

Q2FY25

ANALYST MEET

TRANSCRIPT

08.11.2024

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CHAIRMAN, STATE BANK OF INDIA

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- **Mr. Pawan Kumar - General Manager (Performance, Planning and Review), State Bank of India**

Good evening, ladies and gentlemen! I am Pawan Kumar, General Manager, Performance, Planning & Review Department of the bank. On behalf of State Bank of India, I am delighted to welcome the analysts, investors, colleagues and everyone present here today on the occasion of the declaration of the Q2FY25 results of the bank. I also extend a warm welcome to all the people who are accessing the event through our live webcast. We have with us on the stage, our Chairman, Shri C.S. Shetty at the centre, our Managing Director, Corporate Banking & Subsidiaries, Shri Ashwini Kumar Tewari, our Managing Director, Retail, Business & Operations, Shri Vinay M. Tonse, our Managing Director, Risk, Compliance & SARG, Shri Rana Ashutosh Kumar Singh, our Deputy Managing Director, Finance, Smt. Saloni Narayan, our Deputy managing Directors heading various verticals and Managing Directors of the subsidiaries are seated in front rows of this hall. We are also joined by Chief General Managers of different verticals, business groups. To carry forward the proceedings, I request our Chairman sir to give a brief summary of the bank's Q2FY25 performance and the strategic initiatives undertaken. We shall thereafter straight away go to Q&A session. However, before I hand over to Chairman sir, I would like to read out the safe harbor statement.

Certain statements in today's presentation maybe forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual outcomes may differ materially from those included in these statements due to a variety of factors. Thank you. Now I would request Chairman Sir to make his opening remarks. Chairman Sir, please!

- **Mr. C.S. Setty – Chairman, State Bank of India**

Thank you. Good evening, ladies and gentlemen! Thank you for taking the time to join this analyst meet today, post announcement of Q2FY25 results of the bank. The results for the Q2FY25 highlight continuity, consistency and SBI's significant long-term strengths. At the outset, I would like to thank all our stakeholders for their support and helping us in creating a sustainable value not only for the bank but also for the economy as a whole. Over the years, SBI has remained focused on strengthening the key components that contributed to this sustainable value. We have prioritized our liability franchise, refined our processes, continue to improve our underwriting standards and aim to deliver value to all stakeholders, while positioning ourselves as a reliable financial services brand.

I will first start with the brief description of the present global and domestic economic scenario and then discuss bank's performance. Global growth is expected to remain stable, though somewhat underwhelming with cementing of growth in the largest economy of the US being a silver line. The recent US election results could lead to lower taxes, favourable regulations along with tighter labour markets. They also present an opportunity for the Indian economy to further strengthen the domestic manufacturing base while closely aligning with strategic allies. Further any positive development in the

geo-political situation in the areas of conflict could lead to easing of commodity prices. On the other hand, the EU Block appears still shrouded in uncertainties. The global growth forecast by IMF for 2025 remains at 3.2% with India remaining the fastest growing large economy.

On the domestic front, India's GDP registered a growth of 6.75% – 7% in Q1 driven by private consumption and investment. Looking ahead, agriculture sector is expected to perform well on the back of above normal rainfall and robust reservoir levels while manufacturing and services activities remain steady. On the demand side, healthy kharif sowing coupled with sustained momentum in consumer spending in the festival season auger well for private consumption. The average inflation for FY25 is expected to be 4.5% according to RBI estimates. Latest numbers show that scheduled commercial banks' deposit growth has now surpassed credit growth. Deposit credit differential has now turned positive, which was last seen in April 2022. We expect SCBs' deposits will grow 11% - 12% and credit by 12% - 13% in FY25. RBI has ensured that system liquidity remains comfortable by conducting two-way market operations.

Coming to the bank's performance, we have once again delivered a good set of numbers. At the end of Q2FY25, our credit growth was 14.93% YoY, deposit growth was 9.13% YoY while the CD ratio domestic was 67.87% and importantly, our slippage ratio was 0.51% with retail slippage ratio 0.31%. Credit cost was 0.38% and PCR was 75.66%. The profit for the quarter was ₹ 18,331 crores, up almost 28% YoY. On the business front, deposits at the end of Q2FY25, deposits have crossed a milestone of 50 trillion rupees with more than 50 crore customers. We are humbled to serve one out of every three Indians. In some way, SBI touches every Indian family. The total deposits have grown by 9.13% YoY to ₹ 51.17 trillion. Term deposits have grown by 12.51% YoY. Our current account deposits have grown by 10% YoY and CASA has grown by 4.24%. We have maintained CASA ratio by more than 40%. As far as credit growth is concerned, I am pleased to advise that the credit growth continues to remain robust across all segments. Our domestic advances have grown by 15.55% YoY driven by 18% growth in corporates, 17% in Agri, 17% in SME and 12% in retail segments. Our foreign office advances have grown by 11.56% YoY. Our market share in savings bank deposits was 26.51% at the end of June 2024. From Sep 2019 to Sep 2024, our savings franchise achieved a CAGR of 8.34%. When it comes to advances, our market share was 19% at the end of Sep 2024 with a 5-year CAGR of 11.76%. Notably, our credit growth in Q2 was 14.93% as compared to 13.03% for the ASCBs. As far as asset quality is concerned, slippage ratio in Q2FY25 was, as I mentioned earlier, 0.51% and the credit cast stood at 0.38%. The net NPA ratio improved by 11 bps YoY and stands at 0.53%. We have a well provided NPA book with PCR at 75.66%, I think the first time we crossed 75% cover. These indicators of asset quality highlight the robust quality of our loan portfolio. Our liquidity position is comfortable with a liquidity coverage ratio being about 129% as on 30th Sep and the domestic CD ratio was at 67.87% indicating significant potential to grow our credit portfolio. The bank remains well capitalized and we have sufficient headroom to take care of business growth requirements. Our capital adequacy ratio is 13.76% without considering plough back of profits and is well above the regulatory requirement. If we include the profits for H1FY25, our CAR would be at 14.79%.

