

Result Update

Q3 FY26

State Bank of India Ltd.

Institutional
Research

Record earnings; asset quality at multi-year best; margins resilient

Operational Metrics

- ⇒ Net Interest Income (NII) grew 9.0% (YoY) / 5.1% (QoQ) to Rs. 45,190 crores in Q3FY26, supported by healthy loan growth and stable domestic margins.
- ⇒ Domestic Net Interest Margin (NIM) stood at 3.12%, up 3 bps (QoQ) but down 3 bps (YoY), indicating broad margin stability despite continued pressure on deposit mix.
- ⇒ Pre-Provision Operating Profit (PPOP) increased 39.5% (YoY) / 20.3% (QoQ) to Rs. 32,862 crores, driven by strong core income growth and operating leverage.
- ⇒ Profit after tax (PAT) rose 24.5% (YoY) / 35.1% (QoQ) to Rs. 21,028 crores, aided by robust PPOP growth and lower provisioning.

Balance Sheet Metrics

- ⇒ Gross advances grew 15.1% (YoY) / 6.0% (QoQ) to Rs. 46.8 lakh crores, led by SME loans (+21.0% YoY), retail advances (+16.5% YoY) and agri loans, while corporate advances grew 13.4% (YoY).
- ⇒ Deposits increased 9.0% (YoY) / 2.0% (QoQ) to Rs. 57.0 lakh crores, with retail term deposits growing faster at ~14.5% (YoY).
- ⇒ CASA deposits grew 8.9% (YoY) / 0.7% (QoQ), while CASA ratio moderated to 39.1%, down ~7 bps (YoY) / ~50 bps (QoQ), reflecting an ongoing shift toward term deposits.

Asset Quality & Credit Costs

- ⇒ Gross NPA ratio improved to 1.57%, down 50 bps (YoY) / 16 bps (QoQ), while Net NPA ratio declined to 0.39%, down 14 bps (YoY) / 3 bps (QoQ).
- ⇒ Slippage ratio stood at 0.40% in Q3FY26, broadly flat (YoY) and down 5 bps (QoQ), remaining benign.
- ⇒ Credit cost moderated to 0.29%, up 5 bps (YoY) but down 10 bps (QoQ), reflecting stable credit behaviour.
- ⇒ Provision Coverage Ratio (PCR) improved to 75.5%, up 88 bps (YoY) / down 25 bps (QoQ), while PCR including AUCA stood at 92.4%, up 63 bps (YoY) / 8 bps (QoQ).

Capital & Liquidity

- ⇒ Capital Adequacy Ratio (CAR) stood at 14.04%, up 101 bps (YoY) / down 58 bps (QoQ), while CET-1 ratio stood at 10.99%, up 147 bps (YoY) / down 48 bps (QoQ), remaining comfortably above regulatory thresholds.

Digital & Operating Indicators

- ⇒ Over 68% of savings bank accounts were opened digitally via YONO in Q3FY26.
- ⇒ The share of alternate channels in total transactions increased from ~98.1% in 9MFY25 to ~98.6% in 9MFY26, supporting operating efficiency and scalability.

Key Highlights

Particulars (Rs. crores)	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)
Net Interest Income	45,190	42,984	5.1%	41,446	9.0%
PPOP	32,862	27,311	20.3%	23,551	39.5%
Net Profit	21,028	15,566	35.1%	16,891	24.5%
NIM (%)	2.99%	2.97%	2bps	3.01%	-2bps
RoA (%)	1.19%	1.17%	2bps	1.04%	15bps
GNPA (%)	1.57%	1.73%	-16bps	2.07%	-50bps
NNPA (%)	0.39%	0.42%	-3bps	0.53%	-14bps
CASA (%)	39.13%	39.63%	-50bps	39.20%	-7bps

Source: Company, BP Equities Research

Sector Outlook

Positive

Stock

CMP (Rs.)	1,146
BSE code	500112
NSE Symbol	SBIN
Bloomberg	SBIN IN
Reuters	SBI.BO

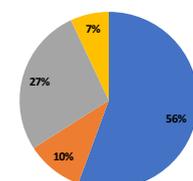
Key Data

Nifty	25,867
52 Week H/L (Rs.)	1,090/680
O/s Shares (Mn)	923
Market Cap (Rs. bn)	10,57,829
Face Value (Rs.)	1

Average Volume

3 months	97,09,386
6 months	98,38,298
1 year	1,09,18,725

Share Holding (%)



