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Generating Wealth

Q3FY26 - Result Update
9th February 2026

State Bank of India Ltd.

Growth momentum intact, supported by corporate demand and digital efficiency

CMP: INR 1,066

Rating: BUY

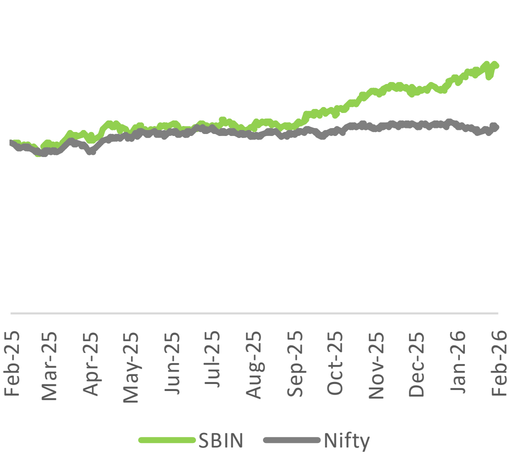
Target Price: INR 1,285

Stock Info	
BSE	500112
NSE	SBIN
Bloomberg	SBIN IN
Reuter	SBI.BO
Sector	Banking
Face Value (INR)	1
Equity Capital (INR Mn)	9,231
Mkt Cap (INR Bn)	9,844
52w H/L (INR)	1,090 / 680
Avg Yearly Vol (in 000')	10,337

Shareholding Pattern % *(As on Dec, 2025)*	
Promoters	55.50
Public & Others	44.50

Stock Performance (%)	3m	6m	12m
SBIN	11.78	29.50	44.66
Nifty 50	-0.72	4.51	9.06

SBIN Vs Nifty



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SBI delivered a strong Q3FY26 performance, with PAT at INR 210,282 Mn, well above estimates, supported by robust PPOP of INR 328,623 Mn. Lower QoQ provisions aided the improvement in profitability, while asset quality strengthened further with GNPA and NNPA at 1.57% and 0.39%, respectively. Net Interest Income stood at INR 451,904 Mn versus an estimate of INR 442,329 Mn, growing 5.13% QoQ and 9.04% YoY. Provisions were lower than expected at INR 45,069 Mn, down 16.54% QoQ, while PAT grew 4.31% QoQ and 24.49% YoY. Balance sheet growth remained healthy, with deposits rising to INR 57,013,089 Mn (+1.96% QoQ, +9.02% YoY) and advances increasing to INR 46,277,341 Mn (+6.10% QoQ, +15.56% YoY), driven by broad-based momentum.

Stable Asset Quality, Higher Provisions: Asset quality stayed largely stable in Q3 FY26, with Gross NPA improving to 1.57% (down 50 bps YoY) and Net NPA declining to 0.39%, supported by steady recoveries and disciplined underwriting. At the same time, a more conservative provisioning approach was taken, with provisions (excluding tax) rising 44% YoY to INR 17,299 crore in 9MFY26 due to additional buffers and overlays. Non-NPA provisions stood at INR 30,642 crore, or about 170% of net NPAs, strengthening balance sheet resilience but weighing on near-term profitability.

Margin Pressure, Growth Resilient: Net interest margin moderated to 3.06% in 9M FY26 from 3.19% in 9M FY25 due to higher deposit costs amid intense competition for liabilities. Despite this pressure, balance sheet growth remained healthy, with net advances rising 15.6% YoY to INR 46.3 lakh crore, supported by strong traction across retail, MSME and corporate segments. Deposits increased 9.0% YoY to INR 57.0 lakh crore, while a CASA ratio of 39.13% reflected stability in the granular deposit base. Lower incremental funding costs and disciplined loan pricing helped sustain NII growth of 9% YoY during the quarter.

Confidence in Sustained Growth and Digital Efficiency: The bank expressed confidence in sustaining profitable growth, aided by operating leverage and ongoing digital initiatives. Near-term credit growth guidance was revised upward to 13–15%, driven by continued double-digit growth in corporate loans and steady traction in the RAM segments. A strong focus on reducing cost to serve through deeper YONO adoption, simpler processes and the deployment of around 10,000 Seva Sarathis to shift routine transactions to digital channels is expected to improve efficiency, keep the cost-to-income ratio stable and support ROA and ROE sustainability over the cycle.

