

STATE BANK OF INDIA

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	957
12 month price target (INR)	1,150
52 Week High/Low	959/680
Market cap (INR bn/USD bn)	8,834/99.6
Free float (%)	44.9
Avg. daily value traded (INR mn)	8,166.8

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	55.5%	55.5%	57.4%
FII	9.6%	10.0%	10.0%
DII	27.8%	27.2%	25.1%
Pledge	0.0%	0.0%	0.0%

FINANCIALS

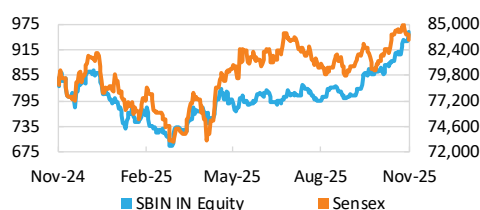
(INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	2115580	2286482	2502893	2796556
PPoP	866972	1105792	1224127	1406572
Adjusted profit	610766	709006	759908	847128
Diluted EPS (INR)	68.4	79.4	82.3	91.8
EPS growth (%)	21.6	16.1	3.6	11.5
RoAE (%)	17.3	17.3	15.5	14.8
P/E (x)	14.0	12.0	11.6	10.4
P/BV (x)	2.3	1.8	1.5	1.3

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	25,02,893	27,96,556	1.2%	1.6%
PPoP	12,24,127	14,06,572	4.3%	6.3%
Adjusted profit	7,59,908	8,47,128	5.7%	7.5%
Diluted EPS (INR)	82.3	91.8	5.7%	7.5%

PRICE PERFORMANCE



Q2FY26 – Best among large banks

SBI posted a solid beat on NII, CASA and fees, leading to a 10% beat on PAT, up 10% YoY/5% QoQ. Core NIM rose 5bp QoQ versus expectation of a decline, loans grew 4% QoQ versus consensus of 3%, fees expanded 12% QoQ/25% YoY and CA increased 18% YoY versus single-digit for peers. Core RoA stood at 1.05% while reported RoA was 1.17%. Core PPOP grew 2% QoQ/9% YoY. Slippage and NPL declined.

FY26 loan growth guidance revised from 12–13% to 12–14%. NIM will be above 3% in Q3/Q4 versus 2.97% in Q2. We view SBI's performance in Q2FY26 as the best among large banks. We are increasing EPS and revising the TP to INR1,150/1.5x FY27E from INR950/1.2x. SBI AMC and SBI GI are likely to list. We reiterate SBI as our top 'BUY'.

Big beat on NIM, fees and CA; YES Bank stake sale as one-off

Loans grew 13% YoY/4% QoQ. Corporate loans grew 7% YoY/3% QoQ reversing the decline of Q1, and the chairman reiterated FY26E guidance of 10% growth backed by a strong INR 7tn pipeline, half of which is sanctioned. Retail grew 4% QoQ /14% YoY led by HL at 4% QoQ and gold at 14% QoQ while Xpress credit showed some revival at 2% QoQ. SME grew 19% YoY/3% QoQ. Overseas loans grew 15% YoY (8% YoY adjusted for currency growth). Deposit rose 9% YoY/2% QoQ. SA increased 3% QoQ/6% YoY, CA grew 2% QoQ/18% YoY and TD 9% YoY/2% QoQ. SBI's CA growth remains materially above the sector's. The chairman attributed this to a well-defined strategy. To acquire clients from competition, SBI offers cash management at zero fees for first six months, which helps create sticky relations and better CA. Reported NIM improved 7bp QoQ to 2.97%. The impact of interest on tax refund was negligible at 2bp. Core NIM improved 5bp QoQ; even if we remove the impact of QIP funds, NIM improved 3bp QoQ. NII grew 5% QoQ/3% YoY, among the highest QoQ growth in the sector. Fee growth accelerated to 12% QoQ /25% YoY. The CEO explained higher fees were driven by higher interchange on debit cards and higher processing fees on retail. Trading gains stood at INR29bn versus INR 63bn QoQ. The bank also booked pre-tax capital gains of INR46bn from stake sale in YES Bank, which is shown as an exceptional item. Opex rose at a high 12% YoY/13% QoQ. While employee cost fell 2% QoQ, other opex shot up 31% QoQ. Rent, GST cost and mobile banking expenses rose sharply. Core PPOP grew 9% YoY/2% QoQ.

