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|-------------------------|-------------|
| Bloomberg Code | SBIN:IN |
| No of share O/S (Cr.) | 892.5 |
| Market Cap (Rs. in Cr.) | 4,62,785.7 |
| Face Value | 1.0 |
| Dividend Yield | 1.4 |
| 52 Wk High/Low | 549.1/401.3 |

Key Highlights:

SBI reported Net Interest Income (NII) of INR 31,196.0 cr in Q1FY23, marking a YoY growth of 12.9%. The Net Interest Margin (NIM) remained the same as during the last quarter at 3.2%, mainly driven by Domestic NIMs. Non-Interest Income declined by 80.4% YoY to INR 2,312.0 cr.

| | |
|---------------|--------|
| Shareholding | |
| Promoters | 57.7 |
| Institutional | 34.7 |
| Public | 7.6 |
| Total | 100.00 |

Operating profit reported a QoQ/YoY decline of 35.3%/32.8% to INR 12,753.0 cr in Q1FY23. Provisions and contingencies stood at INR 4,392.0 cr, declining by 56.3% YoY. PAT was reported at INR 6,068.0 cr, a QoQ/YoY decline of 33.4%/6.7%, led by steady NII growth and lower provisions, as asset quality showed remarkable strength.

Advances grew 15.8% YoY and 3.0% QoQ led by a healthy growth in the retail business. Retail loans grew 18.6% YoY led by robust growth in Home loans and Xpress Credit. The Corporate book grew 10.6% YoY, driven by improved utilization levels while the SME book grew 10.0% YoY. The Agri book grew 9.8% YoY.

The Capital Adequacy Ratio stood at 13.4% with the Tier 1 ratio at 11.2%. Asset quality performance was strong as GNPA and NNPA stood at 3.9% and 1.0%, respectively, as against the previous year's GNPA and NNPA of 5.3% and 1.8%, respectively. Deposits grew by 8.7% YoY. The CASA ratio declined by 64bps to 45.3%.

Concall Highlights:

- The balance sheet of the bank crossed INR 50 lakh crores in Q1FY23.
- Non-Interest Income witnessed a major decline due to MTM losses.
- ROA was down too, due to the impact of MTM losses.
- The bank management does not indicate any losses in this book, it will recover as the rates soften in the future.
- Business development expenses are mainly due to acquisition of home loans and PSL Certificates.
- The bank maintains its leadership position in Home loans, individual mortgages segment records its highest ever quarterly growth.
- The momentum in retail portfolio continues to witness traction.

Valuation:

At the CMP of INR. 519, the stock is trading at a 1.2x FY24 standalone P/BV.

Financial Summary

NII grew by 12.9% YoY from INR 27,638.0 cr in Q1FY22 to INR 31,196.0 cr in Q1FY23.

NIMs for the quarter remain same as last quarter at 3.2%.

Operating expenses grew by 1.4% QoQ from INR 20,466.0 cr in Q1FY22 to INR 20,756.0 cr in Q1FY23.

Cost to income ratio increased by 1005bps YoY from 51.9% in Q1FY22 to 61.9% in Q1FY23.

Provisions declined at 56.3% YoY from INR 10,052.0 cr in Q1FY22 to INR 4,392.0 cr in Q1FY23.

| Year ending Mar (Rs Cr) | Q1FY23 | Q1FY22 | YoY (%) | Q4FY22 | QoQ (%) |
|---------------------------------------|-----------|-----------|---------|-----------|----------|
| Interest Earned | 72,676 | 65,564 | 10.8% | 70,733 | 2.7% |
| - Interest Income | 47,652 | 42,179 | 13.0% | 45,534 | 4.7% |
| - Investment Income | 22,440 | 20,370 | 10.2% | 21,840 | 2.7% |
| - Others | 2,585 | 3,016 | -14.3% | 3,359 | -23.1% |
| Other Income | 2,312 | 11,803 | -80.4% | 11,880 | -80.5% |
| Interest Expense | 41,480 | 37,926 | 9.4% | 39,535 | 4.9% |
| Net Interest Income (NII) | 31,196 | 27,638 | 12.9% | 31,198 | 0.0% |
| Net Interest Margin (NIM, %) | 3.2 | 3.2 | 8bps | 3.4 | -17bps |
| Operating Expenses | 20,756 | 20,466 | 1.4% | 23,361 | -11.2% |
| Opex to Total Income (%) | 28.6 | 31.2 | -266bps | 51.3 | -2275bps |
| PPoP | 12,753 | 18,975 | -32.8% | 19,717 | -35.3% |
| Cost to Income Ratio (%) | 61.9 | 51.9 | 1005bps | 54.2 | 771bps |
| Provisions & Contingencies | 4,392 | 10,052 | -56.3% | 7,237 | -39.3% |
| PBT | 8,360 | 8,923 | -6.3% | 12,479 | -33.0% |
| Tax Rate (%) | 27.4 | 27.1 | 30bps | 27.0 | 45bps |
| PAT | 6,068 | 6,504 | -6.7% | 9,114 | -33.4% |
| Advances | 28,15,249 | 24,31,908 | 15.8% | 27,33,967 | 3.0% |
| Deposits | 40,45,696 | 37,20,987 | 8.7% | 40,51,534 | -0.1% |
| Share of CASA Deposits (%) | 45.33 | 45.97 | -64bps | 45.28 | 5bps |

GNPA and NNPA Ratio declined by 140bps to 3.9% and 1.0% in Q1FY23 as against 4.50% and 1.34% in Q1FY22 respectively.

The Capital Adequacy Ratio stood at 13.4% with the Tier 1 ratio at 11.2%.

ROA (%) declined by 10 bps from 0.6 in Q1FY22 to 0.5 in Q1FY23.

| Year ending Mar (Rs Cr) | Q1FY23 | Q1FY22 | YoY (%) | Q4FY22 | QoQ (%) |
|-------------------------|----------|----------|---------|----------|---------|
| GNPA | 1,13,272 | 1,34,259 | -15.6 | 1,12,023 | 1.1 |
| GNPA (%) | 3.9 | 5.3 | -140bps | 4.0 | -10bps |
| NNPA | 28,258 | 43,153 | -34.5 | 27,966 | 1.0 |
| NNPA (%) | 1.0 | 1.8 | -80bps | 1.0 | flat |
| CAR (%) | 13.4 | 13.7 | -23bps | 13.8 | -40bps |
| Tier I Capital (%) | 11.2 | 11.3 | -17bps | 11.4 | -27bps |
| RoA (%) | 0.5 | 0.6 | -10bps | 0.7 | -20bps |

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Ventura Securities Limited

Corporate Office: 8th Floor, 'B' Wing, I Think Techno Campus, Pokhran Road no. 02, Off Eastern Express Highway, Thane (West) 400 607

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