ANANDRATHI

India I Equities

Financials

Result Update

Change in Estimates ☑ Target ☑ Reco ☐

9 August 2026

State Bank of India

Healthy operating performance; ~15% RoE to sustain; maintain BUY

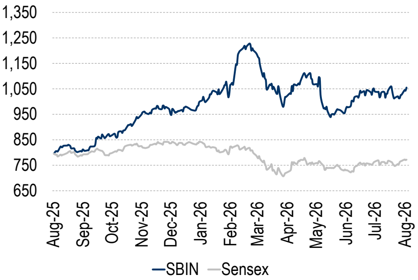
Rating: **BUY**
Target Price (12-mth): Rs.1,337
Share Price: Rs.1,097

Key Data	SBIN IN / SBI.BO
52-week high / low	Rs1235 / 787
Sensex / Nifty	78499 / 24571
Market cap	Rs10015bn
Shares outstanding	9231m

Shareholding Pattern (%)	June'26	Mar'26	Dec'25
Promoters	55.5	55.5	55.5
- of which, Pledged	-	-	-
Free float	44.5	44.5	44.5
- Foreign institutions	10.8	11.4	10.3
- Domestic institutions	26.5	26.1	27.0
- Public	7.2	6.9	7.1

Estimates Revision (%)	FY27e	FY28e
Net interest income	0.0	0.0
Pre-provisioning profit	0.6	0.6
PAT	0.8	0.7

Relative Price Performance



Source: Bloomberg

State Bank of India (SBI) delivered healthy performance for another quarter, marked with >1% RoA and ~15% RoE, with NII, PPoP and PAT exceeding ours as well as consensus estimates in Q1FY27. Asset quality remains best-in-class with gross and net slippages coming in at 60/31bps, materially better than large private peers (107-180bps/54-112bps). Credit growth accelerated to 19% y/y (from 17.2% in Q4FY26), sustaining ~50bps outperformance vs. system, led by strong MSME/Agri traction and a sharp pick-up in corporate loans. NIM expansion, robust fee income and better opex/assets supported the bank's healthy operating performance. We expect the bank to keep growing ~50-100bps above system, with RoA/RoE sustaining >1/>15% over the medium-term. SBI remains our high conviction pick amongst the large banks. We maintain BUY rating on the stock with an SOTP-based TP of Rs1,337, valuing its core operations at 1.5x FY28e P/ABV and subsidiaries at Rs217/share.

Credit growth accelerates; retail deposit traction remains healthy: The bank's net advances grew by a strong 19% y/y, driven by robust growth in Agriculture (up 25.4% y/y) and MSME (up 22.3% y/y) segments, while Corporate credit accelerated to 18.1% y/y from 14.8% in Q4FY26. For FY27e, we model the bank's credit growth at ~14%, which in broadly in-line with the system growth. Whilst deposit growth moderated to 9.7% y/y, retail term deposits remained healthy (up 14.4% y/y) and CASA grew by 9.3% y/y. LCR remained healthy at 126% (compared to 124% in Q4FY26). The management highlighted that it has already mobilised ~US$6bn under the FCNR(B) scheme and expects total inflows of ~US$10bn, which should provide near-term support to deposit growth.

RoE to sustain near ~15%: NIM improved 5bps q/q to 2.86% in Q1FY27, led by decline in CoF and higher LDR. Core fee income remained healthy (up 20.8% y/y), opex/average assets improved by 30bps q/q to 1.54%. Further, operating profit (ex-treasury) increased by 20.6% y/y, faster than balance-sheet growth. Strong operating performance combined with moderate credit cost drove healthy profitability, with RoA/RoE coming in at 1.1/15.2% for the quarter. Looking ahead, we expect the bank to sustain RoE ~15%, supported by stable margin, strong retail-led fee income and controlled opex, keeping the operating performance healthy.

