WAY2WEALTH Research Desk

Sector – Banking

State Bank of India (SBI)

11th Aug 2026 | Close* – ₹1071/- | View – **ADD**

Key Highlights – Q1FY26: Highest-ever quarterly profit; decades strong asset performance

- State Bank of India (SBI) reported its highest-ever standalone quarterly net profit of ₹211.2bn in Q1FY27, up 10.2% YoY (7.3% QoQ), aided by strong NII growth, benign credit costs and operating leverage.
- Growth Momentum: Whole-bank gross advances crossed ₹50 lakh crs for the first time, expanding 18.6% YoY (2.3% QoQ), led by Agri (+25.4%), SME (+22.3%) and Corporate (+18.1%).
- Margin Resilience: Domestic NIM improved to 7bps QoQ to 3.00%; whole-bank NIM rose 5bps QoQ to 2.86%, despite the repo-linked repricing of the book.
- Best-in-class Asset Quality: GNPA improved to 1.47% (Q1FY26: 1.83%) the lowest in over two decades — with NNPA at just 0.38%.
- Liability Strength: Deposits grew 9.7% YoY to ₹60.06 lakh crs; CASA ratio held at 39.24%, with retail term deposits up 14.4% YoY.
- We retain a constructive view on SBI. Its scale, sticky low-cost deposit base, benign credit cost and improving return ratios make it our preferred PSU banking pick.

Important Statistics

Nifty	24,584
Sensex	78,542
Close* (₹)	1071
M.CAP (₹ tn)	9.88
52 Week H/L (₹)	1235/798
NSE Code	SBIN
BSE Code	500112
Bloomberg Code	SBIN:IN

Close as on 10th Aug 2026*

Shareholding Pattern (%)	Jun'26
Promoters	55.47
FIIs	10.81
DII	26.52
Public & Others	7.20

Key Figures Q1FY26

Advances Mix (₹ bn)

Particulars	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ
Domestic Advances	43,780	37,053	18.2%	42,510	3.0%
Retail Personal	15,940	13,843	15.2%	15,610	2.1%
Agri	3,690	2,942	25.4%	3,560	3.7%
SME	5,640	4,611	22.3%	5,420	4.1%
Corporate	16,010	13,562	18.1%	15,470	3.5%
Foreign Offices	6,692	5,494	21.8%	6,410	4.4%
Whole Bank Gross Advances	**50,472**	**42,547**	**18.6%**	**49,320**	**2.3%**

Source: Company, Way2wealth

Relative Performance

Return (%)	1Yr	3Yr	5Yr
SBI	34.0%	88%	153%
Nifty 50	-0.5%	27%	49%
Sensex	-2.6%	20%	43%

Source: Company, Way2wealth

Business Efficiency

- Net Interest Income (NII): Grew a robust 14.9% YoY to ₹469.9bn (5.9% QoQ), the strongest NII print in several quarters, driven by loan-book expansion and repricing tailwinds.
- Net Interest Margin (NIM): Whole-bank NIM improved to 5bps QoQ to 2.86% and domestic NIM rose 7bps QoQ to 3.00%, as deposit-cost pressures eased and the loan mix shifted toward higher-yielding RAM segments.
- Other Income: Non-interest income declined 9.1% YoY to ₹159.2bn, dragged by treasury and forex (forex/derivatives income down 69.6% YoY on NOP guidelines) and lower profit on sale of investments (₹43.2bn vs ₹63.3bn). Core fee income, however, grew 20.8% YoY to ₹94.8bn, led by loan-processing charges (+59.5%) and government-business commissions (+50.3%).
- Expense Management: Operating expenses rose by just 5.4% YoY to ₹293.9bn and fell 13.6% sequentially off the elevated Q4 base. The cost-to-income ratio improved to 46.71% (Q1FY26: 47.71%).
- Core Profitability: Operating profit rose 9.8% YoY to ₹335.3bn; PAT of ₹211.2bn is the bank's highest-ever quarterly profit, translating into RoA of 1.11% and RoE of 17.87%.

Strengthening Liability Franchise

Deposit accretion remained steady even as the bank consciously shed higher-cost bulk deposits in favor of retail term and CASA mobilization:

- Total Deposits: Rose 9.7% YoY to ₹60,058bn (₹60.06 lakh crs); total business crossed the ₹110 lakh crs milestone.

