

# Q4FY24

# ANALYST MEET

# TRANSCRIPT

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**MANAGEMENT:**

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CHAIRMAN, STATE BANK OF INDIA

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GENERAL MANAGER (PERFORMANCE, PLANNING & REVIEW)

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

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, colleagues and everyone present here today on the occasion of the declaration of the results of the Bank for the financial year ending 2024. 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 this 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 and Subsidiaries - Shri. Ashwani Kumar Tewari, our Managing Director, Risk Compliance and Stressed Assets Resolution Group - Shri. Alok Kumar Choudhary, our Managing Director, Retail Business and 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 request Chairman sir to give a brief summary of the Bank's FY24 performance and the strategic initiatives that have been undertaken in this regard. We shall thereafter straight away go to 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 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. Thank you very much. Good evening, friends. Thank you for joining this analyst meet. I would like to start by thanking all of you and all of our stakeholders, including our customers, shareholders, employees and the broader ecosystem for their support and helping us in creating sustainable value for the economy. Let me first start with a brief description of the present global and domestic economic scenario.

Global growth remains resilient with easing inflationary pressures and tight employment conditions in spite of geopolitical and extreme weather event risk. IMF Minutes, latest chapter 24, World Economic Outlook, raised their global growth forecast for FY24 to 3.2%, 10 bps higher than in its January 24 update and expect the global economy to grow at the same pace in FY25. Global headline inflation is expected to fall from an annual average of 6.8% in FY23 to 5.9% in FY24 and further to 4.5% in FY25, with advanced economies returning to their inflation targets sooner than emerging markets and the developing economies. Commodities and energy prices can drag the economic and growth prospect by infusing sudden shocks on the supply side. A collateral impact of escalating geopolitical tensions at multiple fronts. In India, the conditions are, however, shaping up for an upshift in the real GDP growth backed by strong investment

demand and upbeat business and consumer sentiments. CPI inflation has gravitated to 4.9% in March after averaging to 5.1% in the preceding 2 months. CPI inflation is expected to moderate in ensuing months and is estimated to taper to 4.5% in FY25 compared to 5.4% average in FY24. In FY24, credit offtake of all scheduled commercial banks recorded a growth of almost over 20% while deposit grew by about 13.5% and the momentum with some moderation is expected to continue in FY25 too.

I will now discuss the bank's performance. Once again, we have delivered excellent numbers. I am happy to share that our net profit for FY24 is the highest ever at ₹ 61,077 crores, showing an increase of 21.59%. *(Audience Applauds)*

Our net profit for Q4 of the FY24 also stands at ₹ 20,698 crores, which has increased by 125% sequentially. This is despite incurring wage revision expenses of ₹ 13,387 crores during the current year period as per the bipartite wage settlement and after absorbing the additional liability to the tune of ₹ 7,100 crores relating to pension liabilities and the DR neutralization in the third quarter as a onetime exceptional item. Our ability to absorb the above liabilities without significantly impacting the long-term profitability of the bank demonstrate the strength of our balance sheet. RoA of the bank is now at 1.04% for the whole of the FY24. It has improved by 8 bps over FY23. The ROE for the FY24 is at 20.32%, which has improved by 89 bps over the FY23. We have been consistently delivering ROE in excess of 15% for last seven quarters. Our aspiration from our current position of strength is to sustainably deliver the ROE of more than 15% through the various cycles. The cost to income ratio of the bank is at 55.66% including the wage revision expenses and excluding the impact of the onetime exceptional item of pension liabilities and Dearness Relief neutralization in Q3 of FY24.

Excluding the wage revision and onetime exceptional item, the cost to income ratio is actually at 49.34%, which is an improvement of 315 bps over FY23. Non-interest income has shown a growth of 41% plus in FY24 over FY23. We believe sustaining our profitability at these levels highlights the resilience of the underlying value drivers of the bank. The underlying drivers for the sustainable step up in profitability profile of the bank has been the unmatched size and reach of the bank with 50 crores plus customers comprising nearly 35% of the India's population. This is a testament of the continuous trust reposed in us by our valued customers.

Our customer centric approach, the process-oriented culture of the bank, strengthened underwriting processes and correct pricing of the risk have all contributed to the sustainable profitability. Our deposits have grown by 11% YoY and term deposits have grown more than 16% YoY. We are mindful of our liability profile as it provides us with a stable stream of resources. We continuously monitor the concentration of our deposit profile daily, ensuring that dependency on the wholesale funding is contained within the prescribed levels. We retain reasonable reserve resources in the form of liquid assets over and above the CRR, SLR requirements to meet the future contingent demands and broad basing the deposit mix. Unencumbered excess SLR was to the tune of about 3.7 trillion as on 31/03/24 and the liquidity coverage ratio stood at 124% as on 31/03/24. All this is above the regulatory benchmark. I am happy to highlight that the credit growth has been robust across all the segments. Our Retail, Agri and SME advances have crossed 20 trillion. Out of the above, retail personal advances itself constitute almost about 13.50 trillion. Agri advances are more than 3 trillion and MSME advances are more than 4.33 trillion. They are all growing at a pace of 14.68%, 17.92% and 20% YoY respectively.

The corporate segment is also showing healthy growth at more than 16% growth on a YoY basis. I am glad to share the progress we are making in digital banking. 61% of our savings bank accounts were opened through YONO in the FY24 and we are also leveraging analytics to its hilt, which has led to the significant growth and now that number stands at 1.37 trillion. All this is sourced through analytical leads showing growth of almost 32% on a YoY basis. As far as the asset quality is concerned, our gross NPA ratio has improved by 54 bps YoY and stands at 2.24% as at March '24 and continues to be its lowest in more than 10 years. Our net NPA ratio has also improved by 10 bps and stands at 0.57%. The slippage ratio for FY24 has improved by 3 bps YoY and stands at 0.62%. The consistently improving asset quality is also reflected in our credit cost for FY24, which stands at 0.29%. It has improved 3 bps on a YoY basis. We are well provided for our loan book with PCR including AUCA standing at 91.89% and PCR excluding AUCA standing at 75%.

