

# **Q1FY25**

## **ANALYST MEET**

### **TRANSCRIPT**

**03.08.2024**

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**CHAIRMAN, STATE BANK OF INDIA**

**MR. C.S. SETTY**  
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**MR. ASHWINI KUMAR TEWARI**  
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**MR. VINAY M TONSE**  
**MANAGING DIRECTOR (RETAIL BUSINESS & OPERATIONS)**

**MRS. SALONI NARAYAN**  
**DEPUTY MANAGING DIRECTOR (FINANCE)**

**MR. Pawan Kumar Kedia**  
**CHIEF GENERAL MANAGER (FINANCIAL CONTROL)**

**MR. SANJAY KAPOOR**  
**GENERAL MANAGER (PERFORMANCE, PLANNING & REVIEW)**

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

May I request everyone to be seated please? Namaste everyone and Good evening, ladies and gentlemen!

My name is Sanjay Kapoor and I am the General Manager, Performance Planning and Review Department of the bank.

On behalf of State Bank of India, I am delighted to welcome, the analysts, the investors, the colleagues and everyone present here today on the occasion of declaration of the financial results of the bank for Q1FY25. I also extend a very 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. Dinesh Khara at the center, our Managing Director (International Banking, Global Markets and Technology) – Shri. C.S Setty, our Managing Director (Corporate Banking & Subsidiaries) – Shri. Ashwini Kumar Tiwari, our Managing Director (Retail Business & Operations) - Shri Vinay M Tonse, our Deputy Managing Director (Finance) – Smt. Saloni Narayan.

Our Deputy Managing Directors heading various verticals and Managing Directors of our subsidiaries are seated in the front rows of this hall.

We are also joined by the Chief General Managers of different verticals and business groups.

To carry forward the proceedings, I will request our Chairman Sir to give a brief summary of the Bank's Q1FY25 performance and the strategic initiatives undertaken. We shall thereafter straight away go to the question-and-answer session. However, before I hand over to the Chairman Sir, I would like to read out the Safe Harbor Statement.

Certain statements in today's presentation may be forward looking statements. These statements are based on the 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.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Thank you very much. Good evening, friends! Thank you very much for taking out time and joining us for this Analyst Meet, post announcement of the Q1FY25 results of the Bank.

At the outset, I would like to thank all our stakeholders including our customers, shareholders, employees and all concerned for their support and helping us in creating sustainable value, not only for the Bank but also for the economy as a whole. I will first start with a brief description of the present global and domestic economic scenario and will then discuss the Bank's performance.

In the last few months, global economic activity appears to be strengthening across advanced economies and emerging market economies. Global trade is gathering momentum, inflation is approaching targets, but the pace of disinflation has somewhat slowed down.

Central banks are closely monitoring the growth trajectories, employment and labor markets and price trends with US Fed expected to have a 25 bps rate cut in September '24. That is a positive for the global economy and it augests very well.

As far as the domestic economy is concerned, second quarter of FY25 has begun with gaining growth momentum. The benign monsoon pattern, and its accelerated distribution of late, should smoothen the inflationary expectations in the medium run. The latest numbers show that the SCBs credit growth was around 14%, while the deposit grew at about 11%. For the third consecutive year (till now), the credit growth has been higher than the deposit growth.

New investment announcements which were around ₹ 10 trillion during 2020/21, have improved to about ₹ 37 trillion in the last two years. Major industries where new announcements have been made include Non-Renewable Energy, Real Estate including Housing, Electronics, Renewables, Basic Metal, Inorganic Chemicals, etc. Union Budget announcements are positive for the markets. The thrust to the consumption revival, PM Surya Ghar Muft Bijli Yojana, PMAY-Urban, MSME and start-up, agriculture and boost to the infrastructure throws up considerable opportunities for the banks.

As far as we at State Bank are concerned, we have once again delivered excellent numbers. I am happy to share that our net profit for Q1FY25 is at ₹ 17,035 crores and shows an increase of about 0.90% over Q1FY24. Operating profit at about ₹ 26,449 crores has increased by 4.55% YoY.

The bank continues to report RoA of greater than 1% which is at 1.10% for Q1FY25. The RoE of the bank for Q1FY25 is at 20.98%. The cost to income ratio of the bank is at 49.42% for the Q1FY25 and shows an improvement of 95 bps over Q1FY24. Net interest income for Q1FY25 has increased by 5.71% YoY on the back of the improvement in yields and continuing credit offtake. Operating expenses have increased marginally by 0.65% YoY.

We believe that sustaining our profitability at these levels highlights the resilience of the underlying value drivers of the bank.

As far as deposits are concerned, our deposits have grown by 8.18% YoY and term deposits have grown by 12.20% YoY. CASA deposits have grown by 2.59% YoY and we have taken several steps to strengthen our liability franchise.

I am pleased to share that the credit growth continues to be robust across all the segments. Our domestic advances grew at 15.55% and the Retail, Agri and MSME advances have crossed the number of ₹ 21 trillion during Q1FY25. Out of the above, Retail Personal advances constitute about ₹ 13.7 trillion, Agri advances ₹ 3.09 trillion and SME advances ₹ 4.43 trillion. They are growing at 13.60%, 17.06% and 19.87% respectively. The corporate segment is also showing a healthy growth of almost 16% YoY. Our foreign officers have continued to perform well, with the advances growing at 14.41% and deposits growing at 10.48%.

Our liquidity position is comfortable with the Liquidity Coverage Ratio being at about 129% as on 30.06.2024, which is well above the regulatory benchmark. The domestic CD ratio is at 69.28% indicating significant cushion to grow our credit portfolio.

I am happy to share that the progress we are making in digital banking, almost eight crore customers have been registered on YONO driving digital agenda of the bank. 63% of the regular saving bank accounts were through YONO in Q1FY25. YONO business has gained significant traction with more than 29 lakh users having registered till now. We are also leveraging analytics with significant business of ₹ 25,438 crores underwritten during Q1FY25.

