

CMP: INR 1,020

Rating: Accumulate

Target Price: INR 1,190

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)	9,411
52w H/L (INR)	1,235 / 755
Avg Yearly Vol (in 000')	11,811

Shareholding Pattern %

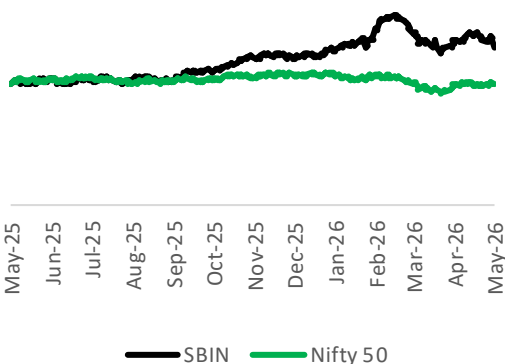
(As on March, 2026)

Promoters	55.52
Public & Others	44.48

Stock Performance (%)

	3m	6m	12m
SBIN	-5.05	6.09	30.81
Nifty 50	-5.72	-5.23	0.70

SBIN Vs Nifty



Abhishek Jain

abhishek.jain@arihantcapital.com

SBI reported a stable Q4FY26 performance with PAT coming in ahead of estimates at INR 196,838 Mn versus our estimate of INR 193,545 Mn, supported by sharply lower provisions of INR 28,722 Mn against estimate of INR 40,230 Mn, down 36.4% QoQ and 55.4% YoY. However, operating performance remained slightly weak as PPOP stood at INR 277,042 Mn versus estimate of INR 298,291 Mn, declining 15.7% QoQ and 11.5% YoY due to higher operating expenses. Net Interest Income came at INR 443,800 Mn versus estimate of INR 449,800 Mn, up 3.75% YoY. Business momentum remained healthy with deposits rising 11.0% YoY to INR 59.76 trillion versus estimate of INR 58.95 trillion, while advances grew 17.2% YoY to INR 48.78 trillion versus estimate of INR 47.67 trillion. Asset quality further improved with GNPA at 1.49% versus estimate of 1.52%, down 33bps YoY, while NNPA remained stable at 0.39% in line with estimates

Strong Growth Along With Healthy Profitability : SBI continued to deliver strong and balanced growth in FY26, with total business crossing INR 109 trillion. Deposits stood at INR 59.76 trillion, while advances increased to INR49.33 trillion, supported by 16.87% YoY loan growth. Despite its large scale, the bank maintained healthy profitability with record net profit of INR 80,032 crore and operating profit of INR 118,422 crore. Return ratios also remained strong, with ROA at 1.0% and ROE at 14.7%, highlighting SBI's ability to grow while maintaining earnings quality and balance sheet discipline.

Asset Quality Remains A Key Strength: SBI's asset quality profile remained strong with Gross NPA improving to 1.49% and Net NPA remaining low at 0.39% in FY26. Provision Coverage Ratio stood healthy at 74.36%, while credit cost remained contained at 0.37%. The bank also maintained additional provisioning buffers of around INR 29,713 crore, providing strong protection against any future stress. Q4FY26 slippages were largely seasonal, and nearly INR 850 crore was already recovered or upgraded after quarter-end, reflecting stable underwriting quality.

Margin Stability And Digital Strength Support : Domestic NIM stood at 2.6% in FY26, and the bank maintained FY27 guidance of above 3%, supported by better CASA mix, lower wholesale deposit dependence, and improved loan repricing. SBI is also strengthening its digital and fee-income franchise, with fee income rising 14.17% YoY to INR 36,013 crore. YONO users crossed 10.02 crore, while nearly 66% of new savings accounts were sourced digitally, highlighting improving customer engagement, scalability, and operating efficiency.