Our employees are recruited from the best talent in the country and are trained to handle the scale, complexity, and the compliance requirements of the bank. SBI is the employer for life and most of our employees really believe in this. The attrition rate for the bank is only 1.43%.

We take great pride in the process-oriented culture of the bank. While we are glad about the outcomes in the current quarter, we are also conscious of our areas of further improvement. On the liability side, we continue to focus on increasing our share in current accounts while maintaining our leadership in the savings bank deposits. The cost base of the bank is high, however, the same also reflects our focus on compliance and establishment cost. We aim to lower our cost to income ratio by focusing on the income side. Our CET-1 ratio stands at 10.36, which is the highest ever since the implementation of the Basel 3 norms.

Additionally, the current ROE profile of the bank remains above the credit growth trends and hence we foresee CET-1 accretion going ahead. However, the bank is open to evaluate the options of raising equity if at all the growth trends so warrants. Our subsidiaries are also consistently performing well and continue to create significant value for all stakeholders and most importantly, for the customers of the bank. To conclude, I once again, would like to thank you for the support which you have extended. The Bank, while pursuing its own progress, contributes to the progress and growth of the economy and its countrymen. 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 questions from all of you. Thank you very much.

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

Sir, compliments to you. Sir, one of the most, I think, outstanding and fantastic results for the State Bank of India and when we are going in the range of almost about 110 lakh crores of the operating profit on a yearly basis, I mean, going more than 1 lakh annualized basis may be 1,10,000 or 1,15,000 crores. So, all this net NPA and these figures look very small as compared to our profit generating capacity. Having said that, sir, my first question is on the recent RBI guidelines on the provisioning. Now, our total I think Infra project, which are under implementation as well as might have being completed also total loan including CRE altogether maybe about 4,50,000 crores. Out of that, how much amount do you feel will come under the purview of these guidelines if it is implemented? And what is the ballpark figure by which we will require to increase our capital adequacy because otherwise also our capital adequacy as

compared to some of the peer, I would not call peer bank, but smaller public sector banks is much higher than ours, that has already always been a concern. Though with this profit added for this year already in the CRAR, we are still at around 14.28%. So, going forward and if this particular guideline gets implemented, where do we stand Sir?

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

Thank you very much first of all for all your compliments. The second question, which you have raised is essentially relating to a discussion paper, which has been floated by Reserve Bank of India. Well, of course, we have yet to evaluate it in all entirety, but based upon our experience with Reserve Bank of India for last couple of years, now RBI is quite a receptive regulator. They're not ignoring the viewpoint of the banking industry and I am sure they would certainly be cognizant of the viewpoint, which will be expressed by RBI as well as State Bank of India and its individual capacity as well. So, I would not like to hazard any guess, but nevertheless, whatever little back of envelope calculation we have done based upon that I can only assure you considering the fact that we still have got almost about 32,000 crore worth of non-NPA provisions holding in our book and such kind of pockets are many, but I don't want to discuss much of them, but I would only like to say that whatever is in the wildest of the thought, whatever could be the additional provision, we can absorb it in no time, that is one thing, which I would like to say.

As far as your assessment in terms of our project loans, I would only like to correct that it is only about 1.21 trillion. It is not somewhere around 4.5 trillion.

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

No, no, total infra stage and .....

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

So, I think this is a project loan. This is essentially applicable for the project loans, but also it has given a glide path it has to be done in about three years' time, so it will leave sufficient room, but nevertheless whatever back of envelope calculation is there, we're not really worried. To be very precise, what we had seen when the ECL discussion paper had come, I remember during that time also in one of the analysts meet like this, some questions were raised. ECL has not yet become crystallized as of now, let us see when it gets crystallized, but nevertheless it will be much, much less than what the annual outlay was for ECL. So, I will only say that on a standalone basis we are not worried and of course, if at all such kind of way eventuality will come and will actually get frozen, we will also revisit the pricing, if need be.

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

Sir, what could be the intent whether the RBI is thinking because such a sudden and that to straight away with the 5% provisioning maybe over the period of 2/3 years? Are they fearing that some of these projects may not get completed in time or there may be .....

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

The way I read, I will share with you. The intent seems to be that RBI has got some concerns about the right pricing of the risk by some of the lenders. So, when you know when the lenders start pricing a 15-year term loan with T-bill. It will naturally raise the concern with any regulator. So, that seems to be the concern, but I think my sense is that there will certainly be some middle path. I am quite confident about that. The way they are quite receptive about various regulatory provisions and I am hoping for that. But nevertheless, in the worst of the situation also, we're quite comfortable.

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

Sir, my second question is on the other income, it is almost gone up by almost 6,000 crore in this quarter and out of that of course fee definitely must have been increased because of the March quarter, 6200 to 8700 crores, but there is one item of miscellaneous income, which has gone up from 1807 crore to 4957 crore and this two together have given the fillip of 6000 crore, almost 5900 crore to the other income, which is added in the profit of course. So, what could be this miscellaneous income going almost by 3100 crore higher in this quarter?

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

Sir, may I respond.

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

Yeah please.

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

One is the AUCA recovery included in that. In this quarter, we had much better AUCA recovery, which is part of the miscellaneous income.

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

It must have been always.....

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

No, no, no, this quarter we've done 1000 more than last quarter.

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

But included even in the previous quarter?

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

Yeah.

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

Okay. Yeah.

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

That is the major thing, but other than that we've also got dividend from our subsidiaries and the CNP Commission and also some annual maintenance charges, which are normally the highest in the last quarter. These are the four reasons.

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

Sir, in this one item is the profit from the investment is also there, which is 3,463 crores. So, going forward, where do we stand Sir as far as the profit in the other income booking from the sale of the investments and revaluation of the investments, Sir?

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

No, I think going forward with the revised guidelines, I think earlier what was required to be done for the MTM, whatever was kept in the AFS, everything was subject to MTM, will not have that kind of a situation, if at all we have got and also whatever profit will be there, it will also be routed through the balance sheet, not through the profit and loss also. Anything you want to add please?

