Q4FY25

ANALYST MEET

TRANSCRIPT

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MANAGEMENT:

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

Good evening, ladies and gentlemen. I am Pawan Kumar, General Manager, performance, planning, and review department of the Bank. On behalf of the State Bank of India, I am delighted to welcome the analysts, investors, colleagues, and everyone present here today on the occasion of the declaration of the FY25 results of the Bank. 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 C S Setty at the center, our Managing Director - Corporate Banking and Subsidiaries, Shri Ashwini Kumar Tewari, our Managing Director - Retail Business and Operation, Shri Vinay M Tonse, our Managing Director - Risk Compliance and SARG, Shri Rana Ashutosh Kumar Singh, our Managing Director - International Banking, Global Market and Technology, Shri Rama Mohan Rao Amara, 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 Chief General Managers of different vertical and business groups.

To carry forward the proceeding, I request our Chairman sir, to give a brief summary of the Bank's FY25 performance and the strategic initiatives undertaken. We shall thereafter straight away go to Q&A 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. Chairman sir, please.

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

So, good evening, ladies and gentlemen. We thank you all for taking some time out to join this analyst meet post announcement of FY25 results of the Bank. The financial results for FY25 highlight continuity, consistency, profitability, and SBI's significant long-term strengths.

At the outset, I would like to thank all of our stakeholders for their support and helping us in creating sustainable value not only for the bank, but also for the economy as a whole. Over the years, SBI has remained focused on strengthening the key components that contribute to this sustainable value. We have prioritized our liability franchise, refined our processes, continued to improve our underwriting standards, and aim to deliver value to all stakeholders while positioning ourselves as a reliable financial services brand.

I will first start with a brief description of the present global and domestic economic scenario and then discuss bank performance.

Escalation of trade and tariff tensions and the resultant financial market volatility have raised concerns regarding the weakening of global growth in the near term. As per IMF, the estimated global growth is projected to drop to 2.8% in 2025 and 3% in 2026, much below the historical (2000 to 2019) average of 3.7%. As per the WTO, world merchandise trade volumes could expand marginally by around 1.7% in 2025.

The dampening global economic outlook could impact India's economic growth through weaker external demand even though the domestic growth engines, viz., consumption and investment, are relatively less susceptible to external headwinds. Prospects for the farm sector have been boosted by the forecast of an above normal southwest monsoon for 2025, which could augment farm incomes and keep food prices under check. Given the exacerbated uncertainties due to recent trade tariffs, RBI has reduced its real GDP growth projection for FY26 by 20 bps to 6.3% in the April policy.

Separately, India's CPI headline inflation has now significantly moderated, and we believe average CPI headline forecast for FY26 could stay below 4% now.

During FY25, ASCBs credit growth declined to 11%, which was 20% last year and deposits to 10.3%, which was 13.5% last year. Term deposits' growth continued to outpace growth in savings deposits. Consequently, the share of term deposits in total deposits rose to about 62%. CASA declined to below 40%. Asset quality of SCBs improved further with their GNPA ratios declining to a 14-year low of 2.4% in December 2024. CRAR stood at 16.4% in December, which was much higher than the regulatory minimum ratio.

RBI has deployed a strategic mix of interventions, including open market operations, daily variable rate repo auctions, and dollar/rupee buy-sell swap auctions. These proactive measures have helped stabilize market liquidity conditions, ensuring financial resilience in an unpredictable global environment.

Coming to SBI, once again, the results for FY25 demonstrate the Bank's ability to operate profitably at scale, due to our substantial long-term strengths. These advantages stem from our institutionalized framework, which is guided by structured processes and a commitment to fairness for all stakeholders.

The net profit for the year was ₹70,901 crores, up 16.08% YoY. At the end of the year, our whole bank credit growth was 12% YoY with domestic credit growth at 11.56%. Deposit growth was 9.48% YoY, while the CD ratio (domestic) was 69.71%. We maintained stellar asset quality with slippage ratio of 0.55%, retail personal slippage ratio at 0.48% and credit cost at 0.38%. PCR was at 74.42%.

Some details about these numbers - The total deposits have grown by 9.48% YoY to ₹53.82 trillion. As I mentioned, term deposits have witnessed robust growth. They have grown by 11.48% YoY. Our current account deposits have grown by 27.02% YoY and CASA deposits have grown overall by 6.34% YoY, and CASA ratio was close to 40%. Importantly, the current account growth has continued to remain strong for the Bank during the year despite competitive market environment.

The credit growth continues to be good across all segments. Our domestic advances have grown by 11.56% YoY, driven by 16.86% growth in SME, 14.29% in agriculture, 9% in corporate, and 11.4% in retail personal segments.

Our foreign offices' advances have grown by 14.84% YoY. The domestic credit deposit ratio is 69.71%, indicating sufficient headroom to address future growth requirements of the economy.

The bank continues to demonstrate industry-leading asset quality at this scale. The slippage ratio for FY25, as I mentioned earlier, was 0.55% while the credit cost stood at 0.38%. The net NPA ratio improved by 10 bps YoY. We have a well-provided NPA book with PCR at 74.42%. The asset quality of the Bank has continued to remain strong over the last five years, which demonstrates the quality of our loan portfolio, the robustness of our underwriting processes, effective collection efficiency, and the leadership of the Bank across business lines.

Our capital adequacy ratio is at 14.25% and the CET 1 ratio is at 10.81% and are well above the regulatory requirements. Based on the current profitability and growth profile of the Bank, we believe we have sufficient headroom to take care of business growth requirements.