Dhananjay M Kansara
dhananjay.k@way2wealth.com
91-22-6903 2900

W2W Lighthouse - A Quick Perspective

- CASA Trends: CASA deposits grew 9.3% YoY; the CASA ratio held at 39.24%. Savings-bank balances grew ~10% and retail term deposits rose a healthy 14.4% YoY.
- Funding Discipline: Management flagged an excess SLR of ~₹3.06 lakh crs, giving ample liquidity headroom to fund ~19% credit growth without chasing elevated wholesale rates.
- Capital: CRAR strengthened to 15.67% (up 104bps YoY), providing a comfortable cushion for balance-sheet growth.

Asset Quality: Lowest NPA ratio in over two decades

- Headline ratios: GNPA improved to 1.47% (Q1FY26: 1.83%; Q4FY26: 1.49%) and NNPA to 0.38% (Q1FY26: 0.47%). In absolute terms, GNPA improved to ₹742.7bn from ₹780.4bn a year ago even as the book grew ~19%.
- Slippages: Fresh slippages were ₹73.6bn (Q4FY26: ₹55.5bn); the slippage ratio eased 18bps YoY to 0.57%, indicating no broad-based stress build-up.
- Safety Buffers: PCR stood at 74.20% and PCR including AUCA at a strong 91.82%.
- Credit Cost: Annualized credit cost fell to just 0.27% (Q1FY26: 0.47%); loan-loss provisions declined 32% YoY to ₹33.6bn, underpinning the earnings beat.

Conference Call Takeaways:

- **Deposit Strategy & Liquidity**
  - Management framed sub-1% sequential deposit growth as a deliberate choice — the bank is unwilling to pay elevated wholesale rates, given excess SLR of ~₹3.06 lakh crs. Retail term deposits grew ~14% and the savings-bank base ~10%, keeping the funding mix granular and low-cost.
- **Margin Outlook**
  - With the bulk of repo-linked repricing behind and deposit costs easing, management guided to broadly stable-to-improving domestic NIM around the 3.0% mark, aided by a richer RAM loan mix.
- **Credit Growth**
  - Whole-bank advances crossed ₹50 lakh crs for the first time. Growth was broad-based across Agri (+25.4%), SME (+22.3%) and Corporate (+18.1%); the corporate pipeline and undrawn sanctions remain healthy, supporting the ~14-16% FY27 loan-growth aspiration.
- **Asset Quality**
  - GNPA at 1.47% is the lowest in over two decades. Slippages of ₹73.6bn included seasonal Q1 elements; SMA-2 and restructured pools remain contained. Management reiterated a normalised credit-cost outlook well within 0.50%.
- **Provisions**
  - Loan-loss provisions fell 32% YoY on lower slippages and healthy recoveries/upgrades. A modest rise in 'other provisions' was a prudential build rather than a stress signal.
- **Non-interest income**
  - Forex/derivatives income was muted (~₹5.0bn) due to NOP guidelines, and treasury gains normalised versus a strong base. Core fee income (+20.8%) — led by loan processing and government business — provides a more durable revenue stream.
- **Digital & Efficiency**
  - The SARAL operations re-engineering programme and the new 'YONO Ji' agentic-AI assistant on YONO Business are being scaled to lower cost-to-serve; ~98.7% of transactions are now on alternate channels. The MSME Dream rule-engine now covers SME loans up to ₹10 crs.

- **Subsidiaries**
  - SBI Life, SBI Cards, SBI General and SBI Funds Management continue to add consolidated value; consolidated Q1FY27 PAT of ₹241.1bn (+13.7% YoY) captures this. SBI Funds Management is being positioned for a potential listing.
- **International Banking**
  - Foreign-office advances grew ~21.8% YoY in rupee terms, with consistent QoQ growth across US, London, GIFT City, Middle East and East Asia operations; the bank aims to mobilise ~US$10bn via FCNR(B) under the RBI concessional swap window.

