

Pick of the week

State Bank of India (SBIN)

Recommendation: **BUY**

Current Price: ₹508

Potential Upside: **37.8%**

Date: **4th April 2022**

Time Period: **12 Months**

Target Price: ₹700

Why invest?

- SBI is our top pick among banks.
- We have multiple levers that could keep RoEs at 15%+ levels in the medium term.
- The bank has been able to defend its liability franchise strongly while its efforts at innovation allow it to compete with private bank peers.
- SBI's loan book could be relatively well positioned in a rising interest rate environment.
- There is a high probability that RoEs could surpass 15% levels for the next few years.
- Valuations remain undemanding given the medium trends expected on RoEs.