I am glad to share the progress we have made in digital banking, which is an ongoing journey. More than 8.77 crore customers have been registered on YONO with 64% of regular savings bank accounts opened through YONO in FY25.

Our subsidiaries are consistently performing well and continue to create significant value for all the stakeholders. We will continue to nurture these subsidiaries and maintain leadership position in the respective businesses.

We are glad to advise that the Bank continues to report RoA and RoE greater than 1% and 19% respectively at the end of FY25. A key point regarding these metrics is our operation at a substantial scale. We reported total assets worth ₹66.76 lakh crores, total advances at ₹42.20 lakh crores and total deposits amounting to ₹53.82 lakh crores. When we mention scale, it indicates the Bank's extensive investment in workforce training, procedures, and compliance to maintain this level. Sustaining our growth rates implies that our Bank’s infrastructure and personnel are equipped to support continued growth at this magnitude. SBI continues to be the leader in all the risk adjusted profitable lending and liability pools in India. Consequently, SBI's RoA above 1% is derived from the scalable fundamentals of banking - a stable NIM, controlled operating expenses, and maintaining credit quality.

While we are happy about the outcomes in FY25, we are also mindful of areas for further improvement and also challenges emerging from various developments taking place across the globe which may impact Indian economy. On the liability side, we continue to focus on increasing our share in current accounts, while maintaining our leadership position in savings deposits by further strengthening our customer service and branch network. Although the Bank's cost base is substantial, it highlights our commitment to compliance and efficient operations. We intend to reduce our cost-to-income ratio by concentrating on increasing income. The Bank’s RoE profile is currently higher than its credit growth, implying CET 1 accrual in the future. From this strong position, our goal is to consistently achieve RoE over 15% through the business cycles.

The board has granted approval to raise equity capital up to ₹25,000 cores, with the authorization being valid for a period of 12 months. This is an enabling resolution. Although we are open to capital raising, such plans will be contingent upon the business needs and market conditions.

Wrapping up my initial comments, I express my gratitude for your ongoing support to the Bank. As the Bank advances its objectives, it also plays a role in driving the progress and economic development of the surrounding ecosystem. We are dedicated to upholding your confidence in us by delivering superior, sustainable returns over the long run.

My team and I are now open to taking your question. Thank you very much.

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

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

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

Yeah, I am Ashok Ajmera. Sir, compliments to you. In one of the recent meetings, I said about our operating profit, we are capable of crossing ₹1,10,000 crore. Now, exactly that same figure I said and you have achieved it, complements for that. Phenomenal number, good growth in spite of little difficult time in both deposit side and as well as credit side. Having said that sir, I have got a couple of questions, some observations, and some data points. One is that, on the credit growth, like we have been maintaining last year that our target was 15%-16% and I think a quarter back, I had only had raised this point that, we have achieved only 8% I think till December, 8.2% or something. How are we going to achieve it and our confidence was that yes, we have got a strong pipeline, and definitely we will try and achieve the given target, but finally it came down to 12 point something. So, on that, I mean, what has gone wrong just in 2-3 months that as against our targeted numbers, which was very good, encouraging and good pipeline in spite of that also we couldn't achieve that number? My second question is that all the TV channels are streaming that net profit of State Bank is down by 10%. Now, they are just looking at Q4 of ₹20,698 crores and now ₹18,643 crores. If you look at it, the operating profit has gone up by almost 9%. So, but because of the higher provisioning in this quarter, this net profit and they got the chance to say that SBI profit has gone down, could we not have used some of that buffer provision which we have got more than ₹30,300 or ₹30,500 crores something out of that and what was the need of almost about this ₹6000 crores of provision in this quarter itself which has given the opportunity for others to say that the profits are down though it is not actually, in fact.

So, this is the second of my observation and your response on that. Thirdly, sir, if you look at the segment wise results, there is a very deep variation. There is a strong variation in segment numbers, the treasury numbers are haywire from ₹891 crores to few thousand crores and wholesale banking, retail banking, the numbers have gone down by huge few thousand crores. So, is there any change in classification because segment also gives some impression that how is the bank is moving in which direction and under which segment? So, if you look at it, there are quite large variation in that. So, on that also, if you can throw some light on that, that is there a change in the method of calculation and lastly, you only have said that now another 50 bps reduction may come. Some people are saying even 75 bps, and we have got a strong investment book. So, do we expect huge bumper profits on the treasury account this year in FY26, which may take up our bottom line also to a great extent. What do you say? I mean, what colour you would give to your treasury operations both in the trading profit as well as the profit because of the MTM, part of which comes to the profit, but AFS goes to the reserve, but still what we expect into FY26 because of that rate cut?

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

Thank you, Mr. Ajmera for the compliments and also the critical questions which you have raised. Yes, we did give guidance last year, not guidance, we expected credit growth to be 14% to 16%. In the Q2 guidance, I have said this and in Q3, I moderated that to the lower end of 14% to 16%. So, obviously we expected the year to close at 14%. If you see, most of the segments in the presentation it is shown on slide 16, which shows that in many segments we have done well except in the corporate. Corporate is a bulky and chunky credit, and we have had an unusual prepayment in that segment. So, while we have had a good pipeline, which I mentioned earlier also. Even now, we have around ₹3.4 lakh crore pipeline in the corporate side, the unanticipated prepayment definitely had impacted us. It is nothing to do with any of the segments not doing well. Many of the large central PSUs have utilized their equity funding to deleverage, and that we could not cover in the short tenure of one quarter. So, that is the major reason. Otherwise, we still have the visibility on the corporate side and that is the reason while we are not saying that it would be 14% to 16%, but 12% to 13% is quite possible while the industry is growing less than 12%. This is on the credit growth side.