Relative Price Chart



Research Analyst

Viraj U. Patil
viraj.patil@bpwealth.com

+022-61596138

Valuation and Outlook

SBI delivered its strongest quarterly performance in Q3FY26, marked by record profitability, robust balance sheet expansion and further improvement in asset quality. Credit growth remained healthy at over 15% (YoY), with broad-based traction across RAM segments and a meaningful rebound in corporate lending, while domestic NIM held steady at 3.12%, in line with its through-cycle guidance of ~3%. Importantly, margin resilience despite a higher credit-deposit ratio reflects disciplined risk pricing and calibrated RWA management rather than aggressive balance sheet deployment. Asset quality metrics continue to strengthen, with GNPA at 1.57% and NNPA at 0.39% (lowest in two decades), and credit costs contained at 0.29%, underscoring the durability of the current credit cycle. Deposit mobilisation remains stable with CASA at 39%, and capital adequacy at 14% provides ample headroom to support the upward revised 13-15% credit growth guidance. Ongoing investments in digital transformation, ecosystem-led corporate banking and productivity initiatives position the bank for sustained operating leverage over the medium term. **Looking ahead, while margin expansion may remain range-bound, the combination of scale, improving efficiency and structurally stronger asset quality supports continued earnings resilience and healthy return ratios. Key monitorables remain NIM sustainability, deposit mix evolution and execution of the corporate credit pipeline.**

“SBI is among the very few global financial institutions capable of sustaining a ROA of over 1% at this scale, with an advances book of approximately Rs. 47 trillion... and a balance sheet size of nearly Rs. 72 trillion.”

Key concall highlights

Growth & Guidance

- ⇒ Credit growth guidance upgraded to 13-15%, reflecting sustained momentum across RAM segments and a recovery in corporate credit.
- ⇒ Management expects double-digit corporate credit growth to sustain into Q4, supported by a strong pipeline.

“the bank has declared highest-ever quarterly net profit of Rs. 21,028 crores and total business has crossed Rs. 103 trillion, reflecting customers' continued trust”

Margins

- ⇒ Domestic NIM at 3.12%; management reiterated exit NIM >3% for FY26 and ~3% through the cycle (FY27-FY28).
- ⇒ Despite more than 13% corporate credit growth, margins were not compromised, aided by disciplined risk pricing and ecosystem-led corporate banking.
- ⇒ Incremental increase in LDR did not lift margins, as growth was driven by working capital drawdowns and prudent RWA management.
- ⇒ Cost of funds expected to remain stable, with deposit repricing largely behind.

Loan Mix & Visibility

- ⇒ RAM continues to lead growth, while corporate credit has rebounded meaningfully.
- ⇒ Corporate credit pipeline at ~Rs. 7.9 lakh crores (Rs. 4.4 lakh crores sanctioned but undisbursed), providing near-term growth visibility.
- ⇒ Gold loan growth (~95% YoY) remains opportunistic, with conservative LTVs, and no risk concerns highlighted.

“The corporate credit has seen a rebound and has grown by 13.37%... and hope to continue that double-digit credit growth in the corporate side in Q4 also”

Asset Quality & Credit Risk

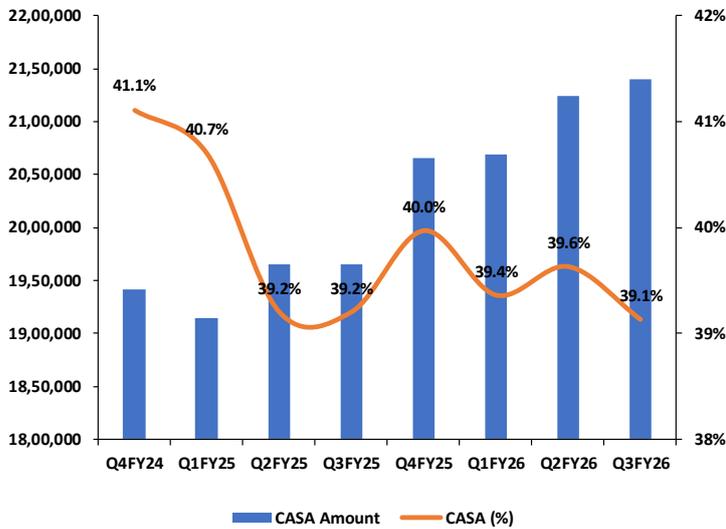
- ⇒ PSL pressures are manageable, addressed through calibrated growth, NBFC on-lending and PSLC strategy.