Asset quality remains healthy: Despite seasonally higher slippages, asset quality remained resilient, with gross/net slippages coming in at 60/31bps (vs. 81/49bps in Q1FY26 and 48/35bps in Q4FY26). Notably, SBI has consistently defied concerns around retail asset quality over the years, aided by improved customer selection and tighter underwriting standards, which we expect to sustain. The management believes the transition to ECL is unlikely to have any material impact.

Valuation: SBI remains our high conviction pick amongst the large banks. Looking ahead, we expect the bank to sustain RoE ~15%, aided by stable margin, strong retail-led fee income and controlled opex. Thus, we maintain BUY rating on the stock with an SOTP-based TP of Rs1,337, valuing the core bank at 1.5x FY28e P/ABV and assigning Rs217/share to subsidiaries. **Key Risks:** (a) Lumpy slippages in corporate book; and (b) lower-than-expected credit growth.

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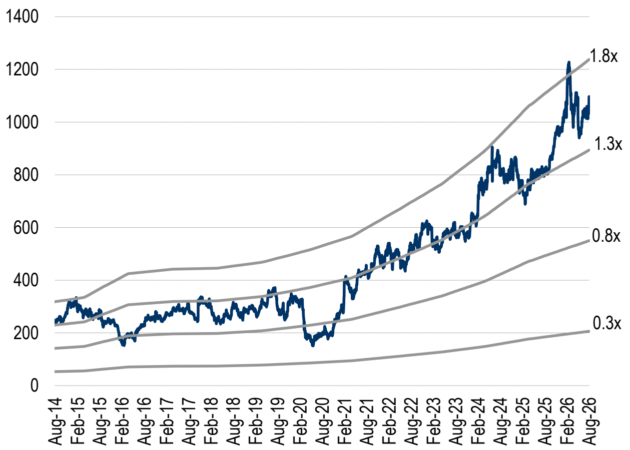
Quick Glance – Financials and Valuations

Fig 1 – Income Statement (Rs bn)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Net interest income	1,599	1,663	1,731	1,994	2,282
NII growth (%)	10.4	4.0	4.1	15.2	14.4
Non-interest income	517	623	734	724	815
Income	2,116	2,286	2,466	2,718	3,097
Income growth (%)	16.6	8.1	7.8	10.2	14.0
Operating expenses	1,249	1,181	1,235	1,344	1,499
PPoP	867	1,106	1,230	1,373	1,598
PPoP growth (%)	3.6	27.5	11.2	11.6	16.4
Provisions	49	153	175	250	312
PBT	818	953	1,055	1,123	1,286
Tax	207	244	254	281	321
PAT	611	709	800	842	964
PAT growth (%)	21.6	16.1	12.9	5.2	14.5
EPS (Rs)	68.4	79.4	86.7	91.3	104.5
DPS (Rs)	13.7	15.9	17.4	18.3	20.9

