



17th October, 2023



India's Best Performing and Most Customer Centric PMS

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Founded in 1806 as the Bank of Calcutta, the State Bank of India (SBI) has grown to become the largest public sector bank in the nation. With a vast network of branches in India and overseas, SBI offers a comprehensive range of banking and financial services. Its robust infrastructure, combined with a deep-rooted presence in rural and urban India, underscores its significant role in the Indian banking sector.

**Financial Health and Key Metrics:** State Bank of India, an illustrious Fortune 500 entity, stands as an embodiment of banking excellence in the form of an Indian multinational public sector bank. Anchored in Mumbai, SBI's heritage spans over 200 years, intertwining India's banking history with its own. The Q1FY24 figures offer a glimpse into its financial might, boasting a Capital Adequacy Ratio of 14.50% and a Net Interest Margin of 3.34%. Additionally, the bank has managed to contain its Gross and Net NPAs at 4.77% and 1.23% respectively, with a healthy CASA Ratio of 45.15%.

**Operational Reach:** SBI's operational expanse is vast, with an impressive network of 22,219 branches and roughly 62,617 ATMs spread across India's length and breadth. Moreover, its commitment to servicing diverse customer segments is showcased by its stewardship of approximately 71,968 business correspondent outlets nationwide.

**Market Dominance and Portfolio:** Undoubtedly a market leader, SBI commands 22.84% and 19.69% of India's total deposits and advances, respectively. The bank's clientele is expansive, catering to nearly 45 crores of India's population. It maintains a well-balanced loan book with considerable diversification, with retail loans at 39%, corporate at 37%, SME at 14%, and agriculture at 10%. The emphasis on retail is evident with home loans constituting 68% of the segment.

**Global Presence and Specialized Operations:** On the global frontier, SBI's influence extends to 233 branches/offices in 32 countries, marking its presence in major economies like the USA, Canada, Russia, and Australia. This international venture garners 3% of its total deposits and 13% of its advances. Parallely, SBI's diversified interests are mirrored in its portfolio of subsidiaries, encompassing SBI Capital Markets Ltd, SBI DHFI Ltd, SBI Cards and Payment Services Ltd, and SBI Life Insurance Co. Ltd, to name a few. The bank's alignment with governmental goals is further emphasized by its dominant role in government business, realizing a massive turnover in FY20. It also champions financial inclusion, leading with 40% of all PMJDY accounts.

To encapsulate, State Bank of India, with its vast networks, robust financials, and unwavering commitment to service, continues to play a pivotal role in steering India's banking trajectory towards unprecedented heights.

| Stock Data          |               |
|---------------------|---------------|
| CMP (17-10-2023)    | 576           |
| 52 Week High/Low    | 629.55/499.35 |
| Face Value          | 1             |
| Market Cap (In Crs) | 514415        |
| NSE                 | SBIN          |
| BSE                 | 500112        |
| Bloomberg           | SBIN:IN       |
| Sector              | PSU Banks     |

| Shareholding Pattern (in %) |         |         |
|-----------------------------|---------|---------|
|                             | June-23 | Sep.-23 |
| Promoter                    | 57.47%  | 57.49%  |
| FII                         | 10.36%  | 10.72%  |
| DII                         | 24.83%  | 24.36%  |
| Government                  | 0.03%   | 0.03%   |
| Public                      | 7.30%   | 7.41%   |

| Price Performance (in%) |        |        |        |
|-------------------------|--------|--------|--------|
| (%)                     | 1M     | 6M     | 1Yr    |
| Nifty 50                | -1.89% | 11.13% | 15.28% |
| SBIN                    | -3.73% | 8.16%  | 9.34%  |

| Key Ratios     |        |
|----------------|--------|
| P/E            | 7.67   |
| PEG Ratio      | 0.1    |
| Debt To Equity | 13.9   |
| ROE            | 16.80% |
| ROCE           | 5.20%  |
| Dividend Yield | 1.95%  |