Valuation & View: The bank revised Q4FY26 credit growth guidance upward to 13%–15% (from 12%–14% earlier), supported by 13.37% YoY growth in corporate credit and strong double-digit growth in the RAM (Retail, Agri, MSME) segment. The bank expects double-digit corporate credit growth to sustain through Q4 without compromising margins. On asset quality, write-off recovery is guided at 6%–8% of the AUKA portfolio, with a steady recovery run-rate of ~INR 2,000 crore per quarter. Yield outlook remains stable in the 6.55%–6.75% range, indicating limited downside risk to earnings.**we revise our estimates on account of prudent Provisioning and maintain our stance on SBI with a BUY rating based on upgraded P/ABV multiple of 1.3x on FY28E ABV of INR 820 to an intrinsic value of INR 1070 (standalone) and valuing its subsidiaries at INR 215 (at 25% hold co discount) to arrive at a Target Price of INR 1,285.**

Exhibit: Financial Performance

State Bank of India (INR Bn)	FY24A	FY25E	FY26E	FY27E	FY28E
NII	1,599	1,670	1,836	2,135	2,500
PPOP	938	1,106	1,243	1,471	1,761
PAT	611	709	796	954	1,170
BVPS (INR / Share)	422.7	494.3	583.0	689.4	820.0
RoA (%)	1.0%	1.1%	1.1%	1.2%	1.4%
RoE (%)	16.2%	16.1%	15.3%	15.5%	16.0%
P/ABV (x)	2.0	1.7	1.4	1.2	1.0

Source: Arihant Research, Company Filings

Q3FY26 - Quarterly Performance (Standalone)

Quarterly Result Update (INR Bn)	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
Interest Income	1,225.6	1,196.5	1,174.3	2.4%	4.4%
Interest Expended	773.7	766.7	759.8	0.9%	1.8%
Net Interest Income	**451.9**	**429.8**	**414.5**	**5.1%**	**9.0%**
Other Income	183.6	153.3	110.4	19.8%	66.3%
Operating Income	635.5	583.1	524.9	9.0%	21.1%
Operating Expenses	**306.9**	**310.0**	**289.4**	**-1.0%**	**6.1%**
Employee Expenses	160.0	166.1	160.7	-3.6%	-0.4%
Other Operating Expenses	146.8	143.9	128.6	2.0%	14.2%
PPOP	**328.6**	**273.1**	**235.5**	**20.3%**	**39.5%**
Provisions	45.1	54.0	9.1	-16.5%	394.7%
PBT	283.6	219.1	226.4	29.4%	25.2%
Tax Expenses	73.3	63.4	57.5	15.5%	27.5%
Net Income	**210.3**	**155.7**	**168.9**	**35.1%**	**24.5%**
Balance Sheet Analysis					
Advances	46,277	43,617	40,046	6.1%	15.6%
Deposits	57,013	55,917	52,294	2.0%	9.0%
Total Assets	71,620	69,875	66,207	2.5%	8.2%
CASA Deposits	21,397	21,243	19,652	0.7%	8.9%
CASA (%)	39.13%	39.63%	39.20%	-0.50	-7.00
CAR (%)	14.04%	14.62%	13.03%	-58bps	101bps
Spreads					
NIMs (%)	3.12%	3.09%	3.15%	3bps	-3bps
Cost of Deposits	5.07%	5.13%	5.07%	-6bps	0bps
Yield on Average Advances	8.61%	8.68%	8.94%	-7bps	-33bps
Asset Quality					
GNPA	736.37	762.43	842.76	-3.4%	-12.6%
NNPA	180.12	184.60	213.78	-2.4%	-15.7%
GNPA (%)	1.57%	1.73%	2.10%	-16bps	-53bps
NNPA (%)	0.39%	0.42%	0.53%	-3bps	-14bps
Credit Costs	0.39%	0.43%	0.37%	-4bps	2bps
Provision Coverage Ratio	0.00%	0.00%	74.66%	0bps	-7466bps
Returns & Expenses					
RoA	1.19%	1.17%	1.04%	2bps	15bps
RoE	15.58%	15.57%	15.52%	1bps	6bps
Cost / Income Ratio	48.29%	53.16%	55.13%	-487bps	-684bps

Source: Arihant Research, Company Filings

Q3FY26 Concall Highlights

Profitability & Margins*

- Net Interest Income stood at INR 451,900 Mn, up 9% YoY.
- Domestic NIM for Q3 FY26 was 3.12%, with exit NIM guidance of ~3% maintained for FY26 and over the medium term.
- ROA remained above 1%, while ROE stood at 20.68%, among the best globally at SBI's scale.
- Credit cost remained low at 0.29%.
- One-off income included a INR 22,000 Mn special dividend from SBI Mutual Fund and interest on income tax refunds of INR 7,690 Mn in Q3 FY26 and INR 3,720 Mn in Q2 FY26.

