

Q3FY24
ANALYST MEET
TRANSCRIPT

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MANAGEMENT:

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

Namaste and Good evening, ladies and gentlemen. I am Sanjay Kapoor, General Manager of Performance, Planning and Review department of the bank. On the occasion of the declaration of the bank's Q3FY24 results, I am delighted to welcome the analysts, the investors, and our colleagues for an in-person meeting. I also extend a warm welcome to the analysts, investors and colleagues who have joined this presentation through our live webcast.

We have with us on the stage, our Chairman - Shri. Dinesh Khara at the centre, our Managing Director International Banking, Global Markets and Technology - Shri. C. S. Setty, our Managing Director Corporate Banking and Subsidiaries - Shri. Ashwini Kumar Tewari, our Managing Director Risk, Compliance and Stress Assets Resolution Group – Shri. Alok Kumar Choudhary, our Managing Director Retail Business and Operations – Shri. Vinay M Tonse, our Deputy Managing Director of Finance - Smt. Saloni Narayan, our Deputy Managing Directors heading various verticals, and Managing Directors of our subsidiaries are seated in the first row 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 Q3FY24 performance and the strategic initiatives undertaken. We shall, thereafter, straight away go to the Q&A session. However, before I hand it over to the Chairman sir, I would like to read out the safe harbour statement.

Certain statements in these slides are 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 variety of factors. Thank you!

Now, I would request Chairman sir to make his opening remarks. Chairman sir, please...

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

Thank you. Good evening, dear friends and thank you for joining this Analyst Meet today. I would like to start by thanking for the support of all our stakeholders including our customers, shareholders, employees and the broader ecosystem. Without their support we would not have been in the position to achieve what we could. Fairness to all our stakeholders remains at the crux of the bank's culture, which in turn has helped us in creating sustainable value.

Let me start with a brief description of the present global and domestic economic scenario. Global economy is projected to grow at the rate of 3.1% in '24 and 3.2% in '2025 owing to greater than expected resilience in the U.S. and several other emerging economies. While global economy is showing resilience, the projected growth is still below the historical average of 3.8% for the 20 years starting from '2000. While the likelihood of a hard landing has receded, still there are certain risks that need to be monitored. New commodity price spikes from the geopolitical shocks, supply disruptions and persistent underlying inflation could prolong the tight monetary conditions. Against this backdrop, the outlook for the domestic activity is

brightening on account of the sustained buoyancy in the services, consumer and business optimism, public spending on infrastructure and the underlying strength of the financial sector's Balance Sheet. Consumer confidence has improved with uptick in most of the macroeconomic conditions. The Union government at a historically unprecedented rate and it has taken the overall public sector capital investment from almost about six trillion in '2015 to 18 trillion in '2025 as per the budget estimates, which is a jump of almost three times. Gross tax to GDP in FY25 is projected to touch 11% plus; the highest ever in 16 years. GST monthly threshold has moved up to 1.64 trillion and even in the previous month of January we have seen a level of 1.67 trillion. CPI inflation is expected to moderate in coming months. On external front, the current account deficit is modest with foreign exchange reserves providing a strong buffer. IMF has recently updated India's GDP outlook growth for the year '2024 to 6.7% from 6.3% earlier underpinning the growth potential of the Indian economy. While recognizing the global risk and the volatility in financial market, the real GDP growth is expected to be 7.3% in FY24. Interim budget has estimated the nominal GDP growth of 10.5% for the year '25.

On the banking front, the deposit growth has rebounded but sustained credit growth momentum has increased the wedge between deposit and the credit growth. As on 12th of January all Scheduled Commercial Bank credit grew by almost about 20% as compared to 16% last year and the deposit grew by 13% as compared to almost 11% last year. Latest Credit growth numbers reveal their sustained pick up across agriculture, MSME, and services.

Coming to the bank's performance, once again we have delivered stellar numbers. Our net profit in 9MFY24 stood at ₹ 40,378 crores, which has witnessed an increase of 20% plus over 9MFY23. This is despite providing for wage revision of ₹ 12,718 crores during the current financial year as per the Bipartite Wage Settlement at the rate of 17% wage hike. Further, I'm happy to share that our net profit for the Q3FY24 stands at ₹ 9,164 crores after absorbing the additional liability to the tune of ₹ 7,100 crores in a single quarter as a onetime exception item. This comprising of two sub items. Firstly, ₹ 5,400 crores, which is on account of an increase in pension and addressing the anomaly which used to be there between the employees who retired many years back. Some of the employees who are getting pension at the rate of 40%, while others were drawing pension at the rate of 50%. This matter was sub judice for a fairly long time and it is almost likely to get resolved soon. And with that in mind, we had a very clear visibility in terms of the likely liability and we have decided to provide for the same in the current quarter. Secondly, we have also provided for ₹ 1,700 crores towards the Dearness Relief Neutralization for the pre '2002 retirees and family pensioners. Our ability to absorb the above liabilities without significantly impacting the long term profitability outcomes of the bank demonstrates the strength of our Balance Sheet and also the reflection of our philosophy that we must ensure that the Balance Sheet stays strong under all conditions.

ROA of the bank at 0.94% for 9MFY24 has improved by 7 basis points over 9MFY23. The ROE for 9MFY24 stands at 19.47%, which has improved by 88 basis points over 9MFY23.

We have been consistently delivering ROE in excess of 15% for the last six quarters. Our aspiration from our current position of strength is to sustainably deliver a ROE more than 15% through various business cycles.