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

I think the revised valuation norms, the MTM gains and losses will not be there much, but our effort would be that now how do we get the trading gains both on the fixed income portfolio as well as equity portfolio. So, that will continue, but as far as the MTM fluctuations, that I think will not be there.

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

Sir, the last in this round is point note #17. Loan transfer, 24 accounts are transferred to the NPA accounts outstanding of 7,451 crores. Sir, is it NRCL? Because the recovery seems to be around 15%-17%, only, 383?

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

That is NRCL.

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

It's NRCL. The entire amount? Okay. Thank you.

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

No, it will not be entire. Just one second.

- **Mr. Alok Kumar Choudhary - Managing Director (Risk, Compliance, & Stressed Assets Resolution Group), State Bank of India**

Not, entire, around, 10 accounts of the bank.

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

Out of 24 accounts.

- **Mr. Alok Kumar Choudhary - Managing Director (Risk, Compliance, & Stressed Assets Resolution Group), State Bank of India**

Yes.



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

Okay. Thank you.

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

Yeah, before we move to the second question, we will just request you to kindly mention your name and company before answering the questions.

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

Hello. Sir, this is Manish Ostwal from Nirmal Bang Securities.

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

Yeah.

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

Excellent performance another quarter for State Bank and best performing bank in India right now on all the parameters.

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

Thank you very much.

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

Sir, my question is for the next year, your commentary says that we are anticipating 6.8% GDP growth over the next year. Where do you see the credit growth for the system and where we are at State Bank?

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

For us, my estimation is that we should be growing as far as the loan book is concerned, should be growing at about 13% to 15%.

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

The second question on the capital consumption, this year excellent capital consumption management we have achieved and I recall during one of the quarterly analysts meet you said we will grow profit, use the profit to improve the capital and then raising the funds and you deliver on that front. So now if we maintain the 13% to 15% kind of loan growth then we should not go for big capital raise. How should one think of your capital raise plan?

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

See as of now we had done, I always keep on doing the estimation in terms of what is the ability of our capital to support the growth. So, we have done that estimation and according to that estimation, we can easily grow about 7 trillion worth of loan book. Today, we stand at about 37 trillion as a loan book. So, which actually translates to about 21% kind of a growth and my estimation is that we should be growing as far as the loan book is concerned around 15%. So, as of now we are in a comfortable position and we are quite hopeful about the other options, which are available through the Tier-1 etc. also. So, as I have mentioned in the past also, we are quite mindful in terms of our cost of capital, which actually works out to be about 14% to 15% and if at all we go for raising our Tier-1, we are somewhere around 8/8.2/8.5, but net of tax actually it is about 5.6 only. So that is something, which you have in mind, but yes, of course we keep on evaluating the situation. If at all there will be right situation, maybe we'll look into it, but nevertheless, as of now, I feel that we are quite comfortable but nevertheless we will be evaluating the situation on an ongoing basis.

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

And lastly on the SBI Wealth, what are the things we are doing? What is the AUM under management and that business and because that is a very strong cross franchise, we can build over long-term, can you share some details over there?

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

Sure. SBI Wealth, we are in the process of revamping. Now, we have identified two segments. One is a Premier Banking, the other is Wealth Banking, and also when it comes to beyond a particular TRV, we are offering the physical relationship manager. Otherwise, we are offering the Virtual Relationship Manager concept. And, as far as the AUM is concerned, you know there are opportunities which we are offering the wealth business to those who are already banking with us. So, our focus is essentially new to business, if at all we can get the customers who are new to business and earlier we were having the profile, age profile of the wealth customer was skewed in terms of more than 60 years. Now, we have clearly indicated that we want to have the younger lot like you, one of you, can come to our fold in the wealth and we offer comprehensive services to all of you also, so that we should have your mind set also when it comes to wealth, that is something, which you're working on.

We have already launched a pilot in two circles, which is one is Bangalore and the other one is in Bombay. The results are quite encouraging and I would say that maybe another quarter or so, we should be in a position to roll out full scale across the country and when we are going across the country, we are not only confining ourselves to Metro Urban, we are going to Tier 3-4 wherever there is a potential. Since we have got a branch network already there, we have to only be for power, resources in such locations and we are going to have a new head also for the wealth banking who is quite well adapt into this kind of a space, and we're quite hopeful that we should be the position to have AUM of almost 1 trillion through the wealth itself in a year or so.

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

And today the market has recognized your consistent predictable earnings despite of the fall in the market the stock. All the best for the coming quarters.

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

Thank you very much, I appreciate.

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

Hello Sir. Congratulations, Sir. Sir, my first question is on the wage provision. You have explained you know what the run rate will be. Could you share the absolute amount because in this year there are, I mean at least in this quarter there are some write backs also and there is an additional provision. So, what will be the run rate monthly or quarterly in employee expense?

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

Now, going forward, we expect that we will have almost about 500 crores a month, which means about 6,000 crores would be the additional cost. Though we have already this - in the previous year as far as the wage is concerned, we have provided about 13,000 crores plus. So, we will not be required to provide I mean, it will certainly come down and actual costs will go up only to the extent of about 6,000 crores. So, about 7,000 crores savings would be there in their wages.

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

Got it, Sir. Sir, and my next question is on your strategic stakes in companies not your subsidiaries, so would there be any divestments in FY25 and would that help in your growth capital or you would still want to consider an equity raise, if growth is stronger?

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

I think these are all moving parts. We'll have to wait and watch depending upon how the market situation is and based upon that we'll be taking the appropriate call, but yes, of course as I mentioned, we keep on revisiting our capital situation and I've already stated in the past also, capital will never be a constraint for the growth of this bank and we will ensure that in good time we have adequate capital. I'll once again repeat that, that is the confidence conviction, which we have and we will stick to that.

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

Got it, Sir. Sir and I have one last question on margin. Sir, what would be your outlook on margins, right, as in that assuming rates are not cut, obviously there's a rate cut and that'll have, but assuming that rates are not cut, what will be the outlook on margins from here on?