(₹ bn)

Y/E March	FY25	FY26	FY27	FY28	FY29
NII	1,670	1,736	2,056	2,573	2,705
PPOP	1,106	1,184	1,441	1,904	2,024
NP	709	800	900	1,164	1,253
NIM (%)	2.8	2.6	2.7	3.0	2.9
EPS (₹)	79	88	98	126	136
EPS Gr. (%)	16	11	11	29	8
BVPS (₹)	494	590	672	778	816
Core ABV (₹)	470	572	653	759	816
RoA (%)	1.1	1.1	1.1	1.3	1.3
RoE (%)	17.3	16.2	15.5	17.4	17.0
Div. Payout (%)	20	20	35	16	15
Valuations					
P/E (x)	13.6	12.2	11.1	8.6	8.0
P/BV (x)	2.2	1.8	1.61	1.39	1.32
P/ABV (x)	1.9	1.5	1.3	1.06	
Div. Yield (%)	1.5	1.6	3.2	1.9	1.9

Source: Company, Way2wealth

Standalone Quarterly

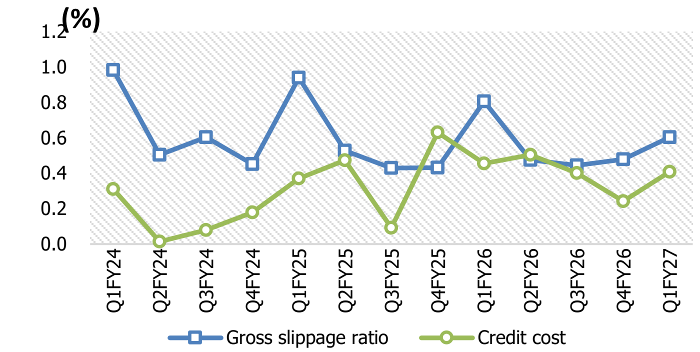
(₹ bn)

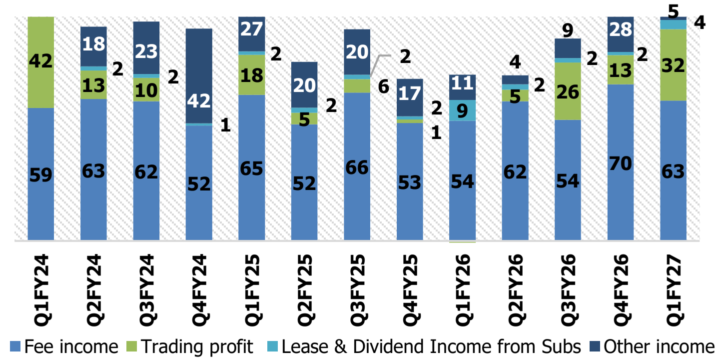
Particulars	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ
Interest earned	1,362.4	1,255.6	8.5%	1,310.8	3.9%
Interest expended	892.5	846.6	5.4%	867.0	2.9%
Net interest income	**469.9**	**409.1**	**14.9%**	**443.8**	**5.9%**
NIM % (whole bank)	2.86	2.89		2.81	
Non-interest income	159.2	175.1	-9.1%	173.2	-8.0%
Total income (net)	629.1	584.2	7.7%	617.0	2.0%
Operating expenses	293.9	278.7	5.4%	339.9	-13.6%
Pre-provision op. profit (PPOP)	**335.3**	**305.4**	**9.8%**	**277.0**	**21.0%**
Total provisions	53.7	51.5	4.3%	31.4	70.9%
PBT	281.6	253.9	10.9%	245.6	14.7%
Provision for taxes	70.4	62.3	13.0%	48.8	44.3%
PAT	**211.2**	**191.6**	**10.2%**	**196.8**	**7.3%**
Gross Advances	**50,472**	**42,547**	**18.6%**	**49,320**	**2.3%**
Deposits	**60,058**	**54,730**	**9.7%**	**59,750**	**0.5%**
GNPA %	**1.47**	**1.83**		**1.49**	
NNPA %	**0.38**	**0.47**		**0.47**	
RoA % (ann.)	1.11	1.10		1.02	
RoE % (ann.)	17.87	18.10		16.90	
EPS (₹, quarterly)	23.66	21.47		22.06	
BVPS (₹)	485	432		471	