The cost to income ratio of the bank stands at 57.35% including wage raise provision and excluding the impact of one time exceptional item of Pension liabilities and Dearness Relief Neutralization.

Overheads have been under control and have shown a decline of 3.10% sequentially. The underlying driver for the sustainable step up in the profitability profile of the bank have been the unmatched liability franchise with 48 crores plus customers comprising nearly 34% of the Indian population. Our customer centric approach, the process oriented culture of the bank, strengthened underwriting processes and correct pricing of the risk have also contributed to the sustainable profitability. We are mindful of our liability portfolio as it provides a stable stream of resources for us. We continuously monitor the concentration of our deposit profile daily ensuring that the dependency on the wholesale funding is contained within the prescribed level.

The differential rate of deposits and the CDs are just around 13% of our total deposits. We retain reasonable reserve resource in the form of liquid assets over and above the CRR and the SLR requirement to meet the future contingent demand and broad basing the deposit mix.

Unencumbered excess SLR stands at about 4 trillion as on 31st December'23.

Liquidity Coverage Ratio at about 131% as on 31st December'23 is well above the regulatory benchmark.

I'm happy to highlight that the credit growth has been robust across all the segments. Our retail personal loan book is more than 13 trillion is growing at 15% plus YoY with an industry leading asset quality. The growth in agri, SME and corporate segment has witnessed the healthy growth of 18% plus, 19% plus and almost 11% respectively.

I'm glad to share the progress we are making in digital banking. 59% of the savings bank accounts were opened through YONO in 9MFY24. We are also leveraging analytics with significant business of ₹ 95,000 crores being sourced through analytical leads showing growth of 37% YoY.

With regard to asset quality, our Gross NPA ratio has improved by 72 basis point YoY and stands at 2.42% as at December'23 and continues to be at the lowest level in more than 10 years. Our Net NPA ratio has also improved by 13 basis points and stands at 0.64%. Slippage ratio for 9MFY24 has improved by 5 basis point YoY and stands at 0.67%. The consistently improving asset quality is also reflected in our credit cost for 9MFY24. It stands at 0.25% and has improved by 12 basis point on a YoY basis.

We are well provided for our Loan book with PCR (including AUCA) standing at 91.49% and PCR for Q3FY24 standing at 74.17%.

While we are glad about the outcome in the current quarter, we are also conscious of the areas for further improvement. On the liability side, we continue to focus on increasing our share in current account while maintaining our leadership position in savings deposit. Our CET1 ratio after considering plough back of nine-month profit is at 10.38%. Additionally, the current ROE profile of the bank is above the credit growth trend which will lead to CET1

incremental accretion. However, the bank is open to raising equity capital if the growth trends are higher than expectation.

Our subsidiaries are also consistently performing well and continue to create significant value for all the stakeholders and most importantly for the customers.

Concluding my opening remarks, I want to thank you all for your support to the bank. The bank, while pursuing its own progress, contributes to the progress and economic growth of the broader ecosystem. We remain committed to reward your trust in us with superior, sustainable returns over the long term. My team and I, are now, open to taking your questions. Thank you very much.

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

Thank you, Sir, for your opening address. Thank you, Sir.

We will now invite questions from the audience. For the benefit of all, we will request you to kindly mention your name and company before posing the questions. To accommodate all questions, we request you to restrict 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 will now proceed with the Question & Answer session. Thank you.

- Mr. Ashok Ajmera – Chairman, Ajcon Global

Thank you, Sir. This is Ashok Ajmera, Chairman Ajcon Global. Sir, compliments to you for the fantastic results but for that exceptional item even the net profit would have been higher by more than ₹ 20,000 crores. I mean the operating profit also has gone up and net profit also would have been much, much higher. So, my question is on that only. Number one, that this 15%-17%, I mean, the expected rate of wage hike was 15% and now it has gone to 17%, so in our employee cost in the normal P&L there is hardly any impact if you see the numbers of the last quarter and this quarter and which it seems that you have taken in exceptional item. Whereas in case of all other banks so far, they have taken in the regular P&L the direct hit of the increase. This is number one.

And, secondly, what was the need for a provision in this quarter itself of such a big amount? Was it because the results were good, the profitability was good or is it because in the next quarter you are feeling that may not be so robust or so good.

And, third is that you wanted to make the bank's balance sheet to remain very healthy?

This is my first this thing, Sir.

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

Well, I think, when it comes to the way we look at this expense particularly, as far as provision for the wage increase is concerned we were providing at the rate of 10% from November'22 onwards and later on we increased it to 14% and when the MOU got entered into, as of now it has not crystallized into a liability, that will crystallize into liability at a later date. So, that is the reason why we thought much in order to create a provision because only and only when it gets crystallized into liability it should be taken as an expense. That is something which we have done. I must mention that up to September'23 we had made a provision of ₹ 8,895 crores and we have made additional provision for the wage increase in this quarter of about ₹ 6,313 crores. Provision made during this financial year is ₹ 12,718 crores and the additional provision which is required to be made in this financial year would be another ₹ 5,409 crores.

Your second question, why we have made provision in this quarter.

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

Before that, 7100 needs to be...