## Q1 FY 24 Result Update

| Q1 FY24 Result Comparison (In Rs Cr) |         |         |         |       |         |
|--------------------------------------|---------|---------|---------|-------|---------|
|                                      | Q1 FY24 | Q4 FY23 | Q1 FY23 | QOQ   | YOY     |
| Revenue                              | 101460  | 98083   | 76781   | 3.44% | 32.14%  |
| Interest Income                      | 58045   | 53451   | 41931   | 8.59% | 38.43%  |
| Profit Before Tax                    | 25208   | 23436   | 21355   | 7.56% | 18.04%  |
| Net Profit                           | 19094   | 18769   | 7796    | 1.73% | 144.92% |
| EPS                                  | 20.77   | 20.27   | 8.21    | 2.47% | 152.98% |

## Result Highlights

**Revenue Streams:** In the opening quarter of FY24, SBI reported a commendable revenue of Rs. 1,01,460 Cr. This not only signifies a quarter-on-quarter (QOQ) uptick of 3.44% from the previous Q4 FY23's Rs. 98,083 Cr but also marks a substantial year-on-year (YOY) ascent of 32.14% when juxtaposed with Q1 FY23's Rs. 76,781 Cr. Such figures reflect the bank's robust operational strategy and its capability to capitalize on diverse revenue streams.

**Interest Income Dynamics:** Another vital parameter for gauging the bank's financial health is its interest income. For Q1 FY24, the bank's interest income has risen to Rs. 58,045 Cr. This progression reveals an 8.59% QOQ growth from Rs. 53,451 Cr in Q4 FY23 and an even more substantial YOY leap of 38.43% from Rs. 41,931 Cr in Q1 FY23. Such an uptrend underscores SBI's efficient asset-liability management and its growing lending portfolio.

**Profit Before Tax (PBT):** The profit metrics offer an insightful peek into the bank's profitability landscape. SBI's PBT for this quarter was recorded at Rs. 25,208 Cr, representing a QOQ elevation of 7.56% from Rs. 23,436 Cr and a YOY growth of 18.04% over Rs. 21,355 Cr. This positive momentum can be attributed to the bank's prudent cost management and its endeavors in capturing newer market opportunities.

**Net Profit Margins:** One of the standout figures from the report is the net profit. It stood at Rs. 19,094 Cr, with a modest QOQ increment of 1.73% from Rs. 18,769 Cr in Q4 FY23. However, when observed on a YOY basis, there's a monumental surge of 144.92%, given the Q1 FY23 figure was Rs. 7,796 Cr. Such a significant YOY boost accentuates SBI's operational efficiency and its robust risk management strategies.

**Earnings Per Share (EPS) Analysis:** EPS serves as a clear indicator of a company's profitability on a per-share basis. SBI's EPS for Q1 FY24 is pegged at 20.77, a 2.47% QOQ improvement from 20.27 in Q4 FY23. More impressively, there's a stellar YOY growth of 152.98% compared to the 8.21 of Q1 FY23. This dramatic rise reflects the bank's continued commitment to enhancing shareholder value.

This extensive analysis underscores SBI's financial prowess and resilience in Q1 FY24, as evidenced by consistent growth across pivotal financial markers.

## Ratio Highlights

| Non Performing Assets (NPA) |         |         |         |        |          |
|-----------------------------|---------|---------|---------|--------|----------|
|                             | Q1 FY24 | Q4 FY23 | Q1 FY23 | QOQ    | YOY      |
| GNPA                        | 2.76%   | 2.78%   | 3.91%   | (7.2%) | (29.41%) |
| NNPA                        | 0.71%   | 0.67%   | 1%      | 5.97%  | (29%)    |

|     |        |     |       |            |        |
|-----|--------|-----|-------|------------|--------|
| CAR | 14.50% | NIM | 3.34% | CASA Ratio | 45.15% |
|-----|--------|-----|-------|------------|--------|