On the net profit, I think, the numbers have to be understood by everyone, but our focus is always to strengthen our balance sheet, and also create a consistency in our performance. It is not about one quarter we try to ensure, but our preference is that, if any costs are visualized, let us take them upfront. If you have seen it is not only this time, last year, ₹7000 crores of pension provision we have taken in one quarter. We could have taken it in four quarters, I think that was permitted. So, front loading the cost has always been our strategy and you are right, I think the ideal way of looking at it is the 12 months performance and an aggregate basis, and in many parameters, we have done extremely well.

In terms of RoE guidance, we still stick to it. So, we didn't want to show that we can make the similar profit what we have made, when we know for sure these costs are likely to happen. So, some front-loading of provisions have happened definitely that has resulted in this.

Moderation in treasury yields definitely would help the markets to perform better and I think our treasury will do, while we are not willing to give any guidance on this. We believe that with the rate cut cycle kicking in, the yields will definitely moderate, providing an opportunity for us both on the MTM side as well as on the trading profit, but we will be a little more objective in terms of any guidance on the treasury side. Thank you. You asked something about segment wise volatility.

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

Yeah, because you see in treasury operations income from ₹843 crores to ₹8,891 crores, corporate okay 74 to 84, but retail banking from ₹17,311 to ₹9,325. So, either we remove giving segment wise numbers only, if they are not relevant or we do some working which is consistent.

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

We will ensure that.

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

We will have a look Mr. Ajmera.

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

Yeah, please. Alright. Thank you. Thank you, Sir.

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

So, Sir, I had a couple of questions. Firstly, on the provisioning, if you see the breakdown of provisions, then there is other provision of ₹16 billion or so. So, what is that about because it looks too big for that line item, so maybe there is some one-off there? That's my first question.

And then on asset quality, so when I go through your movement of NPLs, there are some banks that have seen recovery from a very big account, right and it's visible in their recovery line. So, maybe it was written-off for you, I don't know, but we don't see any recovery from the movement of NPLs of a large account, and that large account, the lenders are public. So, you are one of the largest lenders there. So, it was not a recovery, it is transferred to NARCL. So, I am talking about that account where would that have been booked because other banks have disclosed where it's booked and you know roughly how much has been booked from there and where? So, that's my second question.

And my third question is on employee expenses. I am not talking about the pension provisions, I am not talking about the provisioning of benefit part, but in employee expenses, the actual wage cost also looks higher sequentially this time. So, how do we budget or how do we like forecast wage cost for next year, YoY of course for the full year it's 6% growth, but just in the fourth quarter the wage cost?

So, those are my questions.

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

Let me first answer the wage cost. I think Q4 we take a lot of provisions. The PLI and many things which are added to the staff expense are not in the earlier quarters. It will appear only in the fourth quarter.

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

6% growth is next year also, right?

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

Yes.

On the account which you mentioned, though, we don't talk about specific accounts, but I think the accounting can be mentioned by us.

- **Mr. Rana Ashutosh Kumar Singh – Managing Director (Risk, Compliance and Stressed Assets Resolution Group), State Bank of India**

So, without naming the account you mentioned that everybody knows, roughly ₹3,300 was the component we got, and ₹500 crores plus roughly went to NPA reduction, you can see it will come in the recovery, remaining 85% essentially is the treasury income, as RBI circular which came on 29th March.

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

Sorry, sorry?

- **Mr. Rana Ashutosh Kumar Singh – Managing Director (Risk, Compliance and Stressed Assets Resolution Group), State Bank of India**

So, 500 crores, roughly, 15% will come into NPA reduction, recovery you can see that number in the NPA reduction. The remaining will be on the SR revaluation which circular came in the last week of March, that will go in the treasury side.

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

On the other income side and has anything been booked into the NII, no?

- **Mr. Rana Ashutosh Kumar Singh – Managing Director (Risk, Compliance and Stressed Assets Resolution Group), State Bank of India**

No, 500 crores will not go into NII. It will go into the reduction.

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

Got it. Got it.

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

Because it was a fully provided account. So, it will impact the provisions and the SRs we used to hold that ₹1. So, subsequently, on 29th March, RBI has given a clarification that if you have SRs which are governed guaranteed by the government guarantee, I mean backed by the government guarantee, we can revalue. So, you see in our global market, I mean our treasury profit, the revaluation profit also is shown there. Some of the recovery related to what your account you are talking about also is appearing there.

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

Got it, and how much would that be ballpark?

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

We will give you that.

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

Okay, okay. And sir, the ₹16 billion of other provisions?

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

Where is that ₹16 billion in the provision?

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

There is other provision, maybe I'm getting the figure wrong but yeah. So, if you look at the breakdown of provision, you have loan loss and then you have standard and then you have other provisions as well. So, is it related to just loans or something else?

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

Yeah, this is the ₹1,636 crores, right in the Q4.

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

Yes, yes.

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

Yeah, these are other provisions. Any clarity on that?

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

Other provisions, basically they have increased because provision for other receivables and contingent liabilities include ₹700 cores of CDS based PLI.