Valuation & View: SBI remains confident of maintaining healthy profitability and balance sheet strength in FY27 despite global uncertainties and evolving rate cycles. The bank reiterated guidance of 13%-15% credit growth, domestic NIM above 3%, and credit cost around 50bps, while targeting ROA above 1% and ROE above 15%. SBI is focusing on value-accretive growth through stronger retail liabilities, AI-driven underwriting, fee monetization, ecosystem banking, and emerging sectors such as renewable energy, transmission, battery storage, data centers, semiconductors, and smart metering under its "Chakra" initiative. Strong provisioning buffers, healthy capital ratios, improving CASA mix, and lower wholesale deposit dependence are expected to support margin stability and future growth. **We maintain Accumulate rating with a revised target price of INR 1,190 , valuing the core bank at 1.35x FY29E standalone ABVS.**

Exhibit: Financial Performance

State Bank of India (INR Bn)	FY25A	FY26A	FY27E	FY28E	FY29E
NII	1,670	1,731	2,044	2,361	2,722
PPOP	1,106	1,184	1,396	1,636	1,911
PAT	709	800	914	1,082	1,275
BVPS (INR / Share)	494.3	589.8	688.4	805.1	942.7
RoA (%)	1.1%	1.0%	1.1%	1.2%	1.2%
RoE (%)	16.1%	14.7%	14.4%	14.6%	14.6%
P/ABV (x)	2.2	1.8	1.5	1.3	1.1

Source: Arihant Research, Company Filings

Q4FY26 - Quarterly Performance (Standalone)

Quarterly Result Update (INR Bn)	Q4FY26	Q3FY26	Q4FY25	Q-o-Q	Y-o-Y
Interest Income	1,231.0	1,225.6	1,196.7	0.4%	2.9%
Interest Expended	787.2	773.7	768.9	1.7%	2.4%
Net Interest Income	443.8	451.9	427.7	-1.8%	3.8%
Other Income	173.1	183.6	242.1	-5.7%	-28.5%
Operating Income	616.9	635.5	669.8	-2.9%	-7.9%
Operating Expenses	339.9	306.9	357.0	10.8%	-4.8%
Employee Expenses	162.2	160.0	180.1	1.3%	-9.9%
Other Operating Expenses	177.7	146.8	176.9	21.1%	0.5%
PPOP	277.0	328.6	312.9	-15.7%	-11.4%
Provisions	28.7	45.1	64.4	-36.3%	-55.4%
PBT	248.3	283.6	248.4	-12.4%	0.0%
Tax Expenses	51.5	73.3	62.0	-29.7%	-17.0%
Net Income	196.8	210.3	186.4	-6.4%	5.6%
Balance Sheet Analysis					
Advances	48,779	46,277	41,633	5.4%	17.2%
Deposits	59,756	57,013	53,822	4.8%	11.0%
Total Assets	76,230	71,620	66,761	6.4%	14.2%
CASA Deposits	22,620	21,397	20,652	5.7%	9.5%
CASA (%)	37.85%	37.53%	38.37%	0.32	-51.64
CAR (%)	15.40%	14.04%	14.25%	136bps	115bps
Spreads					
NIMs (%)	2.93%	3.11%	3.14%	-18bps	-21bps
Cost of Deposits	5.04%	5.07%	5.11%	-3bps	-7bps
Yield on Average Advances	8.50%	8.61%	8.98%	-11bps	-48bps
Asset Quality					
GNPA	734.52	736.37	768.80	-0.3%	-4.5%
NNPA	188.30	180.12	196.67	4.5%	-4.3%
GNPA (%)	1.49%	1.57%	1.82%	-8bps	-33bps
NNPA (%)	0.39%	0.39%	0.47%	0bps	-8bps
Credit Costs	0.37%	0.39%	0.38%	-2bps	-1bps
Provision Coverage Ratio	74.36%	75.54%	74.42%	-118bps	-6bps
Returns & Expenses					
RoA	1.07%	1.19%	1.12%	-12bps	-5bps
RoE	14.46%	15.58%	16.90%	-111bps	-244bps
Cost / Income Ratio	55.09%	48.29%	53.29%	681bps	180bps

Source: Arianth Research, Company Filings

Q4FY26 Concall Highlights

Loan Growth & Business Momentum

- Advances grew by 16.9% YoY in FY26, led by healthy growth across all business segments. Corporate credit increased 14.8% YoY, while overseas advances rose 20% YoY in rupee terms.
- Management guided for 13%-15% credit growth in FY27, indicating a calibrated growth strategy aligned with overall economic activity, liquidity conditions, and prudent balance sheet management.
- The bank continued to witness strong traction in the RAM (Retail, Agri & MSME) portfolio, driven by robust growth in gold loans, express credit, MSME lending, and retail products. Management highlighted that the gold loan business has scaled up meaningfully and delivers superior return ratios due to zero risk weight benefits and negligible NPAs.
- SBI expects emerging sectors such as renewable energy, power transmission, data centers, smart metering, semiconductors, battery storage systems, and green hydrogen to become key long-term credit growth drivers for the bank.

