

Key Highlights – Q4FY26: Miss on NIM, Business Growth Strong

- State Bank of India in Q4FY26 reported PAT of ₹197bn, up +5.6% YoY/ down - 6.4% QoQ.
- NII came in at ₹444bn, +3.8% YoY/ -1.8% QoQ, with NIM (domestic) big miss of -19bps YoY/ -18bps QoQ to 2.81%, given yield pressure due to Faster growth in the T-bill linked corporate book.
- Loan book grew +16.9% YoY/ +5.3% QoQ, was led by corporate (+6.8% QoQ), agri loan portfolio (+6.4% QoQ), while Retail segment reported +4.3% QoQ growth.
- Deposit growth stood at 11% YoY/ +4.8% QoQ. CASA ratio grew by +5.7% QoQ (9.5% YoY) to 39.5% (domestic).
- Asset quality inched up, with GNPA and NNPA ratios improving 33bps and 8bps YoY to 1.49% and 0.39% respectively. New slippages were INR 55.21b (up from INR 44.58b in Q3FY26). The marginal q/q increase was largely driven by higher slippages in the agri segment, which the management attributed to seasonality and expects to normalise in Q1FY27 PCR eased to 74.36%.
- The management has guided for the advances to grow in the range of 13-15% in FY27 driven by RAM advances.
- SBIN remains better placed than peers and is well-positioned to deliver 1%+ ROA and >15% ROE in the near term, supported by strong business momentum, healthy asset quality trends, and still-comfortable growth levers despite NIM pressures

Important Statistics

Nifty	23,379
Sensex	74,559
Close* (₹)	974.60
M.CAP (₹ tn)	9.00
52 Week H/L (₹)	1235/779
NSE Code	SBIN
BSE Code	500112
Bloomberg Code	SBIN:IN

Close* as on 12th May 2026

Shareholding Pattern (%)	Mar'26
Promoters	55.52
FII's	11.41
DII	26.11
Public & Others	6.96

Key takeaways from Q4FY26 Concall

Relative Performance

Margin

- Domestic NIM held at approximately 3% for FY26, with the Q4 compression attributable to a 25-bps repo rate cut and a 5 bps MCLR reduction.
- The share of EBLR and floating-rate (T-bill linked) book expanded to 49% from 43% at FY25-end, reflecting a higher sensitivity to rate movements.
- Repo rates are expected to stay unchanged through FY27, according to management's outlook.
- The bank intends to migrate T-bill-linked corporate loans back to MCLR as a margin-accretive measure; no material MCLR revision is anticipated.
- Domestic credit-deposit ratio stood at 73.1%. Core NII included a one-off interest income on tax refund of ~₹7.6 bn.
- Average LCR moderated to 124% in 4QFY26 from ~130% in 3QFY26; management is comfortable sustaining LCR in the 115–120% band going forward. New liquidity norms effective April 1 are seen adding 3–4% to LCR.
- FY27 domestic NIM guidance: sustain above 3%.

Asset Quality

- GNPA ratio improved 33 bps YoY to 1.49%; Net NPA declined 8 bps YoY to 0.39%, reflecting broad-based asset quality improvement.
- Q4 slippages were concentrated in the agriculture and SME segments; however, the bank has already recovered ~₹8.5bn from these slippages.
- Provision Coverage Ratio stands at 74.36%.
- Middle East book carries negligible asset quality risk — 98% of the wholesale portfolio is sovereign or bank-counterparty exposure; the retail Middle East segment (primarily Kerala expatriates) remains stable.

Return (%)	1Yr	3Yr	5Yr
SBI	25.0%	69.9%	167.1%
Nifty 50	-0.8%	30.1%	60.3%
Sensex	-4.4%	22.7%	54.6%

Source: Company, Way2wealth

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 13th May 2026

Close* – ₹974.60/-

 View – **ADD**

- Transition to the ECL provisioning framework is expected to be gradual over five years; further regulatory clarity is anticipated by 1QFY27.
- BRE-underwritten SME loans are demonstrating lower delinquency than non-BRE loans; ~58% of eligible SME advances are covered under CGTMSE, providing meaningful credit protection.
- Credit cost guidance retained at 50 bps for FY27.