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

This is again PLI related. For the employee provisions.

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

Yeah. It has nothing to do with loans.

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

Okay, okay. That helps. Thank you very much.

- **Mr. Manoj Alimchandani, Participant**

Yeah. Thanks for the opportunity, couple of questions. Before that, excellent results, excellent ₹1,10,000 crores operating profit, excellent asset quality, growth, the whole board deserves a great, great party, yes, and not only from the analyst, but also from the capital market, stock market. Now, couple of questions, one is the clarification now that I'll come to later. First is the foreign branches growth is much higher than domestic by a couple of percentage points. Now, how sustainable is it? And because we often link the growth with the GDP and CapEx cycle now, which are the countries where the foreign branches growth is higher than domestic growth because we have a widest network of foreign branches operation if you can highlight that and also the outlook in the year ahead because there is a transformation in the economy on foreign economy, particularly?

Second is our valuation. We have often talked about valuation and of course we are among the very, very undervalued bank and compared to the run up in the Bank Nifty at the highest and others are going much higher, we deserve maybe a valuation of ₹1200, if not ₹1,000 immediately based on operating profit and the numbers. Now one clarification, most of the analysts and databases, they look at valuation basically not in terms of P/E ratio, but in terms of P/B right. Now, when we look at our slide here, slide 10, the valuation per book value per share and the book value per share in money control which claims to be among the top 10 capital market websites in the world in terms of unique visitors and viewers, there is a big discrepancy and we feel money control as far number is correct they talk about price to book of 1.57, and here slide 10, book value per share. It shows historic book value based on last year. Today, we are 2. Of course, it needs to be updated with the current one. I would like to know how you calculate because when people compare all the banks, they go for money control book value per share. We can just see from mobile on the way itself I was reading it and seeing it just for chance how can the book value be below 400 for FY24? So, I would like you to clarify here and now, because bank analyst will just prepare the report today evening or maybe tomorrow morning and I wonder how different ones will calculate and they need not take from this slide it is very, very important. Next is, we mentioned about this resolution for ₹30,000 crores. I wonder it is enabling or all the banks now are raising money, huge money is coming private banks and public sector banks, almost all public sector banks are raising money. Even the private ones they are going for accelerated raising of QIPs and all. So, what is the thought process on it? Are we going to raise the money equity seriously, because we don't require, as per our capital adequacy and often this has impact on valuations also and it should be at the right price. So, your thought process is it only enabling or we are looking at it seriously, and of course the bank, what steps the bank will take to ensure it's at the right valuation, and with this all the best. I hope particularly as some point was discussed this year what is coming now comes often we say once in 10 years treasury income there will be a lot of opportunities for treasury team and I hope they are agile as usual, and to see that we will break records in terms of net profit also, I wonder if we will cross ₹1,00,000 crore net profits only from contribution by the treasury team. Thanks, and wish you all the best for the coming year. Look forward to the detailed reply to the question which you always do as usual. Thanks.

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

Thank you. Thank you very much.

- **Mr. Manoj Alimchandani, Participant**

My name is Manoj Alim Chandani.

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

Yeah, of course I know. Thank you. So, three questions and one observation. Of course, treasury gains, we hope that treasury continues to perform well, and the foreign branches I request Mr. Rama Mohan to respond on your question and I will supplement after his response. Similarly, price to book value I request our team who is sitting in the audience to clarify that position.

I will start with my response related to this resolution, it's not ₹30,000 crores, it is ₹25,000 crores, enabling resolution, for equity raising. This resolution, of course, as you notice that every year, we take this, and our effort is to balance our growth requirements and also the need for augmenting the CET 1 capital. You are right, today we don't need growth capital. We mentioned that with 14.2% capital adequacy, we have enough firepower to cover ₹8 lakh crore credit growth. So, we don't need immediately in terms of the CRAR requirement for credit growth. But we still feel that if there is an opportunity to raise the equity capital, we will definitely access the market. The timing is uncertain. As you said, we need to get the right value. While we cannot time the market absolutely, but we will look for an opportune moment and we always, in the beginning of the year, take enabling resolution so that we have an ample time to plan our equity raising if needed, and the foreign offices, Rama you can respond.

- **Mr. Rama Mohan Rao Amara - Managing Director (IB, Global Markets and Technology), State Bank of India**

On the IBG side, I think your observation is correct , we grew faster. Traditionally, we have that ability to play a complementary role to domestic. So, whenever we feel like domestic growth is slightly lower, we can always ramp up the IBG growth or the International Banking growth because we use the three levers evenly like we have exposure to trade finance, we have exposure to the local corporate, whether in US or UK, etc., well rated corporates most of them are listed entities and their debt is also available in the market. We can always pick up and of course we also cater to the larger Indian companies which want to raise ECBs. In fact, if you see, like while traditionally all the three components are equally balanced 33%-34%, we had a slight uptick in India linked loan where in second-half of last year we have seen a higher demand from the Indian corporate for raising ECBs because of the cost arbitrage even on a fully hedged basis their cost was slightly better rated companies they had a cost advantage compared to rupee lending. So, this is very, I mean, we always look at the opportunity. Whenever there is a need, we can ramp up or whenever we don't need, we can ramp down. That is the ability of the IBG portfolio.

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

Yeah. So, in terms of the local credit, what you see here, it is predominantly coming from the markets in US, and a little bit from Bahrain. Bahrain, of course, is not local credit, but across the UAE and other jurisdiction. But local credit that is India related, is essentially ECB, External Commercial Borrowings. We park those assets in the branches where the advantage of cost of funds is there.

