

Key Highlights – Q4FY22

- Highest quarterly net profit of ₹9,114Cr, 41% up YoY
- Overall loan growth improves led by Retail and International book
- Improvement in Asset Quality; Restructured book contained at 1.1%
- Operating expenses contained, provisions declined
- Trading at attractive valuation

Important Statistics

M.CAP (₹ tn)	~₹4.09
52 Week H/L (₹)	549/378
NSE Code	SBIN
BSE Code	500112

Shareholding Pattern	May'22
Promoters	57.59%
FIIIs	9.97%
DII	24.80%
Public	7.64%

Key takeaways from Q4FY22 result

- **Advances**
 - Advances growth of 11% yoy was led by strong growth in personal retail, driven by home loans, Xpress credit.
 - It was also aided by robust growth in International loans due to 16% growth in loans to Indian companies abroad and a 15% growth in trade finance.
 - The bank said it has visibility of credit proposals worth ₹4.6 lakh Cr including unutilised levels of working capital limits, term loans and loan proposals in the pipeline.
 - The management said that going forward the bank should witness decent corporate loan growth as they are seeing much better capacity utilization in terms of working capital.
- **Deposits**
 - The bank saw a steady deposit growth of ~10%; CASA and Term deposit grew by 7.8% and 11.5% respectively.
 - The CASA share declined slightly to ~45% levels from ~46% due to growth in term deposits exceeding growth in CASA deposits.
 - 63% of new saving accounts opened through Yono in FY22.
- **Margins**
 - The bank's net interest margin expanded to 3.4%, up 29 bps YoY, led by decrease in cost of deposits.
 - About 75 percent of the book is linked to either MCLR (marginal cost of fund-based lending rate) or EBLR (external benchmark lending rate) or treasury bill. In such a scenario, when the interest rates are on the rise, bank have the advantage because the loans are getting repriced from time to time, but when it comes to deposits, they always go up with a lag. So, it should have a positive impact going forward as far as the NIMs are concerned.

Key Segmental numbers – Q4FY22

	YoY Growth %
Overall Advances	11%
Retail Loans	15%
Home Loans	11.5%
Xpress Credit	28.5%
International	15%
SME Loans	9.5%
Corporate Loans	6.4%

	Q4FY22	Q4FY21	Q3FY22
NIM (domestic)	3.40%	3.11%	3.40%
CASA ratio	45.28%	46.13%	45.74%
Cost to Income	54.23%	54.50%	52.98%
Cost to Asset	1.91%	2.12%	1.78%

➤ **Operational performance**

- Operating Profit was flattish at ₹19,717Cr in Q4FY22.
- Operating expense growth was marginally negative with focus on improving income streams and could fall further with bank's digital initiatives.

➤ **Asset Quality**

- The bank is seeing sustained improvement in asset quality led by lower slippages- GNPA and NNPA declining to 3.97% and 1.02% respectively.
- Another healthy reading on asset quality was decline in SMA-1&2 book to ₹3,544Cr from ₹11,519Cr at FY21, indicating strong level of recovery.
- The bank said it does not expect any shocks on asset quality with even post covid restructured loans doing well. The bank was confident that it's balance sheet is fully insulated from any stress with total restructured book at ₹30,960Cr which is about 1.1% of the total loan book.

	Q4FY22	Q4FY21	Q3FY22
NNPA ratio	1.02%	1.50%	1.34%
PCR	75.04%	70.88%	88.32%
Slippage ratio	0.43%	3.57%	0.37%
Credit cost	0.49%	1.61%	0.49%

View

In last quarterly update, we had mentioned that bank has huge scope for improvement in earnings when it will start firing on key parameters like loan growth, margin expansion, lower opex and stable asset quality. SBI ticked all the above boxes in Q4FY22 to deliver record earnings at ₹9,114Cr up 41% yoy.

SBI is currently valued at ~1 time trailing core book value which is attractive considering the improving return ratios where bank is confident to achieve 15% ROE by fiscal 2024 after a 398 bps jump yoy to 13.92% as on FY22.

We recommend investors to add the stock on decline.

Quarterly Performance

								(₹ Cr)
Particulars	Q4FY22	Q4FY21	YoY	Q3FY22	QoQ	FY22	FY21	YoY
NII	31,198	27,067	15%	30,687	2%	1,20,708	1,10,710	9%
Other Income	11,880	16,225	-27%	8,674	37%	40,564	41,957	-3%
Total Net Income	43,078	43,292	0%	39,361	9%	1,61,272	1,52,667	6%
Total Op. Exp.	23,361	23,592	-1%	20,839	12%	85,979	82,652	4%
Operating Profit	19,717	19,700	0%	18,522	6%	75,293	70,015	8%
Provisions and Contingencies	7,237	11,051	-35%	6,974	4%	24,452	44,013	-44%
Exceptional Items							1,540	-100%
PAT	9,114	6,451	41%	8,432	8%	31,677	20,411	55%
Advances (₹ Cr)	28,18,671	25,39,393	11%	26,64,602	6%	28,18,671	25,39,393	11.00
Deposits (₹ Cr)	40,41,534	36,81,277	10%	38,47,794	5%	40,41,534	36,81,277	9.79
Total Business	68,60,205	62,20,670	10%	65,12,396	5%	68,60,205	62,20,670	10.28

Source: Company Filing, Way2wealth Research

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Name of the Security	State Bank of India (SBI)
Name of the analyst	Harshil Gandhi
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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