Deposit Franchise & CASA

- Deposits grew 11.0% YoY in FY26, driven by healthy retail traction. Retail term deposits increased 14.8% YoY, while savings deposits grew 10.6% YoY despite strong competition in liabilities.
- CASA ratio improved to 39.46%, up 33bps QoQ, supported by strong retail customer additions and higher digital engagement.
- Current account growth remained muted due to a high base from large government fund inflows in March FY25. Excluding government balances, non-government current account deposits grew a strong 23% YoY, reflecting healthy underlying franchise growth.
- The bank aims to reduce reliance on high-cost wholesale deposits while focusing on CASA mobilization and deeper customer relationships to support margin stability.

Margin (NIM) Outlook & Funding Cost Trends

- FY27 domestic NIM guidance was maintained at above 3%, despite Q4FY26 domestic NIM moderating to around 2.9% due to repo rate transmission and a higher share of floating-rate loans.
- Margin recovery is expected to be supported by a better asset mix, migration of corporate loans from T-bill linked pricing to MCLR, improvement in CASA mix, lower reliance on wholesale deposits, and better pricing discipline across products.
- The bank believes the repo rate cut cycle is largely behind the system, which should help stabilize yields and limit further pressure on margins.

Asset Quality & Credit Cost

- Asset quality remained strong with Gross NPA improving 33bps YoY to 1.49%, while Net NPA declined 8bps YoY to 0.39%. PCR stood healthy at 74.36%.
- Q4FY26 slippages were largely seasonal in nature and mainly related to agriculture and select SME accounts, with no major structural stress visible in the portfolio. The bank also recovered nearly INR850 crore from fresh slippages after quarter-end.
- Credit cost guidance for FY27 was maintained at ~ 50bps, reflecting confidence in underwriting quality and the overall resilience of the loan book despite global and geopolitical uncertainties.

ECL Transition & Provisioning

- SBI is preparing for the transition to the Expected Credit Loss (ECL) framework from April 2027 and has already developed internal models based on the draft regulatory guidelines.
- The bank has strong provisioning buffers of around INR29,000–30,000 crore, which are expected to support a smooth ECL transition without materially impacting capital position or growth plans.

Capital Position, Liquidity & Balance Sheet

- SBI's capital adequacy ratio improved to 15.4%, providing strong headroom for future loan growth. At the current capital level, the bank can support nearly INR12 trillion of incremental credit expansion.
- LCR remained comfortable at around 124%-125%, well above regulatory requirements, while the bank remains comfortable operating in the 115%-120% range.
- The bank expects proposed changes in LCR regulations to provide an additional 3%-4% improvement in liquidity ratios going forward.

Digital Banking, AI & Operational Transformation

- SBI witnessed strong digital traction with the new YONO platform crossing 4 crore registrations within three months, taking the total YONO user base close to 10 crore.
- Nearly 66% of new savings accounts in FY26 were sourced digitally through YONO, highlighting the bank's increasing shift toward a digital-first franchise.
- Key strategic initiatives such as Project Saral and Analytics 2.0 continue to focus on process simplification, AI-driven analytics, customer engagement, risk monitoring, productivity improvement, and operational scalability.