Advances

- Loan book expanded 17% YoY; overseas advances outpaced at 20% YoY growth.
- Management is targeting incremental market share gains of ~1% per district.
- Key lending themes for FY27 include infrastructure, power transmission, and battery energy storage. A dedicated initiative — "Chakra" — has been launched to channel credit toward sunrise industries such as green hydrogen and semiconductors.
- ECLGS 5.0 utilisation is projected at 30–40% of available limits.
- FY27 advances growth guidance: 13–15%, with RAM (Retail, Agriculture, MSME) as the primary driver; corporate book growth pegged at a comparatively modest 12–13%.

Deposits

- Total deposits grew 11% YoY, underpinned by 14.77% growth in retail term deposits and 10.6% growth in savings balances.
- CASA ratio improved 33 bps QoQ to 39.46%. Non-government current account growth of 23% offset a 21% decline in government current account balances.
- FY27 deposit growth guidance: 11–12%.

Other Income

- Treasury was a meaningful drag in Q4, recording a loss of ₹14.7 bn versus a gain of ₹32.97bn in Q3, owing to a sharp spike in bond yields.
- Loan processing fees recorded strong traction — up ~50% in retail and 30–35% in corporate — driven by a rollback of fee waivers and concessions.
- Management expects 10-year bond yields to trade in the 6.8–6.90% range, absent any escalation in West Asia tensions.

Operating Expenditure

- Adjusting for the treasury drag, the cost-to-income ratio would have settled at ~47–48% in Q4. The bank's stated target is to keep C/I below 50%.
- Performance-linked incentive payouts were classified under "other provisions" rather than staff costs, creating a one-time line-item shift.

Other Highlights

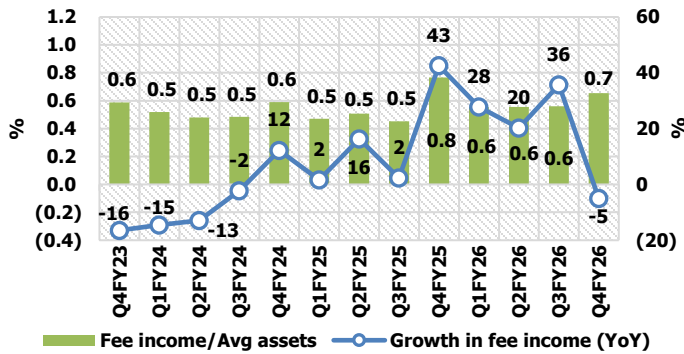
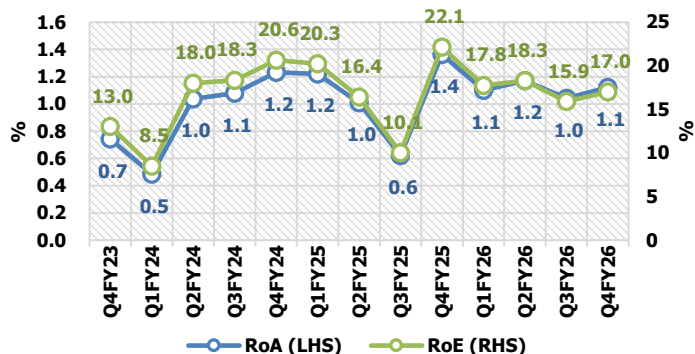
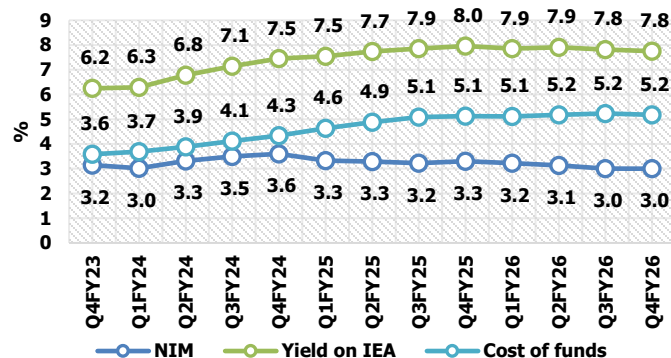
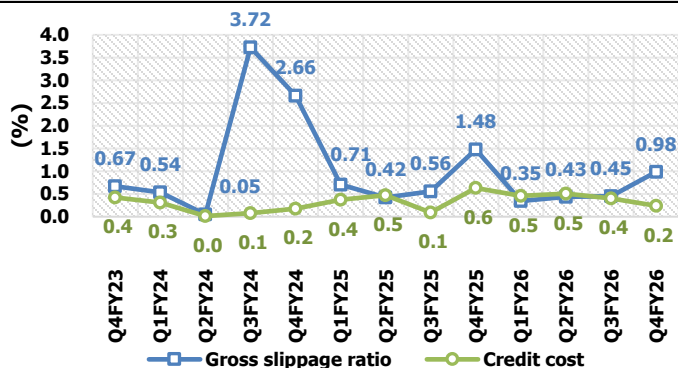
- ROA target maintained at 1%; ROE stood at 18.5% at FY26-end, with a near-term FY27 target of 15%.
- AFS reserves contracted by ₹30bn in Q4 to ₹51.36bn, reflecting mark-to-market pressure from rising yields.
- Potential value unlocking is anticipated from the planned listings of SBI AMC and NSE in FY27.