We are, also, extensively using the Gift City now to because of the tax benefits as well as Gift City's ability to raise the resources also has improved. So, predominantly the local loans are in the US and the ECBs are in the Gift City, Hong Kong, and DIFC Dubai. These are the jurisdictions where we are parking. Anything else we left out? Book value is most important. Price to book, right?

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

How we have calculated is, first of all it is for the standalone banking business and the net worth divided by number of shares, that's how we calculate. The net worth is ₹3,89,071 crore and the number of shares is ₹892.46 crore, that is how we arrived at this 435.95. Also, this is also adjusted for the revaluation reserves. That is the methodology that we have.

- **Mr. Manoj Alimchandani, Participant**

And we mentioned standalone and consol and also see how money control does it because the customer or the viewer take stakeholder looks at the this database like money control, there are many others which we are not mentioning.

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

But this result is for SBI, consol is only on the last page, rest is all about SBI.

- **Mr. Manoj Alimchandani, Participant**

Yes. So, that book value is not there. I calculated it myself, which is much higher and even the money control needs to be updated.

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

We can do that.

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

We will engage with them, yeah. Thank you.

- **Mr. Nitin Aggarwal - Motilal Oswal Securities Ltd**

Yeah. Hi Sir. This is Nitin Aggarwal here from Motilal.

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

Yeah, Nitin.

- **Mr. Nitin Aggarwal - Motilal Oswal Securities Ltd**

Sir, I have a few questions. One is again on the Opex part wherein if you look at the overheads also this quarter, we talked about the staff costs, but even the overheads, if you look at the miscellaneous number that has more than doubled YoY. So, anything specific that has caused this increase and related to this, now that the bond yields have come off, do you think that there is a risk on the pension provisioning that we may need to make to beef up the planned assets?

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

So, on the overheads, see there are three performance-linked payouts which we make to the staff. The primary performance linked initiative is, the industry agreed upon incentive i.e. 15 days of pay once we reach certain levels of operating profit. So, that is generally shown in the staff expenses. There are two other PLIs, one is where 1% of our profit we allocate to the performance linked incentive based on the grid related in the sense AAA, AA and all these things. That also is shown in the staff expenses. The third element which has come now from this year, would be a PLI scheme introduced from the scale IV and above, chief manager and above, which is not 15 days' pay as agreed on industry basis. It is specific to the chief manager and above grade. That PLI is payable on approval of the government. That expenditure we have shown under the overheads. It could have been shown in the staff provisions, but since it is not to be booked, and we have shown. I think, please correct me if I am wrong, yeah. So, that is also appearing in the overhead which is showing the jump in the overheads otherwise this element of PLI we could have taken in the first quarter also, but since we know broadly that what could be the expenditure, and our assessment shows that the bank is qualifying for the PLI even as per the Government of India scheme. That is how the overheads have got elevated.

- **Mr. Nitin Aggarwal - Motilal Oswal Securities Ltd**

Right, okay, and second question, sir, is on the Bhushan Power and Steel. Now, in light of the Supreme Court judgment, how are we looking at the impact on the banks and what is the impact on SBI from that? Any color around that will be helpful, sir.

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

Nitin, you know our stance, we don't comment on the individual accounts. So, I refrain in terms of the impact, but I can tell you that we are studying the order. Obviously, the councils for the vendors and councils for the company, councils for the RP, we all will sit together and see the impact of this order, and what could be the potential options available to us. Beyond that, we will not be able to comment on this. Thank you.

- **Mr. Nitin Aggarwal - Motilal Oswal Securities Ltd**

Okay, sure sir, and the third question, is on the NARCL sale, because now that the RBI has allowed the SR provisioning writeback and we have availed some of that in this quarter. So, are we looking at a more like higher number of sale this year and what could be the potential write back that you may see in FY26?

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

Our transfer to NARCL was never guided by, you know, what is happening on the provisions. I think RBI clarification is more in terms of the differentiated approach towards the SR guaranteed by the Government of India. Otherwise, any SRs which we get where asset is fully provided, we normally carry those SRs at the ₹1 value, but here the situation was different because SRs are guaranteed by Government of India and RBI has taken a decision that if it is backed by government guarantee, you can have a differentiated approach, and if you if you are showing at ₹1 value, please you have an option of revaluing those SRs, so that is how the revaluation has happened and you can see that the gains also in the treasury side. So, I don't think either it will depress, or it will increase the movement to the NARCL. The transfer to the NARCL so far has been significant. It is more than ₹1,50,000 crores worth loans have been transferred to NARCL already. So, which means that this enabling provision was not there despite that the transfers have happened. It will be purely based on what is the right strategy for resolving an account. If we think that aggregating the bad debt into NARCL for a better resolution, I think the asset will move there.

- **Mr. Nitin Aggarwal - Motilal Oswal Securities Ltd**

Right, Sir, and lastly on the RoA wherein you have like in the earlier quarters mentioned that SBI will look to maintain 1% plus RoA, now that the RBI is cutting rates and there is a possibility of more repo rate cuts which may impact margins, how confident do we feel to maintain 1% plus RoA? Any risk do you see emerging on that front?