Key Financials

Profit & Loss Statement (INR Bn)	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Interest Income	4,151	4,625	4,828	5,436	6,088	6,889
Interest Expended	2,553	2,955	3,097	3,392	3,727	4,167
Net Interest Income	1,599	1,670	1,731	2,044	2,361	2,722
Other Income	517	617	689	711	789	876
Operating Income	2,116	2,286	2,420	2,755	3,150	3,598
Operating Expenses	1,178	1,181	1,235	1,359	1,514	1,687
Employee Expenses	712	644	657	723	795	875
Other Operating Expenses	465	537	578	636	719	812
PPOP	938	1,106	1,184	1,396	1,636	1,911
Provisions	49	153	175	193	212	233
PBT	818	953	1,009	1,203	1,424	1,677
Tax Expenses	207	244	254	289	342	403
Net Income	611	709	800	914	1,082	1,275

Balance Sheet (INR Bn)	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Equity & Liabilities						
Share Capital	9	9	9	10	10	10
Reserves & Surplus	3,764	4,403	5,435	6,345	7,422	8,691
Net Worth	3,772	4,412	5,444	6,354	7,431	8,701
Deposits	49,161	53,822	59,756	65,937	73,184	81,476
Borrowings	5,976	5,636	7,313	7,678	8,062	8,465
Other Liabilities and Provisions	2,888	2,891	3,717	4,168	4,807	5,415
Total Capital & Liabilities	61,797	66,761	76,230	84,137	93,485	104,057
Assets						
Cash & Balances with RBI	2,251	2,272	2,684	2,856	2,991	3,052
Balances with Other Banks & Call Money	857	1,130	1,161	1,231	1,204	1,179
Investments	16,713	16,906	18,013	19,012	20,066	21,179
Advances	37,040	41,633	48,779	55,590	63,464	72,580
Fixed Assets	426	441	548	603	663	729
Other Assets	4,510	4,378	5,045	4,845	5,097	5,338
Total Assets	61,797	66,761	76,230	84,137	93,485	104,057

Source: Arianth Research, Company Filings

Ratios	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
Growth rates						
Advances (%)	15.8%	12.4%	17.2%	14.0%	14.2%	14.4%
Deposits (%)	11.1%	9.5%	11.0%	10.3%	11.0%	11.3%
Total assets (%)	12.0%	8.0%	14.2%	10.4%	11.1%	11.3%
NII (%)	10.4%	4.4%	3.7%	18.1%	15.5%	15.3%
Pre-provisioning profit (%)	12.0%	17.9%	7.1%	17.9%	17.2%	16.8%
PAT (%)	21.6%	16.1%	12.9%	14.2%	18.4%	17.8%
Balance sheet ratios						
Credit/Deposit (%)	75.3%	77.4%	81.6%	84.3%	86.7%	89.1%
CASA (%)	39.5%	38.4%	37.9%	37.4%	37.4%	37.6%
Advances/Total assets (%)	59.9%	62.4%	64.0%	66.1%	67.9%	69.7%
Leverage (x) (Asset/Shareholder's Fund)	16.38	15.13	14.00	13.24	12.58	11.96
CAR (%)	14.3%	14.3%	15.4%	15.1%	14.9%	14.7%
CAR - Tier I (%)	11.9%	12.1%	13.2%	13.0%	13.0%	12.9%
Operating efficiency						
Cost/income (%)	55.7%	51.6%	51.1%	49.3%	48.1%	46.9%
Opex/total assets (%)	1.9%	1.8%	1.6%	1.6%	1.6%	1.6%
Opex/total interest earning assets	1.3%	1.1%	1.0%	1.0%	1.0%	0.9%
Profitability						
NIM (%)	3.0%	2.8%	2.6%	2.7%	2.8%	2.9%
RoA (%)	1.0%	1.1%	1.0%	1.1%	1.2%	1.2%
RoE (%)	16.2%	16.1%	14.7%	14.4%	14.6%	14.6%
Asset quality						
Gross NPA (%)	2.3%	1.8%	1.5%	1.4%	1.4%	1.4%
Net NPA (%)	0.5%	0.5%	0.4%	0.4%	0.4%	0.3%
PCR (%)	76.7%	71.8%	74.4%	73.2%	74.0%	74.3%
Credit cost (%)	0.1%	0.3%	0.3%	0.3%	0.3%	0.3%
Per share data / Valuation						
EPS (INR)	68	79	87	99	117	138
BVPS (INR)	423	494	590	688	805	943
ABVPS (INR)	401	470	569	666	781	915
P/E (x)	14.9	12.8	11.8	10.3	8.7	7.4
P/BV (x)	2.4	2.1	1.7	1.5	1.3	1.1
P/ABV (x)	2.5	2.2	1.8	1.5	1.3	1.1
Profitability						
Return on Equity	16.2%	16.1%	14.7%	14.4%	14.6%	14.6%