Asset quality remains robust with higher PCR and lower GNPL

Slippage fell to 0.5% from 0.6% YoY. Specific credit cost decreased 9bp QoQ to 38bp, but total credit cost edged up 4bp QoQ to 50bp due to DCCO extension on two loans. PCR improved to 75.8% from 74.5%, whereas GNPA fell 2% QoQ to 1.73%.

Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	5,83,096	5,68,901	2.5%	5,84,182	-0.2%
Pre-provisioning Profits	2,73,109	2,92,937	-6.8%	3,05,445	-10.6%
Reported Profits	2,01,597	1,83,314	10.0%	1,91,604	5.2%
EPS	22.0	20.5	7.1%	21.5	2.5%

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Net interest income	15,98,758	16,69,651	18,01,860	20,90,248
Non interest income	5,16,822	6,16,831	7,01,034	7,06,308
Fee and forex income	2,81,261	3,09,186	3,46,289	3,80,918
Misc. income	1,17,535	1,54,815	1,64,745	1,75,391
Investment profits	1,18,026	1,52,830	1,90,000	1,50,000
Net revenues	21,15,580	22,86,482	25,02,893	27,96,556
Operating expense	12,48,608	11,80,690	12,78,766	13,89,984
Employee exp	7,83,370	6,43,522	6,87,882	7,40,011
Other opex	4,65,238	5,37,168	5,90,885	6,49,973
Pre provision profit	8,66,972	11,05,792	12,24,127	14,06,572
Provisions	49,142	1,53,079	2,06,847	2,72,532
PBT	8,17,830	9,52,713	10,17,280	11,34,040
Taxes	2,07,063	2,43,706	2,57,372	2,86,912
PAT	6,10,766	7,09,006	7,59,908	8,47,128
Extraordinaries	0	0	0	0
Reported PAT	6,10,766	7,09,006	7,59,908	8,47,128
Diluted EPS (INR)	68.4	79.4	82.3	91.8

Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
Net interest margins	3.0	2.8	2.7	2.8
Tax rate	25.3	25.6	25.3	25.3

Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted PE (x)	14.0	12.0	11.6	10.4
Price/BV (x)	2.3	1.8	1.5	1.3

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Equity capital	8,925	8,925	9,231	9,231
Reserves	37,63,541	44,02,697	53,88,210	60,65,813
Net worth	37,72,465	44,11,621	53,97,441	60,75,044
Deposits	4,91,60,768	5,38,21,895	6,00,11,413	6,78,12,897
Borrowings	59,75,609	56,35,725	63,12,012	66,27,613
Other liabilities	28,88,097	28,91,291	30,35,856	31,87,648
Total	6,17,96,939	6,67,60,533	7,47,56,722	8,37,03,202
Assets				
Loans	3,70,39,709	4,16,33,121	4,74,61,758	5,41,06,404
Investments	1,67,13,397	1,69,05,727	1,77,36,886	1,90,38,363
Cash & equi	31,08,020	34,02,297	43,00,211	48,85,231
Fixed assets	4,26,173	4,41,076	5,29,291	5,66,341
Other assets	45,09,642	43,78,312	47,28,577	51,06,863
Total	6,17,96,939	6,67,60,533	7,47,56,722	8,37,03,202
BV ex reval /share (INR)	353.8	436.0	528.3	601.7

Balance Sheet Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
Credit growth	15.8	12.4	14.0	14.0
Deposit growth	11.1	9.5	11.5	13.0
Gross NPA ratio	2.2	1.8	1.6	1.4
Net NPA ratio	0.6	0.5	0.4	0.4

ROA Decomposition (%)

Year to March	FY24A	FY25A	FY26E	FY27E
NII/Assets	2.7	2.6	2.5	2.6
Fees/Assets	0.5	0.5	0.5	0.5
Inv profits/Assets	0.2	0.2	0.3	0.2
Net revenues/assets	3.4	3.3	3.3	3.3
Opex/Assets	(2.1)	(1.8)	(1.8)	(1.8)
Provisions/Assets	(0.1)	(0.2)	(0.3)	(0.3)
Taxes/Assets	(0.4)	(0.4)	(0.4)	(0.4)
Total costs/Assets	(2.6)	(2.5)	(2.5)	(2.5)
RoA	1.0	1.1	1.1	1.1
Equity/Assets	6.0	6.4	6.9	7.2
RoAE	17.3	17.3	15.5	14.8

