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Retail Equity Research

State Bank of India

BUY

Sector: Banking

14th August, 2026

Key Changes	Target ▲		Rating ▲		Earnings ▲
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	SBIN:IN	78,009	SBIN	500112	12 Months

Target	**Rs. 1,240**
CMP	**Rs. 1,068**
Return	**+16%**

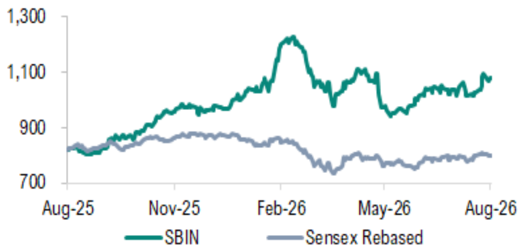
Data as of: 14-Aug-2026, 16:00 hrs

Company Data	
Market Cap (Rs. cr)	985,830
52 Week High — Low (Rs.)	1,235 - 799
Outstanding Shares (cr)	923.1
Free Float (%)	44.6
Dividend Yield (%)	1.6
6m average volume (cr.)	1.6
Beta	1.0
Face value (Rs.)	1.0

Shareholding (%)	Q3FY26	Q4FY26	Q1FY27
Promoters	55.5	55.5	55.5
FII's	10.3	11.4	10.8
MFs/Insti	27.2	26.2	26.6
Public	6.3	5.9	6.1
Others	0.7	1.0	1.0
Total	100.0	100.0	100.0
Promoter Pledge	0.0	0.0	0.0

Price Performance	3 Month	6 Month	1 Year
Absolute Return	11.2%	-10.0%	31.3%
Absolute Sensex	4.7%	-5.5%	-3.1%
Relative Return	6.6%	-4.5%	34.3%

***over or under performance to benchmark index**



Y.E March (Rs.cr)	FY26A	FY27E	FY28E
Net Interest Income	173,120	201,093	230,868
Growth (%)	*4.1*	*16.2*	*14.8*
NIM (%)	*2.9*	*2.9*	*3.0*
Pre-Provision Profit	118,422	138,574	154,471
Net Profit	75,439	88,240	97,125
Growth (%)	*6.4*	*17.0*	*10.1*
Adj. EPS	82.6	95.6	105.2
Growth (%)	*3.9*	*15.8*	*10.1*
BVPS	595.9	668.2	755.2
P/E	13.1	11.3	10.3
P/B	1.8	1.6	1.4
RoE (%)	*18.6*	*15.2*	*14.8*
RoA (%)	*1.1*	*1.1*	*1.1*

Broad-based Credit Growth Continues

State Bank of India (SBI) is India's largest bank, with a vast network of branches globally. Through its subsidiaries, SBI offers a diverse range of financial services, including insurance, credit cards and asset management.

- Interest income grew 8.4% YoY to Rs. 127,896cr, driven by broad-based advances across retail, agri, small and medium enterprises (SME), corporate and foreign offices; interest expenses rose 5.2% YoY to Rs. 80,904cr
- Therefore, NII (net interest income) rose 14.4% YoY to Rs. 46,992cr and domestic NIM (net interest margin) stood at 3.00% in Q1FY27 versus 3.01% in Q1FY26, supported by lower cost of deposits at 4.85% versus 5.21%.
- Pre-provision operating profit increased 9.8% YoY to Rs. 33,529cr, led by a 6.3% increase in total income.
- Reported PAT (profit after tax) grew 10.2% YoY to Rs. 21,121cr, driven by higher operating profit and stable provisions.
- ROA (return on assets) remained stable at 1.15% YoY in Q1FY27, while ROE (return on equity) declined to 18.63% from 19.68% in Q1FY26, driven by a higher equity base post the QIP (qualified institutional placement) dilution.