Balance Sheet & Scale

Advances stood at ~INR 47 trillion, investments at ~INR 17 trillion, and deposits at ~INR 57 trillion, taking the balance sheet size to ~INR 72 trillion, while the domestic credit–deposit ratio improved by 404 bps YoY to 72.98%.

Deposit Growth & Liability Franchise

Total deposits grew 9.02% YoY, with CASA deposits up 10.32% YoY and CASA ratio at 39.13%, while retail term deposits increased 14.54% YoY and foreign office deposits rose 8.32% YoY. The deposit strategy remains focused on retail deposits and card-rate bulk deposits while avoiding high-cost wholesale funding, with cost of funds expected to remain broadly stable in Q4FY26.

Credit Growth & Guidance

Overall credit growth stood at 15.14% YoY, with revised Q4 FY26 guidance raised to 13%–15% from 12%–14%. Corporate credit grew 13.37% YoY, while RAM (Retail, Agri, MSME) continued to deliver strong double-digit growth, with expectations of sustained corporate momentum in Q4 without any margin compromise despite a higher corporate share.

Asset Quality

Gross NPA declined to 1.57% (down 50 bps YoY) and net NPA to 0.39% (down 14 bps YoY), with provision coverage improving to 75.54% (up 88 bps YoY), marking the lowest NPA levels in over 20 years. Non-NPA provisions stood at ~INR 306,420 Mn, including ~INR 35,000 Mn of COVID-related provisions and proactive standard asset buffers, while write-off recovery is guided at 6%–8% of the AUKA portfolio with a current recovery run-rate of ~INR 20,000 Mn per quarter.

Capital Adequacy

CRAR stood at 14.04%, up 101 bps YoY, with strong internal capital generation supporting future growth, CET-1 accretion, and overall balance sheet resilience.

Gold Loan Portfolio

Gold loan growth stood at ~95% YoY, with average LTVs of 54.89% for agri gold loans and ~51% for personal gold loans. Portfolio quality remains strong, with only 20–30 auctions across a large book, supported by daily LTV monitoring and vintage-wise bucketing, with no asset quality concerns flagged.

Digital & Technology

YONO registered users stood at 9.65 crore, with over 3 crore new registrations added within one month of launch. The long-term goal is to scale the YONO user base from ~10 crore to ~20 crore over the next 2–3 years, supporting lower cost-to-serve, higher customer lifetime value, and sustainable ROE. To accelerate digital adoption, ~10,000 "Seva Sarathis" are being deployed to migrate branch processes to digital platforms.

Treasury & Investment Outlook

Management guided for yields to remain in the 6.55%–6.75% range, with MTM risk limited due to a relatively small HFT/AFS book, active trading gains, and flexibility to participate in OMOs. Treasury income is expected to normalize from elevated levels but not collapse.

PSL & Regulatory

Management acknowledged some PSL pressure due to higher credit growth but highlighted mitigation through front-loaded PSLC purchases in Q2, minimal PSLC buying in Q3, and increased on-lending to NBFCs that qualifies as PSL. The bank holds a 15–16% market share in MSME lending, with internal classification into Platinum and Gold segments, and does not expect any immediate MCLR reduction.

Key Financials

Profit & Loss Statement (INR Bn)	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Interest Income	3,321	4,151	4,625	4,921	5,443	6,117
Interest Expended	1,873	2,553	2,955	3,085	3,308	3,617
Net Interest Income	**1,448**	**1,599**	**1,670**	**1,836**	**2,135**	**2,500**
Other Income	366	517	617	608	669	737
Operating Income	1,815	2,116	2,286	2,444	2,804	3,237
Operating Expenses	977	1,178	1,181	1,200	1,333	1,476
Employee Expenses	573	712	644	673	770	877
Other Operating Expenses	405	465	537	528	562	599
PPOP	**837**	**938**	**1,106**	**1,243**	**1,471**	**1,761**
Provisions	165	49	153	184	182	180
PBT	672	818	953	1,014	1,289	1,581
Tax Expenses	170	207	244	264	335	411
Net Income	**502**	**611**	**709**	**796**	**954**	**1,170**