Valuation Drivers

Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	21.6	16.1	3.6	11.5
RoAE (%)	17.3	17.3	15.5	14.8

Q2FY26 earnings call takeaways

Guidance

- The bank is confident of growing faster than the industry at 12–14% for FY26. The guidance has been revised up from earlier 12–13%. Stronger traction is expected in H2FY26 with improvement across retail, personal, agriculture, SME and corporate segments.
- Management reiterated focus on deepening the liability franchise, allocating capital to high RORWA businesses, maintaining pricing discipline, and leveraging technology to improve cost efficiency.
- The bank reiterated its long-term guidance of maintaining through-cycle NIM above 3.0% and expects continued pickup in H2, subject to repo rate movements.
- Management said it is actively evaluating listing plans for SBI MF and SBI General, with final timing and quantum to be decided by respective boards.

Loans

- The corporate credit pipeline stood at INR 7trn, with roughly half sanctioned and awaiting disbursement and the remainder under active discussion.
- Home loans remain a key focus area, with dedicated ~400+ HL centres and efforts to enhance portfolio scale and processing throughput.
- Xpress Credit is a segment the bank intends to grow further, although some customers are shifting to secured Gold Loans due to the higher value and lower interest rates offered on gold.
- International book growth stood at about 8.7% in dollar terms, while the reported 15% growth reflected the impact of rupee depreciation on conversion. The portfolio forms around 15% of the bank's total credit book and is expected to remain at similar levels.
- The bank is also exploring selective expansion in capital markets-linked lending such as loans against mutual funds, while remaining cautious on loans against shares until digital processes and risk appetite are fully aligned.

Deposits

- The bank has implemented a large-scale campaign to encourage staff to ask customers to fund their accounts, resulting in 70% to 75% of unfunded accounts getting funded within 45 days.
- Management highlighted district-level market share plans aimed at gaining at least 1% incremental share in each district to strengthen savings and current account traction.
- The initiatives have already resulted in the daily average balance improvement in CA and SA accounts with the current account ratio witnessing significant market share improvement of 185 bps.

One-offs in the quarter

- The bank realised gross proceeds of INR45.93bn from the Yes Bank stake sale, generating a post-tax profit of INR33.86bn.
- Additional provisioning of INR7.5bn and write-backs of INR2bn were recorded, implying a net impact of roughly INR5.5bn primarily due to the extension of the DCCO for a couple of accounts.

ECL and asset quality

- AUCA recoveries amounted to INR24bn in the quarter. The recovery rate on the technically written-off portfolio is estimated to be around 8%.
- The bank will phase out the one-time ECL impact over four years.
- Management highlighted that floor provisioning rates on stage 1&2 would have an impact on provisioning. The bank has given feedback to do away with the floor rates because a lot of loans especially Xpress credit slip to stage 2 if the borrowers salary is delayed but do not become delinquent, it is only a delay.
- Management is strengthening its collection mechanism as a proactive defense against ECL, noting that 70% of retail collections happen automatically via sweeping from savings accounts.

Yields, cost and margins

- NIMs for the quarter improved by 7bps QoQ and stood at 2.97%, aided by the the reduction in the cost of deposits and resources.
- Interest on tax refunds was INR3.4bn during the quarter.
- The CRR reduction benefit is expected to flow through by end-November, providing an additional tailwind for margins if repo rates remain unchanged.
- Fixed Deposit repricing takes about 12 to 14 months, with the repricing set to continue for another one or two quarters.

Digital initiatives

- YONO 2.0 upgrade is scheduled shortly, and a INR5.5bn training programme has been initiated to strengthen talent and execution capabilities. Management also highlighted that continued investment in human resources has helped the bank maintain one of the lowest attrition rates in the industry at below 0.5%.
- The bank recently launched Tap Banking in Q1 FY26 for customer onboarding, starting with Corporate Salary Package customers.
- Project SARAL was highlighted as a multi-pronged initiative focused on simplification, automation, centralisation and outsourcing, with benefits expected from April 2026.

