

Q1FY26

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 Q1FY26 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 Markets 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 proceedings, I request our Chairman Sir to give a summary of the Bank's Q1FY26 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**

It gives me great pleasure to present the results for the Q1FY26, another milestone in State Bank of India's journey as the nation's largest and most trusted financial institution. The global macroeconomic environment has remained fluid since June till now amidst geopolitical tensions and tariff policy uncertainties that have increased. Central banks in many advanced economies kept policy rates unchanged as the last mile of disinflation turned out to be stickier than expected, while also awaiting clarity on the trade tariff front and its implications for inflation.

Domestic economic activity held up in June with the high frequency indicators pointing to mixed signals of improving prospects of Kharif agricultural season and continuation of strong momentum in the services sector on one hand, and deceleration of tax collections, industrial activity and vehicle sales on the other. RBI estimates GDP for FY26 at 6.5% and inflation at around 3.1%. The MPC in its latest meeting, as you all are aware, has kept the Repo rate unchanged at 5.5% and maintained a neutral stance.

We closed the quarter with a 22.17% share of domestic deposits and 19.24% share of system-wide advances, reinforcing our position at the heart of India's banking system. Even more encouraging, we added 14 bps of incremental loan market share YoY, led primarily by high return on risk weighted asset segments such as retail mortgages and secured small business credit.

So why are customers choosing us in greater numbers when choice has never been wider? The answer lies in a virtuous combination of value, brand, reach and fairness. Low to zero fee structures on everyday products, transparent pricing of floating rate loans and the reassurance of our blue-chip balance sheet continue to attract new depositors, while deepening existing relationships. Our omni-channel reach with 22,981 branches and 90 million users on our digital platform YONO puts the bank in the pocket of customers, wherever they are. Above all, we have maintained an uncompromising stance on charging what is fair, never what the market can be pushed to bear. In an era of rising rate volatility, customers recognize and reward that stance.

Second, our performance is powered by people. Attrition remained below 1% during Q1FY26. Banking here is viewed quite literally as a career for life, supported by clear growth paths and the sector's most extensive learning ecosystem. Our ambition is not merely to grow, but to grow profitably and sustainably. We reaffirm our structural targets of RoE above 15% and RoA of 1% through the cycle. The 1st quarter delivered an ROE of 19.7% and ROA of 1.14% underscoring the resilience of our franchise, even as funding costs normalize.

Coming to the results for Q1FY26:

- The net profit for Q1FY26 stands at ₹19,160 crores, up by 12.48% YoY.
- At the end of first quarter, our whole bank credit growth was 11.61% YoY, with the domestic credit growth at 11.06%.
- Deposit growth at 11.66% YoY, while the CD ratio domestic was 68.88%.
- Operating expenses has decreased by 21.92% during the quarter with containment in overheads which decreased by 37.98%.
- Our net NPA ratio has also declined by 10 bps YoY and stands at 0.47%.
- Slippage ratio has improved by 9 basis point YoY and stands at 0.75%.
- PCR was 74.49%.

The results for Q1FY26 demonstrate the bank's ability to operate profitably at scale due to our substantial core strengths. These advantages stem from our institutionalized framework which is guided by continuous improvement in processes and a commitment to fairness for all stakeholders as I mentioned earlier.

To keep our Bank future ready and be ahead of the curve in partnering India's journey of Viksit Bharat and to realize the vision of reimagining the entire gamut of operational processes, preparation of a time-bound roadmap and facilitating the smooth transformation, an initiative has been launched under SBI's operations process re-engineering project called SARAL. It is a transformative step to reshape the retail operational processes across the Bank; the way SBI serves its customers enhance employee satisfaction, productivity and resources optimization. The objective of project SARAL is to simplify, automate, centralize and outsource various operational activities of the Bank, encompassing retail operations, centralized processing centre supporting retail operations, liabilities, third-party relationships and retail loan collections, aided by modern technological tools like AI to improve productivity and resilience, while ensuring best-in-class customer service and employee enablement.