The banking domain is abuzz with State Bank of India's (SBI) latest Q1 FY24 figures. The data reveals a blend of opportunities and challenges, shedding light on the bank's operational prowess and areas for attention. Here's a detailed dissection:

### • Non-Performing Assets (NPA):

- Gross NPAs (GNPA): Representing loans on which borrowers are not making the necessary payments, SBI's GNPA for Q1 FY24 slightly improved to 2.76% from 2.78% QoQ.
- Net NPAs (NNPA): A clearer representation post provisions, SBI's NNPA stood at Rs 22,995 crore for the June quarter, a rise from Rs 21,467 crore in the March quarter of FY23. Consequently, the NNPA ratio witnessed an uptick to 0.71% from the earlier 0.67%.

### 2. Provision Coverage Ratio (PCR):

A measure of the funds a bank has set aside to cover bad loans, SBI's PCR stood at 74.82%, marking a decline of 23 bps YoY.

### 3. Advances and Loan Book:

- The overall loan book remained largely unchanged on a quarter-to-quarter basis.
- SBI highlighted that domestic advance growth was notably driven by SME advances, which saw a surge of 18.27% YoY. Retail personal advances followed suit, registering a 16.46% YoY increase, culminating at Rs 10.34 trillion. Corporate loans weren't far behind, recording a 12.4% growth to rest at Rs 8.74 trillion.
- Notably, auto loans surpassed the Rs 1 trillion mark. Additionally, the Agri sector loans and Corporate loans showcased YoY growth of 14.84% and 12.38%, respectively.

### 4. Deposits:

A clear indicator of a bank's trust quotient among the public, SBI's deposit figures are inspiring. The bank saw its deposits burgeon by 12% YoY, moving from Rs 40.45 trillion to a remarkable Rs 45.31 trillion. On a sequential comparison, deposits were higher by 2.4%, up from Rs 44.2 trillion.

**Market Reaction and Perspective:** Despite a few areas of concern, particularly the slight rise in NNPA, SBI's overall financial health appears robust. Its consistent growth in specific segments, such as SME and Retail Personal Advances, signals a balanced portfolio. However, the market, with its microscopic lens, often reacts to short-term movements. Therefore, while SBI's shares experienced intra-day volatility, it's essential to view these figures in a broader economic context.

To conclude, SBI's Q1 FY24 performance is an amalgamation of positive strides in advances and deposits, juxtaposed with the ever-present challenge of NPAs. The bank's resilience in managing these dynamics will be keenly watched in the upcoming quarters.

## SBI Concall Highlights - Q1 FY24 Review

### • Stellar Financial Performance:

- SBI recorded its pinnacle performance with a quarterly profit of 16,884 crores in Q1FY24, marking the zenith in its financial history.
- The net profit witnessed a colossal leap of 178.25% YoY. Parallely, the operating profit surged by 98.37%, indicating robust operational efficiency.
- Notably, the bank's gross NPA ratio plummeted to 2.76%, a feat not seen in a decade, underscoring a stringent focus on asset quality.
- A noteworthy 15.08% YoY growth was registered in domestic advances, emphasizing the bank's lending dynamism.
- Projections for FY24 seem bullish, with credit and deposit growth anticipated at 14-15%.
- In terms of capital health, SBI stands robust with a CAR of 14.56% and CET1 ratio at 10.19%.