Exhibit 1: Changes in estimates

	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
	Old		New		% change	
NII, INR M	17,88,245	20,53,736	18,01,860	20,90,248	0.8%	1.8%
PAT, INR M	7,18,593	7,88,135	7,59,908	8,47,128	5.7%	7.5%
EPS, INR	77.8	85.4	82.3	91.8	5.7%	7.5%
Target price, INR		950		1,150		21.1%
CMP				957		
% upside to CMP				20.2%		
Rating		BUY		BUY		

Source: Company, Nuvama Research

Exhibit 2: Movement in NIMs

(%)	Q2FY26	Q1FY26	Q4FY25	Q3FY25	Q2FY25	YoY	QoQ
- Overall NIM - reported	2.97%	2.90%	3.00%	3.01%	3.14%	-17bp	7bp
- Domestic NIM - reported	3.09%	3.02%	3.15%	3.15%	3.27%	-18bp	7bp
Total yield on loans (calculated)	8.06%	8.18%	8.39%	8.51%	8.57%	-52bp	-12bp
Cost of funds (total calculated)	5.03%	5.15%	5.18%	5.23%	5.18%	-15bp	-12bp

Source: Company, Nuvama Research

Exhibit 3: Breakdown of loans

INR bn	Q2FY26	Q1FY26	Q4FY25	Q3FY25	Q2FY25	YoY (%)	QoQ (%)
Large & Mid corporate	12,393	12,034	12,406	11,763	11,572	7.1%	3.0%
SME	5,422	5,281	5,060	4,964	4,565	18.8%	2.7%
Large+Mid+SME	17,816	17,315	17,466	16,727	16,137	10.4%	2.9%
International	6,766	6,348	6,191	6,113	5,882	15.0%	6.6%
Retail	15,934	15,399	15,065	14,473	13,966	14.1%	3.5%
-Home loans	8,804	8,509	8,308	7,928	7,641	15.2%	3.5%
-Auto loans	1,287	1,271	1,271	1,245	1,174	9.6%	1.3%
-Xpress credit	3,524	3,468	3,501	3,449	3,415	3.2%	1.6%
-Personal gold loans	726	635	500	437	388	86.9%	14.3%
-Other retail loans	1,593	1,517	1,485	1,414	1,348	18.2%	5.0%
Agri loans	3,681	3,483	3,485	3,364	3,222	14.2%	5.7%
Total advances	44,197	42,545	42,207	40,678	39,207	12.7%	3.9%

Source: Company, Nuvama Research

Exhibit 4: Outstanding stressed loans

INR bn	Q2FY26	Q1FY26	Q4FY25	Q3FY25	Q2FY25
GNPLs	762	780	769	844	834
GNPL ratio, %	1.7%	1.8%	1.8%	2.1%	2.1%
Write offs	1,633	1,620	1,714	1,745	1,770
GNPL ratio including write offs, %	5.4%	5.6%	5.9%	6.4%	6.6%
SMA 1+2	38	50	33	96	137
Standard stress as % of gross loans	0.1%	0.1%	0.4%	0.6%	0.7%
Total stress loans incl w/of	2,433	2,451	2,646	2,821	2,890
PCR on GNPLs ex w/of, %	76%	74%	74%	75%	76%
PCR on GNPLs incl w/of, %	92%	92%	92%	92%	92%
PCR on total stress ex w/of, %	96%	94%	83%	77%	75%
Standard provisions as % of gross loans	0.4%	0.5%	0.5%	0.5%	0.5%

Source: Company, Nuvama Research

Exhibit 5: Movement in NPLs

INR bn	Q2FY26	Q1FY26	Q4FY25	Q3FY25	Q2FY25	YoY (%)	QoQ (%)
Opening level of Gross NPA	780.4	768.8	843.6	833.7	842.2	-7%	2%
NPA Additions	50.0	84.0	43.2	41.5	49.5	1%	-40%
Cash recovery & Upgrades	22.8	32.5	17.4	12.1	26.0	-12%	-30%
Write off	45.2	39.9	100.6	19.5	32.1	41%	13%
Closing level of GNPA	762.4	780.4	768.8	843.6	833.7	-9%	-2%
GNPA %	1.7%	1.8%	1.8%	2.1%	2.1%	-40bp	-10bp
NNPA %	0.4%	0.5%	0.5%	0.5%	0.5%	-11bp	-5bp
PCR %	75.8%	74.5%	74.4%	74.7%	75.7%	13bp	130bp