Source: Arian Research, Company Filings

Arihant Research DeskEmail: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office

#1011, Solitaire Corporate Park
 Building No. 10, 1st Floor
 Andheri Ghatkopar Link Road
 Chakala, Andheri (E)
 Mumbai – 400093
 Tel: (91-22) 42254800

Registered Office

6 Lad Colony,
 Y.N. Road,
 Indore - 452003, (M.P.)
 Tel: (91-731) 4217100/101
 CIN: L66120MP1992PLC007182

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%

**Research Analyst
Registration No.****Contact****Website****Email Id**

INH000002764

SMS: 'Arihant' to 56677

www.arihantcapital.cominstresearch@arihantcapital.com**Arihant Capital Markets Ltd.**

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
 Andheri Ghatkopar Link Road, Chakala, Andheri (E)
 Tel. 022-42254800

Disclaimer: This disclosure statement is provided in compliance with the SEBI Research Analyst Regulations, 2014. Arihant Capital Markets Limited (ACML) is a registered stockbroker, merchant banker, and research analyst under SEBI, and is also a Point of Presence with the Pension Fund Regulatory and Development Authority (PFRDA). ACML is registered with SEBI with Research Analyst Registration Number INH000002764, Stock Broker Registration Number INZ000180939, and is a Trading Member with NSE, BSE, MCX, NCDEX, and a Depository Participant with CDSL and NSDL.

ACML and its associates may have business relationships, including investment banking, with companies covered by its Investment Research Department. The analysts of ACML, and their associates, are prohibited from holding a financial interest in securities or derivatives of companies they cover, though they may hold stock in the companies they analyze. The recommendations provided by ACML's research team are based on technical and derivative analysis and may differ from fundamental research reports.

ACML confirms that neither it nor its associates have a financial interest or material conflict concerning the companies covered in the research report at the time of publication. Furthermore, ACML, its analysts, and their relatives have no ownership greater than 1% in the subject companies as of the month prior to publication. ACML guarantees that the compensation for its research analysts is not influenced by specific securities or transactions.

ACML affirms that neither the analyst nor the company has served as an officer, director, employee, or engaged in market-making activities for any of the subject companies. Additionally, the research report does not reflect any conflict of interest and is not influenced by specific recommendations made. Neither ACML nor its analysts have received compensation for investment banking or brokerage services from the subject companies in the last 12 months.

The views expressed in this report are those of the analysts and are independent of the proprietary trading desk of ACML, which operates separately to maintain an unbiased stance. Analysts comply with SEBI Regulations when offering recommendations or opinions through public media. The report is intended for informational purposes only and is not an offer or solicitation for the purchase or sale of securities.

This report, which is confidential, may not be reproduced or shared without written consent from ACML. It is based on publicly available data believed to be reliable but has not been independently verified, and no guarantees are made about its accuracy. All opinions and information contained in the report are subject to change without notice. ACML disclaims liability for any losses resulting from reliance on this report. The report does not constitute an offer to buy or sell securities, and ACML is not responsible for the risks involved in investments. ACML and its affiliates may have positions in the securities discussed or hold other financial interests in them.

The distribution of this report in certain jurisdictions may be restricted by law, and the report is not intended for distribution where it would violate local laws. Investors are advised to consider their financial position, risk tolerance, and investment objectives before engaging in transactions, particularly in high-risk financial products such as derivatives.

ACML reserves the right to modify this disclosure statement without prior notice. The report has been prepared using publicly available information and internally developed data, though ACML does not guarantee its completeness or accuracy. Historical price data for securities can be accessed via official exchanges like NSE or BSE. ACML and its affiliates may conduct proprietary transactions or investment banking services for the companies mentioned in this report. In compliance with SEBI regulations, ACML maintains comprehensive records of research reports, recommendations, and the rationale for those recommendations, which are preserved for at least five years. An annual compliance audit is conducted by a member of the ICAI or ICSI to ensure adherence to applicable regulations. This report is issued in accordance with applicable SEBI regulations and does not guarantee future performance or returns.

Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800