Looking ahead we expect credit expansion to outpace both nominal GDP and industry growth driven by calibrated exposure to consumption linked retail loans, government CapEx pipeline and green energy projects. A disciplined risk-adjusted lens on every incremental rupee of credit combined with our unrivalled low-cost deposit base gives us confidence in maintaining healthy spreads without sacrificing asset quality.

In closing, allow me to reiterate what defines State Bank of India. We combine skill with agility, innovation with prudence and growth with inclusivity. Our dominant market share is the by-product, not the driver, of an operating philosophy that places the customer first, the employee at the centre, the shareholder as a partner and the nation as a beneficiary. As we advance into FY26, we remain steadfast in our promise to deliver superior returns, best-in-class service and

uncompromising governance. Together, with your continued trust we will keep creating value for every stakeholder in the SBI ecosystem.

My team and I are now open to taking your questions. Thank you.

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

Thank you, Chairman sir, for the presentation. We now invite questions from the audience. For the benefit of all, we request you to kindly mention your name and company before asking the questions. To accommodate all the questions, we request you to restrict your questions to maximum two at a time. Also, kindly restrict your questions to 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.

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

Sir, the main silver lining in these results is maintaining or improving the net profit in spite of a very difficult quarter, overall, for all the banks, where it has gone up substantially. And overall group profit also has gone to ₹21,201 crores, as against ₹19,325 crores in the last quarter, which is commendable. It means all other group companies are also contributing something to the profits of the Bank.

Having said that sir, we had a sanctioned pipeline of, I think, ₹3.4 lakh crores as per the last figure given. But in this quarter, we have grown only by 0.80% in the credit. So while I understand that, yes, there was slackness, transfers, but still could we not have done little better on the credit front with this kind of sanctioned pipeline? Are we reviewing those conditions of sanctions that people are not in a position to adhere to or fulfil those conditions, or they actually don't want to draw the money? So this is... I am not talking about the fresh sanctions.

Another point sir is on the fresh slippages which has gone up to ₹7,945 crores as against ₹4,222 crores, and that is why affecting our gross NPA, net NPA, I mean, all other numbers also in this quarter are a bit negative, making them little negative. And of course finally, the other income dropped by substantial almost about ₹6,500-6,700 crores though off-set by reduced operating expenses also by about ₹6,500 -7,000 crores. So, what are the major factors in both this other income coming down and at the same time the expenditure also substantially coming down?

I see one item sir in the miscellaneous income, other income as a miscellaneous income which has gone down to ₹1,711 crores as against ₹4,575 crores. And similarly in the expenses also, miscellaneous expenses which have come down to ₹1,711 crores as against ₹4,575 crores, and ultimately resulted in little lower NIM, I mean below 3, now 2.9. So, sir your view on that.

And again, any fresh guidance for the overall FY26 on all these major parameters, credit, deposit and the business growth also. If you can, a little bit of cover in the recovery from written-off accounts, because our recovery otherwise also in this quarter from the main NPA account is also little lower. Treasury also, of course must be doing well contributing but has not contributed as much as we were expecting in the profitability of the Bank.

And last one, if you can just give little colour on that buffer provision of, I think about ₹30,000-31,000 crores which we had, have you used anything out of that in this quarter? These are the few questions in this round sir.

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

Thank you Mr. Ajmera for your compliments. But after your questions, nothing is left for the other analysts to ask. I think you broadly covered every question. But I will try to answer a few and then leave something for the others also to ask.

I think fundamentally you are coming from QoQ, the ideal way is to look at YoY. Because this QoQ comparison particularly from Q4 to Q1, it does not give any indication because Q4 generally is a good quarter across the banks, and SBI is no exception to that. Particularly the items which you mentioned in terms of miscellaneous income, other income, recovery, almost all these elements show uptick in Q4. I think, ideal way is to compare with Q1.