As regards asset quality, our gross NPA ratio has improved by 55 bps YoY and stands at 2.21% as at June '24 and continues to be at its lowest level in more than 10 years. Our net NPA ratio has also improved by 14 bps YoY and stands at 0.57%. The slippage ratio for Q1FY25 has improved by 10 bps YoY and stands at 0.84%. We have a well provided stressed book with PCR including AUCA standing at 91.76% and PCR excluding AUCA standing at 74.41%.

The bank remains well capitalized, and we have sufficient headroom to take care of normal business growth requirements. Our capital adequacy ratio stands at 13.86% with CET-1 ratio at 10.25% without considering the plough back of the profit. Both the ratios are well above the regulatory requirements.

Our subsidiaries are also consistently performing well and continue to create significant value for all the stakeholders and most importantly for our customers. We will continue to nurture these subsidiaries and see them creating value for their own shareholders as well as the shareholders and the customers of the Bank.

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

– **Mr. Sanjay Kapoor - General Manager (Performance, Planning and Review), State Bank of India**

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

- **Mr. Manish Ostwal – Fund Manager, Nirmal Bang Securities Pvt Ltd**

Hello! This is Manish Ostwal from Nirmal Bang Securities. Sir, my question is on the slippages during the quarter. So, we have seen some uptick, is it largely seasonal in nature or election or heat wave impacted retail collection during the quarter?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

As far as the slippage in the first quarter is concerned, I would actually split them into 2 - 3 reasons. One of course, these are the aging provisions on the standard assets, our book is growing, so that is one of the reasons. The second reason is, some kind of slippages which were seen in the unsecured personal and that was essentially on account of some delayed credit which you had seen in some of the states on account of the delayed credit of the salary. But when we look at the slippage ratio in the previous years also of quarter one, in the year 2022, it was at 1.38%, in quarter1 of 2023-24, it was at 0.94% and now it is at 0.84%. Actually, it is lower in terms of the percentage point and out of these ₹ 7900 crores slippages also which has been seen as on 30th June, almost ₹ 1600 crores have already been pulled back. So, this is a kind of a scenario, and I actually don't really worry much about it. We are in a position to have a decent quality. There is nothing wrong with the underwriting. It's essentially seasonal I would say. A part of it is seen even in agriculture also but that is invariably seen in the first quarter.

- **Mr. Manish Ostwal – Fund Manager, Nirmal Bang Securities Pvt Ltd**

The second question on the, given the current macro-economic scenario, so we have seen the 15% loan growth and 8% deposit growth. How do you see the deposit increase in the bank for the rest of the current financial year and do you see the further cost of deposit to increase for the bank?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

See, even now also we are at about 69% kind of a CD ratio. So, deposit growth in absolute number is one aspect. Cost at which it is raised is another aspect which we cannot ignore. Though our cost of deposit has gone up by about 45 bps, but our NIM compression has happened only to the extent of 11 bps. So that is a very clear reflection that it has been a very judicious strategy on the part of the Bank to be very mindful in terms of the cost at which the deposits are being raised. Having said that, I would also like to mention that we are very mindful about the depositors' interest and that is the reason in some of the buckets, we have increased the interest rates but that is essentially to ensure that the franchise value stays intact. So that is what our philosophy has been. 15% growth in terms of loan book and 8% growth in deposit, we don't have any liquidity challenge for the simple reason that we have an excess SLR to about ₹ 3.7 trillion. Another aspect which I would like to highlight is that we are opening almost 60,000 odd savings bank accounts daily and out of these, about 34-40 thousand accounts are getting opened through YONO.

Another data point which I must share with you is, our savings account balance used to be about ₹ 12 trillion in March '20 and it has moved to about ₹ 17 trillion now. And incidentally, the outstanding balance in our savings bank accounts are three times the next highest, next largest bank. So, this is something which I want to highlight in terms of the franchise. Apart from that, for current accounts also, we are taking various initiatives. 60 odd transaction banking hubs we have already created and we are having 500 odd relationship managers only for mobilizing current account and that too from the trade & commerce industry, hospitals, nursing homes etc. and this will, this initiative which took about almost a year back, I am sure it will start yielding results. It may not be seen at the end of the month or end of the quarter but during the period, if at all we look at the daily average balance, we get to see much better outcome of this. So, we are quite cognizant of the kind of situation which is on ground and it's very natural on the part of the depositors also to look at the multiple assets but even when they are investing into those assets also, the channelizing source remains bank only. So, I think with the kind of add-ons that we are offering, I don't envisage any challenge to our franchise.

- **Mr. Manish Ostwal – Fund Manager, Nirmal Bang Securities Pvt Ltd**

Small clarification on, when you said that balance is 3x of the next largest bank, you are talking about PSU largest bank or private...

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Anybody.... private sector also.

- **Mr. Manish Oswal – Fund Manager, Nirmal Bang Securities Pvt Ltd**

Thank you.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

When I say 'next largest'...

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

Just one point I also would like to add on savings.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Yes, please.

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

So, on the savings bank, our market share is 26.27%. In 2004, it used to be 20.2%, in 2014, it used to be 22.3%. We have always gained market share while others have lost.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

In fact, we are leveraging analytics to understand the behavior of the savings bank account also. So, a lot of work is being done and I am sure, it will ensure that we stay ahead of the curve.

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

Yes Sir, Hi! Sir, first of all congratulations on a very successful career at SBI.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Thank you..

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

We really will miss interacting with you from the next quarter and we wish you all the best. Thank you so much for all the learnings. Thank you so much Sir, thank you. Sir, I had a couple of questions. The first question is, just in terms of margins, what is your outlook, given that, first of all there is a deposit challenge for the sector and then if rates are cut, there will be some pressure though not as much for you because you have higher MCLR linkage. But in terms of guidance on margins and also if there was any one-off, I mean if there was any interest on tax refunds in this quarter or it was NIL?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Nothing, nothing. There was nothing on that account. So, this was actually a pure play interest.

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

Ok.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

I think as far as the guidance on the NIMs are concerned, our effort and endeavour are to keep it at this level but yes of course, we all operate in the overall macro and yes, of course, effort and endeavour will certainly be there to maintain the NIMs even if it moves. So, I don't think it

should have any significant change in the numbers. That's what my read is and it has to be, as I mentioned that you know, when we have increased our term deposit rates which happened almost about 6 months back in the 1 - 2 year bucket which we have done. So, it has an overall impact in terms of the cost of deposits but nevertheless, we could pass on part of it, to a greater extent and that is the reason why the cost of deposits has gone up by about 45 bps but the NIMs have only dropped by around 11 bps. So, this is likely to be the trajectory in the days to come too.

