

Result Update

Q4 FY26

State Bank of India Ltd.

Institutional
Research

Growth remains healthy, but margins soften

Operational Metrics

- ⇒ PAT came in at Rs. 19,684 crores (+5.6% YoY / -6.4% QoQ). FY26 PAT stood at Rs. 80,032 crores (+12.9% YoY), while operating profit declined 11.5% YoY / 15.7% QoQ to Rs. 27,704 crores, reflecting pressure on profitability despite healthy balance sheet growth.
- ⇒ NII grew 4.1% YoY / declined 1.8% QoQ to Rs. 44,380 crores, as margin compression continued despite healthy loan growth.
- ⇒ Domestic NIM declined 21bps YoY / 18bps QoQ to 2.93%, reflecting pressure from deposit repricing and rising funding costs.

Advances and Deposits

- ⇒ Advances grew 16.9% YoY / 5.3% QoQ, led by broad-based growth across retail, SME, agri and corporate segments. SME advances grew 21.0% YoY, agri advances 19.7% YoY, retail advances 17.1% YoY, while corporate advances grew 14.8% YoY. Foreign office advances grew 20.0% YoY.
- ⇒ Deposits grew 11.0% YoY / 4.8% QoQ, with retail term deposits growing 14.8% YoY. CASA deposits grew 9.5% YoY, while CASA ratio declined 51bps YoY / improved 33bps QoQ to 39.46%, reflecting continued pressure from shift towards higher-cost term deposits despite sequential improvement in CASA mobilisation.
- ⇒ Business crossed Rs. 109 trillion during FY26, with deposits and advances standing at Rs. 59.8 trillion and Rs. 49.3 trillion respectively. Agri portfolio crossed Rs. 4 trillion during the year.

Asset Quality

- ⇒ Asset quality continued to improve, with GNPA declining 33bps YoY / 8bps QoQ to 1.49%, while NNPA improved 8bps YoY / remained flat QoQ at 0.39%. PCR including AUCA remained strong at 91.97%.

Capital Position

- ⇒ Capital position strengthened during the quarter, with CET-1 ratio improving 148bps YoY / 130bps QoQ to 12.29%, while overall CRAR improved 115bps YoY / 136bps QoQ to 15.40%.

Digital and Technology

- ⇒ Digital traction remained strong, with more than 66% of savings accounts opened through YONO during FY26. Share of alternate channels in total transactions increased to ~98.7% from ~98.2% in FY25.

Key Highlights

Particulars (Rs. crores)	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)
Net Interest Income	44,380.0	45,190.4	-1.8%	42,617.8	4.1%
PPOP	27,704.2	32,862.4	-15.7%	31,286.0	-11.4%
Net Profit	19,683.8	21,028.2	-6.4%	18,642.6	5.6%
NIM (%)	2.93%	3.11%	-18bps	3.14%	-21bps
RoA (%)	1.07%	1.19%	-12bps	1.12%	-5bps
GNPA (%)	1.49%	1.57%	-8bps	1.82%	-33bps
NNPA (%)	0.39%	0.39%	0bps	0.47%	-8bps
CASA (%)	39.46%	39.13%	33bps	39.97%	-51bps

Source: Company, BP Equities Research

Sector Outlook

Positive

Stock

CMP (Rs.)	974
BSE code	500117
NSE Symbol	SBIN
Bloomberg	SBIN IN
Reuters	SBI.BO

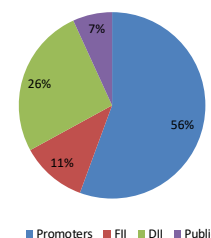
Key Data

Nifty	23,816
52 Week H/L (Rs.)	1,235/779
O/s Shares (Cr)	923
Market Cap (Rs. Cr)	8,98,473
Face Value (Rs.)	1

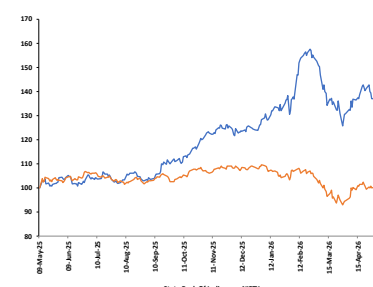
Average Volume

3 months	1,92,80,429
6 months	1,43,03,216
1 year	1,25,27,825

Share Holding (%)



