Growth (Long Term)	12.9
Initial High Growth Period (years)	15.0
Dividend Payout (Period 1)	10.0
Dividend Payout (Long Term)	20.0
Factor 1	6.0
Factor 2	60.0
Justified P/BV (x)	1.5

Source: BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- any sudden delinquency in the retail and SME segments, resulting in higher provision requirements, and
- inability to manage cost of funds, which may drag NIM as well as overall profitability.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Axis Bank	AXSB IN	42.8	1,161	1,222	HOLD
Bandhan Bank	BANDHAN IN	4.1	213	245	BUY
Canara Bank	CBK IN	12.0	110	140	BUY
DCB Bank	DCBB IN	0.5	125	172	BUY
Federal Bank	FB IN	5.8	198	242	BUY
HDFC Bank	HDFCB IN	149.3	1,659	1,872	BUY
ICICI Bank	ICICIB IN	100.6	1,197	1,352	HOLD
IDFC First Bank	IDFCBK IN	6.3	74	90	BUY
Indusind Bank	IIB IN	13.1	1,404	1,844	BUY
Kotak Mahindra Bank	KMB IN	42.8	1,803	2,040	BUY
RBL Bank	RBK IN	1.6	227	276	BUY
State Bank of India	SBIN IN	90.4	848	1,044	BUY

Source: BOBCAPS Research, NSE | Price as of 2 Aug 2024

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Net interest income	1,448,405	1,598,758	1,671,042	1,886,198	2,180,247
Nil growth (%)	20.0	10.4	4.5	12.9	15.6
Non-interest income	366,156	516,822	549,311	591,600	665,940
Total income	1,814,561	2,115,580	2,220,352	2,477,798	2,846,187
Operating expenses	977,431	1,248,608	1,112,522	1,216,489	1,338,984
PPOP	837,130	866,972	1,107,831	1,261,309	1,507,203
PPOP growth (%)	23.3	3.6	27.8	13.9	19.5
Provisions	165,073	49,142	162,223	246,118	311,749
PBT	672,056	817,830	945,607	1,015,191	1,195,454
Tax	169,732	207,063	243,967	261,919	308,427
Reported net profit	502,324	610,766	701,640	753,272	887,027
Adjustments	0	0	0	0	0
Adjusted net profit	502,324	610,766	701,640	753,272	887,027

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Equity capital	8,925	8,925	8,925	8,925	8,925
Reserves & surplus	3,267,160	3,763,541	4,376,717	4,979,335	5,688,956
Net worth	3,276,084	3,772,465	4,385,642	4,988,260	5,697,881
Deposits	44,237,778	49,160,768	55,060,060	62,217,868	70,306,190
Borrowings	4,931,352	5,975,609	6,190,731	6,562,175	6,955,905
Other liab. & provisions	2,724,571	2,888,097	3,434,565	3,234,718	4,466,602
Total liab. & equities	55,169,785	61,796,939	69,070,998	77,003,020	87,426,578
Cash & bank balance	3,078,996	3,108,020	3,251,908	3,588,705	4,055,236
Investments	15,703,662	16,713,397	17,548,725	18,854,471	21,176,110
Advances	31,992,693	37,039,709	42,595,665	48,559,058	55,357,326
Fixed & Other assets	4,394,434	4,935,814	5,674,701	6,000,787	6,837,906
Total assets	55,169,785	61,796,939	69,070,998	77,003,020	87,426,578
Deposit growth (%)	9.2	11.1	12.0	13.0	13.0
Advances growth (%)	17.0	15.8	15.0	14.0	14.0

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
EPS	56.3	68.4	78.6	84.4	99.4
Dividend per share	11.3	13.7	13.4	16.9	19.9
Book value per share	367.1	422.7	491.4	558.9	638.4

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
P/E	15.1	12.4	10.8	10.0	8.5
P/BV	2.3	2.0	1.7	1.5	1.3
Dividend yield (%)	1.3	1.6	1.6	2.0	2.3

