State Bank of India

Your trust is our capital
Pune E-Stock Broking Limited

Investment Rationale:

- **Strong Credit Growth:** SBI delivered 18.6% YoY growth in gross advances to ₹50.5 lakh crore, with 2.3% QoQ growth, significantly ahead of deposits at 9.7% YoY and 0.5% QoQ. Growth remained broad-based across Agri (+25.4%), SME (+22.3%), Corporate (+18.1%) and Retail (+15.2%). Management raised FY27 credit-growth guidance to 13–15% from 12–14%, supporting a healthy growth outlook.

- **Margin Resilience Despite Funding Pressure:** SBI's domestic NIM improved 7 bps QoQ to 3.00%, while whole-bank NIM rose 5 bps QoQ to 2.86%, despite intense deposit competition. NII increased 14.9% YoY and 5.9% QoQ to ₹46,992 crore. Strong retail deposits—term deposits +14.4% YoY and savings deposits +10.3%—along with excess liquidity supported margin stability. Management reaffirmed FY27 domestic NIM guidance at ~3%.

- **Profitability & Asset Quality Provide Strong Earnings Visibility:** SBI reported 10.2% YoY and 7.3% QoQ growth in PAT to ₹21,121 crore, while operating profit rose 9.8% YoY and 21.0% QoQ. Asset quality strengthened, with GNPA improving to 1.47% from 1.83% YoY and 1.49% QoQ, while credit cost declined to 0.27% from 0.47% YoY and 0.37% QoQ. ROA improved to 1.11% from 1.07% QoQ, indicating strong earnings quality.

- **Market Leadership and Growth Pipeline:** As a proxy for the Indian economy, SBI maintains a dominant domestic market share of over 22% in both deposits and advances. Total business surpassed the ₹109 trillion mark in FY26, supported by industry-leading credit growth of 16.87% YoY. The bank holds massive leadership in retail segments, commanding a 28.1% market share in Home Loans and 18.7% in Auto Loans. This momentum is further supported by a robust corporate credit pipeline of approximately ₹7.86 lakh crores, including both sanctioned but undisbursed loans and new proposals in sunrise sectors like renewable energy and data centres.

- **Diversified Loan Book:** SBI's diversified loan book spans retail (28.1% home loan, 18.7% auto loan), corporate (₹7.86 Lakh Cr pipeline), SME, and agriculture, reducing concentration risk across ₹49 trillion advances as of FY26. This diversification supports credit growth and stable risk-adjusted returns, with asset quality. The retail anchor provides cash flows, while the corporate pipeline in green hydrogen, data centres, and semiconductors fuels future growth.

Outlook: SBI's outlook remains positive, supported by strong Q1FY27 operating momentum, with gross advances growing 18.6% YoY and 2.3% QoQ to ₹50.5 lakh crore, while total deposits grew 9.7% YoY and 0.5% QoQ to ₹60.1 lakh crore. Domestic NIM improved 7 bps QoQ to 3.0%, prompting management to retain its ~3% FY27 NIM guidance. Credit growth guidance was raised to 13–15% from 12–14%, supported by broad-based Agri (+25.4%), SME (+22.3%) and Corporate (+18.1%) growth. Asset quality remains strong, with GNPA at 1.47%, NNPA at 0.38% and credit cost at 0.27%, while RoA improved to 1.11%.

We have a positive view at current valuations based on its superior asset quality, strong advances growth, and improving CASA deposits, which are expected to boost profitability and RoA.