Relative Price Chart



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Valuation and Outlook

State Bank of India's Q4FY26 highlights a quarter where balance sheet growth remained strong, but profitability was weighed down by margin compression and treasury MTM losses. While the bank broadly delivered in line with its FY26 guidance on NIM and ROA, the quarter underdelivered versus elevated market expectations, particularly on NII and operating profit. Domestic NIM declined 21bps YoY / 18bps QoQ to 2.93%, impacted by the 25bps repo rate cut and a shift in corporate credit mix towards EBLR and T-bill linked loans. A large part of recent corporate growth came from corporates shifting from bond markets back towards bank funding, where competitive pricing increased the share of EBLR and T-bill linked loans from 43% to 49% of the corporate book. As repo rates were cut, these loans repriced immediately, resulting in margin compression. SBI is now gradually shifting part of this corporate book back towards MCLR-linked pricing, while improving CASA traction and lower wholesale deposits should help support margins. Management maintained its FY27 domestic NIM guidance at above 3%. Loan growth remained broad-based across retail, SME, agri and corporate segments, with management guiding for 13%-15% credit growth and 11%-12% deposit growth for FY27, supported by rising YONO adoption, SBI's distribution moat and expansion of its sales and relationship workforce. The bank also continues to see strong opportunities emerging across sunrise sectors such as renewables, transmission, data centers, BESS, green hydrogen and nuclear energy. The increasing focus on relationship-led banking is also reflected in stronger processing fees and transaction-linked income across businesses. Asset quality continues to remain a key strength, with the management reiterating its 50bps credit cost guidance. While some stress is emerging in select MSME clusters due to the West Asia conflict, management indicated that there is no broad-based deterioration visible so far. The potential listing of SBI AMC and value unlocking from the group's ~7% stake in NSE also remain medium-term positives.

"Our focus remains on maintaining profitable growth rather than chasing volumes, especially in a declining rate environment where margins are under pressure."

"Deposit repricing and the shift towards higher-cost term deposits continued to impact margins during the quarter, though sequentially we are seeing some stabilisation."

Key concall highlights

Strategy & Growth

- ⇒ Management highlighted increasing focus on relationship-led banking rather than purely NII-led growth, reflected in stronger processing fees and transaction-linked income across businesses.
- ⇒ SBI continues to see strong opportunities across sunrise sectors such as renewables, transmission, BESS, green hydrogen, semiconductors, data centers and nuclear energy through its "CHAKRA" initiative.
- ⇒ Management highlighted district-level market share gains as a key strategic focus going forward.

"Asset quality remains robust across segments, with recoveries and up-grades continuing to support credit cost normalisation."

Liability Franchise & Digital

- ⇒ Deposit strategy remains focused on improving CASA mix and reducing wholesale deposit dependence, while YONO continues to strengthen customer acquisition and cross-sell opportunities.

Asset Quality & Risk

- ⇒ Management reiterated that Q4 slippages were seasonal rather than structural, while stress from the West Asia conflict remains localised to select MSME clusters with no broad-based deterioration visible so far.
- ⇒ SBI indicated that transition towards ECL provisioning is expected to be smooth, without materially impacting capital or growth capacity.

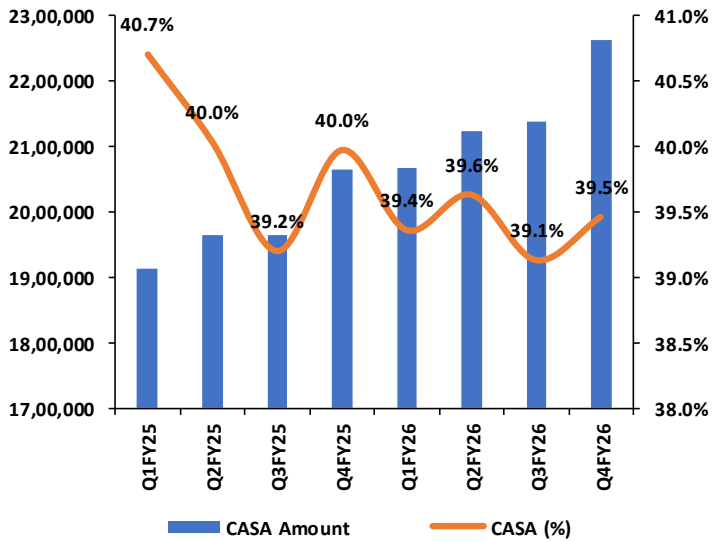
"Digital adoption continues to strengthen, with YONO and alternate channels becoming the primary mode of customer acquisition and transaction banking."