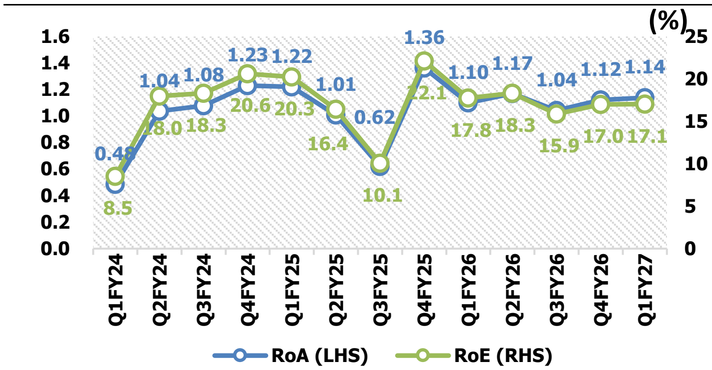
Source: Company, Way2wealth

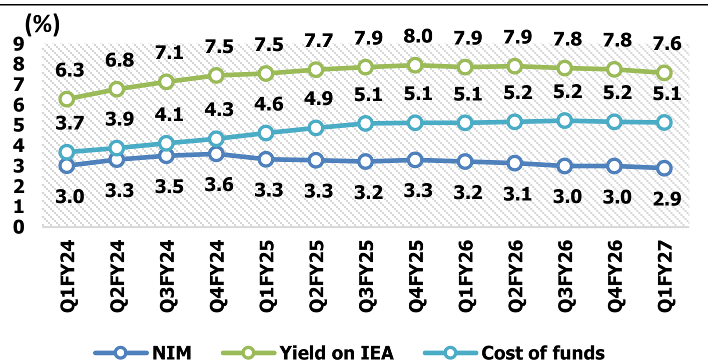
11th Aug 2026 | Close* – ₹1071/- | View – **ADD**