### 2. Emphasis on Digital Transformation & Customer Acquisition:

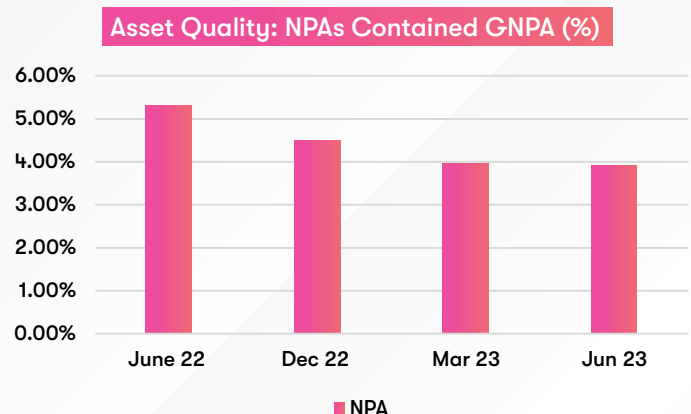
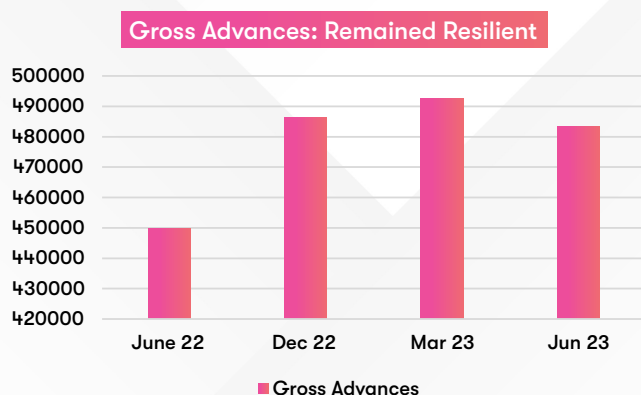
- SBI, in the contemporary era, prioritizes a blend of digital and physical realms for customer onboarding, registering commendable growth in its subsidiaries.
- A projected NIM of 3.47% for FY24 and an optimistic outlook for growth in varied segments, from retail to rural sectors, further accentuate the bank's confidence.
- Competition from the anticipated HDFC-HDFC Bank merger doesn't seem to deter SBI's spirits.
- Intriguingly, the bank draws a vivid picture of CASA behavior across different pandemic phases. Pre-pandemic figures stood at 40%, which elevated to 44% during the pandemic, and currently floats around 42-43% in the post-pandemic era.
- A strategic focus is discernible on augmenting the current account market, compensating for potential reductions in government accounts.

### 3. Business Strategy & Expansion Opportunities:

- Gross sales show promise, registering a 17% growth. However, SBI envisions amplifying this by adopting an open architecture approach.
- A candid admission is evident in the slight stagnancy of loan processing charges and certain elements affecting fee incomes.
- Detailed slippage data across key segments was shared: retail personal at 2400 crores, agri at 2300 crores, and SME at 2400 crores.
- The bank exhibited recoveries amounting to 700 crores in retail, 300 crores in agri, and 600 crores in SME sectors.
- A spotlight is thrown on potential growth avenues, encompassing diverse sectors like NBFCs, renewables, infrastructure, and steel.
- No plans are in the pipeline for either publicizing the AMC business or spinning off the YONO app.

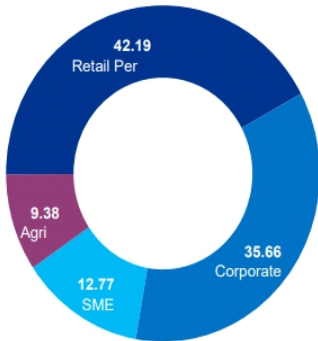
### 4. Future Outlook & Loan Book Composition:

- SBI anticipates a growth of 12-13% in deposits and a 14-15% surge in advances for the forthcoming fiscal.
- The loan book is characterized by a 26% fixed rate and a predominant 74% floating rate, reflecting a balanced portfolio composition.