But still your question in relation to the credit growth QoQ being low, I would like to answer that question. But if you see, most of the segments in the retail we have done well, barring Xpress credit we could have done better, but we hope to do well going forward in the Xpress credit. But home loans we have done extremely well, 15% growth rate YoY, and overall, in the quarter also we have done well on this segment. What has been the challenges on the corporate credit side? It is not in terms of what you said, whether terms are being renegotiated, we have not seen that. But what we have seen is that lot of prepayment has happened in any declining interest rate cycle, particularly on the loans which are fully disbursed, one or two years old, the cash flows are stabilized, everybody wants to refinance and negotiate for repricing. There, some of the exposures we let go. We almost had around ₹12,000 crores prepayments because we did not want to go to that level of pricing considering the risk pricing in view. So, around ₹12,000 crores is something what impacted the corporate in the current quarter by way of prepayments.

We also had a few large corporates accessing the CP market because CP rates have become extremely competitive and we would not have offered to give that rates. So, that also led to almost ₹16,000-18,000 crores movement towards CP market by the corporates. So, this in my view, is a recurring phenomenon whenever the rates of interest are on the downward movement.

So, pipeline, yes, we still have a robust pipeline. We almost have ₹7.2 lakh crore pipeline both, on the sanctions but not disbursed, as well as proposals in pipeline, which gives us confidence that we will be able to get back to a double-digit corporate credit growth next quarter onwards.

Slippages again, the comparison should be with Q1 of the previous year. If you see that, there's very marginal movement. But let me also assure you that there is no concern on the asset quality in any of the segments; we have seen. And even among those slippages which we have witnessed in the Q1, as it happens every Q1, there has been a significant pull back as we speak in the last 30 or 45 days. So, there is no great concern on the slippages in any of the sector.

Recovery, yes, we had given a guidance of around ₹7,000 - 8,000 crores in recovery from AUCA, which means that ₹2,000 crores every quarter, but it is not uniformly distributed. Again, if you see my Q1 of previous year, it is almost similar to what we have had now. But we are confident that we will be able to achieve the guidance what we have given on the recovery front.

And the buffer provision, we have not touched the buffer provision at all.

Miscellaneous income again in Q4, Mr. Ajmera, again you mentioned Q4 comparison. We have lot of miscellaneous income coming by way of inspection charges, folio charges; there are so many miscellaneous incomes which are recovered at the year end, which is not available in the Q1.

Anything else which I missed out?

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

... the SMA numbers also.

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

SMA numbers also have moderated. Again, you have to see Q1 comparison; there is no untoward development.

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

And we are not making much profit in treasury. I mean we could have offset it or increase the operating profit instead of decrease in this quarter.

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

No, again Q4 you are comparing, very marginal decline.

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

What happens is lot of water gets flown. In this quarter our figures, numbers, base, everything changes.

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

Yes.

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

So, we cannot also at the same time compare with Q1 of the last year.

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

No, there are variations. I just would like you to request to Q1 because there are variations in income booking and expenditure booking. Lot of expenditure gets booked.

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

So, what I actually wanted is nothing unusual or nothing one-off or nothing of that kind?

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

No.

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

So, just one point I will add, if you permit. Treasury, even if you compare with Q4, I think in the area of profit earned on account of sale of securities, we are more or less the same in Q4. Only in terms of forex, we always say it is a combination of trading income versus the derivative MTM movement. So, this quarter we did not experience the same positive movement as Q4, which is beyond the Bank's control, as well as the market factor movement. So, that is the only reason. Otherwise, the core income is continuing to contribute.

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

All right, sir. Thank you.

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

Hello sir, congratulations. I had a couple of questions, firstly on Xpress credit. Sir, it has not been growing and we have a lot of government employees. So, they should not be really affected by the macro movements. Plus, we also have a lot of repeat business in Xpress credit. So, why have people stopped taking that repeat business? It appears to be the case that even the repeat business would have been lower because Xpress credit has not grown for a few quarters. So, why have people stopped taking repeat business on Xpress credit as well? So, that is my first question.

Second is, what is the margin outlook from here on? Basically, they have declined 10 basis points. That is possibly a little better than expected... than what we had expected. But how does it pan out from here?