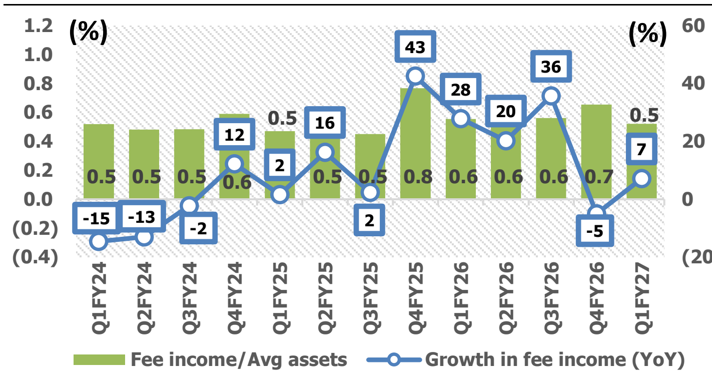
Story in Charts

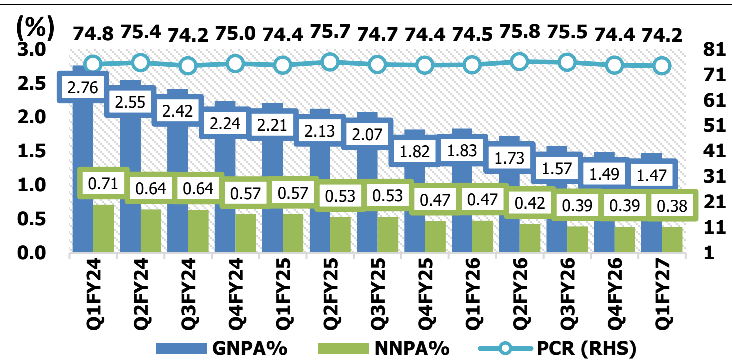


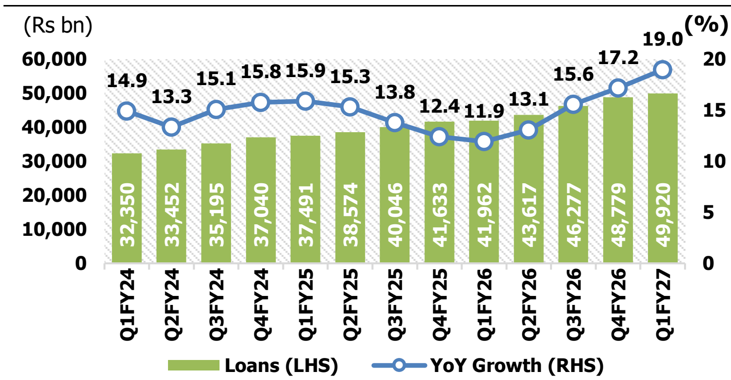


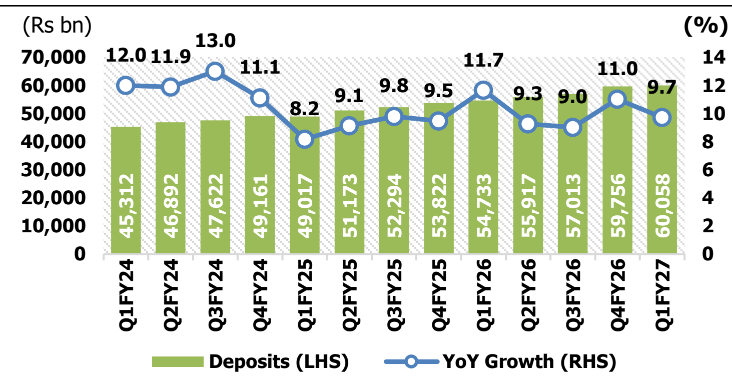






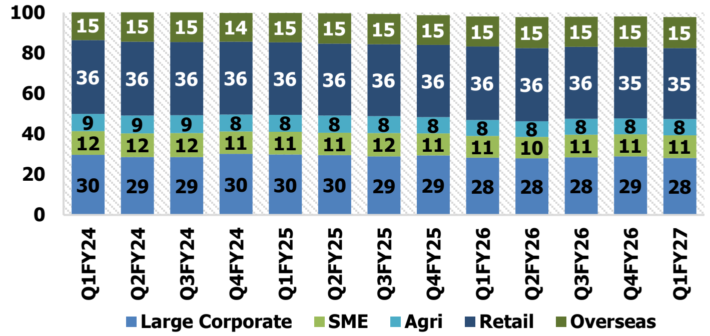


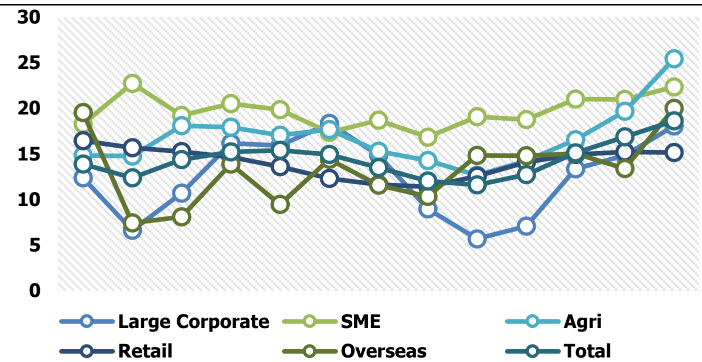


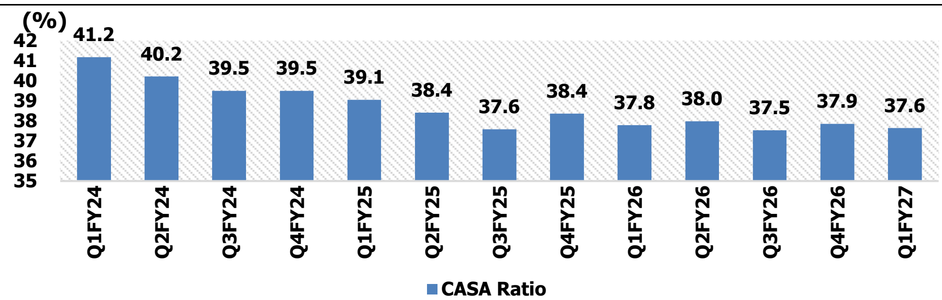


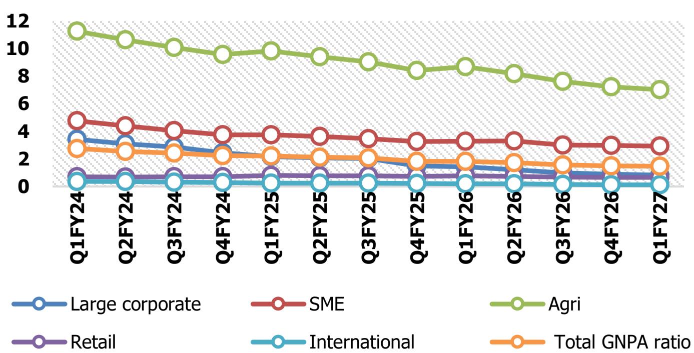
W2W Lighthouse - A Quick Perspective

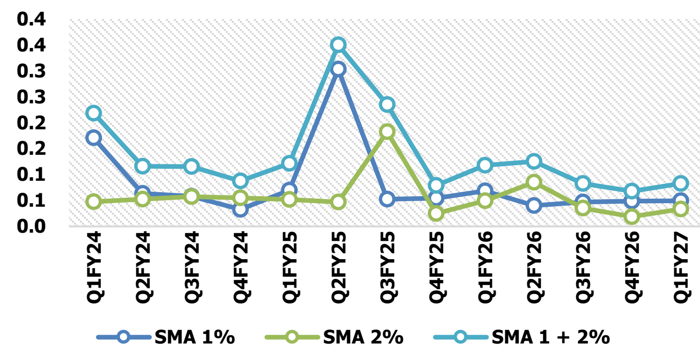
11th Aug 2026 Close* – ₹1071/- View – **ADD**











Source: Company, Way2wealth Research

View

SBI delivered a high-quality start to FY27 — a **record ₹211.2bn standalone PAT (+10.2% YoY)**, RoA of 1.11% and RoE of 17.87%. The print was underpinned by a strong 14.9% NII rebound, 5-7bps sequential NIM expansion, and a two-decade-low GNPA of 1.47% with credit cost of just 0.27%. Whole-bank advances crossed ₹50 lakh crs, growing 18.6% YoY, comfortably funded by a granular 9.7% deposit franchise and ~₹3.06 lakh crs of excess SLR. Operating leverage is visible — opex rose only 5.4% against 14.9% NII growth, taking the cost-to-income ratio to 46.7%.

At ~₹1,071, SBI trades at an undemanding **~1.06x FY28E P/ABV** a meaningful discount to large private peers despite comparable return ratios and a materially cleaner book. With earnings visibility supported by benign credit costs, a stable-to-improving margin trajectory and unlocked value across insurance, cards and AMC subsidiaries, we maintain our positive stance.