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

See, as far as our cost of deposits are concerned, we have already plateaued somewhere in the month of October, December only. So, I think my sense is that we don't expect the NIM should undergo significant change, if you really look at it, our NIM has actually moved up from 3.41 to 3.43 from December to March and essentially when it comes to our international book also, it has almost more or less at the same level, some marginal 5-6 bps difference is there. So, I think our effort and endeavor would be to maintain NIMs around this level only.

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

Thank you, Sir.

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

Thank you.

- **Mr. M Alimchandani**

Dinesh ji, excellent Q4 numbers despite of challenges, RBI circular, staff cost revisions, it's really wonderful. Hats off to you. Now, very few specific questions. Now, one is what are SBI's and your plans and subsidiaries plan for Gift City? And very specifically, everybody is looking forward to it and SBI should take the lead in this specifically, if you can articulate? #2, is very clearly what is the growth capital required by SBI for next three years, any estimates for that and how we are going to raise it and if you are doing QIP, definitely at how much premium because currently our share apparently is very much undervalued considering the excellent results and the excellent outlook and #3, on divestment, very clearly say yes to Yes Bank, very,

very prized possession and there are talks you should not go as per SEBI formula because the way IDBI pricing is there, it is three times of what happened two years back. If you do it, the kind of an open auction for all stakes, you may even get two to three times the value because it's a very excellent technology bank and our ex-CFO has set all the screws right in spite of what happened in the past? If you can articulate your views and this next is on NDS, we were always saying our SBI ex-CFO who went to Jio now had clearly articulated we have no worries on that. We are fully prepared and you had also quietly shared it when the stocks got a battering. What is the thought process on that, on a consultation with the regulators and specifically do you expect it post elections or it will take a long time because it's an overhang, which market has forgotten for a few days and also your thought process, how you are engaging with RBI on lots of circulars are there. It's creating a lot of uncertainty. Will it come now or after the election or after two years it will come where infra circular, which has come up a few days, will it also become like NDS? Nobody really knows, but the market has taken it wrongly in the last few days. Your specific answers and then I can come back on it?

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

I hope I don't forget, but if I forget, I will ask you.

– **Mr. M Alimchandani**

Yes Sir.

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

Your first question is relating to the Gift City and whatever our plans in the Gift City. We have got a International Banking Unit in Gift City, which we opened in the year 2016-17 and we already have built a balance sheet of 7 million over there, which is actually our own outfit, State Bank of India's outfit and actually it is the largest IBU also, that is one. Secondly, as far as the group companies are concerned, our SBI Mutual Fund has already opened a branch office, which in due course is likely to be upgraded to a subsidiary of the company, which will be based out of Gift City. So, that is the other company, which is going there in Gift City and as well other companies are concerned Life and our custodial company etc., they are evaluating the options and the appropriate decisions will be taken by the board of all these companies.

Your second question was - please kindly repeat the question.

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

Growth capital.

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

Yeah, growth capital. We have got, I mentioned earlier also, as far as the growth capital is concerned, as we are very well placed as far as our capital adequacy ratio is concerned at 14.28%. We've got ample room for raising AT-1 and we are hoping some kind of a revisit to the pricing formula for AT-1 valuation formula, not the pricing formula, but the valuation formula, once that kind of clarity is in place, we will be in a position to raise AT-1 also. Our ROE is growing at about 20% and our loan book is growing at about 15%. So, that gives us a natural advantage in terms of our ability to plough back and that will continue to be the focus. So, if at all I have to prioritize the first is the natural plough back, which will happen. Second, we will raise through AT-1. Third, we will look at the opportunities for raising equity at a right price, if at all required because as of now, with the current capital, also with the current capital adequacy ratio, we can grow the balance sheet to by another 7 trillion. Our balance sheet is already 37 trillion and that 7 trillion actually translates into about 21%. So, I think I have assured multiple times and I once again will like to reiterate, growth capital will never be a constraint for the growth of this bank and the group companies. I assure you once again on that.

Your third question was relating to Yes Bank. Yes Bank, I'm unable to comment anything as of now, but what you mentioned, we will certainly keep in mind when we go to the Board, we'll keep your suggestions in mind and we will take appropriate decisions. I will only say this much.

Fourth question, NDS, ECL kind of a thing, which you are mentioning, at a point of time, we have made an assessment for the ECL, the provision requirement was about 30,000 odd crores, which is required to be in about 5 years' time, which works out to be about 6,000 crore a year. With the balance sheet profit of about 60,000 crores, this does not really worry us at all. But, I must also mention that, then and now, the quality of book has even improved. So, my assessment is that even ECL requirement will also come down. It is simply a back of envelope calculation. We have not applied ourselves on this. But nevertheless, since it is not a cause of worry, I am not really much concerned.

Last question was relating to the recent circular instruction. No, in fact, before that you had said that how are we engaging with RBI on various circular instructions. Let me assure you, RBI as a regulator, is a very receptive regulator. And since we deal with many other regulators also, I get a chance to say this. But they are very cognizant in terms of what the requirements of the economy are. But at the same time, they want to ensure that the banking system should stay very well protected. So, with that in mind, perhaps this kind of a discussion paper has been brought out. And I am quite sure that they are very keen to look at the suggestions which will be given by IBA, as well as by us as State Bank of India. And maybe they will even be open to the viewpoint of the various other stakeholders also. The reason why perhaps this kind of a circular instruction has come, because in the market we have seen that 15 years project loans, 15 years infrastructure loans are being priced linked to the T-Bill. I think any regulator will get worried on this. So, I think... I actually look at it from that perspective. So, that is the reason. And more so, this has to be seen in the context when interest rates are expected to start moving up; maybe 6 months, 9 months, whenever. But there could be a possibility. So, when the risk is not properly priced, I think the regulator is bound to be concerned. And in my experience, my thought about RBI, is that it's a very balanced and very matured regulator. So, we are very respectful of our regulator. Thank you.