I am happy to share the progress we are making in digital banking. More than 8 crore customers have been registered on YONO, driving digital agenda of the bank. 61% of our regular saving bank accounts are opened through YONO in Q2FY25. Our subsidiaries are also consistently performing well and continue to create significant value for all the stakeholders. We will continue to nurture these subsidiaries and maintain leadership position in the respective businesses. We are glad to report that the bank continues to report ROA and ROE greater than 1% and 20% respectively at the end of H1FY25. Previously we have highlighted that SBI stands out as one of the few financial institutions with unparalleled long-term advantages capable of delivering more than 1% ROA at this scale. Scale is a crucial aspect to consider. SBI maintains a more than 1% ROA with advances portfolio of ₹ 39 lakh crores, an investment portfolio of ₹ 16.66 lakh crores, a deposit base of ₹ 51.17 lakh crores and a total balance sheet size of ₹ 63.41 lakh crores, which is risk weighted at 54%. It is important to highlight the risk weights of SBI's balance sheet. A more insightful indicator of SBI's profitability is its industry leading RORWA of 2.07%. This is return on risk weighted assets. By combining our market shares in both asset and liability products with RORWA, it is evident that the bank has a dominant presence in all the large risk adjusted profitable lending and liability markets in India. So, while we are glad about the outcomes in Q2FY25, we are also mindful of the areas for further improvement. On the liability side, we continue to focus on increasing our share in current account while maintaining our leadership position in savings bank deposits by further strengthening our customer outreach and branch network. Although the bank's cost base is substantial, it highlights our commitment to compliance and establishment expenses. The bank's ROE profile is currently higher than its credit growth implying CET1 accrual in the future. From this strong position, our goal is to consistently achieve an ROE over 15% throughout business cycles.

To conclude, I want to thank you all once again for your support. The bank while pursuing its own progress contributes to the progress and growth of the economy. We remain committed to rewarding our stakeholders' trust in us with superior sustainable returns over the long term. My team and I are now open to taking your questions. Thank you very much.

- **Mr. Pawan Kumar - General Manager (Performance, Planning and Review), State Bank of India**

Thank you, Chairman Sir, for the presentation. We now invite questions from the audience. For the benefit of all, we request you to kindly mention your name and company before asking the questions. To accommodate all the questions, we request you to restrict your questions to maximum two at a time. Also kindly restrict your questions to financial results only and no question be asked about a specific account please. In case you have additional questions, the same can be asked at the end. We now proceed with the Q&A session.

- **Ms. Mahrukh Adajania – Executive Director (Equity Research), Nuvama**

Hello Sir! Good evening, Sir. Congratulations! Sir, my first question is just on credit and deposit growth. I guess you had quoted in the Business Standard Conclave saying that the pace of growth of deposit and credit should nearly coincide. So, our deposit growth has outpaced credit growth this quarter but on the YoY basis, there is still a gap. How are we viewing that gap? Can it continue?

- **Mr. C.S. Setty – Chairman, State Bank of India**

Thank you. I think our effort is, in fact there was some question, why you have low CDR ratio, why are you pursuing the deposits? So, I think deposit as a franchise, we continue to ensure that the deposit growth is maintained in terms of two aspects. One is, our market share of 23%, under no circumstances we are going to allow it to go down. I think 22% - 23% is something that we want to maintain. No. 2, while we have adequate liquidity and capitalization to support credit growth, we would like to ensure that the incremental credit growth is supported by the incremental deposits. I think that part will continue to be there. So, with a huge deposit base, even if lower double-digit growth of 10% - 11% would give me that heft to meet the credit requirements. This is the idea in terms of saying, how we ensure that the incremental credit is supported by the incremental deposit growth.

- **Ms. Mahrukh Adajania – Executive Director (Equity Research), Nuvama**

We can continue to expect 14% - 15% loan growth and maybe 10% - 11% deposit growth.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Ya, definitely on the credit growth, I think we are sticking to our guidance of 14% - 16% will continue to be there. Deposits, yes, the effort is to cross the hurdle of 10%. Today we are more than 9% and lot of efforts which we have done in terms of mobilizing the deposits have resulted in some significant growth of 9.13% as I mentioned that greater milestone of 50 lakh crores is a proud moment for us and we hope that the 10% - 10.50% should be possible. And if you notice, we already are in the double digit, both in the current account and terms deposit. The next target would be, how do we increase our savings bank growth rate.

- **Ms. Mahrukh Adajania – Executive Director (Equity Research), Nuvama**

Got it sir and my next question is on Xpress Credit. So, what is the outlook there given that now we have fallen below 10% YoY? So just a broad outlook there?

- **Mr. C.S. Setty – Chairman, State Bank of India**

We have seen the growth coming back into this unsecured product which we have had on secured personal loan. We felt that I think, it was more in terms of the demand than anything else. One thing what we must remember is that, this is a high churning product, in the sense that while we give for 5 – 6 years term, it gets paid off pretty fast, 14 months is average life of an Xpress Credit, which means that if there is a slight demand slack, you result in slowing growth. On an average we get 16 - 17 thousand crore repayment every month. So, we have to keep pace with that, it is not that we are not growing on that. Because the repayments outpace the disbursements, sometimes you know, the growth rate slows down. But we are seeing a good traction in the current month and hopefully this busy season will ensure that, if not that 30% CAGR what we have witnessed in the past, I think we will come back to a reasonable growth rate there. Do you want to add anything Vinay?

- **Mr. Vinay M. Tonse - Managing Director (Retail, Business & Operations), State Bank of India**

I don't want to be very forward looking but the month of October has been really good and the book style of slack season and the busy season is actually playing out for us including the Xpress Credits. We have no concerns coming out of that.

- **Ms. Mahrukh Adajania – Executive Director (Equity Research), Nuvama**

Got it Sir, thank you.

- **Mr. Vinay M. Tonse - Managing Director (Retail, Business & Operations), State Bank of India**

Thank you, Mahrukh.