At CMP ₹1071, SBI trading at 1.06x FY28E P/ABV multiple. We recommend to add the stock for core bank exit multiple of **1.45x P/ABV FY28E and providing ₹279 for subsidiaries, which gives upside of ~29% (TP 1380).**

Financials

(₹ mn)

Income Statement	FY25	FY26	FY27	FY28	FY29
Interest income	46,24,894	48,33,036	53,26,724	60,21,702	62,18,807
Interest expense	29,55,242	30,96,767	32,70,911	34,48,242	35,13,581
Net interest income	**16,69,651**	**17,36,269**	**20,55,813**	**25,73,460**	**27,05,226**
Fee Income	3,52,980	4,08,960	4,38,131	4,81,944	4,92,914
Trading Profits	1,53,030	1,56,040	1,45,248	1,52,510	1,54,778
Other income	92,187	1,18,439	1,12,922	1,18,568	1,19,424
Total non-interest income	**6,16,831**	**6,83,439**	**6,96,301**	**7,53,022**	**7,67,116**
Total revenue	**22,86,482**	**24,19,707**	**27,52,114**	**33,26,482**	**34,72,343**
Employee expense	6,43,522	6,57,238	6,80,719	7,29,353	7,41,747
Other expense	5,37,168	5,78,250	6,30,308	6,93,339	7,06,497
Total expenses	**11,80,690**	**12,35,488**	**13,11,027**	**14,22,692**	**14,48,244**
Pre-provision operating profit	**11,05,792**	**11,84,219**	**14,41,086**	**19,03,790**	**20,24,098**
Provisions	1,53,079	1,75,384	2,26,833	3,34,236	3,33,925
Extraordinary items		45,932			
Profit before tax	9,52,713	10,54,767	12,14,254	15,69,554	16,90,173
Taxes	2,43,706	2,54,448	3,13,819	4,05,645	4,36,819
Net profit after tax	**7,09,006**	**8,00,320**	**9,00,434**	**11,63,909**	**12,53,355**
Core PPOP	8,60,574	9,09,741	11,82,917	16,32,711	17,49,896
EPS	79	88	98	126	136