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Net interest income	3.1	2.7	2.6	2.6	2.7
Non-interest income	0.8	0.9	0.8	0.8	0.8
Operating expenses	2.0	2.1	1.7	1.7	1.6
Pre-provisioning profit	1.8	1.5	1.7	1.7	1.8
Provisions	0.3	0.1	0.2	0.3	0.4
PBT	1.5	1.4	1.4	1.4	1.5
Tax	0.4	0.4	0.4	0.4	0.4
ROA	1.1	1.0	1.1	1.0	1.1
Leverage (x)	17.0	16.6	16.0	15.6	15.4
ROE	19.3	17.3	17.2	16.1	16.6

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Net interest income	20.0	10.4	4.5	12.9	15.6
Pre-provisioning profit	23.3	3.6	27.8	13.9	19.5
EPS	58.6	21.6	14.9	7.4	17.8
Profitability & Return ratios (%)					
Net interest margin	3.4	3.4	3.1	3.1	3.2
Fees / Avg. assets	0.1	0.1	0.1	0.1	0.1
Cost-Income	53.9	59.0	50.1	49.1	47.0
ROE	19.3	17.3	17.2	16.1	16.6
ROA	1.1	1.0	1.1	1.0	1.1
Asset quality (%)					
GNPA	2.8	2.2	1.9	1.8	1.7
NNPA	0.7	0.6	0.5	0.5	0.4
Slippage ratio	0.7	0.6	0.8	0.8	0.8
Credit cost	0.6	0.1	0.4	0.5	0.6
Provision coverage	75.7	74.5	74.5	74.5	74.6
Ratios (%)					
Credit-Deposit	72.3	75.3	77.4	78.0	78.7
Investment-Deposit	35.5	34.0	31.9	30.3	30.1
CAR	14.7	14.3	13.6	13.8	13.6
Tier-1	12.1	11.9	11.6	11.8	11.8

Source: Company, BOBCAPS Research

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**

Logo:  **BOBCAPS**
TRUST | INNOVATION | EXCELLENCE

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

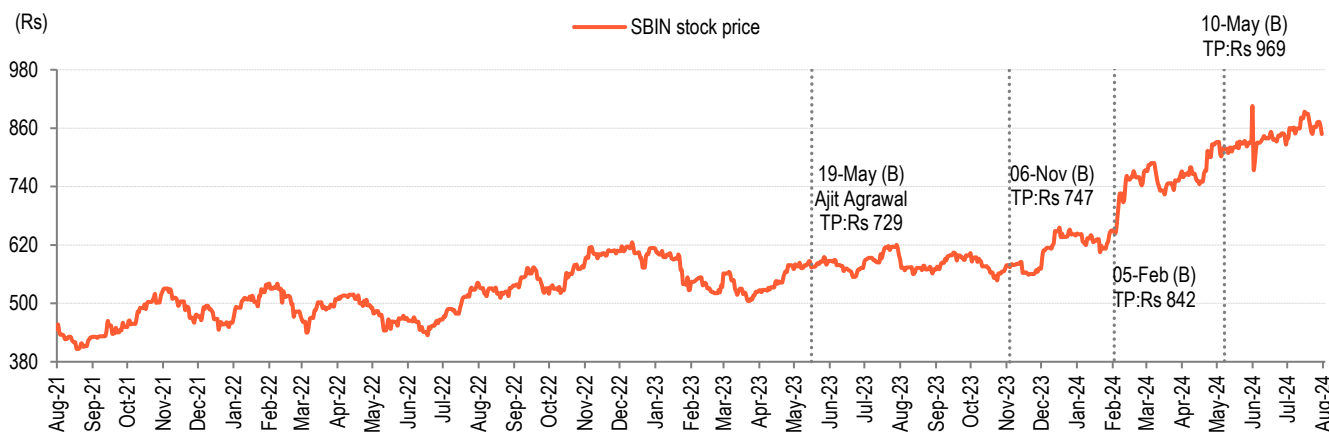
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): STATE BANK OF INDIA (SBIN IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an “as is” basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the “Losses”) which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom (“UK”):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd (“MSL”) who is authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom (MSL and its affiliates are collectively referred to as “MAYBANK”). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the “Order”), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as “relevant persons”).

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.