Source: Company, Nuvama Research

Exhibit 6: Segmental GNPLs

Segment (%)	Q2FY26	Q1FY26	Q4FY25	Q3FY25	Q2FY25
Retail	2.4%	2.5%	2.4%	2.6%	2.7%
-Agri	8.2%	8.7%	8.4%	9.1%	9.4%
-Personal loans	0.7%	0.8%	0.7%	0.8%	0.8%
-SME	3.3%	3.3%	3.3%	3.5%	3.6%
Corporate	1.2%	1.4%	1.5%	2.0%	2.1%
International	0.2%	0.2%	0.2%	0.2%	0.2%
Total	1.7%	1.8%	1.8%	2.1%	2.1%

Source: Company, Nuvama Research

Exhibit 7: Breakdown of retail GNPLs

%	Q2FY26	Q1FY26	Q4FY25	Q3FY25	Q2FY25
Home Loans	0.68	0.73	0.72	0.76	0.78
Auto Loans	0.45	0.45	0.38	0.41	0.41
Xpress Credit	1.18	1.21	1.07	1.11	1.00
Personal Gold Loans	0.06	0.09	0.16	0.13	0.21
Other Loans	0.58	0.65	0.58	0.65	0.66
Total (Retail personal segment)	0.73	0.78	0.74	0.79	0.78

Source: Company, Nuvama Research

STATE BANK OF INDIA

Exhibit 8: Income statement summary

INR bn	Q2FY26	Q1FY26	Q2FY25	YoY (%)	QoQ (%)
- Interest on advances	861.8	854.4	815.3	5.7%	0.9%
- Interest on resources operations	282.8	277.5	280.2	0.9%	1.9%
- Other interest	51.9	48.1	43.2	20.2%	8.0%
Interest Income	1,196.5	1,180.0	1,138.7	5.1%	1.4%
- Interest on deposits	689.5	690.4	632.0	9.1%	-0.1%
- Interest on borrowings	42.9	44.8	58.3	-26.5%	-4.3%
- Other interest	34.4	34.1	32.2	6.7%	0.8%
Interest expended	766.7	769.2	722.5	6.1%	-0.3%
Net Interest Income	429.8	410.7	416.2	3.3%	4.7%
- Fees	85.7	76.8	68.3	25.4%	11.7%
- Trading gains	28.8	63.3	46.4	-38.0%	-54.5%
- Forex income	9.8	16.3	11.1	-11.9%	-40.0%
- Other income	29.0	17.1	26.9	7.9%	69.3%
Total non interest income	153.3	173.5	152.7	0.4%	-11.6%
- Payment to employees	120.6	124.7	119.0	1.3%	-3.3%
- Contribution to employees	45.5	44.3	29.1	56.4%	2.6%
Employee expenses	166.1	169.0	148.1	12.1%	-1.7%
- Rent	16.6	13.9	15.5	7.4%	19.7%
- Depreciation	10.8	9.6	8.8	22.9%	12.4%
- Others	116.5	86.3	103.6	12.4%	35.1%
Total other operating expenses	143.9	109.7	127.9	12.5%	31.2%
Total Operating expenses	310.0	278.7	276.0	12.3%	11.2%
Operating Profit	273.1	305.4	292.9	-6.8%	-10.6%
- Loan loss provisions	41.3	49.3	36.3	13.8%	-16.3%
- Standard assets provisions	12.0	-3.2	2.7	337.2%	NA
- Investment depreciation	-0.4	-0.5	-0.0	NA	NA
- Other provisions	1.1	1.9	6.0	-81.9%	-43.2%
Provisions	54.0	47.6	45.1	19.9%	13.5%
Exceptional Item	45.9				
PBT	265.0	257.9	247.9	6.9%	2.8%
Tax	63.4	66.2	64.6	-1.7%	-4.2%
Net Profit	201.6	191.6	183.3	10.0%	5.2%

Source: Company, Nuvama Research

Company Description

SBI is India's largest commercial bank with balance sheet size of >INR69tn. It has nearly >23k branches on standalone basis. Over the past two years, the bank has sharpened focus on retail credit to provide itself the necessary growth momentum and improve spreads. Further, to manage operations better, SBI has integrated its treasury operations and has a common technology platform across all its six subsidiary banks. This has increased synergies amongst its banking subsidiaries.