- **Mr. Ashok Ajmera – Chairman, Ajcon Global**

Hello Sir! Sir, I am Ashok Ajmera, Chairman, Ajcon Global. Sir, welcome to you. You are chairing the first analyst meet sir, as Chairman of the Bank, the largest bank of the country and compliments to you for the wonderful numbers. Good set of numbers, operating profit touching almost ₹ 30,000 crores and I think this is one of the highest operating profits of the bank and all other parameters also, the bank has performed exceedingly well. I have a question which, I will just take it forward from Mahrukh, about the numbers of the credit growth of which you have given 14% - 15% target. Now I think, as per these numbers what we have achieved is around 4.09% in H1FY25. We have a long way to go to achieve the remaining 9.50% - 10% growth, which means almost about ₹ 5 lakh crores of credit growth in the remaining 6 months. So, what is the roadmap there

Sir? How do we plan to achieve that kind of credit target in the remaining, you have only five and a half months? My first question is on that. Second one sir, a major part of the other profit has come from the other income this quarter. I mean if you look at it, the sale and the revaluation is ₹ 4,641 crores against ₹ 2,500 crores in the last quarter. Forex income is ₹ 1,111 crores as against just ₹ 361 crores in the last quarter and miscellaneous income is ₹ 2,685 as against ₹ 1,200 crore. So, whether this is a regular phenomenon going to be in the remaining two quarters of this kind of profitability, I mean other income, or some one-offs are there in these three items if you look at the profitability. And thirdly, on the provisions, we see that some other provisions of ₹ 600 crores, we were asking madam also sometime back, what is that? Because we have been actually writing back the provisions, in the earlier two quarters if you look at it, this time there is a provision of ₹ 600 crores on the other thing. And on the SMA front, Sir this SMA1 of course that one-off ₹ 9,000 crores account which has taken the SMA1 to almost about ₹ 12,000 crores, that is being already regularized, its note has been given but is it going to again slip and comeback or is it a permanent kind of a solution? And there was one another account of the government which we were discussing whether any provision provided for that? I think you can clarify on that and madam also, since the government has given some money, so what is the plan in that? Whether it is a temporary arrangement there also or we might have to provide for that? So, these are my couple of questions in this round. If time permits, I will come back again Sir. Thank you, sir.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Go back to the credit growth slide. So, if you see here, other than retail personal, it has been a secular growth and we are seeing that, this secular growth, segmental growth is likely to continue. And on the corporate side, I will ask Ashwini also to supplement but we see that there is a good visibility of the pipeline both in terms of the proposals under sanction and proposals sanctioned but not disbursed. This is the data which we consistently keep giving you and these numbers are almost ₹ 6 trillion. ₹ 6 lakh crores is something what these two things constitute. And the growth is also coming from YoY, the higher utilization of the working capital limit. So, the combination of this indicates that our corporate credit growth would remain in this higher double digit. Agriculture, this growth in the first half has come despite heavy rains and many things what is happening. And we also have diversified our agricultural portfolio. It is not only coming from the crop loans. We have various components of rural finance, which is built into this agricultural book and the rural finance includes Agri infrastructure financing, self-help group financing, Agri gold loans, crop loans. We have significantly enhanced our ability to assess this agricultural financing. We have set up Agri CPCs across the country and we have brought back our relationship manager for rural and urban, which they are processing the high value agricultural loans now. I think the combination of this also shows that, agriculture during the second half will continue to do well.

On the SME, some of the measures which we have taken, I think earlier also we have shared, the SME financing, we are trying to move heavily into data based, non-collateralized cash flow-based lending. We have introduced, what is called business rule engine, upto ₹ 5 crore limit assessment and it is doing very well. I think we have done

from inception, almost ₹ 30,000 crores loans under the BRE here. And BRE uses an extensive data set, both internal as well as external and one of the major complaints, against major public sector banks including SBI is that the turnaround time for issuing sanctions for SME loans is longer. Today, under the BRE, we are able to give in-principle sanction in 15 mins and if it is guaranteed by CGTMSE, the disbursement is done in two days. So, I think this operational efficiency improvements also I think would help us to continue to grow this SME book. Again, SME also has several components in this – dealer financing, vendor financing, balance sheet financing, I think almost all the components we are trying to improve the operations. Then the question of retail personal comes. Retail personal as we have been mentioning, we are seeing an uptake. Hopefully, that will be sustained during the second half. So, the credit growth is definitely we are confident that 14% - 16% credit growth rate happen and home loan is one of our leading products. You see that 13.66%, average 13% - 14% CAGR is being ensured on this. And we see historical levels of sourcing of home loan applications in the first half, which resulted in a huge number of sanctions and disbursements in this category and almost all the other products are also doing well.

Coming to your other income, yes, we are definitely aided by the other income in this quarter. Other income components are you rightly mentioned Ajmera Saab is in terms of both trading gains, MTM gains and the recovery in the written-off accounts. So, recovery in written-off accounts, our assessment indicates that the current run rate will continue. I mean that is fairly easy to assess, that you know what is in store, where you have taken the measures of recovery, what is the stage in the NCLT, SARFAESI or DRT, have a fair idea about the recoveries, unless some last-minute things happen. But on the trading front of course is a function of yield movement. We have consciously worked in terms of acquiring some additional, added some duration to the book and we played on yield movement and the trading gains were there. Our estimations, our expectations are that the yield trajectory will be ranged from 6.6 - 6.9 in which case I think, we still have scope for trading gains. MTM, again is a function of yield movement.

The third piece on the Forex, we definitely got benefitted, the volatility always gives us some benefit, so we played on that. Mainly the proprietary derivative book which we have had, which contributed to the treasury gains, it is very difficult to confidently say that it is going to be the same level of profit, but we will try to maintain that, if not this part, then other sources of other income. We want to escalate our loan processing charges; we want to increase our other income by engaging more on the ecosystem banking. I think our renewed focus on non-interest income will continue and we are hopeful to get in. Do you want to say something on the other provisions?

- **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

Last year, we had a write back of ₹ 1,010 crores on account of NPA automation which was completed by the Bank and we were able to write it back. That is the main reason. So, this year we don't have that write back. And apart from that, the normal provisions of course have gone up from ₹ 283 crores to ₹ 876 crores, which is ok. There is no particular segment to call out.

- **Mr. Ashok Ajmera – Chairman, Ajcon Global**

Other than the normal standard provisions and other things you are taking....

- **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

The only factor is NPA automation reversal of ₹ 1,010 and to your point of AUCA recovery, last year same quarter we had ₹ 1,566 crores AUCA recovery. This year, we have ₹ 2,336 crores and as Chairman Sir has said, that going forward, we are expecting this kind of recovery in the next two quarters.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Ashwini, you want to supplement something on the corporate.

- **Mr. Ashwini Kumar Tewari - Managing Director (Corporate Banking & Subsidiaries), State Bank of India**

On the corporate side, you have seen good growth, but this growth has not come on its own. Actually, my team is sitting here. Last one and a half years, they have been planning for this, contacting corporates, understanding their business plans and actually trying to fit in where we can and therefore we approach them much before time and that's how this book has been building up and as Chairman explained, ₹ 3 lakh crores in pipeline, ₹ 3 lakh crores to be disbursed and there is some more undisbursed term loans etc., so all of that is a huge number. Of course, not all of this will fructify but we keep engaging, keep getting more lead, keep getting more conversations. This is all about conversation and being in the right place. So, our corporate book continues to be strong. We expect to see a good growth in this. Of course we are selective, we don't want to compromise on asset quality at all. Hopefully, this will continue.

