

KEY RISKS

- **Increase in slippages:** We have factored in the slippages of 2.7% and 2.3% for FY17 and FY18, respectively. Increase in slippages beyond our estimates will deteriorate asset quality and will increase credit cost and hence affect the bottom line.
- **Merger of subsidiaries:** SBI is likely to merge all its five banking subsidiaries by FY17. Though the management has guided for smooth transition, any flow in the merger process can have negative impact on the bank's ability to bring expected efficiency.
- **Management change:** The term of present chairman of SBI will end in September 2016. So, change in management may bring change in the bank's present strategy which can have negative as well as positive risk on the stock price.

SAMPLE

Rating criteria

Large Cap.	Return	Mid/Small Cap.	Return
Buy	More than equal to 10%	Buy	More than equal to 15%
Hold	Upside or downside is less than 10%	Accumulate*	Upside between 10% & 15%
Reduce	Less than equal to -10%	Hold	Between 0% & 10%
		Reduce/sell	Less than 0%

* To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

* SBIN is a large cap bank.

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