– **Mr. M Alimchandani**

Thank you. Sir, thank you for a very good reply. On the group companies, very specifically, our AMC, Nippon, price market cap has gone up three times in the last three years. HDFC AMC, three times. It's high time we should get it listed and get a valuation for that. This is the right time. Same thing for insurance.

Now I'll come to our SBI cards. Why it is underperforming? I feel it will continue to underperform for the next five years also. Why? I'd engaged with Deputy MD cards. Now, we have a prime reputation pre-paying car loans, pre-paying home loans. And in ICICI, we can keep 1 crore FD, for a lifetime card. But SBI card, they are insisting on compulsory FD. Just because we want to use SBI card for buying on Amazon and Flipkart, today I lost a 2,000 rupees discount because SBI is insisting on a FD deposit of 30,000-40,000. But ICICI gives me a lifetime free card where I can play golf. Why insist on a 30,000, 50,000 FD rupees when ICICI voluntarily, we can give 1 crore FD. And this is a... your Turner Road branch is not listening to your Deputy MD. He says, refer to me. It needs to improve. That is why it is underperforming and other cards company will flourish. If you can take this seriously, take it up. This will help our companies and the bank in a big way.

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

We have taken note of your suggestion. But only one thing which I would like to mention. I am very conscious of what you mentioned in terms of the valuation for Nippon Life, HDFC Life. And also I am conscious of the challenges being faced by some of these companies on account of getting listed. I think the example of ICICI Securities is before all of us. They listed and they delisted themselves also. So, it is a matter of principle essentially, because when it comes to entities like mutual fund, etc., they are more like a knowledge industry. There the knowledge capital is required, not the financial capital. And, in fact, for that matter, considering the capital which we have put in there and their networth, it is significantly high. And I don't want to expose them to *quarter se quarter tak* (QSQT), because if at all I will list them, they will only keep on answering to all of you and will not focus on the product. I don't want to do that. Let them focus on the product and generate return for each one of you. Thank you!

– **Mr. M Alimchandani**

Hats off to you. All the best.

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

Yeah, we move on to the next question.

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

Team SBI, congratulations on excellent performance. Sushil Choksi, Indus Equity. Sir, we are moving globally in the right way. Globalization on money market, debt market. I think, next 12 months there is going to be huge inflow where India markets are concerned, and size of SBI may have a larger share to gain of, whether it is our debt portfolio, FX, maybe pricing products well. How are we placed to garner that profit?

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

Well, when it comes to the opportunities which are being unfolded on account of debt paper getting included into JP Morgan and Bloomberg also, so, we have already activated our custodial company, which is SBI-SG Global Securities. And also, when it comes to holding of stock of debt paper, some of our entities which are in place, like SBI DFHI being one, which is a PD, which can actually warehouse all these kinds of debt papers also. That is one entity which can hold such paper. Apart from that, our treasury also is holding such papers. So I think, we are very well placed in terms of reaping the benefit out of the opportunity which will unfold before us. Yes, as of now, these are the early days. There is some kind of volatility, and that volatility is going to be the way forward for such instruments too. Because the way I read is, if at all there is a global scenario where the interest rates in US will go up, it will lead to movement in and out; that also is a reality. So, I think economy per say will have to really gear up for such kinds of volatilities. But nevertheless, as a major lender and also a custodian of all the securities, we have multiple entities where we can warehouse and we can keep stock of it. Once we will have visibility of the trend, we will certainly be on the top of the opportunity. I only assure you this.

– **Mr. Sushil Choksi – Indus Equity Advisors:**

Sir, the kind of profits we are generating and the strength of human resource which SBI churns out, not only for themselves, for the industry, and with new generation capabilities which are emerging in the global banking, what are we enabling ourselves at in understanding adoption of technology and human resource? And what kind of CapEx will do to invest in this?

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

I think, more important is to leverage the analytics, which gives us enough insight into the customer behaviour. And based upon that, if at all, we can offer hyper-personalization and the customization which suits the customer's requirement. And it is not merely in terms of product and the product features, but it is also in terms of the distribution channel. And knowing all this kind of a trend, we are ensuring that we invest well in terms of the people, product, process, and technology. It is not merely within the company, but it is across the group. So that is the broad principle on which we are operating. And we will ensure that we must not let any opportunity go past us.



– **Mr. Sushil Choksi – Indus Equity Advisors:**

Thank you for answering all my questions. All the best!

– **Mr. Jay Mundra – ICICI Securities:**

Hi, sir. This is Jay Mundra from ICICI Securities. A few questions, sir. Sir, last quarter we had said that staff cost for next year, FY25, should be around 65,000 crores. And we had deduced that 4<sup>th</sup> Quarter could see around 22,000 crores rough amount. This quarter, the staff cost has been reasonably lower; there are some adjustments that we have done. So does the 65,000 crore number for FY25, does that still hold, or it could be revised upwards?

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

It could be somewhere around that only. We expect that 65,000 to 70,000 something which we expect... but that is only to take care of what we have not visualized. But otherwise, our additional cost is only about 500 crore... as I mentioned, about 6,000 crore per year. So in this one... if you can go back to the previous slide? In this one also 71,000 crores, if you really look at it, herein we have got additional provision of 13,387. So if at all 57,850 plus 6,000 crores, would be about 63,000 crore. So what we mentioned about 65,000-66,000 crore is a reasonable estimation, because there would be DA increase, etc., which we cannot really visualize as of now. So that is a reasonable estimation.

– **Mr. Jay Mundra – ICICI Securities:**

Sure. And second question is on your corporate growth, right, so this year and this quarter we have ended at 16 percent YoY. There is a seasonal uptick also in the 4<sup>th</sup> Quarter. But going ahead for maybe in one year and two years, do you think that this 16% has scope to move upward to around, let us say, 20%, maybe driven by whatever the CapEx and demand, fresh demand? And, do you see any change in the competitive intensity, because it looks like some of the large private banks may not prioritize corporate growth at this point of time?