- **Mr. Ashok Ajmera – Chairman, Ajcon Global**

Sir, which are the major sectors or areas from where this credit growth is coming, the demand is coming and the book is building?

- **Mr. Ashwini Kumar Tewari - Managing Director (Corporate Banking & Subsidiaries), State Bank of India**

So, infrastructure continues to be strong, so that includes both renewable energy, roads, power and now we are seeing action in the thermal power space also which for some time we were not seeing but apart from renewable, thermal is also seeing action. And apart from infrastructure, in steel some demand is coming up.

- **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

Petroleum and Petro-chemicals. Engineering, Aviation, Services.

- **Mr. Ashwini Kumar Tewari - Managing Director (Corporate Banking & Subsidiaries), State Bank of India**

Lot of these things, it's a broad-based demand, it's not restricted.

- **Mr. Ashok Ajmera – Chairman, Ajcon Global**

Sir, one observation in your feedback if you allow me. Sir, today, Jet Airways, yesterday Supreme Court of India's decision that, they ordered Jet Airways to be liquidated and we have a good share up there. I think out of almost about ₹ 3000 or ₹ 4000 crores, our share is one of the major shares in that and you have already got ₹ 400 crore, ₹ 250 crores in cash and ₹ 150 crores in bank guarantee. So, on that, any take? In this quarter, we will have some substantial recovery on that because you have a lot of collaterals also. Can you throw some light on that Sir, on that account? Because it has been published in the newspaper.

- **Mr. C.S. Setty – Chairman, State Bank of India**

That's ok. We generally don't talk about individual accounts and of course this is a popular account to comment on. Ajmera Saab, it's too early to say anything. We just received the order yesterday. We are studying. The lenders have to meet and strategize, how to go about it? We will just wait for some time on this.

- **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

Ajmera Saab, let's talk about the results.

- **Mr. C.S. Setty – Chairman, State Bank of India**

That's ok, we will just wait for some time.

- **Mr. Sushil Choksey – Managing Director, Indus Equity**

Congratulations to Team SBI. Sushil Choksey, Indus Equity. Sir, you gave a highlight on credit growth where ₹ 6 lakh crore is very visible where corporate is concerned. One is, how is the retail engine looking, not from SBI perspective but where India is concerned. Second is, you said that volatility in treasury is between 6.6 to 6.9 which would be a

healthy yield for the bank and how do you see deposit market with our market share, where it is, whether the rates have peaked, banks could garner more deposit or there is something which is not functional well for the deposit market?

- **Mr. C.S. Setty – Chairman, State Bank of India**

Choksey Saab, on the retail personal, we always have been saying that our retail personal book is incredibly different from others. I still hold on to that view.

- **Mr. Sushil Choksey – Managing Director, Indus Equity**

My question is on overall retail business, I am not asking unsecured or secured....

- **Mr. C.S. Setty – Chairman, State Bank of India**

Even in the retail business, what are the retail components. Just come to that slide please of the retail book. So, these are the major segments of the retail – home loans continue to be a robust growth and we expect that 13% - 14% growth rates in home loans continue. The auto loans, I think in the first quarter and second quarter were slower, but we are seeing a good growth coming back in the auto loans and personal gold loans, we have recorded historical levels of growth rate there. So, the whole segment of retail personal is doing well and if you see the asset quality, it continues to be robust. I think from that angle, SBI book if you want me to talk about it, I have no great concern, both in terms of growth as well as in terms of asset quality. As far as industry is concerned, I think there have been some concerns in terms of asset quality on the unsecured loan book, mainly in the small ticket loans. If you again see, while the 95% of our unsecured personal loan, the whole retail segment is salaried class, whether it is home loans or auto loans. Pre-dominantly it is salaried class, who maintains salary accounts with us. But in case of industry, what we notice that the small value loans particularly 50,000 to 1 lakh rupees are the ones which had some major issues in terms of the asset quality. We are not there in that space, anyway.

And as far as deposits is concerned, yes, it is a concern for everyone because there has been a reallocation of asset portfolio by every individual. A part of their surplus they want to put in some other categories of investment instruments that has resulted in some of the deposits going into other sectors. But what we saw that deposit growth is also a function of how effectively you are following up with your customer. I will just give an example. I think we mentioned earlier also, we did extensive data analytics on our portfolio of 50 crores customers. Even if you take out of this 50 crore, 17 crore basic savings bank deposit customers aside, what Jan Dhan accounts and all, 33 crores account customers we have intensively analysed and saw that there are promoters, there are stagnators, there are attritors and these are the categories of customers every one of them requires a different approach to reach out and then continue to have the stronger relationship with them. So, these are the strategies which are helping us to mobilize the deposits.

As far as rates are concerned, we believe that the rates have peaked. And if you see, there has not been much rate action in the last 2 - 3 months on the deposit side. While we floated some new schemes like we did one, AMRIT VRISHTI is one of the most popular deposit products which had mobilized a huge amount of fixed deposits for us. We adequately compensated the customers. I am not saying that we have compromised on that. But broadly speaking, the interest rate on deposits has peaked.

- **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

₹ 1,40,000 on AMRIT VRISHTI, Sir.

- **Mr. Vinay M. Tonse - Managing Director (Retail, Business & Operations), State Bank of India**

Q3 and Q4 would be much better particularly, Choksey Sahab, on the deposits front, I would say. And we must also keep in mind that this also answers Mahrush's question, we have a base of 50 lakh crores now. So, even a 10% would mean 5 lakh crores but our franchise is definitely up to this challenge. We will cross easily into double figures.

- **Mr. Sushil Choksey – Managing Director, Indus Equity**

Sir, looking at your performance and guidance on credit and deposit market, what's new which is going to come out from SBI for FY2025 within the business at the bank and the subsidiaries which we should look forward to? I am not asking the numbers.

- **Mr. C.S. Setty – Chairman, State Bank of India**

No-no, I think, all of us have to look forward to consistency. We don't want to surprise either on the negative side or on the positive side. So, we just want to maintain the consistency. We will be happy, you know, to give the same rate of growth and same performance what we are doing both on the deposit side and advances side. I don't think there would be any big bank announcements or something like that. We don't want to do that.

- **Mr. Sushil Choksey – Managing Director, Indus Equity**

Sir, the credit market is indicating that you can underwrite much more bigger and larger loans than you are writing today and you can downsize too.

