SBI Cards & Payment Services Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Standalone)

Watch A severe trajectory reversal in the interest rate sensitivity gap to a massive negative mismatch and a reliance on aggressive write-offs for asset quality require a Watch stance despite exceptional capital adequacy buffers.

Key findings

- The company's interest rate sensitivity gap flipped from positive to a massive negative mismatch, where a 100bps rate hike now hurts pre-tax profits by ₹**153.61 Cr**.
- The lender's headline asset quality improvement was driven by aggressive technical balance sheet write-offs of ₹**4,925.77 Cr** rather than organic loan recoveries during the fiscal year.
- The credit card segment expanded its retail reach and co-branded partnerships, increasing the total cards in force to **2.21 crore**.
- Total card spends witnessed robust growth driven by an expansion in corporate spends, which surged by over 210% to ₹**76,595 crore**.
- Management targets long-term value expansion in the credit card sector, projecting transaction volume growth to register a CAGR of **7.49%** through 2034.
- Total income expanded by 10.11% to ₹**19,901.0 Cr**, driven by strong transaction velocities and core fee income expansion.
- Profit after tax remained resilient at ₹**2,167.0 Cr**, translating into a strong 3.27% return on average assets despite margin compression.
- The lender faces funding concentration risks if banking liquidity tightens, as the top ten individual bank partners provide ₹**40,412.45 Cr** of borrowings.
- Joint statutory auditors flagged operational technology risks, noting that **24** cybersecurity and IT control vulnerabilities remained open at fiscal year-end.
- Capital adequacy ratios strengthened significantly to **25.47%**, providing the company with exceptional self-funded growth headroom and strong balance sheet resilience.

What to watch

Monitorable	Where it stands now	Level that would change the view
Interest rate sensitivity gap PBT impact per 100bps move	₹153.61 Cr	Below ₹50 Cr
Net non-performing assets (NNPA) ratio	1.04%	Below 1% or above 2%
Total capital adequacy ratio (CRAR)	25.47%	Below 20%
Top 10 bank lenders borrowing share	92.25%	Below 80%
Open cybersecurity control vulnerabilities	24 items	0 items

1. Business

1.1 What it sells, to whom

- Sells individual and corporate credit cards to salaried, open-market, and banking customers across 206 cities in India, expanding deeper into Tier-2 and Tier-3 locations.
- Earns revenue via interest income from revolving credit balances and fee income from interchange, annual fees, and transaction commissions driven by card spend volumes.

1.2 Segment performance

Segment	FY25 (total income, □Cr)	FY26 (total income, □Cr)	YoY	Share change (pp)	Margin	What drove it
Credit cards	18,637	19,901	6.78%	0	—	Card base growth and corporate spend expansion
Total	18,637	19,901	6.78%	0	—	—

Forward visibility: Next year's revenue is not contracted as earnings depend on dynamic consumer spends and revolving credit utilisation.

Credit cards

- Capacity: Capital adequacy headroom is strong with total CAR at 25.5% and Tier-I at 20%, providing sufficient capital buffers to support credit book expansion.
- Visibility: Revenue is entirely uncontracted, depending dynamically on ongoing consumer transaction choices, corporate spending patterns, and interest-bearing revolving credit balances.
- Cost driver: Segment profitability margins are primarily sensitive to shifts in the borrowing cost of funds at 6.6% and net credit costs at 7.4%.
- Change: Rolled out new high-scale co-branded partnerships with major digital players including Tata Neu, Flipkart, PhonePe, and IndiGo to accelerate acquisitions.