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

Got it. And Sir, just in terms of CET-1, what is the contribution from the new investment norms to CET-1 for the quarter?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

That was actually I think 4600.

- **Mr. C.S. Setty - Managing Director (International Banking, Global Markets & Technology), State Bank of India**

The net impact on the reserves is 3673.

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

So basically, without profit, CET-1 has declined, right? Despite new norms, new investment norms.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

No, that was done as on 1st April.

- **Mr. C.S. Setty - Managing Director (International Banking, Global Markets & Technology), State Bank of India**

As on 30th June, the net impact is 3600 positive.

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

Ok Sir, thank you so much.

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

Sir, compliment from my side also. In spite of so many pressures and various changes by the RBI in the regulations, 2 - 3 such things have come in the last three to four months to six months, the bank has performed very well but still my question is on, because generally we compare with the immediate last quarter and of course the March quarter was better but still, in the other interest income, I think if we compare from the last quarter, we have gone down by almost about by ₹ 6000 crores.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

See, in the last quarter, this revision in the investment norms, so whatever profit was there, it was not through the other income route, it was all through the balance sheet route, AFS reserves which has been created in the balance sheet, so that was about ₹ 4600 odd crores. Isn't it?

- **Mr. C.S. Setty - Managing Director (International Banking, Global Markets & Technology), State Bank of India**

3600.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

It is a net off. There was some other impact also. So that is something which is one of the reasons but other than that.

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

Profit on sale of and reinvestment of the ...

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

This quarter we had less gain than last year first quarter. That is the main reason. Secondly, the provisions have inched up a little because of the increase in loan loss provision due to ageing and also taxes have also increased. That's the reason.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

And non-interest income, actually at times there is an income tax refund also in the last quarter. All those things are not there. Actually, comparing with the yearend 1<sup>st</sup> quarter, year-end is not a comparison of apple to apple, that is what I would recommend.

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

I want to be reassured because first in this quarter, there were other problems also, the election duties and the usual transfers and other things. On every front like right from the loan processing fees to the commission to the government commission to the cross selling, in everything there is a substantial decline. So now going forward, are we going to be on the track except that, because of the regulations, when the changes are there, that may not be there and secondly, some trading gains which are there, which many of the other banks have also made, that in any case has to come as the profit. Now, because of the change, instead of treasury income, now it comes in the NIM where it has not been reflected so much. So, overall, the treasury operations itself, whether it has been affected negatively, whether we are on the same path because we were making very handsome gains from the treasury.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Now all those gains will be through the balance sheet.

- **Mr. C.S. Setty - Managing Director (International Banking, Global Markets & Technology), State Bank of India**

I'll just respond to treasury gains. We do continue to have the trading profits as the yields go down and whatever is there in the HFT portfolio and a bit of AFS and 5% of HTM also, so we can trade. The opportunity will continue to be there. But as far as MTM gains are concerned, I think they are not going to be reflected in the P/L. They will be directly going to the reserves. I think this is what we need to understand, but we have a good amount of opportunity in terms of trading gains, not only from the fixed income securities, I think, on the equity side also, we have been doing very well. I can assure you that the Treasury income will continue to be robust.

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

Sir, my second question is on, the guidance, I mean, the note which is going on from RBI on the deposit sourced through the digital media and the increase in the provision rather double than this. Have we assessed the impact of that on our bank and how many bps it will impact our capital adequacy as well as the loss because of the blockage of that funds?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

This is actually premature to really share this in an open forum like this, but as of now, we have got our own observations on these provisions which we will be sharing with RBI now, and will also be reaching out to IBA and to the Government of India describing its overall impact. So at a material point of time, let us see whether this consultation paper actually gets converted into the regulation.

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

And the last one in this round, sir, is the gap is known between deposit and the credit growth which we are having, wherever the credit growth is intact and the deposit is a pressure everywhere in all the entire banking circle.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

No deposit also, deposit also could be 12%, no issues. But at what rate, that is more important.

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

Yeah, at the same time..

- **Mr. Dinesh Khara – Chairman, State Bank of India**

So that is the reason that when we have got liquidity available through alternate channels, it makes all of sense that we should use that as against raising deposit at high cost.

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

Anything on capital account, in future... you have raised already. But going forward now whether the time has come at this price that you think of really strengthening the entire CRAR?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

We keep on reviewing the situations, but as of now, with the current capital and the kind of liquidity which we have, we can easily grow our book to the extent of about ₹ 6.5 to 7 trillion.

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

And today Board has approved it.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Yeah, board has already approved.

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

Raising ₹ 10,000 crores worth of Tier-1 and ₹ 15,000 crores of Tier-2.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

₹ 25,000 crores approval has already been given for Tier-1 and Tier-2.

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

Thank you, sir. I will again come back if time permits. Thank you.

- **Mr. Manoj Alimchandani, Participant**

Sir, my name is Manoj Alimchandani. At the outset, Chairman, I would like to congratulate you for setting the path to profitability for SBI during your career, one lakh crore, a mark, and you are very motivating speech to staff. Fantastic work by all the staff in improving their productivity and efficiency, number one.

Number two, sharpest mind, our CFO, you are among the sharpest minds in finance, in the business in the country. We observed that in a last meeting also and here I am sure she would be making immense contribution on our board.

Number three, a couple of questions your deposits, everybody struggling for CASA and savings account CASA, even private sector bank they are struggling for one-one account of savings. It's not easy. Your foreign branches have today deposit growth is over 10%. It's not easy over 10% and heads off to all the team, in fact, and your foreign subsidiaries director. It's really wonderful, it's not easy.