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

Thank you. Xpress credit, we have had some systemic improvements when we saw that some of the low net monthly income group, even among the government employees, which are predominantly our customer base, we have seen some over leverage happening there. So, such segments, temporarily, we have had a relook at it, that is in the last year. In the Q1, we have seen that NMI, EMI profile of our customers, even at the lower end of the income segment has improved. So, we are again reactivating some of these segments, which we have not considered earlier to be brought back. So, you are right, I think Xpress credit is basically a rollover product, where people take, close and then take. And many a time their income levels also go up and they take more loan. So, that is happening. Otherwise, the portfolio would not have remained at ₹3.5 lakh crores. And the amount of repayment which happens every quarter is phenomenal in this. Because while it is given for 6 to 7 years, the average tenure of the loan is 2 to 3 years only. That means, faster repayment happens here.

With these improvements, what we have done is, we've completely reoriented the process. In the last quarter also, I did mention that we have made it completely a digital process. And this also had taken some time to stabilize. People still have to come to the branch and sign the paper, because in some of the areas, digital documentation has not been rolled out. But we are seeing a good comeback in the current quarter. Q1 was slightly disappointing for us also. We have expected the growth to come back. In fact, I said that we may reach double digit growth in Xpress credit. It is taking a slightly longer time to get back to that growth rate. But in this quarter, I am seeing a good development there in Xpress credit.

And there are also some practical difficulties. For example, in the defence area, that is our major segment of customers. During these disturbances, many of these defence areas were not available for access. Neither they could come to the branch, nor could the branch people go. That also had some impact. I am not saying it is a major impact, but all of them have collectively resulted in lower growth in Q1 than what we anticipated. But I am seeing a good growth coming back there.

As far as margin outlook, we are still standing by our 3% guidance on NIM. As I mentioned earlier, I think the NIM trajectory will be U-shaped. It probably will come down in Q2. While we are not hazarding a guess how much it will come down, but I think it will definitely improve from Q3 to Q4 for 2-3 reasons, one is the deposits get repriced, predominantly the fixed deposits get repriced. We will also have the full benefit of savings bank account rate reduction, and the NIM contribution which will come from the CRR cut. So we are sticking to our 3% guidance. Thank you.

- **Mr. Manoj Alimchandani, Participant**

Excellent response to QIP, great management and a very good fair price also. It is really phenomenal the way every member of the Board managed. You got a good price, phenomenal response. Largest QIP ever, over ₹ 1 lakh. So, hats off to you and good numbers. And also, good quarterly numbers, credit growth, ROE of 19.7%, good results by the funds business and insurance business; they have given a boost.

A couple of things come to the mind on particular questions where you can update us. One is the slide no. 23. Now what we see, a little number we can see with a little scepticism that 7.88% growth in operating expenses which is very good, and which gives us a cost to income ratio of below 0.5. Now when we go on identifying the items, below 8% is a little sceptical that is what I said. I would like to know on an annual run rate basis, what can we expect. Of course, the size of business will also grow. So, can we expect the cost to income at 0.49 or below? The ground level numbers you would know.

Second question is, there is a huge challenging uncertainty which you addressed in the press conference also. Now this has resulted in temporary supply chain disruption in trade; manufacturers who are dependent to a good extent on exports, whether in India and abroad. Now this supply chain disruptions, cancellation of orders, maybe even a 1 billion order cancellation by the Walmart's and the like can disrupt and have a spiralling impact on the business - working capital, receivables, inventory, and the spiralling is more worrisome to all of us. Now being a premier bank, would like to know at the ground level, you would be knowing last few days the cancellation of orders. So, shipments getting held up and that can have a huge impact, maybe disruption could be a few months. Would like to share whether we need to worry about it, or the ground level numbers and growth numbers seem apparently good? And, how do we look at it on a sustainable basis?

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

Thank you. First of all, I was waiting for someone to compliment on the QIP. Show the QIP slide, I'll just spend some couple of minutes. Of course, it's well known what we have spoken widely about that, but I must thank all of you for the confidence that you have. I think, some of you have definitely helped us to reach out to the investors. Some of you have become part of the deal, some of you have not become part of the deal, but your engagement with SBI and your engagement to help us to reach out to the investors, I must acknowledge through this forum for those people who are present here and also on the call. I must thank, and also maybe I will request my team to acknowledge by way of an applause for all the investors.