1.3 Operating measures

Measure	FY24	FY25	FY26	Unit
Cards in force (total)	1.89 crore	2.08 crore	2.21 crore	Crore
Card spends (total)	—	—	~ `4.30 trillion	Trillion
Card spends (retail)	—	□3,08,779 crore	□353,764 crore	□Crore
Card spends (corporate)	—	□24,701 crore	□76,595 crore	□Crore
Card receivables (total)	□50,846 crore	□55,840 crore	□56,926 crore	□Crore
Interest income (total)	□7,927 crore	□9,347 crore	□9,901 crore	□Crore
Fee income (fee and commission)	—	□8,725 crore	□9,999 crore	□Crore
Credit cost (gross percentage)	—	—	8.6%	%
Credit cost (net percentage)	—	—	7.4%	%
Credit cost (total absolute)	—	□4,872 crore	□4,962 crore	□Crore
Market share (cards) (total)	—	—	18.6%	%
Market share (spends) (total)	—	—	18.1%	%
GNPA (total)	—	—	2.41%	%
NNPA (total)	—	—	1.04%	%
Capital adequacy (total)	—	—	25.5%	%
Capital adequacy (tier I)	—	—	20.0%	%
Cost of funds (total)	—	—	6.6%	%
Net interest margin (total)	—	—	11.2%	%
Return on average assets (total)	—	—	3.2%	%
Return on average equity (total)	—	—	14.6%	%
Profit after tax (total)	—	□1,916 crore	□2,167 crore	□Crore

- Total cards in force expanded to 2.21 crore, driving a sharp volume increase in total spends to ~□4.30 trillion, propelled by a 210% surge in corporate spends.
- Total card receivables reached □56,926 crore, matching the growth in interest income to □9,901 crore, while overall asset quality strengthened with the GNPA ratio dropping to 2.41%.

1.4 What the company is building

Initiative	Type	Size	Timing / status	What it changes
Issue of Fixed Rate NCDs	Fund-raise	□2,000 Cr	Completed	Strengthens resource base and supports funding liquidity

1.5 Cost base

Cost line	□Cr	Share of total cost	YoY	What drives it
Credit cost	4,962	—	1.85%	Portfolio delinquencies and bad debt write-offs
Finance costs	—	—	—	Market interest rates and parent debt lines

Sensitivity not disclosed.

1.6 Competitive position

- Commands an 18.6% market share in cards in force and an 18.1% market share in total spends, maintaining its position as India’s second-largest credit card issuer.
- Derives its primary competitive advantage from the trusted brand legacy, extensive branch network, and digital ecosystem of its parent promoter, State Bank of India.
- Faces intense competitive threats from rapidly expanding fintech credit platforms and aggressive card issuers offering lifetime-free cards and alternative digital credit instruments.

1.7 What must stay true

- Unsecured credit stress must not breach equity capital buffers; current net credit cost stands at 7.4%; an escalation above 12% would break net worth expansion (carried from last year).
- Parental funding lines must remain accessible; borrowings sourced directly from SBI stand at 55.49%; a reduction below 40% would break operational liquidity (carried from last year).
- Parent royalty extraction terms must remain stable; current royalty takes a minimum of 2% of PAT or 0.20% of total income; any upward revision would break operating margins (carried from last year).
- Capital adequacy must sustain growth headroom; current capital adequacy stands at 25.5%; a drop below the regulatory 15% threshold would break business continuity (carried from last year).

2. Management's view

2.1 Outlook on the business

Area	What management says	Number or date given	Horizon
Economic Growth	India's real GDP expansion is "projected between 6.8%-7.2%"	6.8%-7.2%	FY 2026-27
Card Circulation	Sector outstanding cards will witness "further expansion to around 210 million cards"	210 million cards	FY 2029-30
Transaction Volume	Industry volumes are expected to reach "approximately 13 billion transactions"	13 billion transactions	FY 2029-30
Market Expansion	Credit card sector value is projected to register a "CAGR of 7.49%"	7.49%	2026-2034
Near-Term Focus	Priorities remain centered on "strengthening risk management capabilities, credit cost discipline"	—	Near-term
Portfolio Growth	Long-term strategy prioritizes "expanding and diversifying our product portfolio"	—	Mid-to-long-term

2.2 Plans and expansion

- Management plans to expand retail reach by scaling merchant collaborations, having already delivered over 1,800 national and regional offers alongside 400 localized tier-city partnerships.
- The lender will invest in technology infrastructure to support digital engagement across its mobile application, which registered 81.8 crore logins during the financial year.

- To fund loan book expansion, the company successfully raised □2,000 crore through the issuance of senior, unsecured, listed non-convertible debentures.
- Management intends to maintain its target of sourcing 50% of new accounts through the bank channel by deepening integrations with the upcoming SBI YONO 2.0 platform.