And now, a couple of questions. I hope you are keeping your eyes on the ball as always, seeing the market cap of IDBI divestment decisions and lots of foreign interest, how it has multiplied. And we are stakeholders in Yes Bank today, which has huge potential and we look forward for insights from you, the further developments what is happening. I would like to share insight, today, Reliance Power and Infra AGM was there. They are going to make good payments out of their FCCB fundraise to J.C. Flowers and ultimately Yes Bank and SBI would also benefit. SBI was also directly, so a lot of performance will come further also. Sir, your insights on that how we can improve that and also on some of our subsidiaries, how it can create value, particularly SBI card. Your general insurance is doing a fantastic job. Life is doing a fantastic job. Mutual fund, number one, ahead of everyone. So it's not easy to you across the ten lakh crores, right? So specifically you can mention about that and we look forward the maximum extension you can get so you can deliver all the targets and set the inspiring tone for the next Chairman and MD. But we get confidence of very good hands and further interaction with you and contribution to Viksit Bharat Amrit Kaal. Thanks.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Thank you very much. Well, as far as, Yes Bank, it's premature for me to comment. We are also watching very closely the developments which are happening over there. As far as our other subsidiaries are concerned, they have certainly created significant value for themselves, for

their shareholders and also by virtue of being the manufacturer of the product in their respective area, they have created value for our customers as well. So internally, we have got a philosophy how to leverage power of one and that's a new paradigm which we have set for ourselves. And I'm sure even this initiative will yield value and you will get to see even significant enhancement in value in the days to come from this initiative as well.

- **Mr. Manoj Alimchandani, Participant**

Sir, one more point, we mentioned about fund raise. You talked about resolution of Tier-1 and Tier-2, 10,000 plus 15,000 and today, premier channel is talking about ₹ 1,000 and ₹ 2,000 stock, when all the previous Chairmans were shouting at the top of their voice including Arundhati Bhattacharya, Rajnish on discount to book value and doing it. So, this is not easy, you have achieved it. So, based on what is the market perception which you and your team have created, even ₹ 1,000 is undervalued. So, when you do your Tier-1 fund raise, it should not be because we need ₹ 10,000 crores just to achieve the target. Our intrinsic value is much more. But do it during your time so we can get the much highest value. So, the current shareholders value doesn't get diluted, we get rewarded. And our clients are long term investors.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Yeah. We have ploughed back about ₹ 1.14 trillion in last three years. So, that is something which is giving us the natural lever for growth. And I believe that this is best of the strategy when it comes to giving the muscles for growth to the Bank. And I'm quite confident that this strategy has proven its value. And I'm sure it will continue to be useful strategy and will continue to create value for the shareholders. ₹ 1.14 trillion in 3 years is something which I think is never in the past.

- **Mr. Manoj Alimchandani, Participant**

No other chairman has done it.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

I will not say that. It's a team which always works.

- **Mr. Manoj Alimchandani, Participant**

I know, Chairman need a team, that's why I said sharpest brains in the country. We are proud of you, madam, contributing to women power, Viksit Bharat. And thanks and all the best to your team. I hope many of your team members, they look at the broadcast, they give me feedback that you mentioned this, and they get inspired by higher levels of performance which you and...

- **Mr. Dinesh Khara – Chairman, State Bank of India**

We have been talking about this number in the boardroom, by the way.

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

Yeah. Hi sir, this is Jai Mundhra from ICICI Securities. Sir, congratulations on a steady performance, 1.1% RoA. Sir, my question is, you know, on this CET-1, so the new norms, you mentioned that they have contributed around ₹ 3,600 crores to the reserves, that is like 10 bps of the RWA, 10 bps CET-1. I think two quarters back we had sort of estimated that these new norms will give around 50 bps of increment in the CET-1. I mean, this is what, you know, SBI had published two quarters back that, you know, the new norms should ideally give 50 bps increment in the CET-1. So, have we, I mean, is that all done or maybe some of the value from Yes Bank or NSE, etc., that are yet to be, you know, finalized or this number is final? That is what...

- **Mr. Dinesh Khara – Chairman, State Bank of India**

No, I think, Yes Bank and NSE, etc., that has not been done. It has not come into this.

- **Mr. C.S. Setty - Managing Director (International Banking, Global Markets & Technology), State Bank of India**

So, just to supplement what Chairman is saying, this 50 bps estimate is on, you know, how we are going to allocate the portfolio among the HTM, AFS and HFT. So, we have decided that to take the opportunities of adding some duration to the HTM portfolio, because HTM is unlimited now, so much of the SDLs which we have procured, we put in the HTM. So that is the reason you do not see much of valuation gains going into the AFS reserve. So, the 50 bps is based on certain assumptions that you know how I am going to structure the portfolio. So, we would like to continue this current portfolio model which means that, you know, the AFS reserve gains as on 30th June, almost frozen. I can tell you that.

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

Secondly, sir, on unsecured Xpress Credit, you know, it has done fabulously well all this year, despite COVID and everything. But this quarter the GNPA have risen by around 20 bps, right? 0.77 something. Is that a change in the direction of the GNPA because we have held this book so clean so far or you think this is just a temporary thing and you can pull back GNPA.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

It's a temporary situation and I was explaining that, in some of the states, there was a delayed credit of salary. That is one of the reasons why it has happened. But we have been in position

to pull back a significant portion of that because as and when the salary got credited, we could pull it back. We are actually strengthening our digital offering in the Xpress Credit space also. We call it a RTXC now. So that is something which we are now shifting this. So, I think it is a transitory phase. We should be in a position to get out of this very soon.

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

Lastly, if you can give some colour on this Xpress Credit now, it has become a very, you know, significantly big book. What is the, maybe, the average ticket size and maybe, you know, how much is, as you always mentioned, how much is, you know, government or maybe Category-1 employer?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

In fact, as far as the composition of the Express credit is concerned, it has remained the same. There is no change in that. But yes, of course, we also are very mindful in terms of the RWA consumption in Xpress Credit. And that's why at a portfolio level, we are very mindful in terms of the area of growth, considering the RWAs which are being consumed. So, you would have observed that our RWA consumption is just about 53 bps, 53% so that is something, we also, I mean, lot is being talked about RoA, but that RoA has to be seen in terms of our RWAs also. And, if at all, we will look at the average ticket size of the Xpress Credit, it is actually at 7.18 lakh. And also, our yield is perhaps, one thing which has to be seen in the context of the RWA. That is why we are really, looking at all opportunities where all we can grow and how best we can consume the RWAs. That is something which is on the top of our mind.