Source: Company, Anand Rathi Research

Fig 4 – Price-to-Book Band



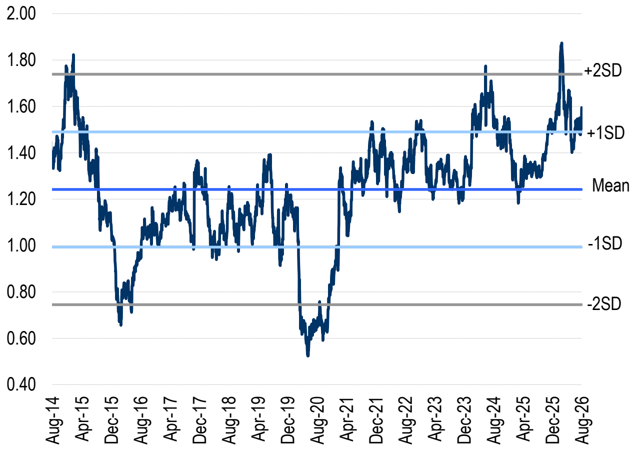
Source: Bloomberg

Fig 2 – Balance Sheet (Rs bn)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Share capital	9	9	9	9	9
Reserves & surplus	3,764	4,403	5,435	6,109	6,881
Deposits	49,161	53,822	59,756	66,748	74,557
Borrowings	5,976	5,636	7,313	8,775	10,530
Other Liabilities & Prov.	2,888	2,891	3,717	4,037	4,375
Total liabilities	**61,797**	**66,761**	**76,230**	**85,678**	**96,352**
Advances	37,040	41,633	48,779	55,608	63,393
Investments	16,713	16,906	18,013	19,814	21,795
Cash & bank balance	3,108	3,402	3,846	4,384	4,998
Fixed & other assets	4,936	4,819	5,593	5,873	6,166
Total assets	**61,797**	**66,761**	**76,230**	**85,678**	**96,352**
No. of shares (m)	8,925	8,925	9,231	9,231	9,231
Deposits growth (%)	11.1	9.5	11.0	11.7	11.7
Advances growth (%)	15.8	12.4	17.2	14.0	14.0

Source: Company, Anand Rathi Research

Fig 5 – 1-Year Fwd. Price-to-BV



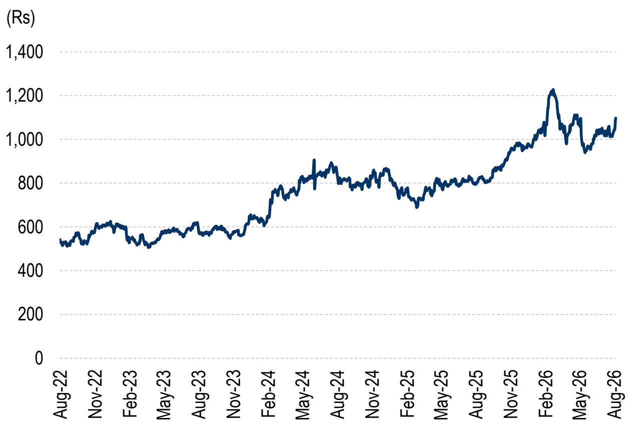
Source: Company, Anand Rathi Research

Fig 3 – Ratio Analysis (%)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
NIM	3.1	2.9	2.7	2.8	2.8
Cost-income	59.0	51.6	50.1	49.5	48.4
RoA	1.0	1.1	1.1	1.0	1.1
RoE	17.3	17.3	16.2	14.6	14.8
DPS (Rs)	13.7	15.9	17.4	18.3	20.9
LDR	75.3	77.4	81.6	83.3	85.0
Gross NPA	2.2	1.8	1.5	1.4	1.4
Net NPA	0.6	0.5	0.4	0.4	0.4
Provision coverage	75.0	74.4	74.4	75.0	75.0
BV (Rs)	422.7	494.3	589.8	662.8	746.4
CRAR	14.3	14.3	15.4	14.6	14.2
Tier 1	11.9	12.1	13.3	12.9	12.7
P / E (x)	12.9	11.2	10.2	9.7	8.5
P / BV (x)	2.1	1.8	1.5	1.3	1.2
P / ABV (x)	2.2	1.9	1.5	1.4	1.2

Source: Company, Anand Rathi Research

Fig 6 – Price Movement



Source: Bloomberg

Key Highlights

Fig 7 – Income Statement

(Rs bn)	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Interest income	1,197	1,180	1,197	1,226	1,231	1,279
Interest expense	769	769	767	774	787	809
NII	**428**	**411**	**430**	**452**	**444**	**470**
y/y growth (%)	2.7	-0.1	3.3	9.0	3.8	14.4
Non-interest income	242	173	153	184	173	159
Total Income	**670**	**584**	**583**	**635**	**617**	**629**
y/y growth (%)	13.5	11.7	2.5	21.1	-7.9	7.7
Operating expenses	357	279	310	307	340	294
Of which, staff cost	180	169	166	160	162	174
PPoP	**313**	**305**	**273**	**329**	**277**	**335**
y/y growth (%)	8.8	15.5	-6.8	39.5	-11.4	9.8
Total provisions	64	48	54	45	29	50
PBT	**248**	**258**	**265**	**284**	**248**	**285**
Tax	62	66	63	73	51	74
PAT	**186**	**192**	**202**	**210**	**197**	**211**
y/y growth (%)	-9.9	12.5	10.0	24.5	5.6	10.2