2.3 Risks and challenges management names

- **Regulatory Risk:** Evolving regulatory frameworks increase compliance obligations, mitigated by continuous alignment of corporate policies and processes with supervisory expectations.
- **Competition Risk:** Heightened competition from new credit card issuers and alternative digital fintech lending ecosystems threatens market acquisition, and no corporate mitigation is stated.
- **Execution Risk:** Model errors in underwriting and expected credit loss estimations pose portfolio operational risks, mitigated by strengthening model validation and internal review frameworks.
- **Funding Risk:** Volatility in interest rates impacts financial liability management, mitigated by maintaining adequate liquidity buffers and diversifying corporate borrowing sources.
- **Concentration Risk:** Asset quality faces vulnerabilities from localized shocks, mitigated by active cross-functional monitoring of credit exposures across customer segments, geographies, and merchant categories.

2.4 Tone

Cautiously optimistic -- Management projects resilient industry transaction growth while implementing tighter credit underwriting filters to manage near-term unsecured portfolio stress. "a year defined by purposeful progress, as SBI Card continued to fortify its business" and "priorities remain centred on strengthening risk management capabilities, credit cost discipline" The tone remains unchanged from last year's note, continuing to balance robust long-term digital growth opportunities against near-term credit environment stress.

3. Financial picture

3.0 What looks out of line

What it could mean	What would confirm or disprove it	Likelihood
Headline asset quality improvement is driven by aggressive balance sheet write-offs rather than organic loan recoveries.	A tracking of subsequent organic collection metrics versus gross credit slippages over the coming quarters.	Likely
Severe short-term asset-liability mismatches and lender concentration expose the firm to critical refinancing risk.	A sudden constriction in banking sector liquidity or failure to roll over existing cash-credit lines.	Possible

One-time legacy write-backs of 109.33 Cr, including a 76.57 Cr GST liability reversal, artificially cushioned headline pre-tax margins.

3.1 Is it making money, and is the profit real?

The company remains highly profitable, though net earnings growth is partially supported by non-operational liability write-backs and cost deferrals. * Core operational revenue expanded 10.11% to 19,901.0 Cr, outpacing gross card receivables growth of 1.95% to 56,926.23 Cr, driven by fee income expanding to 9,999 Cr. * Profitability remains robust with a reported net profit of 2,167.0 Cr, translating into a strong 3.27% ROA and a 13.78% ROE despite compression in financing margins. * Earnings were cushioned by 109.33 Cr of non-operational liability write-backs and the deferral of 1,037.65 Cr in unamortised customer acquisition costs on the balance sheet.

Five-year record

Metric	5-yr mean	FY25	FY26	Low ‹ band › high	Vs trend	Why it moved	Durable?
Total income growth %	19.56	6.41	10.11	6.41 `[-#----o----]` 28.01	**Worse than trend**	Tightening of credit filters and moderation of card acquisition	Too early
PAT margin %	14.11	10.6	10.89	10.6 `[#-----o----]` 16.52	**Worse than trend**	Impact of elevated portfolio write-offs and borrowing costs	Structural
ROA %	4.17	2.92	3.27	2.92 `[-#----o----]` 4.96	**Worse than trend**	Moderated receivable growth and higher absolute credit costs	Structural
ROE %	19.41	13.9	13.78	13.9 `{------o----]` 22.97	**Worse than trend** (worst in window)	Internal capital base expansion outpacing compressed net profit	Structural
NIM proxy %	27.42	24.08	25.52	24.08 `[--#---o----]` 29.98	**Outside the plausible range for this metric (-5 to 15 %) — treat as a data artifact, not a result**	Screener P&L format charging entire cost base against interest	Structural

What the checks found

Is the income real? Watch · Is the P&L being manufactured? Watch

Check	FY25 (□ Cr)	FY26 (□ Cr)	Status	What it means
Fee and other income quality	3,915.65	5,110.88	Watch · high impact	Interchange income grew 3x faster than the net loan book (+1.95%), indicating heavy reliance on transaction velocity rather than credit expansion.
Exceptional items	0.68	109.33	Watch · medium impact	Other income was propped up by a 76.57 Cr GST reversal and a 114.79 Cr PIDF regulatory reversal (total 191.36 Cr), contributing 6.6% to PBT.
Floating / counter-cyclical provision usage	—	220	Watch · low impact	Management overlay of 220 Cr was maintained in Stage 1 to buffer against retail shocks, acting as a non-transparent P&L lever.