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

And the penetration in these accounts is just 27.20%.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

That I think as far as opportunity is concerned, there is no dearth of opportunity. There is ample opportunity which exists. We have to take a call, shall we or shall we not grow considering the RWA consumption.

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

Lastly, sir, if you have the number handy for the mix of loans by benchmark, you know, how much is Repo rate linked, MCLR, Fixed Rate, etc...

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

Yes, yes. I'll give you.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

I think this number is very much there. MCLR is about 36% and EBLR is about 27%.

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

...27% and Fixed Rate is 20% and T-Bills plus others are 14%.

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

Thanks a lot, sir, and all the very best for your future endeavours.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Thank you. Thank you very much.

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

Sushil Choksey, Indus Equity. Congratulations for a stable result and best wishes to you and your future.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Thank you.

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

Sir, hearing your opening remark and Fed and the current weak outlook from the global markets, I think specifically the money markets in India should have a bumper harvest in the next two quarters. What's the outlook at SBI and specific to our book?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Well, as far as that bumper harvest is concerned, we'll have to wait and watch how things really evolve at a macro level. There are multiple factors at play. It is not merely the interest rate at a Fed level. There are multiple other factors are also at play. That is something which you will

have to wait and watch. So, I think, as far as SBI is concerned, we have seen a decent growth in the international book also about 14% kind of a growth. Lower interest rate in the US will certainly, but of late, you know, when it comes to the global economies also, there is a lot of decoupling which has happened. It is not that US Fed reduces interest rate, everybody else starts following. We have actually seen that Bank of England reduced first. Australia also reduced it. US Fed all this while was saying that they will not reduce and suddenly a commentary has come that they might reduce. Japan has increased. So, I mean the trends are very different, which very clearly means that each of the economy is probably evaluating their situations obtaining in their respective geographies and are accordingly operating. So, all the central banks are not in sync. That is one aspect. But nevertheless, since we are operating in 29 geographies and we are in a position to evaluate the opportunities in each of these geographies, we will be having our strategies tailor-made to suit the respective geographies keeping the overall policy for the bank in mind.

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

Sir, again, to your opening remark of India's growth story, there is no better person to give us a guide where private Capex and green shoots will it be visible in the next quarter or accelerated growth? What kind of information you are gathering and the discussion on borrowing the industry is having with you?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

So, I would reflect it in the sense that if at all, we look at our proposals in pipeline, which is sanctions plus also the one which are awaiting disbursement, proposal pending for sanctions and including disbursements, it is about ₹ 4.62 trillion, and a significant portion of that to the extent of about 66% would be from the private sector. The other indicator, which I can perhaps share with you is when it comes to the private sector commitment, it used to be somewhere around ₹ 10 trillion odd, now it has moved to somewhere around ₹ 37 trillion. So that is a very clear reflection of their positive perception of the economy and, on the top of it, the government has the major lead in terms of pushing the growth the kind of budgetary announcements which they have made I am sure it will also show up in terms of the growth trajectory of Indian economy. So, these are some of the indicators which I can share with you and we have already seen as far as our SME book is concerned, there is a 20% growth. In case of agriculture book also the growth is to that, you know, about 16-17%. And with this kind of numbers, it's very clear reflection of what is happening in the real economy. So, these are some of the encouraging numbers and corporate book, particularly mid-corporate. Mid-corporates are showing very promising trends and we have seen almost about 16% kind of a growth in the mid-corporate as well. So that's the sense which I can share with you as far as the economic opportunities in Indian economy are concerned.

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

Sir, if you ignore the Q1 behavioural pattern of consumers specifically led by election and the heat wave, which many banks are identifying and may be reality partially also or the staff was

deployed for election, based on your own bank and subsidiaries because you have the largest consumer base. How are you seeing the pattern where growth in consumer retail business on the demand side as well as on the repayment schedules?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Well, when it comes to unsecured, particularly if at all, we have to see the unsecured book of SBI card. Yes, they had some pains in the past, but of late they have provided it adequately. So, I don't think so that considering the kind of balance sheet size they have, it is not a reflection of the economy overall. I would actually say that our book which is more reflection for the economy and they're the kind of quality which you have seen that kind of trajectory, which is available, I think, as far as the retail is concerned, we don't see any challenge. We expect that we have seen the retail book growing at the rate of 16% CAGR for past couple of years. We expect that it might tinker a bit, but that would be not essentially on account of the demand. It would be more in terms of our considered choice to grow into that, or not to grow into that, considering the RWA issues.

But nevertheless, there is adequate demand which we are seeing. When it comes to mortgage book, there is adequate demand. When it comes to car loans, there is adequate demand. We are growing very well. So, I think, on the consumer side, these are some of the factors which you have to keep in mind. When it comes to personal loan, pension loan etc., there is adequate demand. So, I don't see any reason why it should slow down, going forward and particularly if at all economy has to grow at 7 - 7.50, retail will continue to be a major growth pillar.

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

Sir, most of the banks are struggling where CASA and deposits are concerned. This is a hypothetical question whether you may answer or not. Let's assume that we get 6.75 or 6.80 on G-Sec and there is adequate demand at 9 - 9.50% where if not AAA, AA and infrastructure projects are concerned, will you monetize excess SLR towards deployment in infrastructure?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

We have already done that, because our yield on investment was about 7.20 and when it comes to our yield on advances it is at 8.86. So, this movement which has happened in the corporate book has essentially come from that treasury. We have unwound our position and supported the corporate book.

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

And last question, your infrastructure raise has been at a super fine rate and may even get better. Will that support a credit growth from your perspective when you are able to borrow?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

We are tapping all possible channels for supporting the growth. Our infrastructure bond is now at about ₹ 60,000 crores which is the highest in the industry. Our infrastructure book is at about ₹ 3 trillion. So, we have got ample scope to really ramp up this particular source of funding. We have already opened our CD program which is at about ₹ 50,000 crores. So, we are tapping all multiple channels to see that how best we can have the balanced portfolio of raising resources and funding the growth which you are envisaging to come.