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

I think we still will be able to maintain 1% RoA. How quickly the further rate cuts will happen will determine on the net interest margins. There would be some realignment of the rates on the deposits because without that effective monetary transmission will not happen, particularly because significant loans which are linked to the MCLR, correct. So, MCLR readjustment will happen only when the incremental cost of deposits will come down. So, we will ensure that the readjustment of interest rates and the deposits are aligned at least broadly, with the reported cards, so that the margin protection is there, but I am unable to tell you when will it happen, how deep will be the rate cuts. So, broadly, on annual basis, we may have some quarters where there will be much more pressure on the NIMs and impact on the RoA, but broadly we are sticking to our guidance of 1%.

- **Mr. Nitin Aggarwal - Motilal Oswal Securities Ltd**

Sure, Sir. Thank you so much. Wish you all the best.

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

Thank you.

- **Mr. Bhavik - Participant**

Hi Sir. This is Bhavik. Sir, I have three questions. First on saving deposit rate. Sir, we saw large private bank cut 25 bps. So, what would be your stance in the immediate near term and maybe if RBI were to cut repo rate to 100 bps, then would we still maintain the 25 bps delta versus large private banks in our rate cut? Second question, sir, we saw very good recovery from written-off income this year. It was ₹80 billion, last year was ₹70 billion odd. Sir, how confident are we that it will sustain for the next year and onwards and how many chunky accounts are left in a recovery from the pool? Third question sir, staff cost on a YoY basis was very good this year, partly because we had taken like stepped up provision last year on wage revision so on so forth next year, year AS 15 provisions will also come. Sir, can we expect like mid-teen growth in staff costs next year or that will be too far a reach? So yeah, I'll stop there.

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

From the savings bank interest rate, there is no plan to cut any further. I think we will maintain at this rate while the ALCO will take a call on that, but broadly I think we believe that the rate is stabilized at this level. Other banks have had higher rate, so they had the room to cut that savings bank, but as I mentioned, there will be some readjustment on the fixed deposit going forward. Recovery in written-off accounts, we don't have any chunky accounts where the recoveries are coming from. It is broadly coming from these smaller accounts, and we have strengthened our recovery processes. In fact, we brought back our stressed assets management regional offices. We used to have Framroze, you know, to monitor the low value recoveries and when the large-scale NPAs had to be, you know resolved we have slightly reduced the focus on the regional offices. We have actually removed the regional offices. In the last few years, we brought back the regional offices. So, there is a renewed focus in terms of these small value recoveries. That is what you are seeing. I mean these 2000 run rate per quarter is essentially coming from the retail loans and small value loans both in the stressed asset group as well as in the retail banking group. So, hopefully I think, that run rate is expected to continue. Staff cost, any input from you Saloni?

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

Sir, the staff expense has gone down from ₹71,237 crores to ₹64,352 crores. Basically, the provision for employees has come down by 36.86%, which is because of the provisions that we made last year for the bilateral wage settlement and coming to salaries on a YoY basis, the salary has increased just by 5% and that to the profit the PLI has been taken into consideration, despite that the increase is just 5.79%.

Provision for pensions also came down because of the MTM gains we made on account of the yield movement. Gratuity has gone up by 40%, but the amount is very minuscule. Other than that, I think there is no other number to call out, so from ₹25,860 crore this year, it has come to ₹16,301 crore as far as salary is concerned.

- **Mr. Bhavik - Participant**

Thank you, ma'am. Last two questions. First, so we are still paying higher in the shorter duration of bucket in the term deposits. Sir, when would we kind of realign with the other banks and now the system liquidity is good. So, why are we still paying higher in the shorter term of buckets? Second, sir, our CET 1 ratio is 10.8%, so out of that and then how much would be AFS of? So, in the revised investment guidelines, MTM gains on AFS is part of CET 1. So, that's it, sir? And thank you so much for giving the opportunity.

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

So, the interest rate will be relooked in the coming ALCO this month. So, we will definitely look at all the channels. You are right, I think most of the short tenure higher rates are generally given in the last quarter just to ensure that the liquidity is available, and also when interest rates are coming down, none of us want to lock in at a long tenure interest rate, but we will review all of them in the ALCO, and what is the other one, yeah.

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

AFS reserves sir, can I respond? It is ₹6,600 crores.

- **Mr. Jai Mundhra – Analyst, ICICI Securities**

Hi sir. This is Jai Mundhra from ICICI Securities. Sir, question on your Xpress credit growth. So, the YoY growth has come down to almost less than 1%. The GNPA number that you show in that book is actually it has come down from 1.11% to 1.07%. So, how would you look at the growth in this book? I think one or two quarters back, you had said that we are looking for maybe early double-digit kind of growth there. How do you look at that book growth?

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

No, we are definitely seeing some uptick on the Xpress credit. In fact, Q4 we have had a net growth of ₹5,600 crores. This growth rate on the YoY looks smaller because the earlier quarters have been not so good on the Xpress credit. There are two reasons, one is that, as I mentioned in the last quarter also, we completely revamped the whole process of extending the Xpress credit. We also looked at some of the lower segments of customers, though they are salaried class, the lever is going up there. But we are confident that the growth will come back for two reasons, one is the NMI EMI profile of many of these lower end customers in the salaried class would definitely improve with the revised tax structure. So, hopefully their credit profile will improve, and some of them whom we are either not lending or they are not borrowing, will come back to the Xpress credit, and the asset quality front, asset quality in the Xpress credit has never been an issue. I think it's just movement of a few basis points. Otherwise, it is holding up very well.