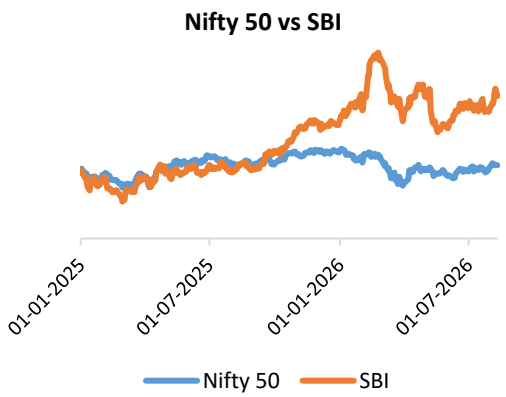
CMP: ₹1,071
View: Positive
Price Objective: ₹1,211

Stock Info	
BSE	500112
NSE	SBIN
Sector	Bank - PSU
Face Value (₹)	₹1.00
Equity Capital (₹ Cr)	₹923
Mkt Cap (₹ Cr)	₹8,93,801
Avg volume (1 year)	1,91,02,032
Dividend yield (%)	1.79%
52w H/L (₹)	1,235/782

Source: Company filings, PESB research

Shareholding Pattern (June 2026)	
Promoters	55.47%
FII	10.81%
DII	26.52%
Public	7.06%

Source: Company filings, PESB research



Source: Company filings, PESB research

Anupama Bhootra
Analyst
Praveen Kumar Yadav
Associate

Q1FY27 Financials

Particulars (₹ Cr)	Q1FY27	Q4FY26	QoQ	Q1FY26	YoY
Interest Income	1,36,240	1,31,080	4%	1,25,563	9%
Non-interest Income	43,821	49,998	-12%	41,429	6%
Total Income	1,80,062	1,81,078	-1%	1,66,992	8%
Expenses					
Interest expenses	82,248	79,953	3%	78,266	5%
Operating Expenses	59,183	71,389	-17%	54,233	9%
Operating Profit	**38,632**	**29,736**	30%	**34,493**	12%
Provision & Contingencies other than taxes	5,748	3,661	57%	5,264	9%
Net Profit	**32,884**	**26,075**	26%	**29,229**	13%

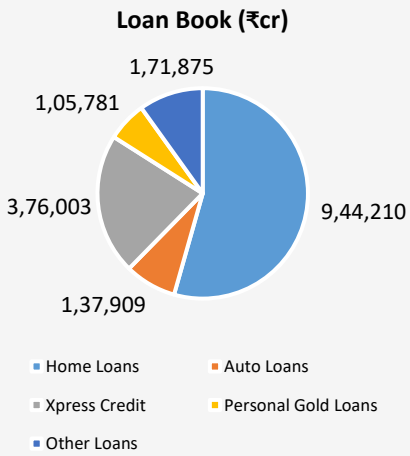
Source: Company filings, PESB research

➢ Concall Highlights

- **FY27 Credit Growth Guidance Raised:** Management raised FY27 loan growth guidance to 13–15% from 12–14%, with growth expected to remain broad-based across Retail, SME, Corporate and Agriculture.
- **18% Growth Not Sustainable:** Q1 advances grew 18.63% YoY, but management attributed the outperformance partly to a weak base. SBI expects 14–15% growth, broadly 2–3% above its estimated 12–12.5% nominal GDP growth.
- **NIM Guidance Reaffirmed:** Despite industry-wide funding-cost pressure, management maintained full-year domestic NIM guidance at ~3%. Q1 domestic NIM improved 7 bps QoQ to 3%, supported by disciplined liability pricing and excess liquidity.
- **Strong Retail Deposit Franchise:** Retail term deposits continued growing 14% YoY, while the ₹17.5 lakh crore savings-bank base grew 10%. Management highlighted SBI's CASA performance as an exception amid industry-wide CASA pressure.
- **₹1 Trillion Deposit Mobilisation:** SBI expects around ₹1 trillion of additional deposit mobilisation, with management seeing no significant impact on deposit costs. Excess SLR stood at ₹3.06 lakh crore at June-end and ~₹4 lakh crore subsequently.
- **Broad-Based Segment Growth:** Q1 advances grew 25.4% in Agriculture, 22.3% in SME, 18.1% in Corporate and 15.2% in Retail Personal, supporting management's confidence in diversified credit growth going forward.
- **Forex Revenue to Recover:** New NOP guidelines temporarily reduced forex fee income to ~₹500 crore in Q1. Management expects revenues to recover as market activity normalises, with further improvement from the next quarter.
- **MSME & Risk-Management Initiatives:** SBI expanded MSME Dream automated underwriting to loans up to ₹10 crore from ₹5 crore. Its PRISM platform uses predictive analytics to identify early stress and prepare for the proposed ECL framework.
- **Asset Quality Remains Comfortable:** Despite Q1 fresh slippages of ₹7,046 crore, ₹1,400 crore had already been pulled back. Slippages were led by Agriculture ₹2,600 crore, SME ₹2,300 crore and Personal ₹2,100 crore, while GNPA/NNPA remained at multi-decade lows.