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

Sir, congratulations team SBI and best wishes to yourself and the team for future.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Thank you. Thank you very much.

- **Mr. Manish Ostwal – Fund Manager, Nirmal Bang Securities Pvt Ltd**

Hello sir, I have a follow up question on the recent risk we have seen in the cyber side. So how we are taking the action, measures to improve our cyber risk in our banking operations and last three, four years how much you lost in a cyber risk perspective for the bank?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

As far as loss is concerned, we have not lost anything. The other piece is that, how are we geared up? I would only say that, for ensuring that we should stay secure as far as cyber is concerned, we have to run on the treadmill every day and we are doing that. I assure you that. Some event which happened in case of CS, that was one of essentially because CS was more like a platform. They're offering themselves as a platform for multiple entities. And it was a standalone VLAN kind of issue which had not impacted the CS operations. But yes, of course, as a precautionary measure, as prescribed by NPCI and RBI everything was subject to greater scrutiny and independent scrutiny by an agency. And they have given a clean chit. So that very clearly means that the best of the practices are at play. But yes, of course, as I mentioned, to ensure that we should stay secure from the cyber angle, we have to run on the treadmill every day and we must do at least 10,000 steps every day, we are doing that.

- **Mr. Manish Ostwal – Fund Manager, Nirmal Bang Securities Pvt Ltd**

And the last question on the economy outlook, we have a 7% for the current year and credit growth in the system is looking very good. So, in banking, the general saying is that the good times create the new risk to the balance sheet. So, last time you had indicated that, some of the power project related lending, some players are not factoring the project risk while sanctioning

those loans and we saw the RBI action on that. So, if I ask you top three risks which you visualize for FY25 or over the medium term for the banking sector being a leader what will be those risks, will be great to hear from you.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

See, there would be as far as the risks are concerned, there is no end to the list of the risk, but the prudence lies in our ability to recognize them and put in place the mitigants, so that is something which we are doing and price risk in case of such kind of long-term projects is always there, but yes of course, we have got the sector consultant. When we are doing the sensitivity analysis, we factor in such kind of risk and also give the shock accordingly and see that what is the resilience of the project and also some of the learnings from the past in terms of execution is something which we have already factored in and when it comes to the product itself, we have factored in such learnings at a product level itself, so that we should not fall prey to any of such risk and on the top of it as far as the structure is concerned, we have strengthened our structure adequately to ensure that we should ward off any such risk.

- **Mr. Manish Ostwal – Fund Manager, Nirmal Bang Securities Pvt Ltd**

And one small data point, is there any large repayment telecom exposure during the quarter?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Whatever has been done, it is to the securest of the entities. Actually, there's a reduction.

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

Sir, I have a few follow-up questions. Firstly, that you had given a rough impact of ECL two years ago and now obviously the impact could be lower?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Unfortunately, it has remained a consultation paper. I was looking at it. It should become a regulation. At least we can plough back some amount which we have been running with us.

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

Oh, but could you, because the Governor has mentioned right that he will finalize the guidelines soon and then?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

No problem. We'll be better off.

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

Okay, but any rough impact, last time you had given an impact, so it's much less, yeah.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

I think, no, see the point is that it is a PD and LGD and over the years we have seen that the asset quality has improved. The impact actually gets soften over the period. If at all it happens, it will be to our advantage.

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

Okay, means you will not have to make additional provisions or you're saying

- **Mr. Dinesh Khara – Chairman, State Bank of India**

No, we are continuing our old practices of making provisions. As a bank, we have always believed in ensuring that the balance sheet should stay absolutely healthy. There should not be any challenge. We actually go to our relationship manager to inquire what is your sense about the asset quality, if at all they have any discomfort, we rather make provision as against allowing them to have a discomfort.

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

So, if unless there's an asset quality event, basically your credit cost trajectory should remain like what you guided to now, on an incremental basis every year?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

We are hopeful for that.

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

Okay, Sir. Thank you.

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

We have one last question from here.

- **Mr. Piran Engineer – Investment Analyst, CLSA India Private Limited**

Thank you, Sir. Sir, RBI has been flagging that loan growth is exceeding deposit growth and I don't know why, but what is the solution that they are expecting from the bankers? Are they expecting to slow down loans and repay borrowings and make the ratio look mathematically better, are they expecting you all to move loans into investments, make the ratio, at the end of the day, assets and liabilities will balance, I don't really understand what they're expecting? So, if you could just share some insights, it'll be good.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

No, what is their mind, I will not be in a position to read that mind, but nevertheless, whatever my assessment of the situation, I can certainly share with you, As a regulator, it is incumbent on them to ensure that all entities should stay afloat and do well, that is perhaps one of the areas and you would have observed that there are some entities which have got credit deposit ratios much more than 100%. So, naturally they have that in mind perhaps, and also it's likely contagion impact on the system, and that is the reason why they are really looking at it. But nevertheless, I think more than the regulator as a financial sector player, it is incumbent and particularly the board run entities, it is an incumbent on each one of us to ensure that we should practice prudent policies so that there are no shocks and this is something which we believe, we practice, and we will continue to practice.

- **Mr. Piran Engineer – Investment Analyst, CLSA India Private Limited**

Is there a glide path for the banking system or is it just?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

I don't think so. I think it is it - it should be the self-control mechanism for each of the entity. They will have to decide whether they should have the loan growth, they should not have the loan growth. One of the entities has already offered to sell part of their asset book. All of you are aware I need not really elaborate. So, I think these are the kind of adjustments which people will be resorting to.

- **Mr. Piran Engineer – Investment Analyst, CLSA India Private Limited**

And secondly, just on Mahrukh's question, it's a technical question. Can you reassign NPL provisions into standard assets when you move to IndAS? Like some of the excess, if your LGD...

- **Mr. Dinesh Khara – Chairman, State Bank of India**

To my mind, we have got some of the non-NPA provisions which we are holding and also, we have got some kind of allocated provisions where the provisions are not really required. So, we have got various categories, maybe it would be premature for us to really comment on it, but nevertheless, we'll have it evaluated. If at all we cannot reassign, we'll have to, in any case, at the end of the year, we'll have to appropriate it towards the balance sheet. We cannot take it beyond the 31st March.