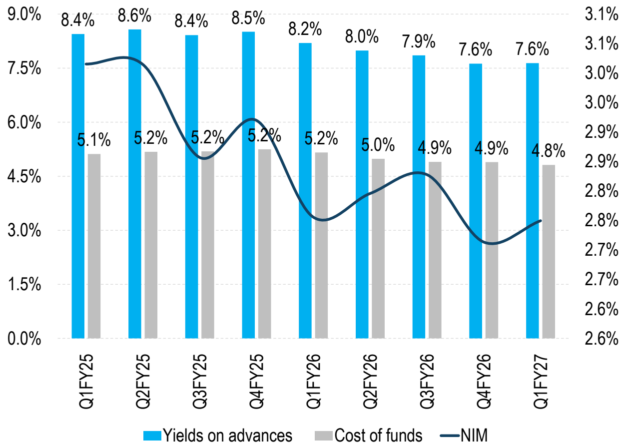
Source: Company, Anand Rathi Research

Fig 8 – Balance Sheet

(Rs bn)	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Equity capital	9	9	9	9	9	9
Reserves & Surplus	4,403	4,693	5,171	5,391	5,435	5,659
Deposits	53,822	54,733	55,917	57,013	59,756	60,058
Borrowings	5,636	5,377	6,006	6,357	7,313	7,689
Other liabilities	2,891	2,873	2,772	2,849	3,717	3,208
Total Liabilities	**66,761**	**67,685**	**69,875**	**71,620**	**76,230**	**76,623**
y/y deposits growth (%)	9.5	11.7	9.3	9.0	11.0	9.7
q/q deposits growth (%)	2.9	1.7	2.2	2.0	4.8	0.5
Cash and cash balances	3,402	3,724	3,923	2,949	3,846	3,309
Advances	41,633	41,962	43,617	46,277	48,779	49,920
Investments	16,906	16,835	17,281	17,338	18,013	18,034
Other assets	4,819	5,164	5,053	5,055	5,593	5,360
Total Assets	**66,761**	**67,685**	**69,875**	**71,620**	**76,230**	**76,623**
y/y advances growth (%)	12.4	11.9	13.1	15.6	17.2	19.0
q/q advances growth (%)	4.0	0.8	3.9	6.1	5.4	2.3