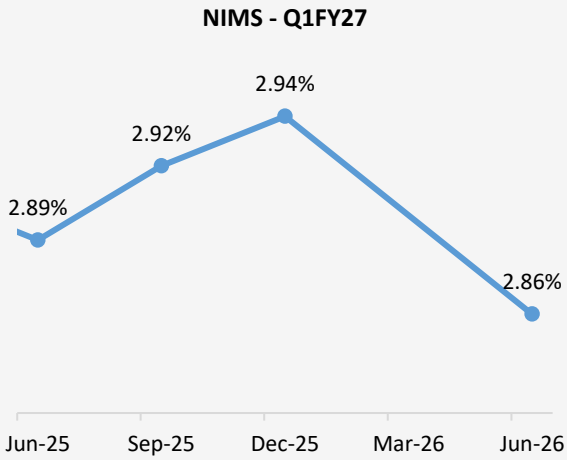
Charts

Figure 1: Home loans dominate the loan book with more than 50%.



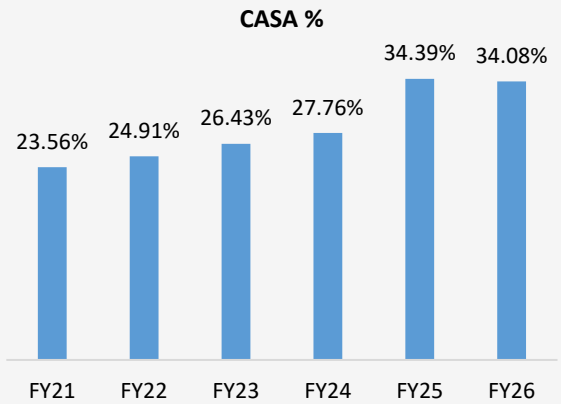
Source: Company filings, PESB research

Figure 2: NIMs continue to be stable at around 3%



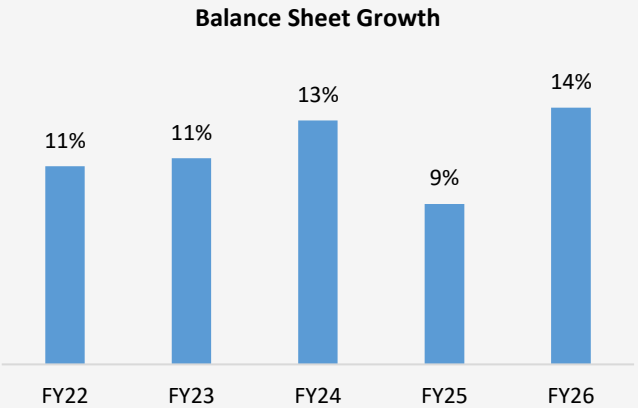
Source: Company filings, PESB research

Figure 3: CASA ratio stable around 34%



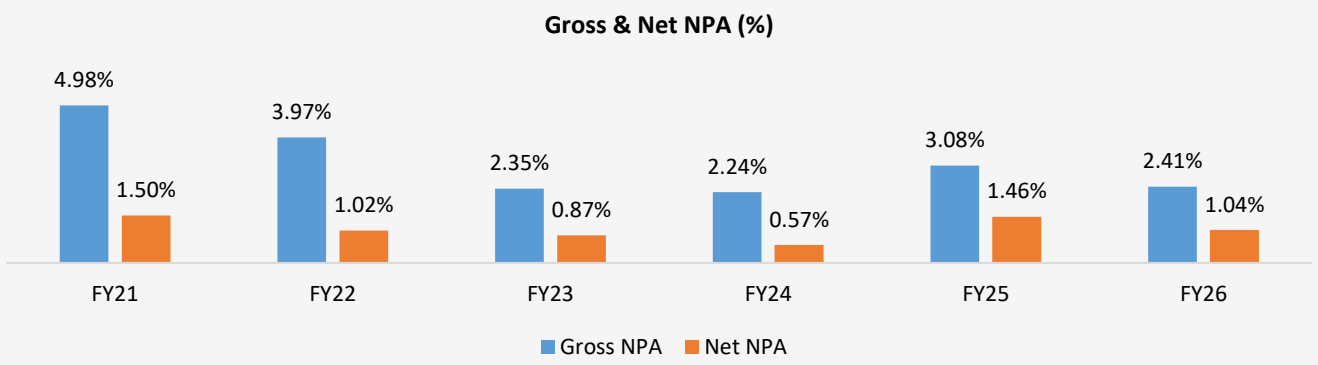
Source: Company filings, PESB research

Figure 4: Balance sheet continues to grow strongly, with 14% growth



Source: Company filings, PESB research

Figure 5: NPA ratios declining sharply; asset quality significantly improved over the years



Source: Company filings, PESB research

Financials

Income Statement

Particulars (in ₹ cr)	FY24	FY25	FY26
Interest Income	4,39,189	4,90,313	5,14,933
Interest Income Growth		*12%*	*5%*
Non-Interest Income	1,55,386	1,73,031	1,97,711
Total Income	**5,94,575**	**6,63,344**	**7,12,644**
Expenses			
Interest Expenses	2,59,736	3,00,943	3,15,005
Operating Expenses	2,28,794	2,36,574	2,62,650
Operating Profit	**1,06,045**	**1,25,827**	**1,34,989**
Operating Profit Margin(OPM)	*24%*	*26%*	*26%*
Provision & Contingencies other than taxes	15,859	20,917	22,830
PBT	**90,186**	**1,04,910**	**1,12,159**