Balance Sheet (INR Bn)	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Equity & Liabilities						
Share Capital	9	9	9	9	9	9
Reserves & Surplus	3,267	3,764	4,403	5,194	6,144	7,309
Net Worth	3,276	3,772	4,412	5,203	6,153	7,318
Deposits	44,238	49,161	53,822	56,057	60,799	65,962
Borrowings	4,931	5,976	5,636	5,918	6,213	6,524
Other Liabilities and Provisions	2,725	2,888	2,891	3,316	3,718	4,192
Total Capital & Liabilities	**55,170**	**61,797**	**66,761**	**70,494**	**76,883**	**83,997**
Assets						
Cash & Balances with RBI	2,471	2,251	2,272	2,384	2,537	2,594
Balances with Other Banks & Call Money	608	857	1,130	1,282	1,359	1,356
Investments	15,704	16,713	16,906	17,075	17,246	17,418
Advances	31,993	37,040	41,633	47,213	53,917	61,844
Fixed Assets	424	426	441	485	534	587
Other Assets	3,971	4,510	4,378	2,055	1,290	198
Total Assets	**55,170**	**61,797**	**66,761**	**70,494**	**76,883**	**83,997**

Source: Arihant Research, Company Filings

Ratios	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Growth rates						
Advances (%)	17.0%	15.8%	12.4%	13.4%	14.2%	14.7%
Deposits (%)	9.2%	11.1%	9.5%	4.2%	8.5%	8.5%
Total assets (%)	10.6%	12.0%	8.0%	5.6%	9.1%	9.3%
NII (%)	20.0%	10.4%	4.4%	9.9%	16.3%	17.1%
Pre-provisioning profit (%)	11.2%	12.0%	17.9%	12.5%	18.3%	19.8%
PAT (%)	58.6%	21.6%	16.1%	12.3%	19.8%	22.7%
Balance sheet ratios						
Credit/Deposit (%)	72.3%	75.3%	77.4%	84.2%	88.7%	93.8%
CASA (%)	78.6%	73.7%	72.8%	73.4%	71.4%	71.0%
Advances/Total assets (%)	58.0%	59.9%	62.4%	67.0%	70.1%	73.6%
Leverage (x) (Asset/Shareholder's Fund)	16.84	16.38	15.13	13.55	12.50	11.48
CAR (%)	14.0%	14.1%	14.4%	15.0%	15.4%	0.0%
CAR - Tier I (%)	13.3%	13.5%	13.9%	14.5%	15.0%	0.0%
Operating efficiency						
Cost/income (%)	53.9%	55.7%	51.6%	49.1%	47.5%	45.6%
Opex/total assets (%)	1.8%	1.9%	1.8%	1.7%	1.7%	1.8%
Opex/total interest earning assets	1.2%	1.3%	1.1%	1.0%	1.1%	1.1%
Profitability						
NIM (%)	3.0%	3.0%	2.8%	2.8%	3.0%	3.2%
RoA (%)	0.9%	1.0%	1.1%	1.1%	1.2%	1.4%
RoE (%)	15.3%	16.2%	16.1%	15.3%	15.5%	16.0%
Asset quality						
Gross NPA (%)	2.6%	2.1%	2.0%	1.5%	1.4%	1.4%
Net NPA (%)	0.7%	0.5%	0.5%	0.4%	0.4%	0.3%
PCR (%)	75.0%	74.4%	73.8%	74.2%	74.2%	75.7%
Credit cost (%)	0.4%	0.1%	0.3%	0.3%	0.3%	0.2%
Per share data / Valuation						
EPS (INR)	56	68	79	89	107	131
BVPS (INR)	367	423	494	583	689	820
ABVPS (INR)	343	401	470	562	668	797
P/E (x)	14.2	11.7	10.1	9.0	7.5	6.1
P/BV (x)	2.2	1.9	1.6	1.4	1.2	1.0
P/ABV (x)	2.3	2.0	1.7	1.4	1.2	1.0
Profitability						
Return on Equity	15.3%	16.2%	16.1%	15.3%	15.5%	16.0%

Source: Arihant Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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