- **Mr. C.S. Setty – Chairman, State Bank of India**

No, this originate to distribute is something which we have been following up. I think we will continue to do that. Our ability, it is not only in terms of writing big cheque, it is ability to assess the large projects, complex projects. That is the ability which we built over years and we would like to capitalize on that and if there is a good market where we can distribute the loan which we have underwritten, we will definitely do that.

- **Mr. Sushil Choksey – Managing Director, Indus Equity**

What I mean is, if business and underwriting process both permits you to write higher credit seeing the current deposit market because you said you would like to maintain a deposit market too at a certain share, will we accelerate on the advances because the sense is that infrastructure led by hydrogen, may be semiconductor, various opportunities which may be emerging, retail markets or whatever, will we accelerate or we'll try to maintain at...? I know that needle moving by 10 bps is also a bigger number compared to other banks, but can we accelerate by 1% - 2% or we won't?

- **Mr. C.S. Setty – Chairman, State Bank of India**

For the record, we would like to stick to our 14%-16% guidance.

- **Mr. Sushil Choksey – Managing Director, Indus Equity**

Thank you for answering all the questions.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Thank you.

- **Mr. Jai Prakash Mundhra – Vice President, ICICI Securities Limited**

Hi, Sir. This is Jai Mundra from ICICI Securities. Sir, first question is on margins, so if you look at from a broader cycle perspective, FY22 we had a domestic margin of around 3.3% and then rate hike cycle started. As of H1, we are again at 3.3% domestic margins whereas at least the later part of the cycle is yet to play out in terms of repo rate cut, right? So, in this period, so far, we have, let's say, point to point we are similar at margins. And the cost of deposit, it looks like it has peaked and it will stabilize. But from going forward when policy rates turn, it would look like that we will possibly dip below where we started from. So, in process, of course, as you mentioned in your opening remarks also, that you may have focused more on risk adjusted returns RORWA, so how should we look at it, A, in the sense that why would margins, why at this point of time we do not

seem to have much tailwinds, you know, even at this point of cycle when the other banks have actually kept some of the margins when they started from whereas we are almost similar to where we started from?

And as you mentioned on RORWA, what is, I mean, if you can elaborate there in conjunction to margins?

– **Mr. C.S. Setty – Chairman, State Bank of India**

So, broadly, I think most of the points you yourself answered, Mundra. Nothing much for me to add. There would be impact of rate cuts on everybody's book for two reasons. One is the composition of the books have changed. We used to have predominantly MCLR books a couple of years ago or maybe 4 - 5 years ago and with the regulatory nudge, you know, some of the loan book has moved to Repo linked loans or external benchmark linked loans. Obviously, there will be some impact on that book. But in our case, what we believe is that more than 40% of our book is MCLR Linked. And even that other benchmark T-Bill linked loans are very short-term loans, which we have the capability to readjust the pricing there. The only thing what probably would be a little stickier in terms of adjusting is the Repo linked loans which are essentially the MSME loans and your home loans, etc. But 42% MCLR book with 2 - 3 rate hikes which we have had in the last two months would give us some protection in terms of the contraction of margin. That is what we are expecting.

And also, on the rate cut front if you are assuming that the first rate cut is likely to happen in February and not going to be a bulk rate cut and maybe a moderate rate cut of 25-bps, so overall impact on margins are not going to be significant. This is our assessment.

– **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

Sir, can I add one point? This MCLR increase that we have done, and that Chairman Sir was speaking about, that will play out after December.

– **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

So, even if there is a rate cut, we already have that 20-bps cushion there. So, I think, net-net we should be stable in the year end.

– **Mr. C.S. Setty – Chairman, State Bank of India**

So, in terms of, of course, the ROA and RORWA comparison what I have given is just to drive home the point that the historical playbook what we followed is that how do you contain your risk and continue to have Operating Profit to Net Profit conversion as much robust as possible. And this is the point which we are trying to bring out when we talked

about Return on Risk Weighted Assets. Otherwise, we can accumulate more risk and give you a good ROA, but we are trying to calibrate, especially when you run a large bank, I think, this calibration is required. It may sound a little playing safe, but I think where the risk has to be taken, we have taken the risk but very calibrated risk. We have invested heavily into underwriting standards, no compromise on the quality and that has put us in good state. That is what we believe. And that is the reason I said and I kept on talking about the consistency. No surprises, even if pleasant surprises are required.

- **Mr. Jai Prakash Mundhra – Vice President, ICICI Securities Limited**

And, lastly, Sir, if you can talk about the Xpress Credit, right. So, while I hear you that you mentioned that there is some demand softness that you saw and the repayment continues to remain high and hence there is a slower growth. So, on that, have you also changed any of your underwriting criteria which would have led to slightly slower disbursement or there is not too much change there? And when do you see this 7% YoY growth in Xpress Credit going back to maybe overall bank level growth? And if there is any noticeable change in the 30-day DPD or SMA 1,2 behaviour of that book?

- **Mr. C.S. Setty – Chairman, State Bank of India**

So, in terms of the process improvement, definitely we have undertaken in the last 12 months. What we have done is that the whole gamut of Xpress Credit assessment, disbursement, documentation, we wanted to automate as much as possible. In the process what happened, the adoption of that automation has taken some time. We also have re-engineered our process. We wanted to bring the similar Centralized Processing Cell efficiency what we have achieved in Home Loans in the Xpress Credit also. So, that took some time. I am not saying that the slowdown is mainly attributable to that, but it is also contributed to a certain amount of lower offtake because these kinds of products are instant delivery product and any delay in delivering will definitely impact the offtake. But that part is addressed now. I don't think that has been a major issue but still whatever little irritants were there, we have addressed them.

I am sure, I think, we will have to see in the current half year how the demand is likely to come back. While we are hopeful, double digit Xpress Credit is definitely possible whether it happens in the current quarter or next quarter we will have to see.

- **Mr. Jai Prakash Mundhra – Vice President, ICICI Securities Limited**

Lastly sir if you can talk about the 30-day DPD or SMA-2 trends? If there is any change in the Xpress Credit?

- **Mr. C.S. Setty – Chairman, State Bank of India**

No, there is not much SMA-2 change. SMA-0, it happens in most of these loans where salary linkage is there because if even 2 to 3 days salary delay is there, they move to SMA-0. So, that kind of things happen but they don't move into the NPA category.