Capital & Liquidity

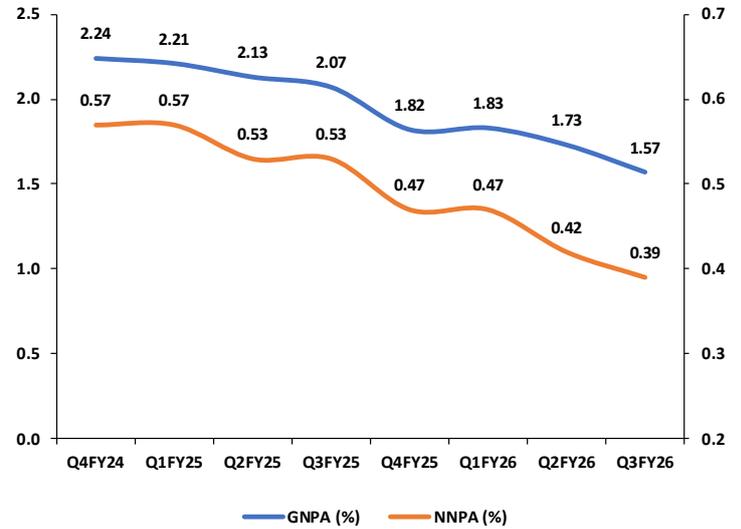
- ⇒ Capital adequacy strengthened to 14.04%, with management confident that internal accruals are sufficient to fund 13-15% credit growth.
- ⇒ Liquidity remains comfortable; upcoming regulatory changes are not expected to constrain

Quarterly Snapshot (Rs. crores)

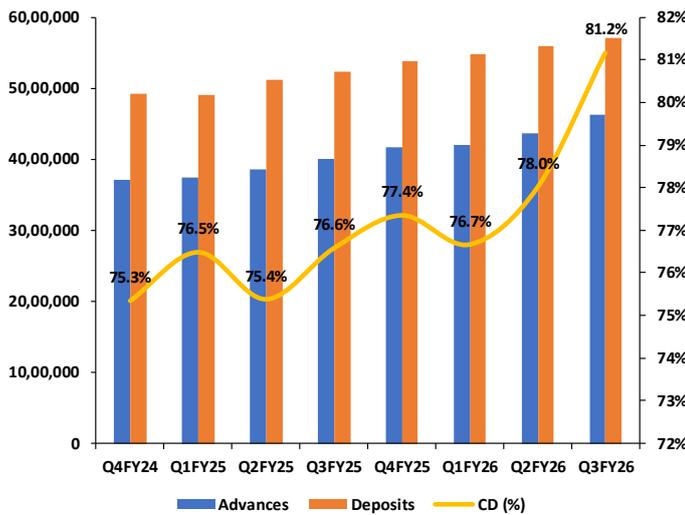
CASA (Rs. crores)



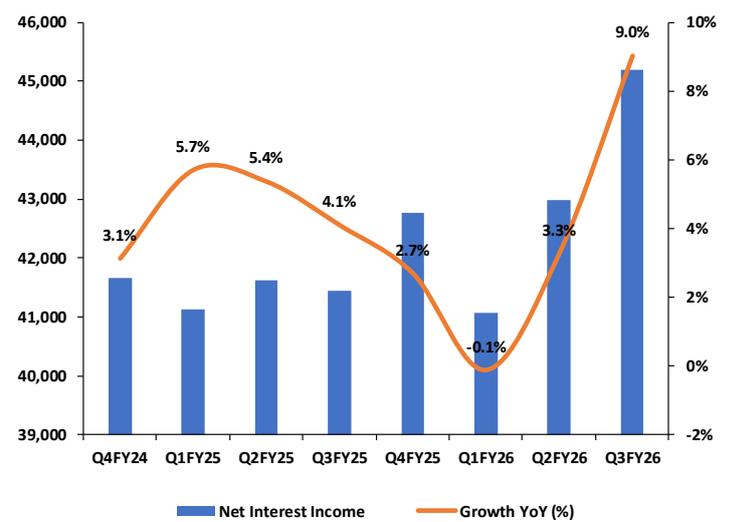
NPA Ratios (%)