Investment Theme

FY26 loan growth guidance revised from 12-13% to 12-14%. NIM will be above 3% in Q3/Q4. We view SBI's performance in Q2FY26 as the best among large banks. We increase EPS and revise TP to INR 1,150/1.5x FY27E from INR 950/1.2x. SBI AMC and SBI GI are likely to list. We reiterate SBI as our Top BUY.

Key Risks

- Any increase in credit cost from the current lows will hurt earnings.
- Increasing competition and lower share of Xpress loans may put pressure on NIM
- Opex remaining elevated

Additional Data

Management

Chairman	C.S. Setty
MD	Ashwini Kumar Tewari
MD	Vinay Tonse
Director	Rajesh Kumar Dubey
Director	Ketan S. Vikamsey

Holdings – Top 10*

% Holding		% Holding	
LIC	9.59	Nippon MF	1.40
SBI Funds	3.21	Kotak MF	1.07
ICICI MF	1.81		
HDFC MF	1.77		
NPS Trust scheme	1.72		

*Latest public data

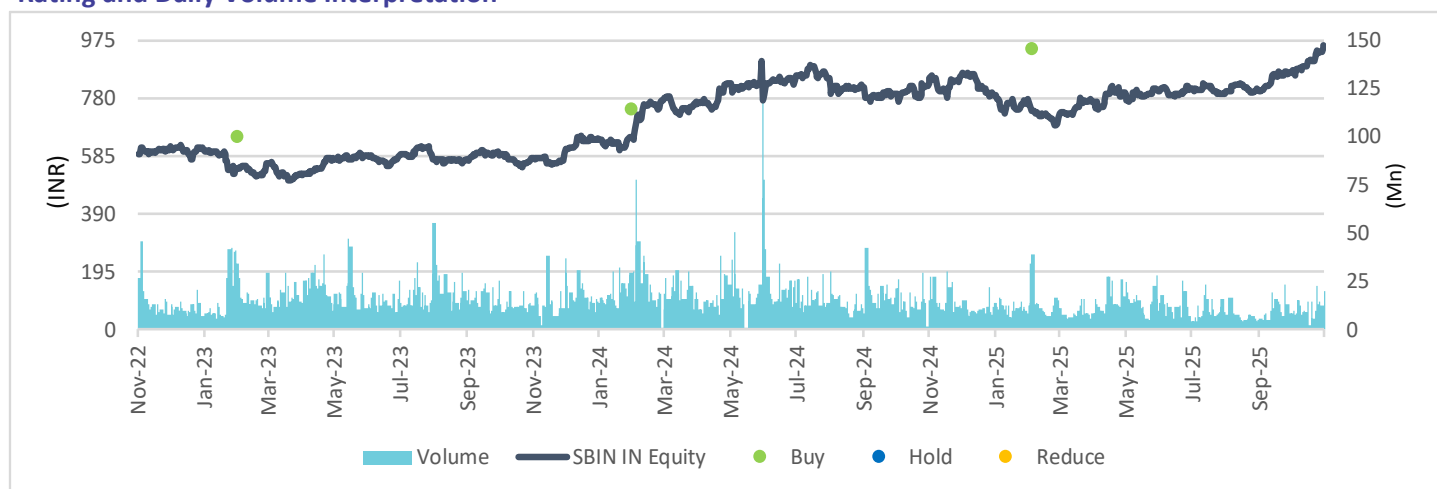
Recent Company Research

Date	Title	Price	Reco
08-Aug-25	Q1FY26 – Core NIM falls less than peers; <i>Result Update</i>	804	Buy
03-May-25	Respite for NIM after two quarters of fa; <i>Result Update</i>	800	Buy
06-Feb-25	Q3FY25: Beat on credit cost; miss on NIM; <i>Result Update</i>	752	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
31-Oct-25	Bank of Baroda	Q2FY26 — A solid quarter; <i>Result Update</i>
25-Oct-25	Kotak Mahindra Bank	Miss on NIM offset by lower opex; <i>Result Update</i>
24-Oct-25	SBI Cards	Credit cost declines but misses consensu; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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