- **Mr. Jai Prakash Mundhra – Vice President, ICICI Securities Limited**

Thank you, Sir.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Thank you.

- **Mr. Ramesh Bhojwani - Mehta & Vakil**

Sir, Ramesh Bhojwani from Mehta & Vakil. Sir, Q2 numbers have been delightful, to say the least. You have performed or you have outperformed on all the parameters.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Thank you.

- **Mr. Ramesh Bhojwani - Mehta & Vakil**

Just one thought came to my mind, I was seeing in the provisions slide, you have made a PCR of 75.66%. But adjoining to that there is a non-NPA provision of ₹ 31,054 crores. I would like to know this aspect.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Go back to the provision slide, movement of provisions. This is the one which you are talking about, right?

- **Mr. Ramesh Bhojwani - Mehta & Vakil**

Slide 21.

- **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

So, you want to know the breakup or what, Sir?

- **Mr. C.S. Setty – Chairman, State Bank of India**

So, this non-NPA provisions breakup is given below in the slide. You have the booklet, right?

- **Mr. Ramesh Bhojwani - Mehta & Vakil**

Yes-yes.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Yes, in the booklet it is given provision on the standard assets is ₹ 24,000 crores, additional provision on the restructured standard account is ₹ 4,831 crores. If you remember, we used to call it this COVID provision. That still continues to be there, we have not reversed it.

- **Mr. Ramesh Bhojwani - Mehta & Vakil**

Essentially, it is not worrisome.

- **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

No-no. Actually, that's a buffer.

- **Mr. C.S. Setty – Chairman, State Bank of India**

It is actually the buffer which we have built.

- **Mr. Ramesh Bhojwani - Mehta & Vakil**

Wonderful! Wonderful!

- **Mr. Vinay M. Tonse - Managing Director (Retail, Business & Operations), State Bank of India**

It is the other side. It's a cushion.

- **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

And this also includes the general provision on standard asset. So, ₹ 13,802 crores are on account of that only.

- **Mr. Ramesh Bhojwani - Mehta & Vakil**

Okay, thank you.

- **Mr. Himanshu – Analyst**

Hi, Sir. This is Himanshu here. Just one question at my end. Since you have increased focus on garnering deposits and we have seen that, is there any change the way some of the cross sell of your subsidiary product, particularly life Insurance product? Because in SBI Life, particularly at the Banca channel level, we have seen a material slow down, what are your thoughts around it?

- **Mr. C.S. Setty – Chairman, State Bank of India**

Do you want to take it?

- **Mr. Ashwini Kumar Tewari - Managing Director (Corporate Banking & Subsidiaries), State Bank of India**

So, you are right that the Banca has shown a markedly reduced growth this time and the last couple of quarters but it's a kind of a transition which is happening. Because Banca used to be the predominant contributor, so the company has been focusing on agency for some time now because that is something which is more sustainable, the retention and the rates are higher. So, that is one part.

Second is, the company is also focusing on a lot on digital, not only directly but also through the bank's YONO channel because there were always some complaints about misselling, etc and this is something which is talked about, even though our numbers are the lowest in the industry. So, we feel that in case this is sold digitally with the customer's own initiation then nobody can say anything. It is customer's choice. So, that's the other thing which is being focused. And a couple of products which have been recently launched, just about a month old, have seen very good traction.

So, our sense is that Banca is going to come back on the same lines it was. Percentage wise, maybe agency is going to pick up more and more as we go forward, but the numbers will start to look up in next couple of quarters. So, it's a kind of a transition happening at this point of time.

- **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

Just to give a number, sir, in cross selling as against Q2FY24 where we earned ₹ 969 crores, this quarter it is ₹ 1,109 crores, which is a growth of 14.40%. And third quarter normally is the best quarter for SBI Life, so going forward the two quarters will more than make up. So, we are on track.

- **Mr. Himanshu – Analyst**

So, is that transition period over now?

- **Mr. Ashwini Kumar Tewari - Managing Director (Corporate Banking & Subsidiaries), State Bank of India**

No-no, it's still on because, as I said, the YONO products, I mean, couple of them have been launched just this one month back. So, we are seeing good traction. So, maybe it will take a couple of quarters by which time it will get back towards. Anyway, still the number one private Life Insurer and has a lot of other initiatives which are in the works.

- **Mr. Himanshu – Analyst**

And, secondly, Sir, is there any change with respect to the commissioning of the Life Insurance at the parent level?

- **Mr. C.S. Setty – Chairman, State Bank of India**

No.

- **Mr. Ashwini Kumar Tewari - Managing Director, Corporate Banking & Subsidiaries, State Bank of India:**

No, no. Parent has not changed anything, what is changing is the regulatory way in which it has to be reckoned in which it will be distributed across. I mean, it will be amortized rather than being booked immediately. Parent has not changed any rates or anything. We are charging more or less the same.

- **Mr. Himanshu – Analyst**

Sure, thanks.

- **Mr. Saurabh - JP Morgan**

Hi, Sir. This is Saurabh from JP Morgan. Sir, two questions. One is on current account. Could you highlight what's your average current account growth would have been? And what will explain this 10% growth that you see in your current accounts?

The second is, what is the magnitude of the unrecognized AFS reserve, if you can quantify that as of Sept quarter?

And, lastly, on your RWAs, historically SBI has gone to above 60%. You are in the low fifties right now; would you be okay if the market permits to go to those levels? These are the ones. Thank you.

- **Mr. C.S. Setty – Chairman, State Bank of India**

So, your first question on the current account. I think, we have tried everything what is possible in the current account, let me tell you. Quite a lot of initiatives which we have done. First thing what we have done is that we wanted to reduce the dependence on the current accounts of the government. While the government contribution is still significant for us and it has contributed this quarter also, we wanted to get back to the businesses and we have opened what is called 'Transaction Banking Hubs' across the country and that had helped us to garner more number of our current accounts. Number two, that we have set up what is called the 'Relationship Management Teams' for the current accounts who do not have any borrowing relationship with us, standalone current accounts. I think that has also helped us in a great amount of traction. We pursued current account, not as an individual deposit account but as a multi service-oriented product. For example, the cash management is required, POS machines are required, QR code is required. So, the kind of package which we designed, like it was there earlier also but I think the renewed focus through the transaction banking hubs also had definitely helped us. The idea of current account balances going up and gaining back the market share has been very seriously pursued. I hope that, you know, this will continue because current account is a very fickle kind of portfolio. So, how it moves is very difficult to predict but we are hopeful that this level of growth will continue there.