Source: Company, Way2wealth Research

(₹ mn)

Balance Sheet	FY25	FY26	FY27	FY28	FY29
Cash & balances with RBI	22,72,175	26,84,450	23,08,289	30,51,758	30,91,929
Money at call and others	11,30,122	11,61,150	12,97,078	14,64,844	14,84,126
Investments	1,69,05,728	1,80,12,540	1,95,98,511	2,19,83,877	2,20,52,705
Net advances	4,16,33,121	4,87,78,950	5,71,31,990	6,58,67,980	6,45,65,070
Fixed assets	4,41,076	5,47,900	5,84,176	5,92,939	5,66,299
Other Assets	43,78,312	50,45,130	32,45,884	(1,26,817)	16,28,712
Total Assets	**6,67,60,533**	**7,62,30,120**	**8,41,65,928**	**9,28,34,580**	**9,33,88,840**
Share Capital	8,925	9,231	9,231	9,231	9,231
Reserves and Surplus	44,02,697	54,35,190	61,91,378	71,70,675	75,24,869
Net Worth	**44,11,621**	**54,44,421**	**62,00,609**	**71,79,906**	**75,34,100**
Preference share capital	-	-	-	-	-
Deposits	5,38,21,895	5,97,56,420	6,55,52,195	7,21,25,472	7,27,20,617
Borrowings	56,35,725	73,12,540	82,63,170	92,54,751	97,30,810
Other Liabiliites	28,91,291	37,16,740	41,49,953	42,74,452	34,03,312
Total Liabilities	**6,67,60,533**	**7,62,30,121**	**8,41,65,928**	**9,28,34,580**	**9,33,88,840**

Source: Company, Way2wealth Research

Margins (%)	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**
Yield on advances	8.37	7.74	7.49	7.38	7.21
Yield on investments	6.84	6.47	6.35	6.19	5.96
Yield on bank balances	5.57	5.59	4.53	4.87	4.53
Yield on interest earning assets	**7.79**	**7.29**	**7.06**	**6.97**	**6.78**
Cost of deposits	5.00	4.87	4.59	4.40	4.26
Cost of borrowings	4.40	3.01	3.22	3.02	2.82
Cost of interest bearing liabilities	**5.16**	**4.90**	**4.64**	**4.44**	**4.29**
Interest spread	2.63	2.40	2.41	2.53	2.49
Net interest margin	**2.81**	**2.62**	**2.72**	**2.98**	**2.95**
Loan-to-deposit ratio	77.4	81.6	87.2	91.3	88.8
Incremental loan-to-deposit ratio	98.5	120.4	144.1	91.3	88.8
CASA ratio	38.4	37.9	37.7	37.1	36.6

Source: Company, Way2wealth Research

Asset quality (%)	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**
GNPA (mn)	7,68,802	7,34,520	7,60,081	7,73,061	7,95,522
NNPA (mn)	1,96,669	1,88,300	1,96,058	1,93,265	1,98,880
GNPA ratio	**1.8**	**1.5**	**1.3**	**1.2**	**1.2**
NNPA ratio	**0.5**	**0.4**	**0.3**	**0.3**	**0.3**
Slippage ratio	0.6	0.6	0.6	0.7	0.6
Upgrades & Recoveries ratio	0.2	0.2	0.3	0.2	0.2
Net Slippage ratio	0.3	0.3	0.3	0.5	0.4
Write-off ratio	0.5	0.4	0.3	0.5	0.4
PCR (Excl Technical write off)	**74.4**	**74.4**	**74.2**	**75.0**	**75.0**
Credit cost (% of avg. loans)	**0.39**	**0.39**	**0.43**	**0.54**	**0.51**
Total provisions as % of gross loans	0.5	0.4	-	-	-
Net NPA as % of networth	4.5	3.5	3.2	2.7	2.6