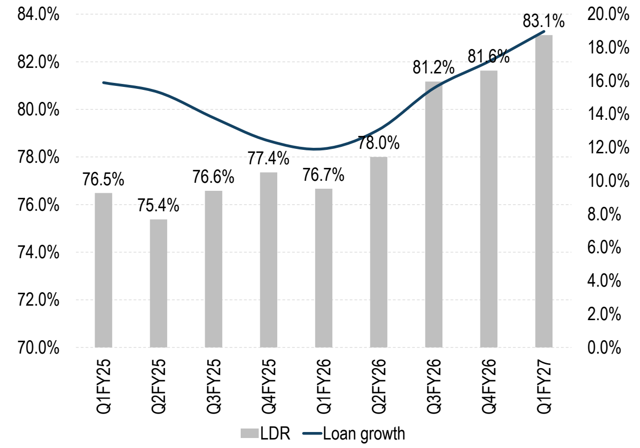
Source: Company, Anand Rathi Research

Fig 9 – Yield, Cost and Margin



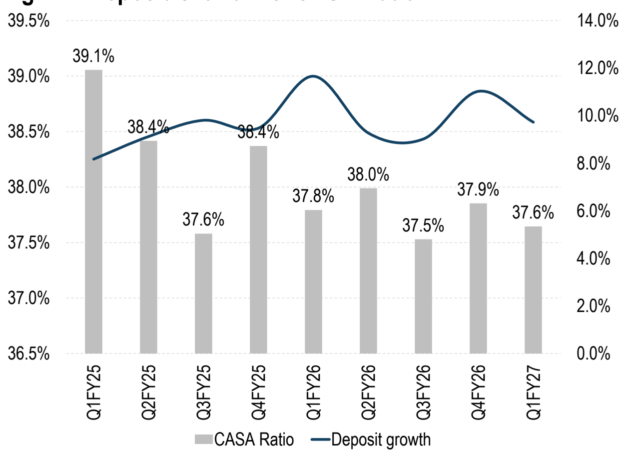
Source: Company, Anand Rathi Research

Fig 10 – Credit Growth vs. LDR



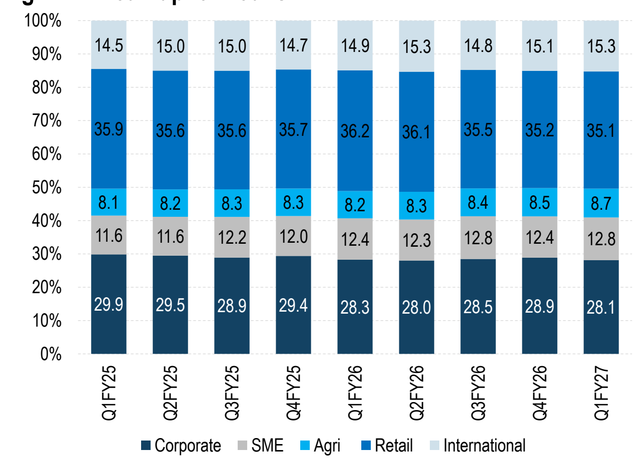
Source: Company, Anand Rathi Research

Fig 11 – Deposit Growth vs. CASA Ratio



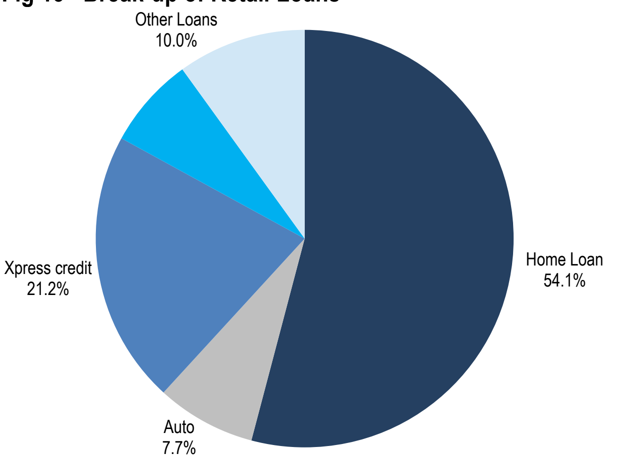
Source: Company, Anand Rathi Research

Fig 12 – Break-up of Loans



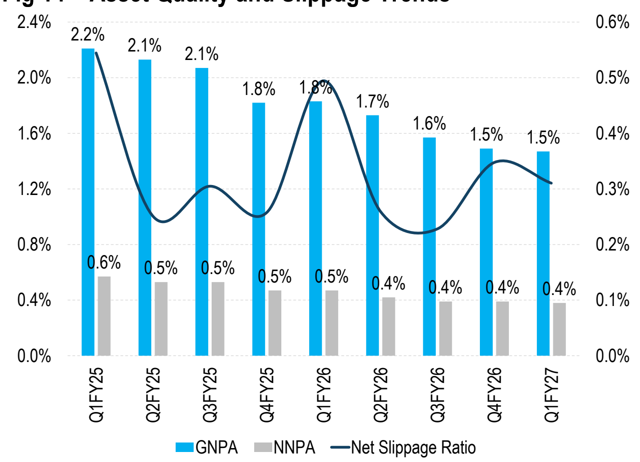
Source: Company, Anand Rathi Research

Fig 13 –Break-up of Retail Loans



Source: Company, Anand Rathi Research

Fig 14 – Asset Quality and Slippage Trends



Source: Company, Anand Rathi Research

Outlook and Valuations

SBI remains our high conviction pick amongst the large banks. Looking ahead, we expect the bank to sustain RoE ~15%, aided by stable margin, strong retail-led fee income and controlled opex