Standalone Quarterly

Particulars	Q4FY25	Q3FY26	Q4FY26	QoQ	YoY
Interest earned	11,96,662	12,25,561	12,30,976	0.4%	2.9%
Interest/Discount on Advances/Bills	8,57,097	8,90,140	8,93,699		
Interest on Investment	2,94,562	2,84,275	2,85,790		
Int on bal. with RBI & other inter bank funds	11,291	12,798	12,655		
Other Interest	33,712	38,349	38,832		
Interest expenses	7,68,916	7,73,658	7,87,177	1.7%	2.4%
Int paid on Deposits	6,74,460	6,90,540	6,97,210		
Int Paid on Borrowings	61,490	50,250	56,840		
Other interest expense	32,966	32,868	33,127		
Net interest income	4,27,746	4,51,904	4,43,800	-1.8%	3.8%
Non Interest income	2,42,099	1,83,585	1,73,141	-5.7%	-28.5%
Total Income	6,69,845	6,35,489	6,16,941	-2.9%	-7.9%
Total Expenses	3,56,985	3,06,865	3,39,899	10.8%	-4.8%
Employee cost	1,80,052	1,60,031	1,62,153		
Others	1,76,933	1,46,834	1,77,747		
Pre provision operating profit (PPOP)	3,12,860	3,28,624	2,77,041	-15.7%	-11.4%
Total provisions	64,417	45,069	28,722	-36.3%	-55.4%
PBT	2,48,444	2,83,555	2,48,320	-12.4%	0.0%
Provision for Taxes	62,018	73,273	51,483	-29.7%	-17.0%
PAT	1,86,426	2,10,282	1,96,837	-6.4%	5.6%