Source: Company, Way2wealth Research

DuPont analysis (% of avg. assets)	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**
Interest income	7.2	6.8	6.6	6.8	6.7
Interest expense	4.6	4.3	4.1	3.9	3.8
Net interest income	**2.6**	**2.4**	**2.6**	**2.9**	**2.9**
Fee Income	0.5	0.6	0.5	0.5	0.5
Trading Profits	0.2	0.2	0.2	0.2	0.2
Dividend from Subs & other income	0.0	-	-	-	-
Other income	0.1	0.2	0.1	0.1	0.1
Total non-interest income	**1.0**	**1.0**	**0.9**	**0.9**	**0.8**
Total revenue	3.6	3.4	3.4	3.8	3.7
Employee expense	1.0	0.9	0.8	0.8	0.8
Other expense	0.8	0.8	0.8	0.8	0.8
Total expenses	**1.8**	**1.7**	**1.6**	**1.6**	**1.6**
Pre-provision operating profit	**1.7**	**1.7**	**1.8**	**2.2**	**2.2**
Provisions	0.2	0.2	0.3	0.4	0.4
Profit before tax	1.5	1.5	1.5	1.8	1.8
Taxes	0.4	0.4	0.4	0.5	0.5
ROA	**1.1**	**1.1**	**1.1**	**1.3**	**1.3**
Leverage	15.7	14.5	13.8	13.2	12.7
ROE	**17.3**	**16.2**	**15.5**	**17.4**	**17.0**

Source: Company, Way2wealth Research

<u>**Disclaimer**</u>

Analyst Certification: I, Dhananjay Kansara, the research analyst and author of this report, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s), principally responsible for the preparation of this research report, receives compensation based on overall revenues of the company (Way2Wealth Brokers Private Limited, hereinafter referred to as Way2Wealth) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

It is confirmed that Dhananjay Kansara, the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. Our research professionals are paid in part based on the profitability of Way2Wealth, which include earnings from other business. Neither Way2Wealth nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Way2Wealth is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. The contents of this material are general and are neither comprehensive nor appropriate for every individual and are solely for the informational purposes of the readers.This material does not take into account the specific objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s.

This research has been prepared for the general use of the clients of the Way2Wealth and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Way2Wealth will not treat recipients as customers by virtue of their receiving this report. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

The report is based upon information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. Way2Wealth or any of its affiliates or employees makes no warranties, either express or implied of any kind regarding any matter pertaining to this report, including, but not limited to warranties of suitability, fitness for a particular purpose, accuracy, timeliness, completeness or non-infringement. We accept no obligation to correct or update the information or opinions in it. Way2Wealth or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. The recipients of this report should rely on their own investigations. In no event shall Way2Wealth be liable for any damages of any kind, including, but not limited to, indirect, special, incidental, consequential, punitive, lost profits, or lost opportunity, whether or not Way2Wealth has advised of the possibility of such damages.

This material contains statements that are forward-looking; such statements are based upon the current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties include but are not limited to: the risk of adverse movements or volatility in the securities markets or in interest or foreign exchange rates or indices; adverse impact from an economic slowdown; downturn in domestic or foreign securities and trading conditions or markets; increased competition; unfavorable political and diplomatic developments; change in the governmental or regulatory policies; failure of a corporate event and such others. This is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form by any means or redistributed without the written consent of Way2Wealth. In no event shall any reader publish, retransmit, redistribute or otherwise reproduce any information provided by Way2Wealth in any format to anyone. Way2Wealth and its affiliates, officers, directors and employees including persons involved in the preparation or issuance of this report may from time to time have interest in securities / positions, financial or otherwise in the securities related to the information contained in this report.

To enhance transparency, Way2Wealth has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Disclosure of Interest Statement State Bank of India (SBI) as on 11th August 2026

Name of the Security	State Bank of India (SBI)
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained Financial Interest Analyst : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	NIL No No No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

This information is subject to change without any prior notice. Way2Wealth reserves at its absolute discretion the right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, Way2Wealth is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and Enlistment with RAASB/BSE and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.