Capital & Optionality

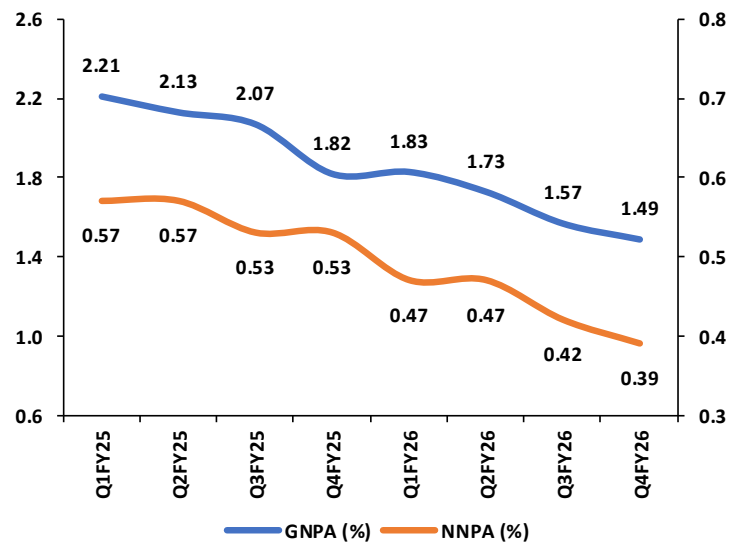
- ⇒ Potential listing of SBI AMC and value unlocking from the group's ~7% stake in NSE were highlighted as medium-term positives.

Quarterly Snapshot (Rs. crores)

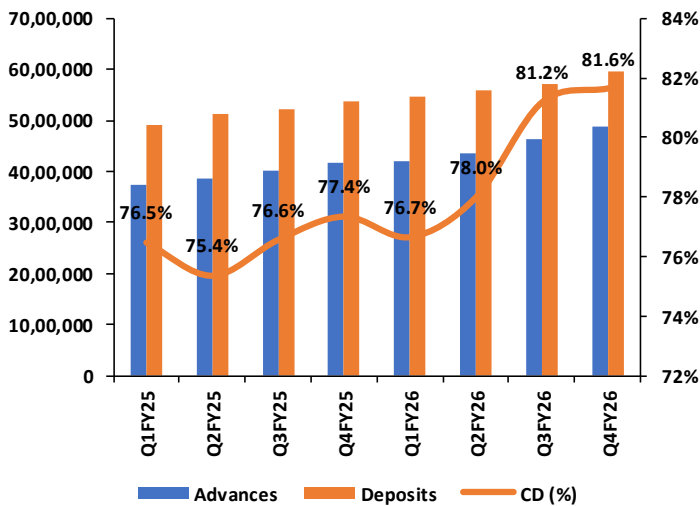
CASA



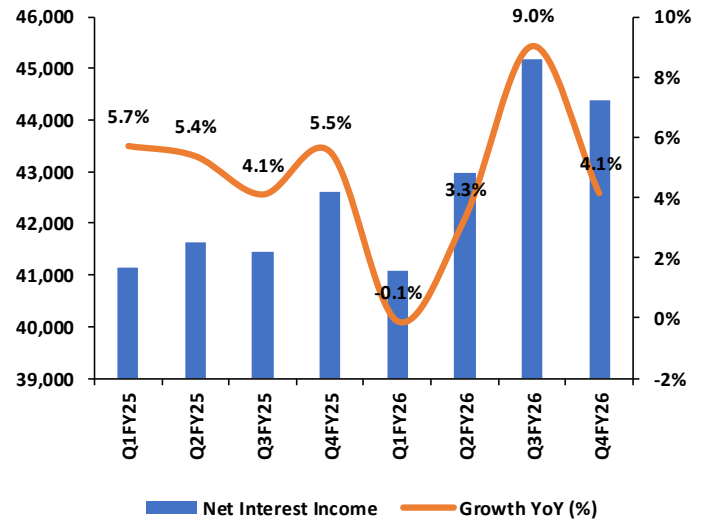
NPA Ratios (%)



