

"A well balanced Q1/FY26 Performance, resulting in higher Net Profit, backed by handsome Retail Loan growth & Treasury gains"

Ajcon Global's observations & views:

1. Inspite of being a challenging Quarter, the Bank has produced excellent bottom line at of 19,160 Crores for the Quarter.
2. The Bank has achieved a historic milestone in July, 2025 by successfully executing largest ever QIP, raising Rs.25,000 Crores which was oversubscribed by 4.5 times reflecting the confidence of global investors in the Bank.
3. In view of present geopolitical situation & high Tariff imposed by US President Mr. Trump, the Bank has kept the Credit growth target for FY26 unchanged at 12%, though we expect it achieve a higher growth.

Q1FY26 RESULT ANALYSIS

- 1) **Net Interest Income** declined by 3.98% QoQ at Rs. 41,072 Crores in Q1FY26 against Rs. 42,775 Crores in Q4FY25 also decreased by 0.13% YoY from Rs. 41,125 Crores in Q1FY25.
- 2) **Operating Profit** decreased by 2.37% QoQ at Rs. 30,544 Crores in Q1FY26 against Rs. 31,286 Crores in Q4FY25 but rose by 15.49% YoY from Rs. 26,449 Crores in Q1FY25.
- 3) **Net Profit** was up by 2.78% QoQ at Rs. 19,160 Crores against Rs. 18,643 in Q4FY25 also increased by 12.48% YoY to Rs. 17,035 Crores in Q1FY25.
- 4) **NIM (whole bank)** decreased to 2.90% against 3.00% in Q4FY25 and 3.22% in Q1FY25.
- 5) **Domestic Cost of Deposits** increased to 5.21% in Q1FY26 against 5.11% in Q4FY25 and 5.00% in Q1FY25. **Domestic yield on Advances** decreased to 8.78% against 8.98% in Q4FY25 and 8.89% in Q1FY25.
- 6) **Total Non-Interest Income** declined by 28.35% QoQ but climbed by 55.40% YoY to Rs. 17,346 Crores in Q1FY26, from Rs. 24,210 Crores in Q4FY25 and Rs. 11,162 Crores in Q1FY25.
- 7) **Fee based Income** decreased by 22.42% QoQ but increased by 10.91% YoY at Rs. 7,677 Crores in Q1FY26 against Rs. 9,896 in Q4FY25 and Rs. 6,922 Crores in Q1FY25.
- 8) **Cost/Income Ratio** decreased to 47.71% against 53.29% in Q4FY25 also down from 49.42% in Q1FY25. Crores in Q1FY25.
- 9) **Gross Advances** rose by 0.80% QoQ and 11.61% YoY at Rs. 42,54,516 Crores in Q1FY26 against Rs. 42,20,703 Crores in Q4FY25 and Rs. 38,12,087 Crores in Q1FY25.
- 10) **Total Deposits** increased by 1.69% QoQ and 11.66% YoY at Rs. 54,73,254 Crores in Q1FY26 against Rs. 53.82,190 Crores in Q4FY25 and Rs. 49,01,726 Crores in Q1FY25.
- 11) **CASA Ratio** declined to 39.36% in Q1FY26 against 40.70% in Q1FY25.
- 12) **Return on Assets (ROA)** increased to 1.14% in Q1FY26 against 1.12% in Q4FY25 also up from 1.10% in Q1FY25.
- 13) **Fresh Slippages** increased to Rs. 7,945 Crores in Q1FY26 against Rs. 4,222 Crores in Q4FY25 and Rs. 7,903 Crores in Q1FY25. Recovery + Upgradation increased to Rs. 3,253 Crores in Q1FY26 against Rs. 1,739 Crores in Q4FY25 and Rs. 3,666 Crores in Q1FY25.
- 14) **Gross NPA Ratio** marginally increased to 1.83% in Q1FY26 against 1.82% in Q4FY25. Net NPAs ratio stood at 0.47% in Q1FY25.
- 15) **Credit Cost** increased to 0.47% in Q1FY26 against 0.38% in Q4FY25.
- 16) **Provision Coverage Ratio** (Incl. AUCA) decreased to 91.71% in Q1FY26 against 92.08% in Q4FY25 also marginally decreased from 91.76% in Q1FY25.
- 17) **Capital Adequacy Ratio** increased to 14.63% in Q1FY26 against 14.25% in Q4FY25 and also up from 13.86% in Q1FY25.

KEY FINANCIAL INDICATORS – Q1FY26

CMP (11.08.2025)	: Rs. 823.45
Face Value	: Rs. 1
Book value per share	: Rs. 527
Market Capitalisation (Crs)	: Rs. 7,57,649
Capital Adequacy Ratio	: 14.63%
C/D ratio	: 68.88%
CASA ratio	: 39.36%
Net Interest Margin (NIM)	: 2.90%
Cost / Income ratio	: 47.71%
Gross NPA	: 1.83%
Net NPA	: 0.47%
PCR (Incl. AUCA)	: 91.71%
Slippage ratio	: 0.75%
Credit cost	: 0.47%
Return on Assets	: 1.14%
Return on Equity	: 19.7%

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Management Comments

- 18) In his opening remark, Shri Challa Sreenivasulu Setty, Chairman of the Bank stated that Q1FY26 was a significant milestone for SBI amid a volatile global macroeconomic environment with geopolitical tensions and tariff policy uncertainty.
- 19) Employee attrition was less than 1%, reflecting good career paths and training, stated Shri Setty.
- 20) The Bank reaffirmed its structural targets of Return on Equity above 15% and Return on Assets of 1% while achieving 19.7% ROE and 1.14% ROA in Q1FY26, said the Chairman.
- 21) Shri C.S. Setty highlighted that the results for Q1 FY26 demonstrate the bank's ability to operate profitably at scale, driven by substantial core strengths. These advantages come from our institutionalized framework, guided by continuous process improvement and an unwavering commitment to fairness for all stakeholders.
- 22) Regarding credit expansion, Shri Setty added that we expect credit expansion to surpass both nominal GDP and industry growth due to calibrated exposure to consumption-linked retail loans, Government Capex pipelines and green energy projects.
- 23) In response to an analyst's query regarding slower low Credit Growth despite a strong sanctioned pipeline, Chairman Shri C S Setty replied that Q1 Vs. Q4 comparisons can be misleading due to seasonal factors. Corporate loan growth was impacted by ₹12,000 Crores in prepayments and ₹16,000 – ₹18,000 Crores moving to the CP market amid falling interest rates. The Bank has a strong pipeline of over ₹ 7.2 Lakh Crores, including sanctions that have not yet been disbursed and proposals under consideration, indicating a potential return to double-digit Corporate credit growth in the coming quarters, added Shri Setty.
- 24) Asset quality remained stable with no segment showing concern. Recoveries from AUCA are on track with the ₹7,000 – ₹8,000 Crores annual guidance. As regards the buffer provisions, The Chairman informed that it is remained untouched. Miscellaneous income was lower due to seasonality, while treasury income remained steady, except for forex MTM movements, replied Shri Setty.
- 25) Replying to an analyst's query on Express Credit, the Chairman informed that temporary restrictions were applied for lower-income segments due to over-leverage concerns, but reactivation has begun, with improved income-to-EMI profiles. Some operational challenges in defense areas also affected growth, he added.
- 26) Again replying to an another query, the Chairman replied that Margins (NIM) are guided at 3% for FY26, with a U-shaped trajectory—likely lower in Q2 but improving in Q3–Q4 of FY26 due to deposit repricing, savings rate cuts and CRR benefits.