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

Yes, ₹ 7,100 crores is actually a provision which essentially, we have made because, as I mentioned in my opening remarks also, there was an anomaly in the pension being paid to the different set of employees in the bank. Some set of employees were being paid pension at the rate of 40%, the other were being paid pension at the rate of 50% and this matter was pending before the court of law since '2002. And now, of course, there is a definite progress. Though we still don't have the liability but, nevertheless, since we saw it's an event which is almost certain to happen, our actuary suggested that we should make a provision of another ₹ 5,409 crores for meeting this liability in future. And also the other piece was relating to the difference in the dearness relief for the pensioners who retired before November of '2002. That liability was ascertained at ₹ 1,700 crores and the actuarial assessment suggested that we should provide for this. So, the decision to account for these liabilities have actually happened because there was a crystallization of the liability. It has nothing to do in terms of whether this quarter is strong or the next quarter is weak.

I'm not supposed to make any kind of projections about the next quarter but the general expectation is that last quarter is always strong quarter and also the kind of growth trajectory which we have seen, no reason to believe otherwise.

- Mr. Ashok Ajmera – Chairman, Ajcon Global

Just a connected question, we will get the tax benefit on this provision for the year end?

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

We will get the tax benefit.

- Mr. Ashok Ajmera – Chairman, Ajcon Global

Will it be treated a full expenses?

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

Yeah.

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

Yes-yes, of course.

- Mr. Ashok Ajmera – Chairman, Ajcon Global

Sir, my second one is on the capital adequacy. Sir, I mean, we are growing very fast and we need to grow. In spite of even such a large size still we are going in percentage terms also, 13%-14%-15%. So, on capital adequacy, though, I mean, you have excess SLR. You said 4 trillion but don't you feel that some major decision is required to be taken to bring the capital adequacy on par with some of the other banks? I would not use the word peer banks because they are too small as compared to you but still a capital adequacy of about 15.5%-16% don't you think that some drastic decision or bold decision is required to be taken when the share price is also reasonably good now?

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

See, if at all we reckon the profit which we have booked till now and if we reckon it to be ploughed back into the system, our capital adequacy ratio would have been 14.34% and our CET1 would have been 10.38%. So, this is something which I think we need to reckon.

And the other piece is that our ROE is growing at about 19%-20% and also our loan book is growing at about 14%-15%. As long as our ROE is growing faster than the loan book, the incremental ROE will actually give us the ability to plough back the profit and which will ensure that we stay healthy as far as the capital adequacy is concerned. But, nevertheless, we are

quite open. We are reviewing this situation on an ongoing basis and we are hopeful that there would be some resolution relating to the AT1 pricing and the valuation issue also. So, even that will also open up the opportunities in terms of raising money through AT1 option.

So, we are quite open for all options and we will, as I have mentioned in the past, we are well equipped to deal with the opportunity for growth in the loan book and we will ensure that the capital should not come in the way for the growth of this bank. And even now also, if at all we reckon this kind of plough back, we can easily build up our loan book by another 7.50 trillion. So, I think, we are very well placed. I have no reason to doubt but, as I mentioned, that we are quite open and if at all need be we will not hesitate in terms of raising capital. We have identified enough resources through which we can raise the capital. It is not more than a one quarter effort to raise that kind of a capital and there's no reason for my investors also to really worry because when we are prudent in terms of identifying the source of capital and also the cost of capital, I think, that should be a happy situation for all our investors.

- Mr. Ashok Ajmera – Chairman, Ajcon Global

Thank you, Sir. I got the signal. Thank you very much and all the best, Sir.

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

Okay, thank you. We'll move to the next question, please.

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

Hello, this is Manish Ostwal from Nirmal Securities. Sir, my question on the kind of credit cost we are seeing in bank, if I look at the nine months performance of the bank and when I compared to the large private banks, our performance even better. So, obviously, the economy is doing well and that is a one factor but can you talk about the some of the structural factors in the bank underwriting practices which is sustaining this kind of credit cost? I have never seen this kind of credit cost in SBI almost 15-20 years, so can you comment on that?

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

Thanks for the compliment. And what you mentioned in terms of economy doing well and that is the reason for the credit cost being low, if that being so then the industry should also have a similar kind of a situation. But, nevertheless, I would like to highlight that we have worked on it for quite some time in terms of... we have strengthened the mechanism for underwriting the risk, for having adequate appreciation of the risk and for ensuring that there is adequate risk premium for the risk which we are undertaking. And that is something which has helped us in terms of ensuring that the credit cost should remain contained.

Apart from that when it comes to the portfolio selection also, we are very clear in our mind that what should be our portfolio composition and we have leveraged whatever is available in the ecosystem, structured, unstructured and also when it comes to retail book we have created our Loan Management System which does not leave any discretion and there the decision engines are all embedded into the Loan Management System. So, when it comes to retail, when you have got such a large network you have to control the quality and that is something which we have addressed through the Loan Management Systems. And when it comes to the corporate credit, our Credit Review Department which is there, the credit committees and the composition of the credit committees are the one which helps us in achieving what we have achieved.

And, I think, going forward we are quite cognizant of the likely emergence of the risk and we are ensuring that we should be ahead of the curve and we should be in a position to manage those risks very well.

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

Within that, there is a retail portfolio where even your portfolio like Home Loan, Car Loan and the Personal Loans where the Gross NPA level even significantly lower than the top notch lenders in the private space, so can you talk about that also?

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

We are, actually, the top notch. We are the industry best.

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

No-no, I mean, I'm talking private sector, Sir.

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

No. So, see the point is one thing which I expect you to be, it should be agnostic to the ownership, whether private or public sector.

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

Sure.

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

So, it is more of a professionalism. I think professionalism is not the exclusive domain of a private sector. I think it is there, it is uniform and anybody can be professional and I actually rate ourselves as more professional than any private sector.