Outlook & Valuation

SBI delivered a strong performance driven by robust NII growth and broad-based credit expansion, with longer-term support expected from digital initiatives and collection capabilities. Management guided healthy credit growth anchored on nominal GDP expectations with a stable NIM outlook for FY27. Initiatives such as MSME Dream, YONO enhancements and M&A lending opportunities should continue to support growth. Further, potential value unlocking from subsidiaries may enhance shareholder value, while preparedness for ECL implementation could strengthen risk-management capabilities. The new collections vertical could improve penetration in self-employed segments and potentially enhance yields over time. Hence, **we upgrade our rating on the stock to BUY from HOLD, with a revised target price of Rs. 1,240, based on the SOTP valuation.**

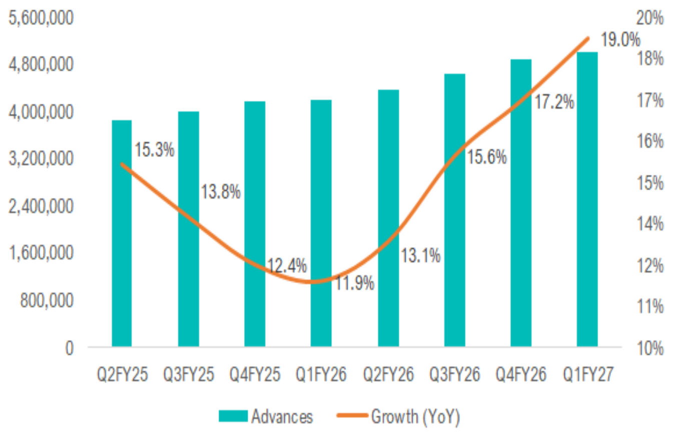
Quarterly Financial Standalone

Rs.cr	Q1FY27	Q1FY26	YoY Growth (%)	Q4FY26	QoQ Growth (%)
Net Interest Income	46,992	41,072	*14.4*	44,380	*5.9*
Total Income	143,819	135,342	*6.3*	140,412	*2.4*
Total Expenditure	110,290	104,797	*5.2*	112,708	*-2.1*
Pre-Provision Profit	33,529	30,544	*9.8*	27,704	*21.0*
PBT	28,482	25,785	*10.5*	24,832	*14.7*
Rep. PAT	21,121	19,160	*10.2*	19,684	*7.3*
Adj PAT	21,121	19,160	*10.2*	19,684	*7.3*
EPS (Rs.)	22.9	21.5	*6.6*	21.3	*7.3*