Clean (5): Net interest income vs treasury/trading gains; Yield on advances vs cost of funds; Interest on income-recognition-suspended accounts; Deferred tax asset recognition; Accounting-policy or estimate change.

3.2 Is profit turning into cash?

Operating cash flows are stable as loan book growth slows, but collections are heavily offset by high credit impairments. * Operating cash flow turned positive at 493.0 Cr due to slower credit expansion, but cash generation lags net profit of 2,167.0 Cr because of high non-cash write-offs. * Portfolio stress is elevated with fresh gross NPA additions of 4,577.87 Cr, which required aggressive technical write-offs of 4,925.77 Cr to

maintain a 2.41% headline GNPA. * Tax alignment is exceptionally tight, with cumulative five-year P&L tax charges of 3,559 Cr nearly identical to the 3,594 Cr paid in cash.

What the checks found

Is the book honestly provisioned? Watch

Check	FY25 (□ Cr)	FY26 (□ Cr)	Status	What it means
GNPA / NNPA movement and recognition	1,718	1,370.1	Watch · high impact	Headline GNPA reduction was driven by 4,925.77 Cr of write-offs, which exceeded fresh slippages of 4,692.47 Cr.
Write-offs vs recoveries	4,732.47	4,925.77	Watch · high impact	Write-offs are 7.2x larger than bad debt recoveries (686.40 Cr), suggesting low terminal salvage value for the unsecured book.

Clean (3): Divergence reported by the regulator; Provision coverage ratio; Restructured / SMA book.

3.3 Where is the cash going?

Internal accruals fund equity expansion and consistent dividend payouts, while debt capital is continuously recycled to maintain liquidity. * Five-year cumulative dividends reached 1,080.0 Cr, fully covered by earnings as net worth expanded to 15,726.0 Cr, demonstrating self-sustaining capital generation capabilities. * The company raised 2,000 Cr through fixed-rate non-convertible debentures to strengthen its resource base, offset by the redemption of 2,050 Cr of aging debentures. * Significant cash is directed to the parent entity, with annual interest and finance charges paid to State Bank of India consuming 1,356.97 Cr.

Where 5 years of cash went: operating cash outflow of □18,362 Cr moves with the loan book, so the test is funding: capex □357 Cr, dividends □1,080 Cr, net borrowing raised □29,051 Cr, no equity raised.

What the checks found

Is value leaving to insiders? Watch

Check	FY25 (□ Cr)	FY26 (□ Cr)	Status	What it means
Related-party and group exposures	20,113.94	19,876.06	Watch · high impact	99.8% of total revenue is effectively owed to the parent (SBI) via borrowings, creating extreme structural dependency.

Clean (2): KMP / director remuneration vs pre-provision operating profit; Loans to directors / related entities.

3.4 How strong is the balance sheet?

Capital buffers are exceptional and well above regulatory requirements, though the balance sheet remains highly exposed to retail unsecured credit. * Total capital adequacy is extremely robust at 25.47%, with Tier I capital at 19.99%, vastly exceeding the statutory minimum thresholds of 15% and 10% respectively. * Asset risk is highly concentrated, with retail unsecured card receivables representing 98.59% of the gross loan book at 56,123.25 Cr, leaving the firm vulnerable to retail shocks. * Funding concentration is severe, as the top ten individual banking partners provide 40,412.45 Cr, representing 92.25% of the company's total outstanding borrowings.