And as far as your AFS Reserve, anybody from AFS Reserve can give that information. Otherwise, we can give you later.

RWA, yes, there is some movement on the RWA. Can you just go to the RWA slide, please? AFS reserve, I think, movement to AFS reserve is about ₹ 15,000 crores. RWA to Total Assets, I think broadly we would like to maintain this. That is the reason why in my opening remarks also I focused more on RORWA. So, we want to stick to this level of RWAs. Even this increase in RWAs, this quarter has mainly come from the MRWA

because we have acquired some CPs, CDs and equity portfolio has gone up which has resulted in the higher RWAs there.

- **Mr. Saurabh - JP Morgan**

Okay. Sir, just one more question, with your permission. Sir, on your Cards business, this Card subsidiary have seen elevated loss rates. Have you done any analysis on the Personal Xpress Credit, whether there is a cross sell to some of the customers which could have turned delinquent in the card subsidiary? Is there an exposure that SBI today has on some of the standard accounts there?

- **Mr. C.S. Setty – Chairman, State Bank of India**

So, this is an independent business model. I don't think our Xpress Credit model can be replicated on the card company.

- **Mr. Saurabh - JP Morgan**

No-no, my question was, sir, basically the account is delinquent in the cards business, but the Xpress is still standard, have you done any analysis? Do you foresee any risk there?

- **Mr. C.S. Setty – Chairman, State Bank of India**

I don't think we have anything. Do you want to add to that? I don't think. I don't see any such...

- **Mr. Ashwini Kumar Tewari - Managing Director (Corporate Banking & Subsidiaries), State Bank of India**

So, generally, when we source a card from the bank for the card company, it's generally on the strength of the Liability account and its behaviour and sometimes with Housing loans, high value Housing loans, etc, we give cards to those people. So, we don't see that there's a personal loan here which might be impacted because the card is delinquent. We haven't seen any relationship like this. And the threshold is, generally, kept higher. So, it's anyway not likely that way.

- **Mr. M B Mahesh – Executive Director, Kotak Securities**

Hi. This is Mahesh from Kotak. Just a couple of questions. First is on asset quality. This question was asked earlier on that SMA account, I don't think so you clarified the status as to how this will progress from here onwards.

- **Mr. C.S. Setty – Chairman, State Bank of India**

So, as you know, we don't talk about the individual accounts but let me tell you that there is a serious engagement, both with the company and the government, to have a sustainable solution for this.

- **Mr. M B Mahesh – Executive Director, Kotak Securities**

Okay. Sir, this question on Xpress Credit, again, we have seen this stabilizing at about 1% in terms of delinquency rate or the NPL rate, should we see this as a number from here onwards given that the portfolio has seen some level of maturity, or you see further increase possible in this ratio?

- **Mr. C.S. Setty – Chairman, State Bank of India**

In the Xpress Credit?

- **Mr. M B Mahesh – Executive Director, Kotak Securities**

Yeah.

- **Mr. C.S. Setty – Chairman, State Bank of India**

We hope to bring it down.

- **Mr. M B Mahesh – Executive Director, Kotak Securities**

Okay. So, the third question is on the cost side. If you look at last year, the expectation was that the staff cost will be somewhere around ₹ 75,000 odd crores to ₹ 80,000 crores. Current run rate seems to be on the lower side today for the last couple of quarters. The rates declined but yet we don't seem to be seeing retirement related expenses being higher. So, if you just kind of reconcile some of these numbers?

- **Mr. C.S. Setty – Chairman, State Bank of India**

No, staff expenses, as we mentioned earlier also that the wage revision related evening out has happened, right. That means that the run rate will continue at this level till the next wage revision is on the horizon.

- **Mr. M B Mahesh – Executive Director, Kotak Securities**

So, when interest rate declines you get gains and you get provisions on this side as well.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Oh! On the provision for the pension?

- **Mr. C.S. Setty – Chairman, State Bank of India**

Yeah. So, I think, one is from an actuarial assessment point of view, our Pension liability is well provided for. Actually, we have a regular run rate of making the provision for pension. Sometimes the uptick will happen when the yield movement happens because the underlying planned book, what do you call, planned portfolio/planned securities, if any movement is there that happens. In this quarter, we actually had a gain there and we have written back some of the provision. So, that is the reason you see the provision for employees coming down.

I hope I answered your question, but the run rate continues to be that ₹ 3400 crores per quarter.

- **Mr. M B Mahesh – Executive Director, Kotak Securities**

Okay, yeah. Ideally, in a declining interest rate this provision should have been higher, not lower.

- **Mr. C.S. Setty – Chairman, State Bank of India**

No, that is what I am saying that when the rate has come down, we should have made higher provision, but we had a positive MTM on the securities which got nullified.

- **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

Gain on the fair value.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Gain on the fair value of the securities.

- **Mr. M B Mahesh – Executive Director, Kotak Securities**

Okay-okay.

- **Mr. Param Subramaniam – Nomura**

Param Subramaniam from Nomura.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Okay, please go ahead.

- **Mr. Param Subramaniam – Nomura**

Sir, first question is on the MCLR. So, in the first half you have seen an increase which is higher than what the other banks, large banks, have seen about 30 bps. So, is there any revisit in the formula there that's driving that on the MCLR?

- **Mr. C.S. Setty – Chairman, State Bank of India**

No, the MCLR is a function of cost of resources, basically. As the cost of deposit is going up, it will get reflected in the ability to pass on the MCLR. Sometimes we take a call to pass it on, sometimes we don't do that. But technically, this is a function of cost of resources.

- **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

We still have a cushion of 35 bps.

- **Mr. C.S. Setty – Chairman, State Bank of India**

We still have 35 bps to pass on. We will have to see when we can do that.

- **Mr. Param Subramaniam – Nomura**

Okay. There is no change in the formula or...

- **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

No-no.

- **Mr. C.S. Setty – Chairman, State Bank of India**

No-no, there is no change in the formula.

- **Mr. Param Subramaniam – Nomura**

Okay-okay. Secondly, Sir, is there any impact of penal interest reclassification in the margins?

- **Mr. C.S. Setty – Chairman, State Bank of India**

None.

- **Mr. Param Subramaniam – Nomura**

None? Okay. And the other one, Sir, on the pipeline, you mentioned ₹ 6 trillion of pipeline in the corporate loans. I just wanted to clarify that, you know, because the number you used to say in the previous quarters, what I recollect, is about ₹ 4 - ₹ 4.5 trillion, So, that number is like comparable with ₹ 6 trillion, so it has gone up?