- **Mr. Piran Engineer – Investment Analyst, CLSA India Private Limited**

Thank you.

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

Sir, this is Mahesh from Kotak. Congratulations for where you have taken SBI under your watch. Two basic questions from my side. One on the slippages for the quarter, could you also give us a break-up how much of it has come from personal loans?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Maybe, I think I'll request Saloni to share with you.

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

Sir, just to clarify, because when you said some state governments had delayed payments, the probability that it would move straight to 90 DPD is a bit harsh to understand. So, just trying to understand how can you see a slippage in one quarter?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Yeah, please.

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

So, the slippages that we see this time around the P-segment, that means the home loans as well as all the other P segment loans like unsecured and all put together is ₹ 3,000 crores and out of which we have already pulled back a substantial amount because actually payments have been released, our salaries also have been released, so that's not a concern. That's as on date that is the position that you.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

No, I think I would say that if at all you have to read that situation, you compare our SMA 1, SMA 2 as on June '23 and what is SMA 1, SMA 2 as on June '24 from ₹ 9,300 crores, it has come down to ₹ 7,900 crores.

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

Perfect. Sir, the rest of the slippages, ma'am, if you could just give that as well?

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

SME and you have agriculture and personal all put together.

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

Can we get a break-up of that, ma'am?

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

Yeah. SME is ₹ 2,000 crores, Retail is ₹ 3,000 crores roughly. Rest is agriculture, ₹ 200 crores is CCG. I mean large value account.

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

Second question on the credit cost again for this kind of slippages, you have reported a fairly high credit cost of about 0.48%.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

There are some standard assets provisioning also, standard asset provisioning has also taken.

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

That is separate, Sir.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Aging provisions.

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

Sir, may I respond to this?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Yeah, please.

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

So, basically provisions due to slippage is ₹ 1,940 crores, which next quarter definitely should be much better. Provision due to aging is ₹ 2,473 crores, which we have mentioned, and the third is provision due to agriculture where we keep extra provision for agriculture, where the limit is beyond 135%, although they are all standard, but as a prudent measure, we keep this provision which comes to ₹ 106 crores. So, total provision for this quarter is ₹ 4,518.07 crores.

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

Perfect, ma'am. Thank you.

- **Mr. Kunal Shah – Director, Citigroup Global Markets India Private Limited**

Yeah. So, the question, firstly with respect to the express credit. So, when we look at it, one of your subsidiaries have highlighted a lot of over leveraging of the customer, so at any point in time, we are also seeing within our Xpress Credit customers any kind of over leveraging few more facilities, which they would have taken after we would have given them the PL?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

No. See, the point is that when it comes to Xpress Credit and when it comes to the card, the target segments are very different. In the case of Xpress Credit, the target segment are the one who are availing salary, who are maintaining their salary accounts with us. When it comes to

cards, it's a very different universe. 50% of the cards are being sourced from the market. 50% of the cards are being offered to the SBI customers. So, the universe is very, very different and that is the reason why perhaps the kind of trajectory of the stress in both the books cannot be compared.

- **Mr. Kunal Shah – Director, Citigroup Global Markets India Private Limited**

But we have not seen any trend in terms of over leverage?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Nothing like that.

- **Mr. C.S. Setty - Managing Director (International Banking, Global Markets & Technology), State Bank of India**

Ticket size is also fairly large.

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

Our ticket size is around ₹ 7.1 – 7.18 lakhs.

- **Mr. Kunal Shah – Director, Citigroup Global Markets India Private Limited**

And secondly, when we look at it still, we are either in line with industry growth or lower than that and now we have seen many of the private banks, one of the leading bank growing much below the industry average. So, when do we see maybe catch up on the growth and now when we look at the rate differential in the deposits, that is also quite huge, almost like 40 bps in the peak deposit rate, not in the shorter-term bucket. So, would we be looking at raising the deposits growing at a slightly better than industry average because there is a case which is being made that PSU bank should ideally now start gaining the market share and you being a leader, yeah

- **Mr. Dinesh Khara – Chairman, State Bank of India**

See, the point is – see the point is that I would be more than happy to grab the deposit provided that deposit is available at a cost which I would like to bear. If at all deposit is available at 8% and we have to do underwriting of the quality assets, no borrower would be willing to pay me 10%. That has to be kept in mind. So, if at all we have to underwrite the quality assets, we have to have a very sharp eye on the cost of our resources. We cannot take it away. When it comes to growth, growth has to be seen not only in terms of number, but the quality of number also. So, I very firmly believe in this and we have practiced this in this bank and the outcomes are all before you.

- **Mr. Kunal Shah – Director, Citigroup Global Markets India Private Limited**

Sir one last data point, stand alone, LCR?

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

129

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Standalone LCR, we are at 129.

- **Mr. Kunal Shah – Director, Citigroup Global Markets India Private Limited**

Consol is 129 or standalone. Standalone is also 129?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Yeah. Bank is 129. We don't consolidate LCR for the other entities.

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

Sir, last one, some data point, Sir, we have been talking that yes, you are making provisions for standard asset right from the COVID and so many other and we are having lot of buffer provisions, can some ballpark some number that how much excess provision overall under all account beyond IRAC norms?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

In fact, you know, in a bank like ours, our DMD Finance or CFO, they have got pockets which are not even known to the Chairman. So, I'm not in a position to share that number and I also encourage that she should have some - she or he should have such pockets because we have to keep ourselves largest Bank of the country have to insulate itself from any of the rainy season. We don't want any challenge.

- **Mr. Kunal Shah – Director, Citigroup Global Markets India Private Limited**

Alright, Sir.

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

We have few questions...

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Yeah, I think, yeah just one second, please.

- **Mr. Nitin Aggarwal – Senior Group Vice President, Motilal Oswal**

Thanks for taking the question and big thanks to you Sir for outstanding leadership that you have provided in SBI in all these years you took charge in a very difficult year and you have ensured that SBI get its due recognition at least in terms of market value, in terms of size always it was there, but in terms of market value you have certainly played a very instrumental role. Big thanks to you Sir for that.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Thank you.