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

Appreciate, Sir.

(Audience Applauds)

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

And the second question, on your slide number 20 there's a statement which mentioned that we expect our ROE is higher than the loan growth and you said in your remarks that if the credit growth even higher than your expectation then we may tap the market. So, what rate of credit growth where you see that need of capital to raise?

And, secondly, in your macro commentary you suggested that 11% kind of nominal GDP for FY25. So, based on that what kind of loan growth we are looking at?

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

Normally, when it comes to as compared to the nominal growth, we have seen in the past that the credit growth for a bank like us is generally 3%-4% more than the nominal growth and more than that is normally not there. And considering the fact that we are very selective in terms of the risk, as I mentioned that risk is something which we are very cognizant of, so I would say that ideally speaking we should be growing around 14%-15% kind of a growth.

And also I would like to mention that this ROE is actually a bit depressed because of the kind of, as I mentioned, that we have in this quarter itself if you really look at it till now we have made the additional provision of almost about ₹ 20,000 crores. We have got a profit of ₹ 40,000 crores for the nine months and ₹ 12,000 crores provision we have made in this financial year for the wage hike and another about ₹ 7,100 crores is on account of the one off pension liabilities. So, almost about ₹ 20,000 crores we have provided for. The impact on the wage increase in the next financial year is almost about ₹ 500 crores per month, which is about ₹ 6,000 crores overall. So, ₹ 14,000 crores is an additional provision which we are absorbing in this financial year. With that, our ROE is at about 19.5. My expectation is that we should be trading at more than 20% of ROE and if at all we are trading at more than 20% of ROE and our Loan growth is at 15%, incrementally we are creating additional elbow room for the loan book to grow.

As I was mentioning that we have got enough elbow room to grow and at about 7.5 trillion loan book can be grown. Our loan book is at about 35-36 trillion, so 7.5 trillion is almost about 18%-20% kind of growth. I think 18%-20% growth is some distance. Not that we don't have liquidity,

we have got enough liquidity. Our Liquidity Coverage Ratio is at 131%. And also when it comes to our credit-deposit ratio, as on 31st December we are at 66%.

So, I think liquidity wise no challenge, ability to support growth in terms of capital I don't see any challenge. I only need your good wishes and your support so that we should continue to grow.

- Mr. Manish Ostwal – Nirmal Securities

All the best, Sir.

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

Thank you.

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

We'll move to the next question here. This side, please.

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

Yes, Sir. Hi, good evening.

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

Yeah, please go ahead.

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

Sir, my first question is just on wages. You have mentioned that you know you had aligned for DA to pre-2002 of pre-2002 employees and then the 40% and 50% alignment for wages.

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

Not wages, it is for pension.

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

Sorry, for pension. So how long was this for? As in, that how long did the case go on because we don't recollect...

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

See, the point is that this case was going on from the year 2002 as far as the pensions are concerned. As far as the DA neutralization is concerned, it was at an industry level, and this was a decision which happened at the behest of intervention through IBA. So, this is something which we have identified the likely liability, and we have provided for it.

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

Got it. But the IBA would have told the entire industry?

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

The second part, there are two parts, ₹ 5,400 and ₹ 1,700.

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

Yeah, ₹ 1,700.

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

₹ 1,700 is for the industry.

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

₹ 5,400 is only for State Bank of India.

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

It is only specific to SBI.

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

Right. So, ₹ 1,700 likely impact for the industry as well depending on their size.

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

Correct. And ₹ 5,400 is specific to SBI, and both of them are one-time actuarial assessment which we have made and...

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

We have only contributed to the pension fund corpus, that is all.

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

Yeah, it is not a recurring expenditure.

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

So, is there any other pending hike left from the past in terms of pension?

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

Fortunately, nothing. Rest, you never know, it can come up any day. As of now, there is nothing.

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

Okay, and in Q4, sir, the pending provision of 55 billion that you have mentioned of 54...

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

₹ 5,409 crores.

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

Yeah, ₹ 5,400 crores, that would include some impact on pensions or this is just...

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

This is only salary.

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

Only salary?

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

Sir, that is salary plus the regular pension.

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

That is regular expenses. All staff expenses, because even now also when we are providing for, we are providing for everything on an ongoing basis. It is a recurring kind of a thing. But it will stop. ₹ 5,400 crores once we will provide, this 17% aspect is taken care of.

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

So then over and above that, whatever pensions will be provided for, that will just be interest rate related. Is that the case?

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

That will be from the quarter-to- quarter, whatever is the gap if at all there is any.

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

It will not be because of the new wage agreement?

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

No, no, nothing, nothing.

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

Okay, so it will just be the rate catch-up.

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

As I mentioned, you know, in my passing reference, that the wage increase impact of all this, whatever wage increase is envisaged, is ₹ 500 crores per month, and for the year as a whole, it is going to be about ₹ 6,000 crores only.

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

Okay, so for the next quarter, then the wage provision... like your wage line is 98 billion this quarter, right?

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

Sorry?

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

Your wage... you have employee expenses and then you have contribution to employees. So, the employee expenses are around 98 billion for the quarter, ₹ 9,800 crores. So next quarter, what will it be?

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

It would be about... Sorry, maybe if you can clarify, I am not in a position to comprehend this question.

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

Basically, we have provided for ₹ 6,312 crores this quarter. For the next quarter, what remains is ₹ 5,409 crores out of which salary is ₹ 1,386 crores, and pension at the rate of 17% is ₹ 3,072 crores, gratuity is ₹ 378 crores, other employee benefits is ₹ 573 crores, and total it comes to ₹ 5,409 crores. Is it clear?

