

# SBI Q4FY24 Risk Analysis Report

## Financial Performance

### Strengths

1. Strong annual profit growth: Net Profit for FY24 increased by 21.59% YoY to ₹61,077 crores.
2. Robust quarterly profit growth: Net Profit for Q4FY24 grew by 23.98% YoY to ₹20,698 crores.
3. Solid Operating Profit growth: 12.05% YoY increase to ₹93,797 crores for FY24; 16.76% YoY growth to ₹28,748 crores for Q4FY24.
4. Improved ROA: 1.36% for Q4FY24, up by 13 bps YoY.
5. Increased Net Interest Income: 10.38% YoY growth for FY24.

### Potential Risks

1. Slight decline in annual profitability ratios: FY24 ROA at 1.04% and ROE at 20.32%, lower than previous quarters.
2. Marginal decrease in Whole Bank NIM: Down by 9 bps YoY to 3.28% for FY24.

## Balance Sheet

### Strengths

1. Strong credit growth: 15.24% YoY overall, with Domestic Advances growing by 16.26% YoY.
2. Robust growth across segments: SME (20.53% YoY), Agri (17.92% YoY), Corporate (16.17% YoY), and Retail Personal (14.68% YoY).
3. Corporate Advances and Agri Advances crossed ₹11 lakh crores and ₹3 lakh crores respectively.
4. Healthy deposit growth: 11.13% YoY in Whole Bank Deposits.

### Potential Risks

1. CASA ratio decline: CASA ratio at 41.11%, down 269 bps YoY, indicating potential increase in cost of funds.

## Asset Quality

### Strengths

1. Improved NPA ratios: Gross NPA ratio down by 54 bps YoY to 2.24%, Net NPA ratio down by 10 bps YoY to 0.57%.
2. High Provision Coverage Ratio: PCR (Incl. AUCA) stands at 91.89%.
3. Improved Slippage Ratio: Down by 3 bps YoY to 0.62% for FY24.
4. Lower Credit Cost: Improved by 3 bps YoY to 0.29% for FY24.

### Potential Risks

1. Slight decline in PCR (excluding AUCA): At 75.02%, down 137 bps YoY, which might indicate slightly lower protection against potential losses.

## **Capital Adequacy**

### **Strengths**

1. Adequate Capital Adequacy Ratio: CAR stands at 14.28%, well above regulatory requirements.

### **Potential Risks**

1. Slight decline in CAR: Down 40 bps YoY, though still at a healthy level.

## **Operational Efficiency**

### **Strengths**

1. Increased use of alternate channels: Share in total transactions increased from ~96.9% in FY23 to ~97.8% in FY24.

### **Potential Risks**

1. Cybersecurity risks: High reliance on digital channels may increase vulnerability to cyber attacks.
2. Technology dependence: Any technical issues or downtime could significantly impact operations.

## **Overall Risk Assessment**

Based on the Q4FY24 and FY24 results, SBI demonstrates strong financial performance, improved asset quality, and a solid capital position. However, there are some areas of potential risk:

1. Pressure on profitability ratios (ROA and ROE) on an annual basis
2. Marginal decline in Whole Bank NIM
3. Continuing decline in CASA ratio
4. Slight decrease in Provision Coverage Ratio (excluding AUCA)
5. Marginal decline in Capital Adequacy Ratio
6. Cybersecurity and technology dependence risks

While these risks are present, they appear manageable given the bank's overall strong performance and growth across various segments. The bank's ability to maintain robust credit growth while improving asset quality is particularly noteworthy. However, ongoing monitoring and proactive management of the identified risk areas will be crucial for maintaining the bank's financial health and stability in the coming fiscal year.