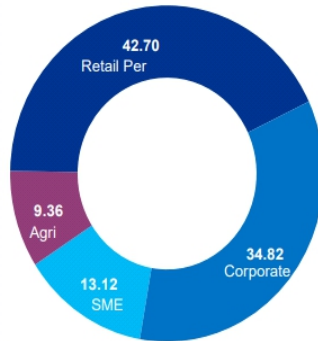


Share of Domestic Advances

Jun 22 (%)



Jun 23 (%)

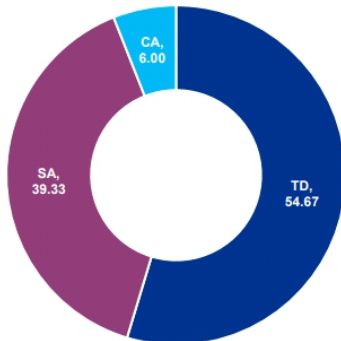


(₹ in Crores)

| Segment                   | Jun 2022  | Jun 2023  | YoY Growth (%) |
|---------------------------|-----------|-----------|----------------|
| Retail Personal           | 10,34,111 | 12,04,279 | 16.46          |
| Agri                      | 2,29,922  | 2,64,052  | 14.84          |
| SME                       | 3,12,774  | 3,69,917  | 18.27          |
| Corporate                 | 8,74,014  | 9,82,184  | 12.38          |
| Domestic Advances         | 24,50,821 | 28,20,433 | 15.08          |
| Foreign Offices Advances  | 4,49,816  | 4,83,299  | 7.44           |
| Total Whole Bank Advances | 29,00,636 | 33,03,731 | 13.90          |

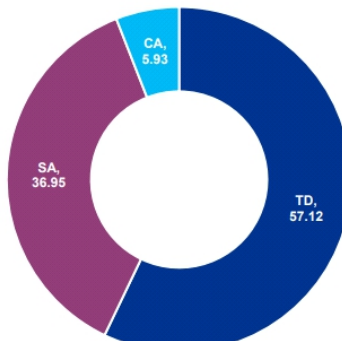
Share of Domestic Deposits

Jun 22 (%)



CASA: **45.33**

Jun 23 (%)

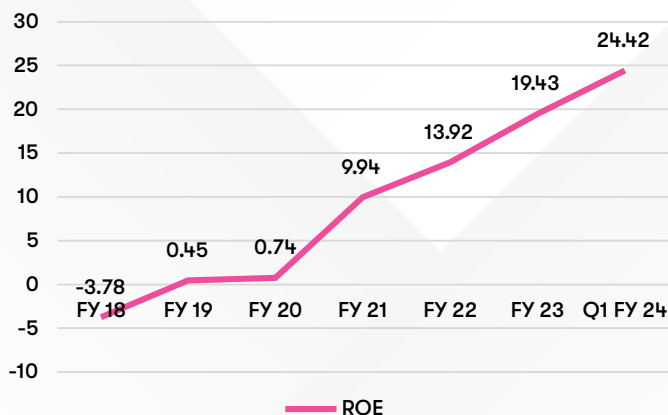


CASA: **42.88**

₹ in Crores

| Particulars                   | Jun 2022  | Jun 2023  | YoY Growth (%) |
|-------------------------------|-----------|-----------|----------------|
| Current Account Deposits (CA) | 2,33,707  | 2,58,232  | 10.49          |
| Saving Bank Deposits (SA)     | 15,33,959 | 16,07,827 | 4.82           |
| CASA Deposits                 | 17,67,666 | 18,66,059 | 5.57           |
| Term Deposits (TD)            | 21,32,185 | 24,86,168 | 16.60          |
| Domestic Deposits             | 38,99,851 | 43,52,227 | 11.60          |
| Foreign Offices Deposits      | 1,45,844  | 1,79,010  | 22.74          |
| Total Deposits                | 40,45,696 | 45,31,237 | 12.00          |