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

Okay.

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

Another point that I would like to make, that we have done all the provision for the wage settlement that has happened. So next year around, when you see the impact of this, the overall wage bill will be around ₹ 66,000 crores as against ₹ 77,000 crores this year, because of all the provisions that we have already taken.

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

It is only wage bill.

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

It is actually going to go down.

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

It is only wage bill, but the pension related liability is actually over and above.

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

No sir, it is all put together.

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

Okay, fine. No, no, ₹ 77,000 crores.

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

₹ 77,000 crores is all put together. ₹ 7,100 crores is excluded.

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

Okay, that is what I am saying. ₹ 77,000 crores plus ₹ 7,100 crores is something which we have provided this year. So as against ₹ 84,000 crores, it is going to be only ₹ 66,000 crores.

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

Got it sir, that is very clear. And my last question is on margins. So, can we say that now margins will be maintained at these levels?

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

Around the same level. We expect maybe at the most, if at all there is any dip, it would be only 2 to 3 basis points.

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

Maximum.

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

Okay, and most of the deposit repricing of the past is over now?

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

Yeah, yeah. Almost.

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

Okay, sir. Thank you so much and all the best.

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

Thank you.

- Mr. Sushil Choksey – Managing Director, Indus Equity

Sir, Sushil Choksey, Indus Equity. Congratulations for very stable result and all the guidance and the time and talent which SBI provides to the country. Sir, my first question is based on the interim budget and the FOMC outlook and the behaviour of money market, and if there is a proxy to India where money market is concerned, SBI should be the largest gainer. So, based on 4 trillion of excess SLR, how is your outlook on treasury?

Second thing, will the interest rates peak out as newspapers are indicating and RBI may cut by 50 bps in the second half? Therefore, FOMC may cut in the last quarter. One doesn't... it's all speculation. But what is our internal outlook based on all the parameters which have happened in last one week?

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

See, when it comes to RBI and FOMC, I would say that they have decoupled to a greater extent. RBI decisions are more based upon their own assessment, MPC's assessment as far as the inflation trajectory is concerned. And as we read MPC deliberations, we would say that perhaps they are looking at inflation to come within 4 % range. We are hopeful, what you mentioned in terms of 2nd quarter. Our assessment is 2nd or 3rd quarter we should actually get to see some kind of a rate reduction. This is what our expectation is. And when it comes to the money market and the trajectory and its likely impact on State Bank of India's balance sheet, I would put it like this that, much of it depends upon how the interest rate or the T-bill and the G-sec would be behaving as on 31st of March. That will be probably helping us in terms of the eventual outcome. Though, going by the current trend, we are optimistic, but let's wait and watch.

- Mr. Sushil Choksey – Managing Director, Indus Equity

Sir, as urbanisation and consumption in India is growing, and the economy is headed to 5 trillion, 7 trillion, 10 trillion, based on numbers. Being the largest bank in India, I'm sure our consumer-led banking and corporate banking, both need your support with the market share what we have. If we have to gear up for those kinds of economy size and challenges for the consumer credit, what enablers you would have to do now along with YONO and so many other things? And what kind of digital spend you would have to do over the next 3-4 years to sustain those numbers?

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

Well, we have already invested in terms of the structures, when it comes to the credit processing cells for real estate. Our credit processing cells, last year we added almost about 150. So, we are somewhere around 400 odd credit processing cells, that we have created across the country. We have enough feet on street for sourcing the applications. And also, we have created a seamless process when it comes to the low-value SME loans, and also for the home loans, we are working on a workflow mechanism so that the journey should become end-to-end digital. So, I think, it's a constant and an ongoing process which is there, and our effort is that we should stay ahead of the curve in terms of investing and ensuring that we deliver value to our customers, and we should be expedient in terms of delivery.

- Mr. Sushil Choksey – Managing Director, Indus Equity

Sir, and the rate at what you're growing, around 14%, as you indicated based on nominal GDP, in 3 ½ years we would be nearing 50 lakh crores. So, our cost to income with all the enablers which you've already placed in, will it not substantially be low?

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

Cost to income, we are hoping. Actually, if you look at our productivity also, employee productivity... if you can pull out that slide please, employee productivity? So, if at all you would look at that, our productivity is significantly higher, about ₹ 29.78 crores, which has gone up from ₹ 18.77 crores in the year 2019. So, that number has moved to ₹ 29.78 crores. So, actually it has jumped up quite a lot. We are actually leveraging multiple things here. We are leveraging analytics. We are also cognizant of the need, if at all. We are exploring the possible application for GenAI. And, also we are looking at we can leverage technology for the advantage of our employees. So, I think it is a multi-pronged approach which we have in terms of addressing the requirements, and also to ensure that we should be ahead of the curve, much ahead of the curve as far as the opportunities when they arise, we should be in a position to respond, or maybe we should be in a position to create opportunities also.

- Mr. Sushil Choksey – Managing Director, Indus Equity

Had you not provided the one-time provision this year, I think the year end would have been the largest profit-making company of India.

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

You are right, because by that reckoning we were already at ₹ 60,000 crores plus as of now. So, going by the normal expectation, I think... my dream is that this bank should generate 1 trillion profit and hopefully that is... **(Audience Applauds)** ... what I am seeing is that is the reality. That would have happened if at all we would not have been required to make such provisions.