It is something what we are focusing now, and another potential area is that among the corporate salary package customers, the new customer acquisition in the last financial year was 6.5 lakh customers we have acquired under the corporate salary package, and as you know, most of the Xpress credit is extended to corporate salary package customers who have salary accounts with us. So, this 6.5 lakh new customer addition to the CSP also gives some amount of pipeline for the Xpress credit.

- **Mr. Jai Mundhra – Analyst, ICICI Securities**

Right, and sir, lastly on domestic NIMs, right. So, if I look at full, I mean this quarter the NIMs have been stable. While I can see that the cost of deposit is still going up, at least that is what is being shown in the presentation. But on a full year basis, I mean, if I look at the beginning of the rate cycle, FY22 from there, we have lost around 13-14 bps margin on the domestic book, right. So, now the rate cuts, I think the first rate cut was in the early Feb and only let's say half of the quarter impact would have been there in fourth quarter. Now going ahead, I mean the remaining half will come and then the second rate cut that was announced that will come, how do you look at the overall NIM trajectory, Sir?

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

No. First of all, I think there definitely will be pressure on the NIM. There is no denial of the fact. The pressure will be relatively less on us because as we mentioned that our repo linked loans are only 29%. Our book is either predominantly MCLR linked or fixed rate loans, almost 50% of that is MCLR plus fixed rate loans, which means that the impact of any further rate cut would take some time for us, but as I mentioned, there will be an imperative need to readjust the rate on the deposit. Obviously, the monetary transmission and MCLR impact will not be visible unless we readjust that. So, the effort would be to protect the NIM at 3% level, but there would be some quarters where we will have some pressure on the NIM. I am not able to quantify immediately because we don't know about the rate cycle, while broadly we believe that there would be another 50 bps rate cut. How quickly and how much is unknown at this point of time, but the fact that the NIM will be under pressure is something which we recognize, and we'll see what kind of efforts can be made in terms of adjusting the rate, both on the deposits and the loans.

- **Mr. Jai Mundhra – Analyst, ICICI Securities**

So, sir, just lastly, I mean if the NIMs are under pressure, credit cost remain very excellent right from 38 bps full year, you know they are as good as standard provisioning only, right. So, what will be sort of a cushion for RoA at 1%?

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

Treasury gain. So, Mr. Ajmera said that treasury should perform well. No, I'm not looking at, you know, the treasury, as to heavy lift, but I think our focus is always on the core activities, how efficiently we run the core activities, but treasury is also a core activity for us because we run the largest treasury in the country. So, obviously we have the potential as well as the downside risk on the treasury and we will have to play on that.

- **Mr. Jai Mundhra – Analyst, ICICI Securities**

Sure. Thank you, Sir.

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

Yeah, due to paucity of time, we will now take up a few questions coming in through the online webcast, which will be addressed by the Chairman sir.

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

Yeah, for other questions, we are available offline. You can always reach out.

So, the online questions,

- Abhishek Kumar Jain: What would be the impact of repo rate cut in NIM?

I think I have broadly explained in detail, so I am not going to repeat on this.

- Mayur from Wealth Managers: What is the outlook on cost to income?

When will we start seeing benefits of operating leverage, plus digitization year-after-year, cost to income continue to raise? I think for a change we have shown better numbers on the cost-to-income ratio. Yes, I do agree that we obviously have to take the leverage of digitalization which has happened. Just for data point, our alternate channels are performing extremely well today, 98% of the transactions are conducted through the alternate channels. Some channels are expensive, like ATMs and customer service points, but digital channels are cheaper. So, we are trying to see how the digital adoption will progress and bring the cost efficiencies. Our focus would be mainly on how do we increase the income while the cost rigidity is particularly on the employee side will remain. Staff expenses also moderated as we mentioned here and pension provisions are also decreased, but these are some of the costs which from time-to-time will get elevated. So, our focus would be on increasing the operating income. So, the guidance broadly is to keep it below 50% to 51% level.

- Punit Shukla: What is the current status of bank customers?

As on date, where we stand in customer base? We have more than 52.33 crore customers as on March 25.

- Bunty Chawla from IDBI Capital: Xpress credit segment has seen decline in growth, outlook on the same?

I think we have acquired a good number of CSP customers providing a visibility on the Xpress credit and also we have seen a good growth in the Q4. So, we hope to continue that.

- Kunal Shah: When do we expect to conclude equity fund raise and what would the preferred route? Other provision reversal of ₹1,600 crores, does this include any specific chunky corporate account provisioning, ₹3,900 cores and government guarantees are reflected in profit and revaluation investments? Forex income appears very volatile and has almost doubled. What is the normalized level?

See, I think I answered the first thing. What is the normalized level of this income is very difficult to predict because the Forex markets also play on the volatility. Forex income obviously was helped by the volatility in the market. Government guaranteed SR reflected in the profit. Yes, ₹3,900 crores, but at the PAT level it is about ₹2,800 crores. Fund raise ₹25,000 crores, I told you that it is an enabling provision what we have taken. We will see what is the appropriate time to access the market.

- Abhinav Gundluru: Given the rapid evolution of AI technologies globally, can you share SBI strategic road map for AI adoption, particularly in areas like credit risk assessment, fraud detection, etc.? And whether SBI envisions AI playing an operational role in operational efficiency and growth?