Five-year record

Metric	5-yr mean	FY25	FY26	Low ‹ band › high	Vs trend	Why it moved	Durable?
Equity / assets %	21.44	21.02	23.71	20.77 `[--o---] #` 22.38	**Better than trend** (best in window)	Slower balance sheet growth and strong internal capital retention	Structural

What the checks found

Can the capital and funding base take a hit? Flag

Check	FY25	FY26	Status	What it means
Fixed versus floating split on BOTH sides -- loans given and funds raised -- and the repricing buckets	9,110.29 Cr	-11,640.12 Cr	Flag · high impact	The interest rate sensitivity gap flipped from positive to a massive negative mismatch, where a 100bps rate hike now hurts PBT by 153.61 Cr.
Wholesale funding concentration / borrowing mix	89.75%	92.25%	Watch · high impact	Extreme concentration: top 10 lenders provide 92.25% of all borrowings (40,412.45 Cr).

Clean (3): CAR / CET1 headroom; AT1 and Tier-2 instruments, write-down history; Contingent liabilities vs net worth.

Contingent liabilities and commitments

Contingent obligation type	As at march 31, 2026	As at march 31, 2025	Risk level / assessment
Claims in ordinary course of business	52.08 Cr	38.92 Cr	High — customer disputes escalating
Service tax disputes	20.42 Cr	18.47 Cr	Moderate — legacy litigation
Income tax disputes	1.98 Cr	1.98 Cr	Low — static tax position
Bank/Financial Guarantees	1.02 Cr	7.66 Cr	Low — minimal commercial usage
Unacknowledged show-cause tax notices	2.56 Cr	3.47 Cr	Moderate — treated as remote liability
Capital commitments (unexecuted contracts)	7.24 Cr	2.81 Cr	Moderate — upcoming cash capex drain

- Outstanding consumer and operational claims filed against the company in the ordinary course of business expanded by 33.81% (calc.) to 52.08 Cr. This trend signals a rising volume of litigation around credit billing errors, consumer disputes, and service failures.
- Balance sheet provisions for operational legal claims jumped from 1.58 Cr to 39.97 Cr due to fresh additions of 38.81 Cr during the year. This rapid provisioning spike indicates that past unacknowledged legal threats are materializing into real cash loss obligations.

Financial statements

P&L statement — lender basis (□Cr)

Line item	Mar 2026	Mar 2025
Interest earned	19,901	18,074
Interest expended	3,072	3,178
Net interest income (NII)	16,829	14,896
Non-interest income	806	563
Total income (NII + non-interest)	17,635	15,459
Operating expenses and provisions (combined)	14,587	12,731
Depreciation	136	147
Profit before tax	2,913	2,581
Net profit	2,167	1,916
Non-interest income as % of total income	4.57%	3.64%
NII as % of interest earned	84.56%	82.42%

Balance sheet (□Cr)

Line item	Mar 2026	Mar 2025
Equity Capital	952	951
Reserves	14,774	12,830
Borrowing	44,064	44,947
Other Liabilities	6,539	6,817
Advance from Customers	164	112
Other liability items	4,660	5,112
Total Liabilities	66,328	65,546
Fixed Assets	219	320
Equipments	11	11
Computers	329	331
Furniture n fittings	5	5
Vehicles	0	0
Investments	6,374	6,235
Other Assets	59,723	58,980
Trade receivables	283	236
Cash Equivalents	2,320	2,738
Other asset items	57,025	55,956
Total Assets	66,328	65,546

Cash flow statement (□Cr)

Line item	Mar 2026	Mar 2025
Cash from Operating Activity	493	-2,140
Profit from operations	19,282	18,677
Receivables	-48	8
Payables	121	85
Loans Advances	-14,623	-17,895
Other WC items	-3,468	-2,265
Working capital changes	-18,017	-20,068
Interest paid	0	0
Direct taxes	-772	-750
Cash from Investing Activity	245	-2,491
Fixed assets purchased	-34	-56
Fixed assets sold	0	0
Investments purchased	-5,110	-4,775
Investments sold	4,734	2,081
Interest received	654	259
Other investing items	0	0
Cash from Financing Activity	-1,172	4,687
Proceeds from shares	3	6
Proceeds from debentures	2,000	0
Redemption of debentures	-2,050	-2,905
Proceeds from borrowings	0	7,939
Repayment of borrowings	-842	0
Interest paid fin	0	-1
Dividends paid	-217	-287
Financial liabilities	-66	-66
Other financing items	0	0
Net Cash Flow	-434	55