- Mr. Sushil Choksey – Managing Director, Indus Equity

Thank you, sir. Thank you for answering all my questions.

- Mr. Saurabh Kumar – Executive Director, JP Morgan

Hi sir, Saurabh from JP Morgan. Sir, two questions. One on your corporate banking piece we have seen the private banks getting strained on LDR and all. Are you seeing opportunity either to buy portfolios from them or accelerate growth in that space? That is the first one.

And secondly, your presentation mentions a 50 basis points capital release because of the investment fair valuation in April 24. Can you just comment on that? Thank you.

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

Well as far as the private banks opportunity is concerned, I would rather say that we already have got a pipeline which is almost 4.6 trillion. So, that is one opportunity. But yes of course, if at all opportunities come our way and it is in line with our risk appetite, we will be more than happy to support such kind of requirements of the corporates.

Now the other piece which you have mentioned in terms of the impact to the extent of about 50 basis point on the capital adequacy, maybe I'll request Mr. Setty to come in.

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

I think, when we look at the revised evaluation norms which are likely to come from 1st April next year, our broad assessment is that if you have the same portfolio levels and move and implement the norms, there is a positive uptake in terms of some of the portfolios what move to FVTPL from the AFS category. I think that is what is adding to the positive MTM in that.

While we may not immediately be able to add to the profit, the norms indicate that FVTPL positivity... today you know any positive MTM cannot be booked, it is only negative MTM is needed to be booked. But the new norms allow us to move to AFS reserve, and AFS reserve is part of the CET1. So probably, to start with, we will have to wait for the detailed RBI guidelines, how do they want us to... if I am opening the balance AFS reserves in a positive way, whether I can book that or I need to book in the general reserve, is something what we are negotiating. But it will definitely add around 50 basis point to CET1, that is our assessment.

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

So, sir, on the 1st of April, we have to actually draw up our balance sheet.

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

Balance sheet. Yeah.

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

So there that will come.

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

Yeah, it is only a matter of accounting, but it will add to the CET1, 50 basis point. Is it clear?

- Mr. Saurabh Kumar – Executive Director, JP Morgan

Sir on the LDR question, my question was essentially are private banks talking to you to sell their wholesale books?

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

No, no. As of now we have not received any such request. But if at all it comes, I will be more than happy to wrap it up if it meets my risk appetite.

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

Yeah, next question.

- Mr. Kunal Shah – Director, Citigroup

Yeah, Hi, Kunal over here from Citigroup. So firstly, maybe just to get on to that number of ₹ 77,000 odd crores. So, you highlighted that will be the staff cost for this fiscal FY24? Sir, today we are at almost ₹ 55,000 crores, so that indicates another ₹ 22,000 crores for 4Q. That would be more to do with this ₹ 5,000 crores which is required, because any which ways, this quarter there was additional wage revision catchup which was there. But, we are expecting further rise in the employee cost bill for Q4 as well.

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

That is only additional provision which is required to be made. In the 4th quarter it is only ₹ 5,400 crores for the wage increase.

- Mr. Kunal Shah – Director, Citigroup

Okay. Because it was coming to ₹ 55,000 crores in 9 months and ₹ 77,000 crores. So, that is where maybe ₹ 22,000 crores seems to be the catch up for 4Q in terms of the wage bill, which is still higher than Q3, considering that there was already a catch up from 14 to 17 odd percent.

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

No, it is actually the requirement is only ₹ 5,400 crores additional, apart from that the normal wage bill which is there. That is only requirement.

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

Assuming that, the bipartite settlement is not implemented in the Q4, which is unlikely. I think... I don't know it will it may take some time. If had it been implemented, it will become a normal wage bill.

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

That would have been almost ₹ 500 crores worth of additional wage bill on a month-on-month basis.

- Mr. Kunal Shah – Director, Citigroup

Ok. And secondly in terms of the expansion in CD ratio was there this quarter, but still if we look at it in terms of margins, there was still some decline of 6 odd basis points. Would it be fair to assume that this would be more back ended growth and we will see the benefit on the...

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

You are very right, because it would not have been uniform right from the first day of the quarter. It would have happened towards... it is normally seen towards the busy season and also later than the busy season, that is something which is there. And also, the fact remains that, during the busy season because in the retail sector, the competition really mounts, and then we have to give all kinds of concessions, relief, etc. But nevertheless, the asset comes to our book. So, that is something which has happened. So, I think it is more abnormality considering the fact that we are chasing the quality, and for quality we are willing to look at the lower risk. You will probably appreciate that the CRP naturally has to be lower for the better risk, and that is something which is the reason.

- Mr. Kunal Shah – Director, Citigroup

And lastly in terms of RBI's increase in risk weights, both for NBFC as well as unsecured, so maybe they have not highlighted. Any which ways you have been commenting that our unsecured portfolio is much better than the secured as such. But just in terms of RBI's indication or maybe highlighting that this could be the riskier segments. what would be our stance in both the segments? And are we passing it on in terms of the increase in the lending rates?

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

Yeah, we are actually... it has got an impact of about 49 basis point for our CET 1 and 70 basis point for the capital adequacy ratio overall. So, to that extent, the cost of capital has gone up while we are lending to this particular sector. And when it comes to NBFCs, etc., we are passing on. We are actually have jacked up the pricing also.

- Mr. Kunal Shah – Director, Citigroup

To the extent of?

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

Depending upon each of the NBFCs. Depending on their risk weight, we will look at it how much we should...