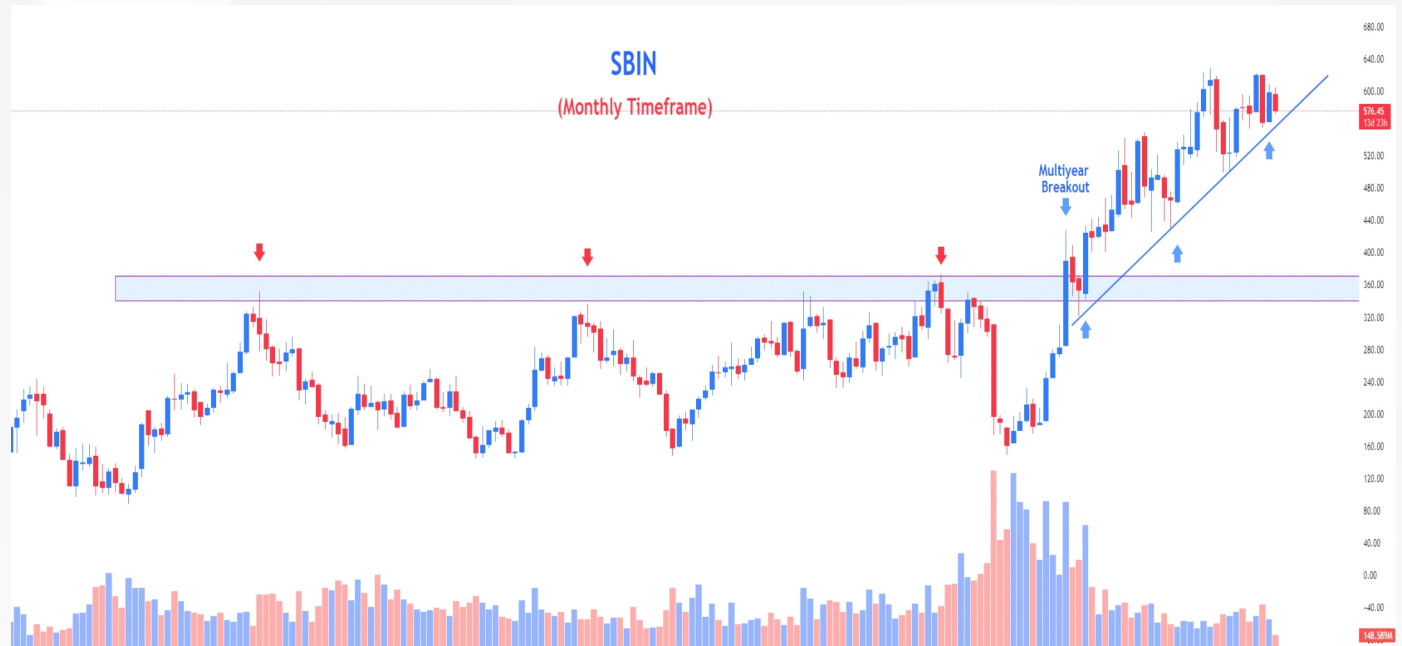
ROE



ROA



## Technical Outlook



SBIN has achieved a significant multi-year breakout and has maintained an upward trajectory since. This positive trend reflects the bank's growth and potential. Investors are closely watching its performance with optimism.

Currently, it approaches the monthly chart's trendline support, indicating potential reinforcement for its ongoing upward trajectory. This pivotal level is expected to bolster its continued upward momentum.

20 Days EMA > 50 Days EMA > 100 Days EMA > 200 Days EMA indicates a strong sustainable buying in this counter.

| Moving Averages Days | Simple Moving Average | Exponential Moving Average |
|----------------------|-----------------------|----------------------------|
| 5                    | 580.53                | 579.88                     |
| 10                   | 585.20                | 583.88                     |
| 20                   | 590.65                | 586.47                     |
| 50                   | 581.69                | 585.80                     |
| 100                  | 584.81                | 581.87                     |
| 200                  | 571.00                | 571.78                     |

| Pivot Levels : FIBONACCI |              |           |
|--------------------------|--------------|-----------|
| R1 591.13                | Pivot 582.65 | S1 574.17 |
| R2 596.37                |              | S2 568.93 |
| R3 604.85                |              | S3 560.45 |

| Relative Strength Index (RSI) | Daily | Weekly |
|-------------------------------|-------|--------|
|                               | 42.22 | 49.09  |

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