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

Well, as far as the growth is concerned, the loan growth in particular for a bank like State Bank of India, we always link it up with the GDP growth. GDP growth, nominal growth plus inflation plus 2%, that is our principle. And with that in mind, I expect that we should be in a position to grow at about 15%. 13% to 15%, is my estimation. And, we actually get to have opportunities. Since we are present in all sub-segments, we have enough opportunities everywhere. But we are very mindful in terms of deciding our portfolio, so that we should be in a position to improve our yield on advances for the portfolio as a whole. So, that is something which you have in mind. Corporate, we should be in a position to grow around 16%. I think overall we should be in a position to grow somewhere around 13% to 15%.

– **Mr. Jay Mundra – ICICI Securities:**

Any comment on the competitive intensity in the corporate...?

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

Competitive intensity, of course, will give us an opportunity for improving our yield. But I think when it comes to corporate book, private sector banks are there, but the significant partners are also the public sector banks. But nevertheless, we have invested well in terms of our capability. In terms of processing, we have a PFSBU which is a strategic business unit, and we have invested very well in terms of building the capability.

And you know the new opportunities which are coming, particularly when it comes to EV batteries and also when it comes to cell manufacturing, so all these are involving some kind of a project evaluation, comprehensive project evaluation. And if at all we look at our goal, eventually, to become a part of the global supply chain when it comes to white goods, when it comes to engineering, when it comes to telecom manufacturing, etc., etc., they are going to unfold significant opportunities for these kinds of investments. So, I think we have invested well, and that gives us a competitive advantage as compared to others.

There could be situations that we will underwrite and then down sell also. But yes, of course, that will generate fee income for us. And, we are quite conscious on this particular opportunity and we want to leverage it to the hilt.

– **Mr. Jay Mundra – ICICI Securities:**

Sir, lastly, we have improved CD ratio this quarter. We have been doing this for the last few quarters. But what is your sense, where can it stabilize? There seems to be some more scope, but what do you think would be the ideal...?

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

Ideally speaking, for a bank of our size, we would like it to be somewhere around 75%.

– **Mr. Jay Mundra – ICICI Securities:**

This is domestic or...?

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

Domestic.

– **Mr. Jay Mundra – ICICI Securities:**

Thank you, sir. Thank you.

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

We'll move to the next question.

– **Mr. Akshay Jain – Senior Research Associate, Autonomous Research**

Hello, sir. This is Akshay here from Autonomous Research. Sir, I have two questions. One on the credit cost front. So, our credit cost has been in the range of around 20-25 bps for some time now, which is aiding our ROA, which is above 1%. So, now with quantum of recoveries moderating, how do you see credit cost evolving?

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

I think, of course, what you mentioned in terms of recovery moderating, but nevertheless, if at all we are required to have lower provisions also, even that will also help us. And that is something which is our effort and endeavour. And, in this bank, for such a big bank, we have a very simple mantra when it comes to credit quality. And that mantra is known to everybody in the bank, that their NPA and SMAs should be lower than that of the 31st of March of the previous year. So, on one hand, our loan book keeps on growing. At the same time, our NPA and SMAs are kept under check, which is all effort elastic. So, to make it really happen, everybody is energized to achieve this goal. And that is something which is reflected in these numbers also.

– **Mr. Akshay Jain – Senior Research Associate, Autonomous Research**

Sir, any specific guidance you would like to give on the credit cost?

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

I would like to keep it as low as possible. My effort would be to bring it to 0.25. But we cannot ignore the risk which are inherent in the macro. We will have to live with that.

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

Sir, your guidance has been 50 bps.

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

Guidance, of course, is 50, but that is for all of you. When it comes to my internal staff, it is as low as possible. Because you people hold me responsible for whatever guidance I will give you. I do not want to get... I should not be held responsible for that. But just let me assure you, the effort and endeavour is to do it, to maintain the asset quality as best as possible.

– **Mr. Akshay Jain – Senior Research Associate, Autonomous Research**

Sir, second question is on the other income front. Other interest income front. So, there seems to be a component of IT interest refund?

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

Yes, there is.

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

Yes, 1,300 crores.

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

We keep on paying to them also and we have to have the refunds also. So, it is a part of the game.

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

We will move to the next question.

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

But nothing unusual. Yeah.

– **Mr. Saurabh Kumar – Executive Director, J.P. Morgan**

Hi, sir. This is Saurabh from J.P. Morgan. Two questions. One is on your CASA growth. Your current account growth is just 2% this year. So, when your CASA much lower than, let us say, even the private banks, how would you think about your margins for next year? So, besides the CD ratio, is there any other flex you have on your NIMs?

And the second is on the overhead growth. So, you quantified the staff. How would you think about the overhead growth when your loans are growing at about 14% odd? Is there any operating leverage there?

And just one related question is essentially around the credit cost piece. Your Agri NPLs have now come down to now 9.5. Do you think this can fall or do you think this stabilizes at around 10%? Thank you.

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

The first one is relating to the CASA. Well, CASA is something which the industry, as a whole, has seen turmoil. And I think as compared to others, we have lost the CASA to the extent of about 280 bps. This is generally a phenomenon seen when the people are looking for the better yielding asset class. And here also you will see our... when it comes to our term deposit growth, it is as high as 16%. So, that is part of the product feature, when we are opening high value savings bank account. We need to offer them the multi-option deposit scheme, which is actually a sweep beyond a threshold. So, that is something which is seen. So, whatever you're seeing in term deposit, is essentially also originating... part of it is coming from the savings bank also.

The important component here is the current account, and current account post the revised business model adoption by the Government of India where just-in-time has become a reality, we had reoriented ourselves into the trade commerce industry, trust, etc., etc. for opening of current account and we had a decent success. We already opened it at more than 40 locations across the country which are the major markets for current account and for such kind of a business. Well, this is the position as at the end of the day. But what we keep on monitoring on an ongoing basis is the daily average balance in the current accounts. And there we get to see decent growth in the daily average balances.