- Mr. Kunal Shah – Director, Citigroup

And on Xpress we have not increased?

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

We have increased in the Xpress Credit also.

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

We have increased in the Xpress Credit also.

- Mr. Kunal Shah – Director, Citigroup

Okay.

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

Good evening, this is Mahesh from Kotak. Just to clarify on the question that he had asked, this ₹ 77,000 crores that you are saying, includes the ₹ 7,100 crores?

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

No.

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

But then I think the statement he has asked is right, right? Because in the 9 months, you have provided ₹ 55,000 crores.

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

Again, I will just explain. So, the wage revision impact is ₹ 18,127 crores for the whole year. And for the next quarter, the coming quarter it is ₹ 5,409 crores. We have already made a provision of ₹ 12,718 crores during the 9 months. And in FY23 we made a provision of ₹ 2,490 crores. The staff expense which anyways we are paying to the staff, so you look at that. Up to 9 months FY24, it is ₹ 42,171 crores. So, three more months we will pay the salaries and pension and everything. That comes to ₹ 16,829 crores for the next quarter. Add to that ₹ 5,409 crores. Is it clear? So, for the whole of next quarter, it is ₹ 22,238 crores, which is staff expenses, plus the provision. Put together all of this, for the whole year it is ₹ 77,127 crores, which means, ₹ 59,000 crores for the wage bill, and plus ₹ 18,127 crores for the increase.

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

Mr. Khara, if you look at the numbers today, your average wage cost, even if you exclude these one-offs are running at about 30 lakhs, which is significantly higher than almost all the public sector banks and the private banks put together. Any direction in which you want to see... how does this number go? Because this is simply way too high that we are seeing.

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

Sorry, I could not get your question please.

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

If you look at the wage cost for next year, which is about a little over 65,000 crores, on a 2 lakh employee base you are still looking at about a 30 lakh.

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

2,35,000.

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

Even after that, the numbers will be worked out to roughly about 30 lakhs per employee. Most banks are...

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

We have got about 300,000 pensioners also.

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

But how do you solve this problem? Because, a large part of the current costs...

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

The problem which can be solved is only through improving the productivity, and that is something which we are trying to showcase. Our effort in terms of improving the productivity have already started yielding results. And, I am sure going forward, the productivity will actually improve. The kind of focus which we have on our digital, today almost ₹ 95,000 crores worth of loan book has been generated through the digital, and it is up by about 30%. Going forward, we expect that this particular lever will start creating value. And our back of envelope

calculation is, as well as the pension obligations are concerned, that we should be in a position to meet by generating this incremental productivity through the digital. And we have got the attrition rate which is just about 1% as compared to the industry level of 35 or 33, or whatever be the number.

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

Perfect. So two questions ma'am. One is, what would be the outstanding priority sector book and RIDF investments, or just specifically the RIDF investments?

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

That specific we will provide to you.

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

Just one question to you sir. Some of the NBFC led banks, companies like PFC, REC have become a little bit more aggressive on the power sector. For some time, we have seen almost all public banks... banks in general being slow on this sector. Is there any opportunity that is being missed here?

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

I don't see that we have missed out any opportunity. But yes of course, as I mentioned, that we always evaluate the risk in terms of the return which we can get. And if at all it does not meet our risk appetite, we let it pass. So, renewable energy is one of the areas where we are very clearly focusing, and we have developed the expertise also, and we are seeing good traction coming for that.

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

We have one last question from one more person.

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

This gentleman is there.

- Mr. Bhavik Shah – Morgan Stanley

Bhavik from Morgan Stanley. Sir, two questions. First, sir, our other operating expenses growing at say 20% YoY. Sir, how should one look at it? Will this be elevated or should it normalize?

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

Other operating expenses. Can you please pull out the slide?

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

Operating expenses, slide number 18.

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

May be if at all you can throw some light on this.

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

Majorly sir it comprises of the staff expense as you can see in that, and also the pension.

- Mr. Bhavik Shah – Morgan Stanley

No, I mean other operating expense, excluding the staff.

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

Just a minute. Other operating expense. Overheads. Overheads, I don't think there is a very significant number that we can...

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

In terms of absolute number, they are not really very big number.

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

Not very relevant, but anyway I can tell you some of the items where we have seen this growth. One is, business acquisition and development expense, which is to the tune of 7 and 11 crores. Other tech expenses to the tune of ₹ 371 crores. DICGC insurance ₹ 230 crores, GST expense

₹ 128 crores, donations ₹ 81 crores, P&T expenses ₹ 74 crores. I don't think there is such a big number.

- Mr. Bhavik Shah – Morgan Stanley

So basically, we have a quarterly run rate of say ₹ 11,000 crores.

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

So actually, see one aspect which is there when it comes to the insurance, particularly deposit insurance, as the deposit grows, this will continue to grow.

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

And quarter on quarter actually it has gone down sir. From ₹ 11,948 crores it has gone down to ₹ 11,577 crores.

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

That is for the total over itself, which has come down from ₹ 11,948 crores to ₹ 11,577 crores. And I think there is... the major items which are there is, one among them is ATM, CDM, debit card and those expenses, which I think is a cost of delivery, which will continue to be there. And the other one is the various acquisition and development expenses. Again, it is corresponding to the wages growth, it will continue to grow. So, this is what is the behaviour, what we will get to see.

- Mr. Bhavik Shah – Morgan Stanley

Sir, what will be the digital expenses as a part of this? As in, should we expect this to go to ₹ 13,000 crores run rate per quarter next year or more than that?