Source: Company, Way2wealth

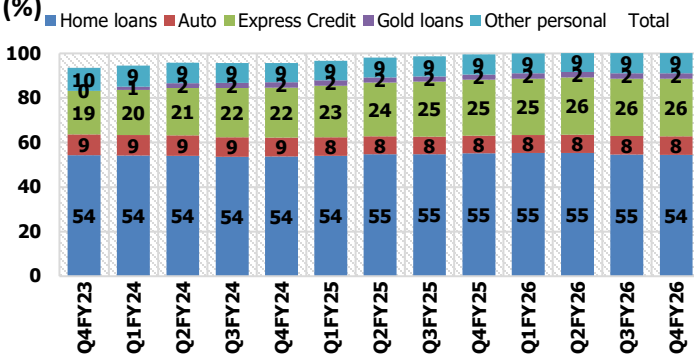
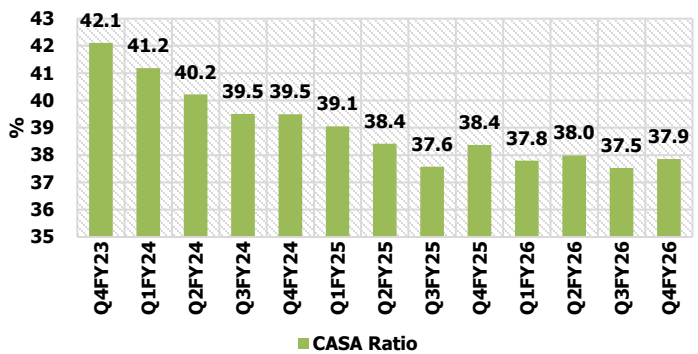
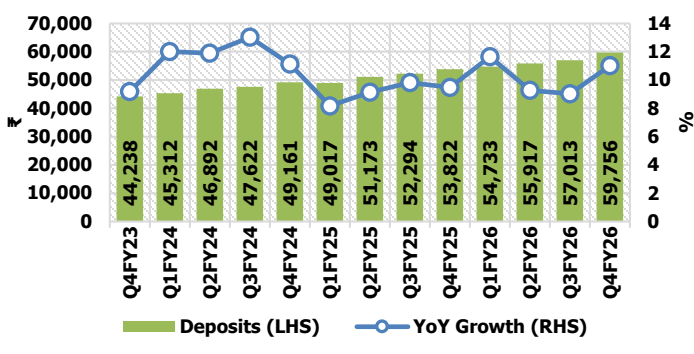
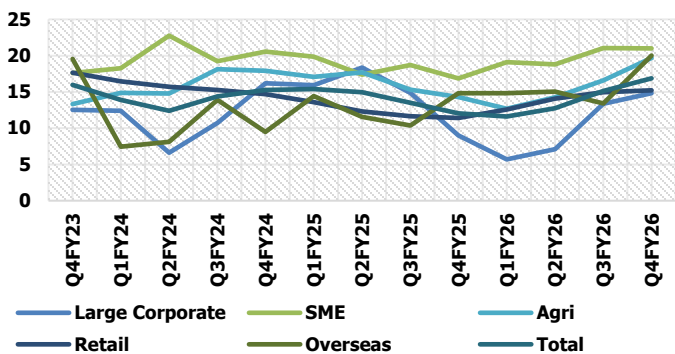
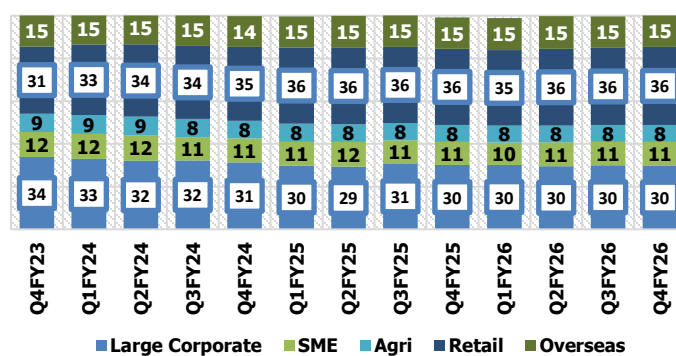
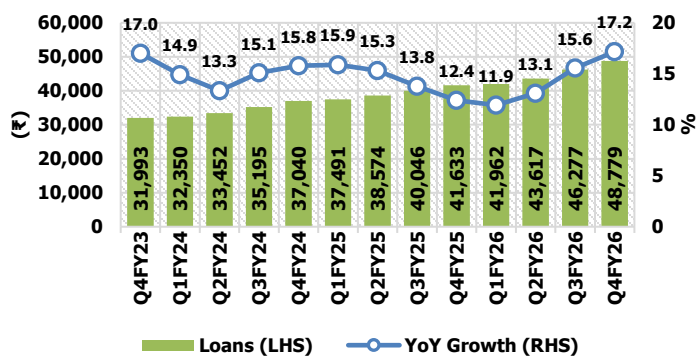
Story in Charts



13th May 2026

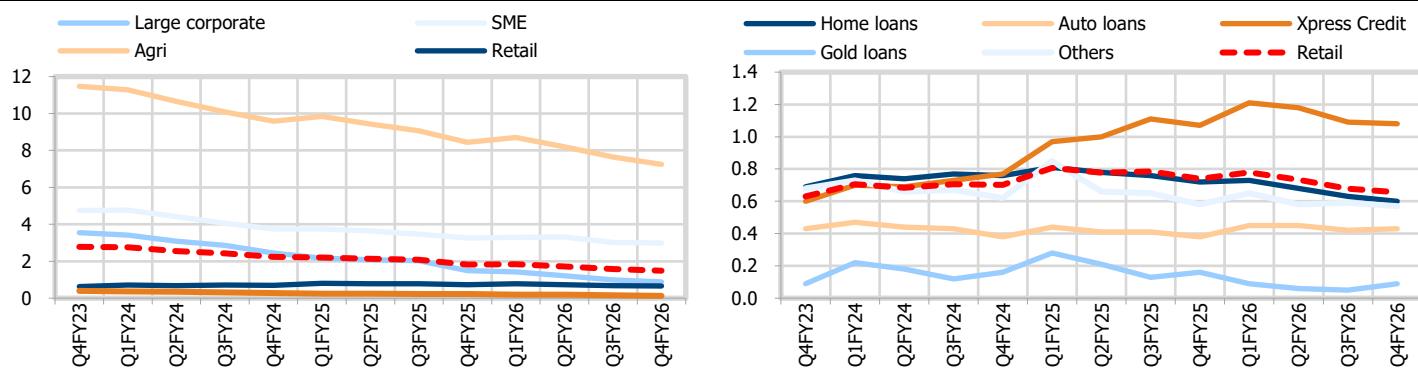
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View – ADD