Apart from that, we are into CMP, we are significantly invested into the technology so that we should offer the best-in-class, the cash management product. So, these are the kind of initiatives which we have already taken, and I am sure with these initiatives, we will be in a position to improve our CASA.

Your second question was relating to... Agri-NPA, of course. Agri-NPA, we have brought it down from 15 to 9, and our goal is to... in fact, the target which we have already given is to bring it to less than 8. And we are quite hopeful that we should be in a position to achieve it, bring it down somewhere in the range of 6 to 8% in the days to come. So, that is our effort and we are quite hopeful to achieve these numbers also.

– **Mr. Saurabh Kumar – Executive Director, J.P. Morgan**

... growth in overheads, basically, for next year.

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

Basically the staff cost. Staff cost is a major expense for overheads.

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

No, in fact, in the growth in the overheads, we have got some as a business and developmental expenses of 4,200 crore. PSLC is the other one. Then we are actually building on our Agri book. We hope that we should be in a position to reduce our dependence on the PSLC. So, that will help us in reducing this kind of increase in overhead too.

– **Mr. Saurabh Kumar – Executive Director, J.P. Morgan**

Sir, the question was, ex of staff, the overheads. Can it grow slower than loans or no, next year?

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

Yes, I think yes, we can. Because as I mentioned, our effort when we are embarking upon SBOSS, is essentially to build up excellent Agri book which should help us in reducing our dependence on PSLC. That is our effort. We have seen it... as compared to past, we have already seen an improvement in this.

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

We will have one last question now.

– **Mr. Param Subramanian – Nomura Financial Advisory & Securities(India) Pvt Ltd**

Hi, sir. Param from Nomura here. Sir, firstly on your provisions, so this year we have seen about 4,000 crores of provision writebacks from standard provisions and other provisions that are showing up. Is this something that can continue going ahead, because your coverage on your restructured portfolio is pretty high? So, is that something you can keep reversing going ahead? That is my first question.

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

Can I respond, sir?

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

Yeah, you start, I will chip in. Yeah.

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

One reversal that we worked was the NPA automation that has been done by the bank, and RBI had asked us to provide 0.5% of the operating income. I think we have reversed how much?

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

1,000 crore, about 900 odd crores.

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

During the quarter, we have 900 crores roughly. That is a major reversal. And then in standard accounts, two of the accounts have remained standard for the last two years. So, we have just written that back. That is a very normal thing to do. Other than that, there is not no one-off...

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

1,306 crore is one item, the other one is 370 crores. So, other provisions, 1,306 crore. What she has mentioned about 900 crore, we were required to keep extra provision, which we have reversed. And standard asset is what is explained.

– **Mr. Param Subramanian – Nomura Financial Advisory & Securities(India) Pvt Ltd**

Got it. Sir, you also have a very high PCR coverage on your restructured book, which the other banks do not have. Is that something you look to reverse?

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

We do not envisage any challenge on that. But nevertheless, since we have already provided for it, as a matter of abundant caution, we have kept it. But otherwise, the behaviour on the restructured loans is actually much better than what we had expected. And the kind of repayment which you are seeing is pretty decent. And I don't think so there will be need of utilising that provision. Apart from that, that is one pocket which you have mentioned, there are many others also. There are small amounts here and there.

– **Mr. Param Subramanian – Nomura Financial Advisory & Securities(India) Pvt Ltd**

Sir, one more question. Sir, on the corporate book, this time, QoQ, we have seen a very strong growth. And we have not seen it in the large private banks. Of course, you do not have any...

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

No, they are not really into this activity. They are shying away from this activity.

– **Mr. Param Subramanian – Nomura Financial Advisory & Securities(India) Pvt Ltd**

Sir, is there any inorganic component to it?

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

No, no. We don't do that. We believe in underwriting and down selling. Others would have the inorganic. We don't have. We want to build a fee income portfolio.

– **Mr. Param Subramanian – Nomura Financial Advisory & Securities(India) Pvt Ltd**

Perfect, sir. Thank you so much. Congratulations.

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

Thank you. Sir, we have a few questions coming in through the online webcast, which I'd request you to...

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

Yes, sure.

- The first one has come from Mr Ravi Kiran Lingamaneni. How SBI is expanding its services for NRI, as we can see NRI are looking towards private banks for savings.

We have got exclusive NRI branches and also a completely digital paperless journey is being extended to onboard NRI customers through a new application. Accounts can be created in as little as 30 minutes with the help of this new journey. And also, apart from that, we have got the centres which we have created only for facilitating opening of the NRI accounts at two locations in the country. That is also helping us in ensuring that we have got the excellent service which we can offer. In certain geographies where the regulators permit us to offer NRI services, we are also putting in place our feet-on-street so that we can garner this NRI deposits also and create value for our valued NRI constituent.



- The next question is coming from Amol. Is SBI planning about listing of SBI General?

As I have already mentioned that, we would like this company to grow a little more. Then we will think in terms of its listing.

- Next question is coming from Chintan Joshi, Autonomous Research, London. Can you explain 29% QoQ increase in other net interest income? Are there any one-offs in this number?

There are no one-offs on this number. It is business as usual. Income from interest on IT refund is Rs. 1,302 crores in Q4 as compared to Rs. 740 crores in the Q3 of FY2024, which actually keeps on happening.

- Another question is coming from Komal Jain. Your comments on the future outlook?

We are expecting a very good business growth in the next couple of years, subject to favourable macroeconomic conditions and easing of the geopolitical tensions. We are also focusing on improving our market share, both in deposits and advances. The main driver of business growth will be expansion of digital products and services on our digital omnichannel platform, YONO, to increase efficiencies in the bank. We will continue to focus on booking quality assets and improving asset quality going forward. Here it would not be out of place to mention that this year we have seen more than 30% growth in our book, which we have underwritten with the help of YONO. We expect this trend to even get further strengthened in the days to come with the new offerings which we are going to have.

- Next question is from Priyesh Jain from HSBC. What percentage of the loan mix is fixed rate, MCLR link, Repo link and others?