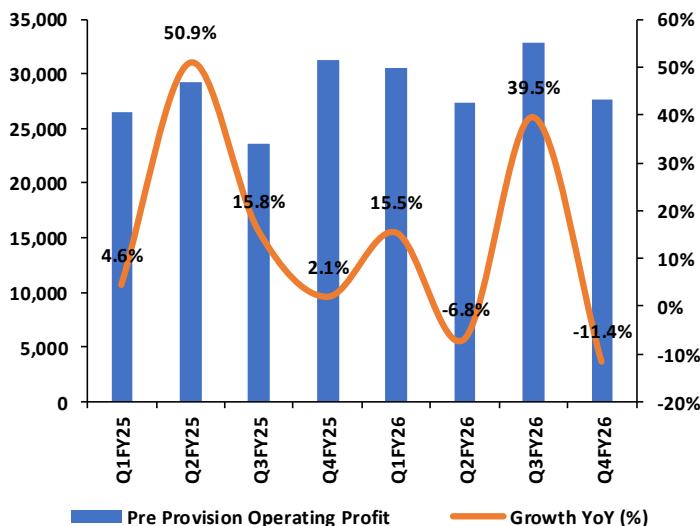
CD Ratio (%)



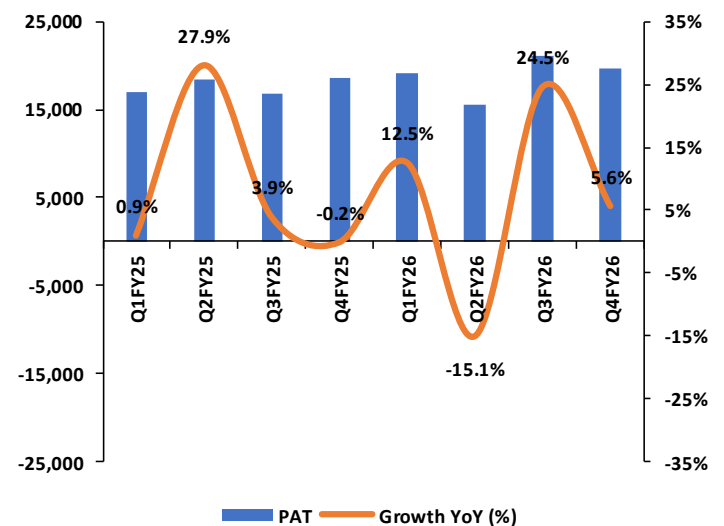
Net Interest Income



Pre-Provision Operating Profit



Profit After Tax



Key Financials

YE March (Rs. crores)	FY22	FY23	FY24	FY25	FY26
Net Interest Income	1,20,708	1,44,841	1,59,876	1,66,965	1,73,627
<i>Growth %</i>	9.0%	20.0%	10.4%	4.4%	4.0%
PPOP	67,874	83,713	86,697	1,10,579	1,18,422
<i>Growth%</i>	-5.1%	23.3%	3.6%	27.5%	7.1%
Net Profit	31,676	50,232	61,077	70,901	80,032
<i>Growth %</i>	55.2%	58.6%	21.6%	16.1%	12.9%
EPS	35.5	56.3	68.4	79.4	86.7

Profitability & Valuation

NIM (%)	3.1%	3.4%	3.3%	3.2%	3.0%
RoA (%)	0.7%	1.0%	1.0%	1.1%	1.1%
RoE (%)	13.9%	19.4%	20.3%	19.9%	18.6%
BV per Share (Rs.)	287.6	336.0	391.8	463.7	590.0
P/E (x)	13.9x	9.3x	11.0x	9.7x	11.2x
P/BV (x)	1.7x	1.6x	1.9x	1.7x	1.7x
Cost to Income (%)	40.5%	40.1%	55.7%	51.6%	50.1%

Key Operating Metrics

CASA (%)	44.5%	42.7%	39.9%	40.0%	39.5%
CASA Amount	18,03,581	18,87,449	19,61,422	20,83,878	22,62,011
Deposits	40,51,534	44,23,778	49,16,077	53,82,190	59,75,642
<i>Growth (%)</i>	10.1%	9.2%	11.1%	9.5%	11.0%
Advances	27,33,967	31,99,269	37,03,971	41,63,312	49,32,627
<i>Growth (%)</i>	11.6%	17.0%	15.8%	12.4%	18.5%
Credit/Deposits (%)	67.5%	72.3%	75.3%	77.4%	82.5%

Source: Company, BP Equities Research

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