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

Much of it, when it comes to digital part of it, would get depreciated also. So, we will have to see that composition how much we can depreciate, how much we can book in the revenue book, that is something which we will see.

- Mr. Bhavik Shah – Morgan Stanley

And sir, second question, recovery from written off accounts, the AUCA accounts, they have been around say ₹ 2,300 crores so far in the 9 months. Sir, as in, how should one look at it? Like how do we expect?

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

This stock is actually now coming down, and also there are no lumpy recoveries which are expected to come in. These are all now small value recoveries which will come in. But yes, our effort is to see that we should step it up as much as possible. But it has got its own limitation, because AUCA is generally those accounts where the security, if at all it is there, is much lower. And I mean, various such considerations are there when it comes to affecting recoveries in AUCA accounts.

- Mr. Bhavik Shah – Morgan Stanley

Sir, in the next 6 months, do we expect anything significant from NCLT, like in the pipeline?

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

It is very difficult to predict what will come through NCLT. But nevertheless, our effort is to make... I mean, we do not let our effort go waste. We are pursuing quite actively, and wherever possible we will certainly be looking at the outcome. But when it comes to NCLT, it is not merely what our efforts are. We have to depend upon the other members of the consortium, COC etc., and there is a dependence on the decision taken by them also, and also the ecosystem how the ecosystem works.

- Mr. Bhavik Shah – Morgan Stanley

So lastly, as this ₹ 4,000 crores, how much work is from NCLT? As in, if you can shed some light?

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

I will not have that kind of...

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

No, we do not have anything from NCLT in this at least, as far as I have the numbers. Basically, it is contributed by our retail branches to the tune of ₹ 1,537 crores. The specialized wing has

contributed ₹ 2,758 crores. I think the biggest recovery during this year is around ₹ 200 crores as far as lumpy recoveries are concerned, and IBG has a small recovery of ₹ 33 crores.

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

So generally, these are all compromises, something which works much or the surface reaction, which yields better results and faster results.

- Mr. Bhavik Shah – Morgan Stanley

Sir, thank you sir and sir good luck for future goals.

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

Thank you.

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

Sir, we have a few questions coming through here...

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

I think, there was one question on RIDF outstanding. The outstanding is ₹ 2,67,000 crores.

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

So, we have a few questions coming through the online webcast. These will now be addressed by the Chairman sir.

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

- Yeah. This question has come from Aditi Naval. With respect to various development expenses, there has been quite a significant jump since September quarter. I wanted for you to throw some light on the same?

Various acquisition and development expenses has increased by ₹ 194 crores sequentially. On quarter-on-quarter basis, increase is due to amortization of the PSLC issuance charges by ₹ 65 crores and business operation expenses have gone up by ₹ 81

crores, and auto loan sourcing fee by ₹ 54 crores. That is the explanation for the business development expenses.

- The other question has come from Mr. Anil Chaurasia. What were the number of branches at the end of December '23?

At the end of December '23, we had 22,494 branches.

- Next question comes from Ashish Agarwal. Percentage of book linked to MCLR, EBLR and fixed rate book.

MCLR 37.6%, EBLR is 27.4% and fixed rate is 20.9%.

- Another question has come from Siji Philip. Any guidance on loan growth and deposit growth for financial year '24?

We expect all scheduled commercial banks deposit to grow by about 12 to 13%, and ASCB advances to grow by 14-15%. Accordingly, our growth in deposit and credit is also expected to be in the similar range.

- Next question comes from Mr. Abhishek Murarka. Will any part of ₹ 7,100 crores provision recur from the next quarter onwards? Also, what will be the approximate additional wage revision you will have to make in 4th quarter?

There will be no recurrence of this one-time provision. This is something which I would like to mention. It is only one-time. And for the uniform pension from 40 to 50%, and DR neutralization also is only ₹ 1,700 crores, which is one-time. There is no further repeat of such provisions. And provision to be made in Quarter 4 of the financial year '24 is about ₹ 5,400 crores for the increase in wage to 17%.

- Mr. Param Subramanian, why did we see a drop in NIM? How much wage revision provisioning is still pending?

NIM has come down mainly due to re-pricing of deposit at higher rates, mainly term deposits. And, provision to be made in Q4 of FY'24 is ₹ 5,400 crores.

- Shridal Ignesh, any special plans for agriculture readiness growth?

Agri advances have registered a growth of 18.12%. While we will continue to grow in our traditional book, in KCC and agri-gold loans, our key focus area will be to finance all the players involved in entire agri-value chain. Under investment credit we are seeing lot of opportunities under Atmanirbhar Bharat scheme of the Government of India, that is AIF

and the PMFME. We have launched two new products namely Agri Enterprise Loan and Kisan Samridhhi Rin, which will enable us to onboard high value farmers.

- This question is from Ashish. Please tell us about exceptional item of ₹ 7,100 crores.

One time present for commutation of pension from 40% to 50%, and DR neutralization for all pensioners, family pensioners who retired prior to 1st November 2002. One time present for commutation of pension is ₹ 5,400 crores. One time provision for DR neutralization is ₹ 1,700 crores.

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

Thank you, sir. I trust all the questions have now been addressed, and we'll be happy to respond to other questions in offline mode. So let me end the evening with thanking the Chairman and the top management team, the analysts, and the ladies and gentlemen. To round off this evening, we request you to join us for high tea which is arranged just outside the hall. Thank you.

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

Thank you very much to all of you. Thank you!

END OF TRANSCRIPT