So, MCLR linked as of now is 36%-37%, EBLR is 27%, fixed rate is 21% and others are just over 14%. They would be majorly T-bill kind of loans.

- Next question is coming from Ankit Pandey. What is the impact on us of the RBI's draft guideline on infrastructure project finance?

It is a draft guideline, as I have already explained. I am sure this question is already answered for you.

- Next question comes from Rahul K. What is the growth guidance on advances for the next two years? What is the quantum of technical written off accounts held and recovery run rate?

As for long-term plans, we expect the growth to be somewhere in the range of 13% to 15%. Outstanding technical write-off is Rs. 1,75,202, which is actually AUCA book, which we call it. And recovery from the written off account is Rs. 6,934 crores.

- Another question is from D. Siddharth. Going forward, will SBI outpace the deposit growth of banking industry? Will YONO 2.0 take care of all kind of demands of the CASA depositor?

We have taken several steps to increase our market share in deposits. Digitization within YONO will definitely help in our endeavour to garner more and more quality deposits and much lower cost also.

So, these are the questions which we got offline. Any other questions anybody has got, we would be happy to answer.

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

This is Piran Engineer from CLSA. Sir, just firstly following up on his question, will we grow faster in corporate book next year versus the 13% to 15% target, just given that HDFC will be slower?

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

Whether HDFC was a challenge for us in the corporate book, I really don't know. So, if they are growing slower will that give an opportunity, perhaps that is not the consideration. What matters most is how the macroeconomy evolves. So, if at all there are opportunities in the macroeconomy, I assure you we will go strong.

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

And sir, just secondly, our fee income, if I look at it over a five-year period, growth has been like 4-5% vs balance sheet growth of 11-12%. So, what exactly has led to this and can we expect it to grow in line with loans?

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

I will have to come back to the analysts' meet every quarter and answer to all of you, that has led to this growth, because I keep on chasing all of my employees that they should go for the loan application fee. I am not giving any waivers. Simple.

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

It is a more competitive dynamic, that loan processing fee has...

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

See, if at all you can create value, people don't mind paying fee. That's what I believe. And we believe in creating value. We believe in financial closures and helping our corporates to go fast for whatever they intend to, and then we do the down selling. This is as a business policy, we have decided.

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

Okay, thank you.

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

Thank you.

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

Sir, this is Mahesh from Kotak. Just two data keeping questions. One is, on the balance sheet, there was a DTA impact on the reserves. Can you just explain what is the math behind that?

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

Sorry?

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

The net worth. If you look at the movement of net worth this quarter, it does not add up with the earnings that has been reported. We understand that you have taken a charge at the DTA level. If you could you just explain what has happened this quarter?

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

Can we get back to you on this, sir?

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

I have not understood it well, so we will answer it...

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

Separately, I will get back to you on this.

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

In last quarter, you had indicated that there would be a positive impact on the investment portfolio. Has that been completed at the beginning of this quarter?

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

Yeah, we have taken the valuation, revised valuation and has been implemented from 1st April. And as we mentioned, I think our initial estimate shows that there is a positive impact on the AFS reserve. As you know, the positive gains have to be reflected in the AFS reserve only.

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

Is it possible to quantify that, or we will have to wait for that?

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

No, we will have to wait for the quarter ending, because this is... I mean, we need to look at how the portfolio behaves by the end of the quarter.

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

Perfect. Last question, ma'am. On the staff expenses, it was expected that there would be an incremental head of about 5,000 crores this quarter. It has not happened. If you could just give us an explanation around that.

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

Actually, when the agreement happened, we could have a very clear visibility in terms of what to pay and how much to pay. So, it had impact in terms of what is the payslip component, what is the basic pay, etc., etc. Based upon that, it was all reassessed and whatever additional provisions are required, they have been booked. And we also had some MTM gain in our...

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

3,900 crores of MTM gain.

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

MTM gain on our corpus for the pension and the provident fund also. So, that has also helped us in this quarter.

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

And also the lower liability on gratuity. So, we have done some reversals on that because we have already...

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

Provided for more in the gratuity also, so that also...

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

That's why we have reversed around 812 crores. So, as against our estimate of 5,400, we have now done 669 only. And that takes care of the entire thing.

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

Perfect, ma'am. Thanks.

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

Okay, this will be the last question.

– **Ms. Wuzmal Handu – Goldman Sachs (India) Securities Private Limited**

Okay, sure. Good evening, sir, ma'am. This is Wuzmal from Goldman Sachs. I have two quick questions for you. One is on upgrades and recoveries. I want to understand what are your thoughts on how it would trend in the next year? Should the 13% upgrades to opening GNPL be the base case or do you see any lumpy accounts coming in next year that would push it forward?

And the second question is on the deposit growth. As of FY24, your deposit growth YoY looks like 11%, which is slightly lower than what we saw for the industry. So, how do you see that trending for the next year?

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

See, when it comes to the recovery, I would say that no lumpy accounts left out. They're all small and sundry accounts which are left out. And the recovery... but happy to share with you that even in this year also, we had a similar situation. And still, we could make the recovery as high as about 7,000 odd crores. Sorry? So, 7,000 odd crores as compared to... No, 6,900 as compared to about 7,000 crores, which we did last year. So, I think, depending upon the stock of such assets, we need to recalibrate our strategies. So, that is something which we will be doing.

Your second question was relating to deposit growth. Deposit growth, we have taken multiple initiatives. And with a sharper focus with our complete retail network, and also focus on our corporate books also, corporate relationship also, I'm quite hopeful that we should be in a position to improve our percentage growth in the year to come.

– **Ms. Wuzmal Handu – Goldman Sachs (India) Securities Private Limited**

Thank you, sir.

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

Thank you. Thank you very much.

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

Thank you. I trust all the questions have now been addressed. We'll 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, the ladies and gentlemen. We thank you all for taking time out of your schedule and joining us for this event.

So, to round off this evening, we request you all present here to join us for high tea, arranged just outside the hall. Thank you. Thank you.

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

Thank you very much and have a great evening. Thank you.

**END OF TRANSCRIPT**