We strongly believe that if SBI has a growth rate of 10% to 11% on the balance sheet basis which means that SBI gets doubled. I think this is my favorite story. I keep telling everyone that SBI gets doubled every six to seven years, we have doubled from 2018 to 2024 in our size. We were ₹30 lakh crores in 2018, we became ₹60 lakh crores in 2024, and we have not doubled our branches, we have not doubled our headcount, but we brought the efficiencies through the digitalization and we strongly believe that the new age technologies like AI, we were the early adopters in banking sector in the predictive AI modeling. Our pre-approved personal loan, PAPL was a big hit, which is based on the predictive AI, so we are also using the Gen AI and the new emerging technologies.

Broadly, initially, we have used Gen AI based chatbot for deceased claim settlement. This was one of the most irritating problems for the customers. When somebody dies in the family, how do you settle that account and we have used the AI tools to expedite and simplify this process. We also have Gen AI powered ask SBI, this we thought that is the use good use case to give the tool. This is the repository of all the information circulars, SOPs, policies in one go which is available to the employees and the Gen AI tools are deployed, we call it now Spark where the employee not only searches for information, he is able to get the standard operating step-by-step procedures to handle a query. We are further fine tuning this. I think the knowledge-based activities, and fraud risk management CRM tools are also being fine-tuned using the AI. I think a lot of use cases we are experimenting with, hopefully will result in the productivity gains.

- Akshay Jain: Can you explain the large sequential movement in miscellaneous non-interest income and miscellaneous expenses?

On QoQ basis, miscellaneous income has increased by 80% mainly due to increase in dividend income of ₹1,645 crores. Expenses have increased by 110%. Major item is, as I mentioned, grade PLI provision of ₹1,300 cores for scale IV and above. This is as per the Government of India PLI Scheme.

- Rohan Mandora: Cumulative yield on advances for domestic business has increased in Q4 as per slide 23, we want to understand where we have taken yield hikes given that there was repo cut?

On QoQ basis, 4 bps increase in the yield on advances is mainly on account of average advances level going up. There has been some uptick of benefit of the previous MCLR increases, which took some time to gain that and that has resulted in the 4 bps increase on the yield on advances.

- Provision for NPA's has been higher in Q4?

As we mentioned, I think is broadly because of the aging provision, fresh slippages provision is very modest.

- Kahul Koshi: What was the reason for large provisioning this quarter?

I have already explained.

- Where is the government backed SR provision reversal reflecting in P&L?

The gross amount is getting reflected in the operating profit ₹3,875 crores and net profit increases ₹2,900 crores after adjustment of tax of ₹975 crores.

- Rakim: Our net interest income margin is squeezing because of raising deposit costs, what Bank is thinking?

I think, I've spent considerable time in explaining how the NIMs will be protected.

I hope you are able to follow that and thank you very much for all of you.

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

Thank you, Chairman Sir.

- **Mr. Nitin Gandhi – Participant**

Nitin Gandhi here. Within the diversified loan portfolio, if I see other industry classification is almost ₹5.4 trillion that has the highest growth of 22% as compared to any other industry. Something is unusual, some color can you share on this??

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

22%?

- **Mr. Nitin Gandhi – Participant**

22% growth in other industries.

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

Other industries, okay.

- **Mr. Nitin Gandhi – Participant**

It is ₹5.4 trillion of the portfolio.

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

So, lot of things which are not classified here, they all get into those other industries, but this is mainly coming from like industries like data centers and all could not be put in anywhere. It doesn't fit in the real estate, so some of those items move in there, but it's very diversified one. Maybe you know 5-6 major industries, Saloni, you can give later to him, constitute in other industries.

- **Mr. Nitin Gandhi – Participant**

I will take it offline, and the second question is, can you share some thoughts on sanction loan book, how is it behaving post March?

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

Sorry, come again.

- **Mr. Nitin Gandhi – Participant**

Sanctioned corporate loan book, you said that towards March, Central PSUs and everybody reduced, but now how are they behaving, what is your expected disbursement coming over the next 2-3 quarters? If you can share some thoughts on that.

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

So, we have good visibility on the corporate side, ₹1.7 lakh crores, which is sanctioned, but not disbursed. Much of that growth will come from that segment. So, there is a visibility. We only hope that nobody again decides to deleverage and pre-pay the loan, but broadly, we are sticking to our 12% growth rate on the corporate side also.

- **Mr. Nitin Gandhi – Participant**

Thank you. All the best.

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

You want to say anything?

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

I think, one thing which has been explained, in the last quarter, many of the central PSUs got lot of money from government, and with the clear instructions to pay all the lenders which happened in our case, Very, very large accounts were prepaid.

So, that brought down the corporate book, otherwise till Q3, the growth rate was pretty good, and we are not seeing this happen now because now the disbursements and the overall pipeline as Chairman has already said ₹3.4 trillion, out of which half of it is sanctioned already. So, we should see consistent growth in this corporate book including the projects in hand. We are not seeing any other behavior which was seen in the Q4 last year, at this point of time.

- **Mr. Nitin Gandhi – Participant**

Thank you.

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

Thank you. Thank you very much.

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

I trust all the questions have been addressed. We will be happy to respond to other questions in offline mode. Let me end the evening with thanking Chairman Sir, MD Sirs, DMD Madam, top management team, analyst, and investors.

Ladies and gentlemen, we thank you all for taking time out of your schedule and joining us for this event. To round off this evening, we request you all present here to join us for high tea, which is arranged just outside this hall.

Thank you. Thank you so much.

END OF TRANSCRIPT