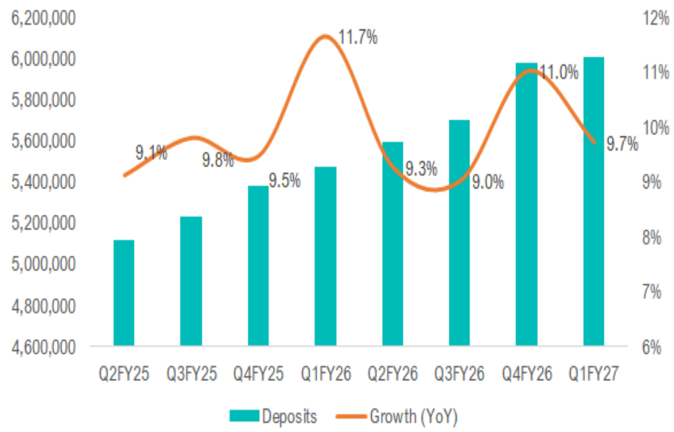
Key Concall Highlights

- Total deposits increased 9.73% YoY to Rs. 6,005,805cr, with current accounts rising 4.02% YoY to Rs. 334,649cr and savings accounts increasing 10.27% YoY to Rs. 1,926,277cr, resulting in CASA (current and savings accounts) deposits growing 9.30% YoY to Rs. 22,60,926cr, with CASA ratio at 39.24% as of June 2026.
- Domestic advances increased 18.15% YoY to Rs. 4,276,648cr as of June 2026, driven by broad-based credit growth across retail personal (+15.15% YoY), agri (+25.43% YoY), SME (+22.33% YoY) and corporate (+18.05% YoY).
- As of June 2026, SBI's asset quality improved with the GNPA (gross non-performing asset) ratio declined to 1.47% from 1.83% in Q1FY26 and the NNPA (net non-performing asset) ratio reducing to 0.38% from 0.47%, while the PCR (provision coverage ratio) including AUCA (advance under collection account) stood at 91.82% and credit cost declined to 0.27% from 0.47%.
- Management guided credit growth of 14%–15% for FY27, anchored on nominal GDP expectations of 12%–12.5%, with SBI historically growing 2%–3% above nominal GDP, and internal industry estimate of 15%–16%.
- The Chairman confirmed full-year NIM guidance of 3.00% for FY27, refusing to provide a quarterly outlook, indicating confidence in maintaining margins despite rate transmission pressures from Reserve Bank of India cuts.

Advances



Deposits



(Sum-Of-The-Part) SOTP Valuation

Particulars	Basis	Multiple	% holding	Value (Rs cr)	Value/share (Rs)
Bank	FY28E P/BV	1.34x	100.0%	934,185	1,012
SBI Life Insurance	Geojit TP		55.3%	125,065	135
SBI Cards	Geojit TP		68.6%	59,976	65
SBI Funds Management (AMC)	Market Cap		55.6%	64,408	70
Others				13,245	14
Total value of subsidiaries				**262,694**	**285**
(20% holding discount)				-52,539	-57
Target Price				**1,144,340**	**1,240**

Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**
Net Interest Income	204,767	-	201,093	230,868	*-1.8*	-
Net Interest Margin	*3.0*	-	*2.9*	*3.0*	*-10bps*	-
Pre-Provision Profit	129,919	-	138,574	154,471	*6.7*	-
Net Profit	82,633	-	88,240	97,125	*6.8*	-
EPS	92.6	-	95.6	105.2	*3.2*	-

Standalone Financials

Profit & Loss

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Interest Income	415,131	461,864	482,797	553,954	622,587
Interest Expense	255,255	295,524	309,677	352,861	391,720
Net Interest Income	**159,876**	**166,340**	**173,120**	**201,093**	**230,868**
% Change	*10.4*	*4.0*	*4.1*	*16.2*	*14.8*
Non-Interest Income	51,682	62,308	68,850	82,620	86,751
Net Income	211,558	228,648	241,971	283,713	317,619
Total Income	**466,813**	**524,172**	**551,647**	**636,574**	**709,339**
Operating	117,761	118,069	123,549	145,139	163,148
Total Expenditure	**373,016**	**413,593**	**433,225**	**498,000**	**554,867**
Pre-Provisioning Profit	93,797	110,579	118,422	138,574	154,471
Provisions	4,914	15,308	17,538	20,921	24,972
Profit Before Tax	**81,783**	**95,271**	**105,477**	**117,653**	**129,500**
Tax	20,706	24,371	25,445	29,413	32,375
Tax Rate (%)	*25.3*	*25.6*	*24.1*	*25.0*	*25.0*
Minority Interests	-	-	-	-	-
Net Profit	**61,077**	**70,901**	**80,032**	**88,240**	**97,125**
% Change	*21.6*	*16.1*	*12.9*	*10.3*	*10.1*
Adj.	7,100	-	-4,593	-	-
Adj. Net Profit	**68,177**	**70,901**	**75,439**	**88,240**	**97,125**
No. of Shares (cr)	892.4	892.5	913.7	923.1	923.1
Adj. EPS (Rs.)	**76.4**	**79.4**	**82.6**	**95.6**	**105.2**
% Change	*35.7*	*4.0*	*3.9*	*15.8*	*10.1*
DPS	13.7	15.9	17.4	18.2	19.9