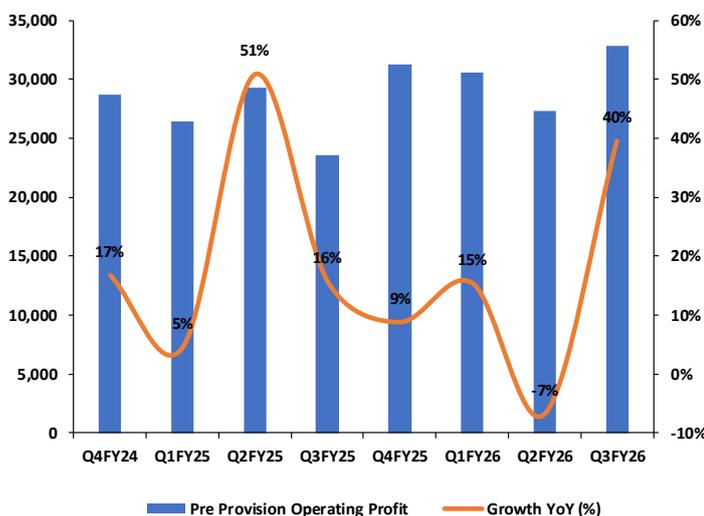
CD Ratio (%)



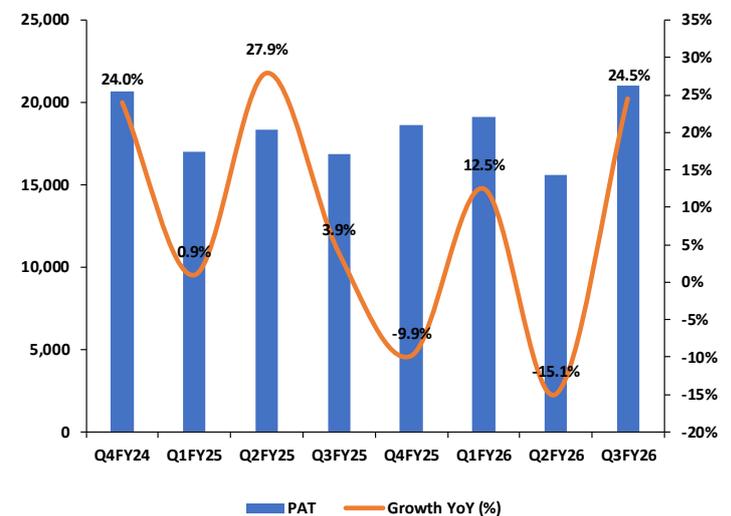
Net Interest Income (Rs. crores)



Pre-Provision Operating Profit (Rs. crores)



Profit After Tax (Rs. crores)



Key Financials

YE March (Rs. crores)	FY21	FY22	FY23	FY24	FY25
Net Interest Income	1,10,710	1,20,708	1,44,841	1,59,876	1,66,965
<i>Growth %</i>	12.9%	9.0%	20.0%	10.4%	4.4%
PPOP	71,554	67,874	83,713	86,697	1,10,579
<i>Growth%</i>	5.0%	-5.1%	23.3%	3.6%	27.5%
Net Profit	20,410	31,676	50,232	61,077	70,901
<i>Growth %</i>	40.9%	55.2%	58.6%	21.6%	16.1%
EPS	22.9	35.5	56.3	68.4	79.4

Profitability & Valuation

NIM (%)	2.7%	2.6%	2.9%	2.8%	2.7%
RoA (%)	0.5%	0.7%	1.0%	1.0%	1.1%
RoE (%)	9.3%	13.0%	18.1%	18.8%	18.6%
BV per Share (Rs.)	258.0	287.6	336.0	391.8	463.7
P/E (x)	15.9x	13.9x	9.3x	11.0x	9.7x
P/BV (x)	1.4x	1.7x	1.6x	1.9x	1.7x
Cost to Income (%)	39.7%	40.5%	40.1%	40.1%	38.6%

Key Operating Metrics

CASA (%)	45.4%	44.5%	42.7%	39.9%	38.7%
CASA Amount	16,71,281	18,03,581	18,87,449	19,61,422	20,83,878
Deposits	36,81,277	40,51,534	44,23,778	49,16,077	53,82,190
<i>Growth (%)</i>	13.6%	10.1%	9.2%	11.1%	9.5%
Advances	24,49,498	27,33,967	31,99,269	37,03,971	41,63,312
<i>Growth (%)</i>	5.3%	11.6%	17.0%	15.8%	12.4%
Credit/Deposits (%)	66.5%	67.5%	72.3%	75.3%	77.4%

Source: Company, BP Equities Research

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Corporate Office:

4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6464
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:

24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001

BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591

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CIN No: U67120MH1997PTC107392