Non-Interest Income Mix

	Q4FY 23	Q1FY 24	Q2FY 24	Q3FY 24	Q4FY 24	Q1FY 25	Q2FY 25	Q3FY 25	Q4FY 25	Q1FY 26	Q2FY 26	Q3FY 26	Q4FY 26
Other income	28.5	4.7	13.4	11.5	25.7	7.4	14.5	18.7	17.0	9.9	(11.1)	28.1	38.6
Lease & Dividend Income from Subs	1.5	4.1	4.5	4.3	2.8	4.2	3.1	4.2	1.9	0	0	0	0
Trading profit	12.9	31.9	18.7	21.9	19.9	23.2	30.4	10.8	28.4	36.5	48.7	17.9	(8.5)
Fee income	57.1	59.4	63.3	62.4	51.5	65.2	52.0	66.3	52.7	53.7	62.3	54.1	69.9



Source: Company, Way2wealth Research

View

In Q4FY26, a portion of higher-rated corporate borrowers migrated their loans from MCLR to treasury-linked (T-bill) benchmarks, adding to the already existing margin headwinds. To counteract this, management is pursuing a two-pronged strategy — either widening spreads on T-bill-linked loans or transitioning them back to MCLR-based pricing — while simultaneously tempering corporate loan growth to protect margins. Notably, management signalled that NIM compression has largely run its course and current levels broadly represent the trough.

We expect SBI to sustain RoE in the vicinity of 15%, supported by a stabilising margin trajectory and continued momentum in retail-led advances growth.

Hence we recommend investors to ADD this stock at current levels.

At CMP ₹975, SBI trading at 0.95x FY28E P/ABV multiple. We recommend to add the stock for core bank exit multiple of 1.5x P/ABV FY28E and providing ₹279 for subsidiaries.

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Financials

(INR mn)

Income Statement	FY24	FY25	FY26	FY27	FY28
Interest income	41,51,307	46,24,894	48,33,036	52,15,605	57,26,900
Interest expense	25,52,548	29,55,242	30,96,767	32,26,357	34,38,039
Net interest income	15,98,758	16,69,651	17,36,269	19,89,248	22,88,861
Fee Income	3,00,960	3,52,980	4,08,960	4,49,856	4,94,842
Trading Profits	1,18,360	1,53,030	1,56,040	1,21,036	1,27,088
Other income	77,885	92,187	1,18,439	1,42,126	1,49,233
Total non-interest income	5,16,822	6,16,831	6,83,439	7,13,018	7,71,162
Total revenue	21,15,580	22,86,482	24,19,707	27,02,266	30,60,023
Employee expense	7,12,370	6,43,522	6,57,238	7,03,089	7,49,001
Other expense	4,65,238	5,37,168	5,78,250	6,36,075	6,99,683
Total expenses	11,77,608	11,80,690	12,35,488	13,39,164	14,48,684
Pre-provision operating profit	9,37,972	11,05,792	11,84,219	13,63,102	16,11,339
Provisions	49,142	1,53,079	1,75,384	2,61,732	3,07,115
Extraordinary items	(71,000)		45,932		
Profit before tax	8,17,830	9,52,713	10,54,767	11,01,370	13,04,224
Taxes	2,07,063	2,43,706	2,54,448	2,28,341	2,70,397
Net profit after tax	6,10,766	7,09,006	8,00,320	8,73,029	10,33,827
Core PPOP	7,41,726	8,60,574	9,09,741	10,99,939	13,35,019
EPS	68	79	88	95	112

Source: Company, Way2wealth Research

(INR mn)