Thus, we maintain BUY rating on the stock with an SOTP-based TP of Rs1,337, valuing the core bank at 1.5x FY28e P/ABV and assigning Rs217/share to subsidiaries.

Fig 15 – DuPont Analysis

(%)	FY24	FY25	FY26	FY27e	FY28e
Interest Income / Assets	7.1	7.2	6.8	6.8	6.8
Interest Expense / Assets	4.4	4.6	4.3	4.3	4.3
Net interest income / Assets	2.7	2.6	2.4	2.5	2.5
Non-interest income / Assets	0.9	1.0	1.0	0.9	0.9
Net revenues / Assets	3.6	3.6	3.4	3.4	3.4
Operating expense / Assets	2.1	1.8	1.7	1.7	1.6
PPoP / Assets	1.5	1.7	1.7	1.7	1.8
Provision / Assets	0.1	0.2	0.2	0.3	0.3
Taxes / Assets	0.4	0.4	0.4	0.3	0.4
RoA	1.0	1.1	1.1	1.0	1.1
RoAE	17.3	17.3	16.2	14.6	14.8

Source: Company, Anand Rathi Research

Fig 16 – Change in Estimates

Rs bn	FY27e			FY28e		
	New Estimates	Old Estimates	Change (%)	New Estimates	Old Estimates	Change (%)
NII	1,994	1,994	0.0	2,282	2,282	0.0
PPoP	1,373	1,365	0.6	1,598	1,589	0.6
PAT	842	836	0.8	964	958	0.7

Source: Anand Rathi Research

Key Risks

- Lumpy slippages in the corporate book.
- Lower-than-expected credit growth.

Appendix

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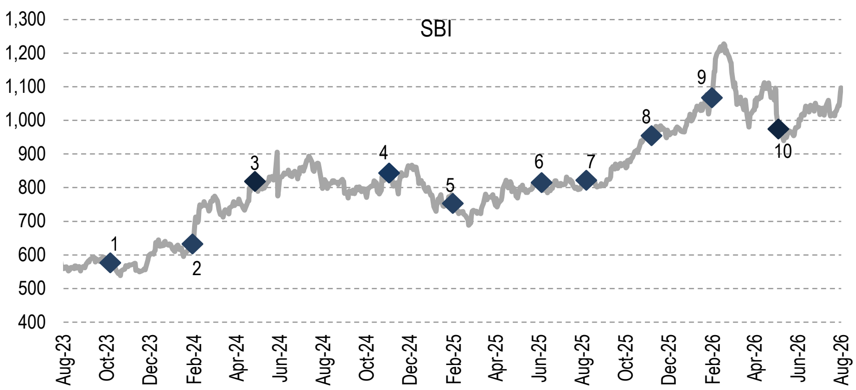

	Date	Rating	TP (Rs)	Share Price (Rs)
1	16-Oct-23	**Buy**	701	576
2	04-Feb-24	**Buy**	750	650
3	09-May-24	**Buy**	942	819
4	08-Nov-24	**Buy**	971	845
5	06-Feb-25	**Buy**	930	752
6	11-Jun-25	**Buy**	1,005	815
7	12-Aug-25	**Buy**	1,008	821
8	05-Nov-25	**Buy**	1,104	954
9	08-Feb-26	**Buy**	1,287	1,066
10	11-May-26	**Buy**	1,301	1,019

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