4. Management & governance

Governance check matrix

Check	Status	Detail
Audit opinion (type)	Clean	Unmodified opinion issued by joint statutory auditors
Fraud reported by the auditor	Clean	No fraud reported under section 143
Audit trail (edit log) in the accounting software	Watch	Log facility for third-party payroll software could not be independently verified
Statutory dues unpaid	Watch	□1 Cr undisputed stamp duty liability pending provisional adjudication
Promoter pledge (% of promoter holding)	Clean	0% of promoter holding pledged or encumbered
Independent directors (% of board)	Clean	57.14% of the board is independent
Woman director	Clean	3 female directors present on the board (~42.86%)
KMP pay against the statutory ceiling	Clean	Executive remuneration is within statutory limits under Section 197
Related-party transactions (% of revenue)	Watch	Promoter borrowings outstanding represent 99.88% of annual revenue

A. Auditor report & key audit matters

Beyond the matrix, the statutory auditors highlighted two major Key Audit Matters. First, they flagged Expected Credit Loss (ECL) provisioning on the loan portfolio as a high-judgment zone, given the complexity of tracking default probabilities, discounting recoveries, and weighting forward-looking macroeconomic scenarios. Management addressed this model risk by holding a subjective management overlay buffer of □220 Cr. Second, the auditors focused on security risks in the automated IT transaction environment, noting that an independent external security assessment discovered 147 cybersecurity and control vulnerabilities. Management validated the closure of most items, but 24 control vulnerabilities remained open at fiscal year-end, with 5 classified as high-risk and 12 as medium-risk.

The audit report included an Emphasis of Matter drawing attention to the □220 Cr management overlay provision and a □76.57 Cr legacy tax reversal of uncollected GST liabilities on late payment fees. There were no financial defaults to any banks or debt lenders during the fiscal year. Total fees paid to the joint statutory auditors stood at □0.93 Cr, split between □0.42 Cr for the core statutory audit and □0.45 Cr for non-audit services (encompassing quarterly limited reviews, tax audits, and other compliance certifications), alongside □0.06 Cr in direct expense reimbursements. No asset classification or provisioning divergence relative to the regulator's assessment was disclosed in the supplied text. No regulatory penalties were imposed by banking or capital market watchdogs during the year. Total customer credit card usage frauds reported to the regulator involved an aggregate value of □0.73 Cr, while employee-driven fraud cases stood at zero.

B. Related party transactions

Operating lines and liquidity rollbacks are deeply integrated with the parent company, State Bank of India. Statutory terms restrict traditional banking advances to directors; the platform reported small credit card spending advances of □0.13 Cr outstanding across five directors, and □0.51 Cr across 17 connected entities in the ordinary course of business. Single-borrower and group-borrower exposure limit breaches were not disclosed in the supplied text.

Counterparty	Relationship	Nature	FY26 flow (□Cr)	FY25 flow (□Cr)	Balance at FY26 year end (□Cr)	Assessment
State Bank of India	Holding Entity	Borrowings, interest, operational fees, and dividends	149957.65	113750.43	20912.77	Arm's length
Fellow Subsidiaries	Group Companies	Inter-company debt, finance costs, CSR, and loans	370.17	620.20	1527.34	Arm's length
Key Managerial Personnel	Management	Remuneration, post-employment benefits, and card advances	8.24	8.75	0.16	Routine
Total	—	—	**150336.06**	**114379.38**	**22440.27**	—

The transaction flows cannot capture the hidden intra-year liquidity churn or the operational volume pricing caps approved under master network covenants. No write-offs, credit impairments, or dynamic asset provisions were recognized against the promoter entity during the fiscal year. Financing rates on parent borrowings align closely with the corporate platform's external cost of funds, ensuring minority shareholder capital is not funding preferential group exposures.

C. Shareholding

The equity allocation block reveals structural stability in the promoter control base.

Category	FY26 (%)	FY25 (%)	Change (pp)
Promoters	68.58	68.60	-0.02
FIIs	Not disclosed	9.88	Not disclosed
DIIs	Not disclosed	17.22	Not disclosed
Public	Not disclosed	4.30	Not disclosed

The promoter entity, State Bank of India, maintains zero pledges or structural encumbrances against its equity block, ensuring no external lender holds security rights over the core ownership stake. Minor equity base expansion took place during the year via the allotment of 2,12,900 shares at □152.10 per share under the 2019 ESOP scheme and 30,397 shares at □10 per share under the 2023 ESOP plan. This technical exercise expanded the total outstanding share base to 95,16,00,251 shares without causing material dilution to minority public holders.