Balance Sheet	FY24	FY25	FY26	FY27	FY28
Cash & balances with RBI	22,51,417	22,72,175	26,84,450	27,62,051	30,45,210
Money at call and others	8,56,603	11,30,122	11,61,150	13,25,785	14,61,701
Investments	1,67,13,397	1,69,05,728	1,80,12,540	2,00,75,717	2,19,60,782
Net advances	3,70,39,709	4,16,33,121	4,87,78,950	5,49,31,964	6,15,19,465
Fixed assets	4,26,173	4,41,076	5,47,900	5,64,337	5,72,802
Other Assets	45,09,642	43,78,312	50,45,130	39,83,628	35,98,506
Total Assets	6,17,96,939	6,67,60,533	7,62,30,120	8,36,43,482	9,21,58,467
Share Capital	8,925	8,925	9,230	9,230	9,230
Reserves and Surplus	37,63,541	44,02,697	54,35,190	61,51,309	70,00,536
Net Worth	37,72,465	44,11,621	54,44,420	61,60,539	70,09,766
Preference share capital	-	-	-	-	-
Deposits	4,91,60,768	5,38,21,895	5,97,56,420	6,53,91,531	7,19,50,861
Borrowings	59,75,609	56,35,725	73,12,540	82,63,170	92,54,751
Other Liabilities	28,88,097	28,91,291	37,16,740	38,28,242	39,43,089
Total Liabilities	6,17,96,939	6,67,60,533	7,62,30,120	8,36,43,482	9,21,58,467

Source: Company, Way2wealth Research

Efficiency ratios (%)	FY24	FY25	FY26	FY27	FY28
Net interest income / total revenue	76	73	72	74	75
Fee income / total non-interest income	58	57	60	63	64
Fee income / total revenue	14	15	17	17	16
Non-interest income / revenue	24	27	28	26	25
Employee expense / total opex	60	55	53	53	52
Other expense / total opex	40	45	47	47	48
Cost to income ratio (CIR)	55.7	51.6	51.1	49.6	47.3
Cost to avg. asset ratio	2.01	1.84	1.73	1.68	1.65
Provisions / PPOP	5	14	15	19	19
Tax rate	25	26	24	21	21
ROA	1.0	1.10	1.12	1.09	1.18
Core ROA	1.0	1.1	1.1	1.1	1.2
ROE	17.3	17.3	16.2	15.0	15.7
Core ROE	17.8	17.8	16.9	15.5	16.1

Source: Company, Way2wealth Research

Asset quality (%)	FY24	FY25	FY26	FY27	FY28
GNPA (mn)	8,42,763	7,68,802	7,34,520	7,28,491	7,48,451
NNPA (mn)	2,10,511	1,96,669	1,88,300	1,82,123	1,87,113
GNPA ratio	2.2	1.8	1.5	1.3	1.2
NNPA ratio	0.6	0.5	0.4	0.3	0.3
Slippage ratio	0.7	0.6	0.6	0.6	0.7
Upgrades & Recoveries ratio	0.4	0.2	0.2	0.2	0.2
Net Slippage ratio	0.3	0.3	0.3	0.4	0.5
Write-off ratio	0.5	0.5	0.4	0.5	0.5
PCR (Excl Technical write off)	75.0	74.4	74.4	75.0	75.0
Credit cost (% of avg. loans)	0.14	0.39	0.39	0.50	0.53

Source: Company, Way2wealth Research

VALUATION	FY24	FY25	FY26	FY27	FY28
Book Value (INR)	423	494	590	667	759
BV growth (%)	15	17	19	13	14
P / BV (x)	2.3	2.0	1.7	1.5	1.3
ABV (for Subsidiaries) (INR)	399	470	572	649	740
ABV Growth (%)	16	18	22	13	14
Core P / ABV (x)	2.0	1.7	1.4	1.1	0.95
EPS (INR)	68	79	88	95	112
EPS growth (%)	22	16	11	7	18
P / E (x)	14.3	12.3	11.1	10.4	8.7
Core EPS	66	77	88	95	112
Core P / E (for subsidiaries) (x)	12.3	10.3	8.8	7.8	6.3
Dividend Per Share (INR)	13.7	15.9	17.4	17.0	20.0
Payout ratio	20.0	20.0	20.0	18.0	17.9
Dividend Yield (%)	1.4	1.6	1.8	1.7	2.0

Source: Company, Way2wealth Research

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 View – **ADD**
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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	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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