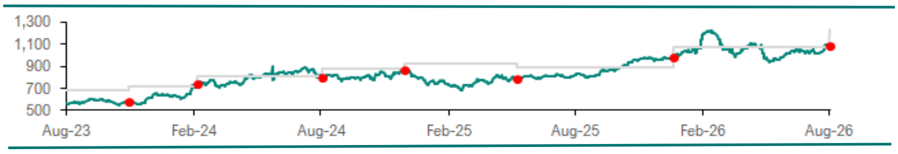
Balance Sheet

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash & Balances	310,802	340,230	384,560	404,125	426,454
Investments	1,671,340	1,690,573	1,801,254	1,821,969	1,842,921
Advances	**3,703,971**	**4,163,312**	**4,877,895**	**5,582,751**	**6,308,508**
Fixed Assets	42,617	44,108	54,790	56,708	58,693
Other Assets	450,964	437,831	504,513	554,964	610,461
Total Assets	**6,179,694**	**6,676,053**	**7,623,012**	**8,420,516**	**9,247,037**
Capital	892	892	923	923	923
Reserves & Surplus	376,354	440,270	543,519	615,906	696,230
Deposits	**4,916,077**	**5,382,190**	**5,975,642**	**6,626,532**	**7,239,647**
Borrowings	597,561	563,573	731,254	797,067	812,211
Other Liabilities	288,810	289,129	371,674	380,088	498,027
Total Liabilities	**6,179,694**	**6,676,053**	**7,623,012**	**8,420,516**	**9,247,037**
BVPS	**422.7**	**494.3**	**595.9**	**668.2**	**755.2**
Adj. BVPS	399.1	472.3	575.2	648.7	736.5
% Change	*16.3*	*18.3*	*21.8*	*12.8*	*13.5*

Ratios

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Valuation					
P/E (x)	14.1	13.6	13.1	11.3	10.3
P/BV (x)	2.6	2.2	1.8	1.6	1.4
Div. Yield (%)	1.3	1.5	1.6	1.7	1.8
Profitability & Return (%)					
Yield on Advances	8.4	8.4	7.7	7.9	8.0
Cost of Deposits	5.5	5.7	5.5	5.6	5.7
Spread	2.9	2.7	2.3	2.3	2.4
NIM (calculated)	3.3	3.1	2.9	2.9	3.0
ROE	20.3	19.9	18.6	15.2	14.8
ROA	1.0	1.1	1.1	1.1	1.1
Capital Adequacy (%)					
CAR	14.3	14.3	15.4	15.3	15.1
Tier I	11.9	12.1	13.3	13.1	13.0
Tier II	2.4	2.1	2.1	2.2	2.1
Asset Quality (%)					
GNPA	2.2	1.8	1.5	1.3	1.1
NNPA	0.6	0.5	0.4	0.3	0.3
Operating Ratios (%)					
Credit/Deposit	75.3	77.4	81.6	84.2	87.1
Cost/Income	55.7	51.6	51.1	51.2	51.4
CASA	41.1	40.0	39.5	37.4	37.1

Recommendation Summary (Last 3 years)



Dates	Rating	Target
25-May-23	BUY	684
10-Nov-23	BUY	721
16-Feb-24	HOLD	815
14-Aug-24	HOLD	880
10-Dec-24	HOLD	927
21-May-25	BUY	888
01-Jan-26	HOLD	1,076
14-Aug-26	BUY	1,240

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	**Upside is above 10%**	**Upside is above 15%**	**Upside is above 20%**
Accumulate	**-**	**Upside is between 10%-15%**	**Upside is between 10%-20%**
Hold	**Upside is between 0% - 10%**	**Upside is between 0%-10%**	**Upside is between 0%-10%**
Reduce/sell	**Downside is more than 0%**	**Downside is more than 0%**	**Downside is more than 0%**

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: ▲ Upgrade ● No Change ▼ Downgrade

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

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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