D. Board composition

Governance architecture features a formal structural separation between the Non-Executive Chairman, Mr. Challa Sreenivasulu Setty, and the Managing Director & CEO, Ms. Salila Pande, with zero inter-se family relationships linking individual board members. The platform experienced extensive board turnover during the year, primarily driven by regulatory tenure boundaries. One promoter representative, Mr. Shamsher Singh, resigned on November 13, 2025, due to expanded corporate obligations at State Bank of India. Concurrently, four Non-Executive Independent Directors—Dr. Tejendra Mohan Bhasin, Mr. Rajendra Kumar Saraf, Mr. Dinesh Kumar Mehrotra, and Ms. Anuradha Nadkarni—exited the company following the completion of their regulatory second terms.

The board operates under a strict RBI-compliant fit-and-proper framework, requiring directors to demonstrate verifiable competence across corporate strategy, financial accounting, risk analysis, and information systems. All

statutory committees fulfilled their regulatory schedules without any missed or cancelled meetings. The Audit Committee met 10 times and the Risk Management Committee convened 5 times, maintaining strong ongoing supervisor oversight across asset growth channels.

E. KMP compensation

Remuneration details cover executive directors and key operational officers, measured against the platform's financial performance.

Name	Role	FY26 (□Cr)	FY25 (□Cr)	Change
Ms. Salila Pande	Managing Director & CEO	1.35	Not disclosed	—
Other KMPs	CFO and Company Secretary	5.35	Not disclosed	—
Total	**KMP Remuneration Pool**	**6.70**	**6.57**	**+0.13 Cr**
Pay as % of Operating Profit	**Basis: □7,876 Cr EBCC**	**0.09%**	**0.09%**	—

Total management compensation expanded by a modest 1.98% to □6.70 Cr, which represents a proportionate 0.09% of the □7,876 Cr pre-provision operating profit (Earnings Before Credit Costs) base, well inside reasonable stewardship parameters. The direction of compensation tracked positively, as executive payouts grew slowly in a year when corporate operating earnings before provisions climbed by 6%. The statutory median employee remuneration comparison ratio required under Section 197 was not disclosed in the supplied text, and no variable pay malus or compensation clawbacks were invoked against leadership targets.

F. Capital allocation & capex

Core loan portfolio growth of 2% was funded efficiently out of internal profit reserves and optimized short-term credit line rotations, with total borrowings declining slightly from □44,947 Cr to □44,064 Cr. Equity dividend distributions of □217 Cr were paid out without eroding capital strength; the platform's Capital Adequacy Ratio (CRAR) strengthened from 22.85% to 25.47%, with Tier I core capital rising to 19.99%, far above the 15% statutory minimum. Minor employee share allotments caused zero material dilution for public equity holders. Physical capex targeting premises and technology infrastructure was cut back to □33.64 Cr from □55.76 Cr, representing a tiny 0.35% of total operating expenses and remaining fully covered by the year's positive operating cash flow of □493 Cr. Financial returns held steady as the Return on Average Assets (ROA) improved to 3.27%, while the platform avoided group company acquisitions, limiting capital movements to a routine □9 Cr corporate social responsibility grant to the SBI Foundation.

G. Revenue recognition policy

Operating revenues are anchored in clear accounting frameworks, though specific fee components leave room for management interpretation. Core interest income follows the Effective Interest Rate (EIR) methodology under Ind AS 109, which dynamically spreads card acquisition payouts and incremental processing fees across the behavioral lifespan of customer accounts. For Stage 3 credit-impaired books, interest accruals are stopped on the gross loan base and calculated only on the net post-provision book value, eliminating artificial asset inflation. Standard transaction fees, ATM charges, and late payment interchange fees are recognized at a single point in time when the transaction is completed, leaving management zero accounting discretion.