- **Mr. C.S. Setty – Chairman, State Bank of India**

Gone up.

- **Ms. Saloni Narayan - Deputy Managing Director (Finance), State Bank of India**

Yes, of course.

- **Mr. Param Subramaniam – Nomura**

That is the number?

- **Mr. C.S. Setty – Chairman, State Bank of India**

It has gone up.

- **Mr. Param Subramaniam – Nomura**

And one last question, if I may. So, the presentation still mentions open to raise growth capital if needed, so I just wanted your stance on that.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Next presentation also we may have that. Till we raise the capital.

- **Mr. Param Subramaniam – Nomura**

Okay. Thanks a lot, sir. All the best.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Thank you.

- **Mr. Pawan Kumar - General Manager (Performance, Planning and Review), State Bank of India**

So, we have a few questions coming in through online webcast. They will now be addressed by the Chairman Sir.

- **Mr. C.S. Setty – Chairman, State Bank of India**

- This is a question from Mayur Parkeria, Wealth Manager: Is the cost-to-income ratio sustainable at current levels?

I mentioned in my opening remarks also, the effort is to contain the cost-to-income ratio below 50. Of course, cost-to-income ratio, we believe sustainable because no more provisioning on the wage revision, more focus on digitalization leading reduced expenses. I think operational efficiencies combined with focus on increasing the Operating Income. That is going to be our focus. And we are also working on how we reduce the overheads as much as possible. Of course, our overheads growth is not very significant and it is just taking care of the inflation and 2% - 3% more. More focus on improving income, particularly on the Other Income side. We are working very seriously on the ecosystem banking and the corporate relationship. In terms of cash management, we completely revamping our cash management product and we are rejuvenating our YONO business where the one- stop-solution will be provided to the corporates. I think that is all going to help us in terms of maintaining the cost-to-income ratio.

- The next question is from Sanjay Jain: Can SBI maintain the current level of profitability, ROA of 1.17%?

I think, again, I said that the guidance which we are giving is the ROA of 1%. Anything extra is the bonus. We hope to maintain at least 1% ROA.

- Next question is from Mona Khaitan, Dolat Capital: What is the recovery from written-off accounts this quarter?

Do you have the number, Ashutosh? Yeah, the recovery from written-off accounts during the quarter is ₹ 2,336 crores.

- Question from Manoj Alimchandani: Please give impact of rate cuts globally on our domestic and overseas business and growth. Please share how deep the problems in unsecured loans, MFI business and Credit card business, any data points and solutions according to bank management and time for recovery stress, if any?

One is bank is an absolutely well insulated in both assets and liability side. Asset, there will be a marginal impact on the business and growth. But our overseas business model is that we rely heavily on the market borrowings. Obviously, any movement on the rates will increase our borrowing cost. But our overseas book also has a flexibility of ramping up and ramping down. So, we will just take a call on the basis of the rate movement there. And as far as the unsecured loan, more than 95% of the total Personal loan portfolio has been extended to salary package customers. The credit card industry has continued to witness some stress as evidenced by elevated delinquency level. This trend is mirrored in the portfolio of SBI cards as well. So, SBI card, sources above 50% of its customers from open market and the rest from SBI. And as far as the MFI business, I think, we also mentioned in the press meet that our MFI portfolio is just about ₹ 10,000 - ₹ 11,000 crores. In the overall picture, it does not really add up to anything. And also, the book is behaving well. We don't see any untoward incidents happening in the MFI book.

- This question is from Demant Shah: Plans for monetizing your stake in YES Bank.

As of now, there is no such plan. We will deliberate at an opportune time.

- Aditya Kumar. What are bank's initiative and efforts to increase market share?

I mentioned market share initiatives both on the deposits and the credit. Focus on adopting the region-specific strategies. I mentioned, the current accounts, we have identified 100 potential growth centres for current accounts and savings accounts and focusing on them. And also, we have identified the branches which have shown negative growth trends and focus on them. The granular manner of focusing on the branch as

well as even up to the individual officer level is helping us to mobilize the deposits. The targeting negative growth branches specifically by mentioning, you know, through the senior officials and mentoring them.

- CG Philip, Renaissance: Reason for jump in SMA-1 book sequentially.

That I have explained. We are seeing good traction in deposits; do we expect this to continue? Hopefully, I think we'll continue. I think a lot of effort is going into deposit mobilization. We have galvanized our branch network and also some of these initiatives and premier banking, I think, are likely to help us to continue the momentum.

- Kaitav Shah, Anand Rathi: Three questions. Loan growth outlook in context of slower economic growth.

I think we already have discussed enough on the loan growth.

- What is exposure to MFI and do we have it from the same?

I explained, again, earlier.

- Any guidance on slippages and credit costs?

Broad guidance on the credit costs we have given that, I think, 50 bps and that slippages hopefully will be contained. For Q2FY25, the slippages ratio stands at 0.51% and credit cost at 0.38%. We believe that slippage ratio and credit cost to maintain below 60 bps and 40 bps, respectively.

- This is Ranjit RP: Industry figures are now reporting deposit growth rate outpacing advance growth rate.

I think Mahrukh has already asked this question. SBI, the trend is reversed, what measures are being taken for the convergence of deposit growth? As I said, our effort is to cover the incremental credit growth with the incremental deposits. That is what we will be focusing on.

- This is Akshat Agarwal, SMFS Limited: Wanted to check what is driving higher yields and domestic advances this quarter? As in Page 16 of presentation with cumulative domestic yield inching up 4 basis points per quarter, is it movement in higher yielding business mix or MCLR increase or some other repricing?

I think it's a combination. I think on the corporate book, we are trying to negotiate harder on the pricing. Some of the MCLR increase also has aided us in terms of gaining the

yield. SME advances have grown by 17.36% as against domestic advances, which is also resulting in the yield pickup.

- **Mr. Pawan Kumar - General Manager (Performance, Planning and Review), State Bank of India**

I trust all the questions have been addressed. We will be happy to respond to other questions in offline mode.

Let me end the evening with thanking the Chairman sir, the top management team, the analysts, ladies and gentlemen. We thank you all for taking time out of your schedule and joining us for this event. To round off this evening, we request you all present here to join us for high tea, which is arranged just outside this hall. Thank you. Thank you so much.

- **Mr. C.S. Setty – Chairman, State Bank of India**

Thank you, everyone.

END OF TRANSCRIPT