PBT Margin	*21%*	*21%*	*22%*
Tax Expense	23,102	27,348	28,860
PAT	**67,084**	**77,562**	**83,299**
PAT Margin	*15%*	*16%*	*16%*
PAT Growth		*16%*	*7%*

Source: Company filings, PESB research

Balance Sheet

Particulars (in ₹ cr)	FY24	FY25	FY26
Capital & Liabilites			
Capital	892	892	923
Reserve & surplus	3,76,354	4,40,270	5,43,519
Deposits	49,16,077	53,82,190	59,75,642
Borrowings	5,97,561	5,63,573	7,31,254
Other Liabilites & Provisions	2,88,810	2,89,129	3,71,674
Total Capital & Liabilities	**61,79,694**	**66,76,054**	**76,23,012**
Assets			
Cash Balance with RBI	2,25,142	2,27,217	2,68,445
Balance with banks	85,660	1,13,012	1,16,115
Investments	16,71,340	16,90,573	18,01,254
Advances	37,03,971	41,63,312	48,77,895
Fixed Assets	42,617	44,108	54,790
Other Assets	4,50,964	4,37,831	5,04,513
Total Assets	**61,79,694**	**66,76,053**	**76,23,012**

Source: Company filings, PESB research

Cash Flow Statement

Particulars (in ₹ Cr)	FY24	FY25	FY26
Cash flow from Operating Activities	216	485	381
Cash flow from Investing Activities	-43	-56	-7
Cash flow from Financing Activities	-99	-137	-34

Source: Company filings, PESB research

Disclosures and Disclaimers:

Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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