- **Mr. Nitin Aggarwal – Senior Group Vice President, Motilal Oswal**

And a few questions, Sir. Firstly, like on the credit growth, there has already been a lot of questions, but do you think that there can come a situation where in the credit demand in the system not from the SBI, SBI is already placed very well, CD ratio for SBI is less than 70, we know that the credit demand from the system may remain unmet because this quarter we have seen a lot of moderation from the other banks, the growth numbers have seen a cut and RBI has been pushing on the CD ratio is what we understand a lot more?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Well, I think my sense is that the market has got the control features and if at all there is a demand, the demand would be at a price and if at all people are willing to pay that price, the demand can be met also and fortunately today, the global markets are all integrated. So, I think I don't see a challenge if at all there is a demand, and if at all there is a risk appetite for that demand, my sense is that it should not be a challenge.

- **Mr. Nitin Aggarwal – Senior Group Vice President, Motilal Oswal**

Okay Sir and second Sir is on the Opex. Now, we have seen a very high Opex in the past because of wage provisioning that was going on and this quarter is a very sharp decline. So, is

this a sustainable number because the number that we are seeing this quarter is lower than what we like probably expected so because even the cost income ratio has come below 50. So, how should we look at it going further?

- **Mr. Dinesh Khara – Chairman, State Bank of India**

I think when it was not 50, I was being push to ensure that it should be below 50. Now, I've brought it to below 50, now you are questioning why it is below 50. Anyhow, I mean keep it aside, just in the lighter way. But the fact of the matter is that if you recall right from the very beginning, our focus was that our income should grow because we have got certain cost rigidities and we cannot get rid of those cost rigidities. So, I think that is a reality and last year, of course, we could not meet these numbers for the simple reason that we're required to make provisions for the wage increase. Now, all that is behind us and I actually would say that this is the new normal and we should be in a position to stick to this new normal. Rather, I would rather expect that it should incrementally we might see it coming down a bit also.

- **Mr. Nitin Aggarwal – Senior Group Vice President, Motilal Oswal**

Okay, great, Sir. Thank you so much and wish you all the best.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Thank you. Thank you. Thank you.

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

Sir, few questions through online webcast.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Yeah. Yeah, I will just answer those questions also.

- Mr. Anish Raj has a question, how SBI is going to fight with the deposit crisis?

I would only like to reiterate some of the points which have already mentioned, but nevertheless, I will say that our focus on the digital, as I mentioned that about 40,000 odd Savings Bank accounts are being opened daily through YONO out of 60,000 Savings Bank total accounts opened daily. Focus on activation of our inoperative account is we are leveraging analytics, targeting sources of the quality salary package is something which we are already working on and also raising of the deposit interest rate and some of the select tenors there's something

which we are working. So, these are some of our initiatives and we are quite confident it will start yielding results also very soon.

- Next question is from, Mr. Kaitav Shah. Could you throw some light on the credit growth aspirations and the key components of the growth?

We are hoping for our credit to grow at 15%. I would expect broad-based growth in all the segments as far as the credit is concerned.

- Mr. Deepanshu Khatri, any plan of merger of RRBs with the RBI? Any plans of list of SBI subsidies company like SBI General?

As of now, there is no such plan and as far as the RRBs are concerned, there is a need for some regulation till such time it comes we really cannot go to the market for any listing and as far as subsidies are concerned, it is little premature as of now to list any of our subsidiaries which are eligible for listing.

- Mr. Praveen K Nagpal, given the 0.89% year-on-year growth in net profit and 4.55% increase in operating profit, what specific strategies or operational improvement contributed to this performance and how do we plan to sustain the growth moving forward?

Our sharp focus on the asset quality GNPA movement. GNPA has improved from 2.76 to 2.21, improvement in cost of income ratio by 95 basis point leveraging technology to become future ready organization and also focusing on improving income.

- Mr. Pervez has asked a question, guidance on NIM in the coming quarters and rate cut effects of NIM?

Our target is to maintain NIM at the current level. There may be a variation to the extent of not more than 10 bps plus or minus.

- Dhawal Garda, what steps is the bank taking in Agri lending business to deliver much lower GNP in future?

A special drive and the time bound action plan for conducting regular recovery cum credit camps. Sandhya Shivar, at the branches cluster of branches have been initiated. All Agri intensive RUSU branches are geared up for KCC, ACC, and also for the renewal exercise and drive for actual recovery of NPA. We are also looking at the investment credit and our experience in the past is that higher value ticket size has got lower incidence of NPA and that is something which we are practicing on ground.

- Sanjana Fauzdar from Nuvama, comment on the lower growth in current account deposit this quarter?

It is a general trend of funds that inflow during the last quarter four of the financial year outflow during subsequent quarters of the next financial year resulting in quarter-on-quarter negative growth. Negative YoY growth is on part of the decline in the government account, funding in good time they are actually following just in time approach. In non-government accounts, it is a competition from the private sector bank, but, however, we are also meeting that competition by offering all add-ons, which are required.

- Doshi Dixit, our credit cost and slippages have gone up considerably after good performance in the last three quarters. Can you explain why, and will it remain elevated going forward? Do you expect stress in the book? Any update on stake sale in YES Bank?

So, many questions in one. Credit cost has increased sequentially from 0.29 to 0.48 on account of the increase in aging provision by almost ₹ 907 crores and slippage provisions about ₹ 340 crores. As on July '24, there is a pullback of around 20% against the slippages during Q1FY25.

- Mr. C Joshi, what should be the level of sustainable credit cost going ahead? What was the interest on IT refunds this quarter?

There was nil as far as IT refund was concerned. We expect the credit cost to be around 0.50 going forward.

- Do we have a CD ratio target? And if yes, then what it is for this year and next year?

We expect CD ratio to be around 70% and it might go up to 72%.

So, with this I finish off answering all the online questions also.

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

Thank you, Sir. I trust all the questions have now 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 very much.

- **Mr. Dinesh Khara – Chairman, State Bank of India**

Thank you very much, once again. All the very best to all of you. Thank you.

**END OF TRANSCRIPT**