Card membership onboarding fees are deferred as a contract liability (totaling □590.98 Cr at year-end) and recognized straight-line over a 12-month stand-ready performance window. In contrast, business development incentive arrangements with global payment networks leave substantial judgment with management. These contracts run for 3 to 5 years, with variable revenue recognized periodically based on management's forward-

looking estimates of aggregate transaction volumes, creating a contract asset balance of ₹283.22 Cr that remains vulnerable to retrospective partner volume adjustments.

4.1 Credibility: said versus delivered

What they said last year	What happened	Verdict
Shift the sourcing moat toward embedded digital sourcing via the YONO app and internet banking.	Continued leveraging the YONO ecosystem for low-cost customer sourcing and targeted 50% sprint penetration.	Delivered
Pivot product strategy from generic utility cards toward premium, lifestyle-integrated portfolios to combat MDR compression.	Launched premium core products including SBI Card MILES and KrisFlyer SBI Card to capture high-value segments.	Delivered
Expand UPI-RuPay integration as a volume play to penetrate smaller towns.	Completed UPI platform expansion, adding Credit on UPI and transaction control features.	Delivered
Focus heavily on workforce optimization and operational excellence for cost control as credit costs rise.	Aggregate KMP compensation fell by 13.32% and core capex decreased to ₹55.76 Cr, though total operating costs and provisions expanded to ₹12,731 Cr.	Partially Met

4 further claims too vague to check: accelerating card time-to-market via the Blaze engine, capitalizing on India's 2026 consumer market trajectory, prioritizing proactive fraud alerts, and driving ESG-integrated reporting cost savings.

This year's claims against the numbers

- Management intends to source half of new accounts through the bank channel by deepening integrations with the SBI YONO 2.0 platform, yet while total cards in force expanded to 2.21 crore cards, total card receivables reached ₹56,926.23 crore from a prior baseline of ₹55,840.00 crore, indicating that high-volume customer acquisitions have not generated substantial corresponding balance sheet expansion.
- Management projects long-term credit card sector value expansion with a compounding growth trend up to the year 2034, but its own total income expanded to ₹19,901.00 crore from ₹18,074.00 crore, reflecting a clear deceleration in performance momentum compared to its historical multi-year records.
- Management states that near-term priorities are centered on strengthening risk management capabilities and credit cost discipline, yet actual asset write-offs remain massive with fresh gross non-performing asset additions reaching ₹4,577.87 crore and total absolute credit costs hitting ₹4,962.00 crore, requiring technical write-offs of ₹4,925.77 crore to depress the reported non-performing assets.

Credibility: Medium -- Management successfully delivered on its core operational and technological initiatives, including premium card partnerships and platform integrations, but its stated narrative of risk discipline and credit cost control is contradicted by massive technical write-offs of ₹4,925.77 crore needed to manage the loan book's underlying stress.

What has not changed

- Employee costs have consistently stabilized at 3.0% of total income for the third consecutive year, showing highly predictable control over internal personnel overheads.
- The company has maintained an uninterrupted sequence of positive net profits across all five years of the observed window, proving resilient structural earning power.
- Core financing margins have continued their downward trajectory for the third consecutive year, reflecting persistent competitive and funding headwinds.

5. Scorecard

Dimension	Rating	Vs last year	What decided it
Business quality	4	Down	Return on average assets remains strong at 3.27%, but return on average equity dipped to 13.78% due to internal capital expansion outpacing compressed net profit.
Financial health	3	Same	Capital adequacy is strong at 25.47%, but net non-performing assets stand at 1.04% and the interest rate sensitivity gap flipped to a negative mismatch where a 100bps rate hike hurts profit by 153.61 Cr.
Earnings quality	3	Same	Headline asset quality improvements rely on aggressive technical write-offs rather than organic recoveries, though non-operational write-backs remain low at 109.33 Cr.
Management & governance	4	Up	Promoter pledges stand at zero and executive pay is conservative at 0.09% of operating profit, but joint statutory auditors highlighted twenty-four unresolved IT security vulnerabilities.
Capital allocation	5	Up	Core loan growth is entirely funded through internal capital retention, allowing equity-to-assets to rise to 23.71% with zero material public equity dilution.