(applause)

So, it is not only I think the largest QIP ever or largest equity issuance, but what was heartening is that more than 60% of the investors are cross-border investors, foreign investors who had bid for that. And we were happy to see some of the investors for the first time looking at our stock, which shows the confidence in the institution and also the confidence in the Indian economy. So, that is one.

The other one is in terms of cost to income ratio, I think what you have observed is right. I think this historically low operating expenses YoY are difficult to replicate. There could be some increase in the operating expenses going forward, but in the Q4 there have been some front loading of the expenses. That also is one of the reasons why you see a lesser growth in the operating expenses. But our effort, what I mentioned in my speech also, the project SARAL what we keep talking about is aimed at increasing the productivity. While we still are sticking to our guidance that the cost to income ratio, our effort is to keep below 50. I am not giving any number whether it is 47, 45. The effort is through the cycle, we would like to maintain the cost to income ratio below 50. I think that is something what I wanted to convey.

As far as supply chain disruption and tariff order, I think I did mention in press conference and I would like to reiterate, there are two elements of this tariff narrative. One is, the direct impact on the sectors. There are 4, 5 sectors we are all familiar which probably have more impact. But these sectors, from a banking system perspective, do not pose any systemic risk, because there are not very large exposures on this sector. Definitely, for SBI, very, very minor exposures on these sectors, number one. So, so you need not worry about the institutional credit quality point of view. But from a larger perspective, I think more than the direct impact, the uncertainty surrounding the tariffs, both in terms of investment decision, in terms of the trade disruptions, offtake, is something what we should have... definitely we have a concern, and I am sure the Government of India is working very hard to ensure that the issue of tariff related negotiations are concluded at the earliest and the clarity emerges there, while keeping the nation's interest paramount. I think we fully respect and support that approach.

And from the ground level, we do hear anecdotally that there are some people who want the shipments to be held on, but we have not heard so much to cause concern at this juncture. So, this is what I can respond immediately, but let us wait and watch how it is going to evolve. Thank you.

- **Mr. Manoj Alimchandani, Participant**

Sir, second thing is on the monetization of assets, particularly Yes Bank, which we always discuss as intrinsically higher value. Now, once part of a deal was signed for a small portion (not a full portion), now that portion the money does not come for a long time, then the price announced 21.5 and the market has also gone up significantly, should not we expect upward revision in the price, clearly?

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

Sir, these are binding offers.

- **Mr. Manoj Alimchandani, Participant**

But the time of payment is also important, no?

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

No, no, the binding offer is valid for certain period of time, that period has not elapsed.

- **Mr. Manoj Alimchandani, Participant**

Okay, so it will remain. Maybe in the next tranche would be higher price.

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

No, next tranche has no control... I mean, no limitations on our either pricing ability or when do we exit; there are no such restrictions. So we are free to look at that opportunity.

- **Mr. Manoj Alimchandani, Participant**

Lastly, another compliment to you, your Bank is doing well in case of large fraud accounts and maintaining your highest level of ethics and follow-up action. Whoever is a borrower, large accounts, you have done well on fraud accounts. Keep it up, we are all behind you Hope you get some recoveries. All the best.

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

Sir, one question around asset quality. While you indicated that things are all going good and there is no risk lurking around, but given how the credit environment is shaping up and we are seeing very high delinquencies in unsecured segment with many other lenders, do you see any risk of spillover of the same to SME, MSME which traditionally have been more vulnerable segments?

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

In our SME book, barring the micro loans which are essentially below 20 lakhs, the government-oriented schemes and all, most of the lending either is secured lending or it is backed by the CGTMSE guarantee. From that angle, I think we need to say that we are well protected there.

But in terms of the asset quality, we have not seen any great concern on the SME book so far. And the underwriting of SME also has improved tremendously. As I mentioned last time also, the Business Rule Engine which we have adopted, now we almost have crossed more than ₹65,000 crores worth loans which are processed using the Business Rule Engine where the data sets are much more robust. We have GST data, income tax data, our own account statement and historical default data. And we were able to develop a rule engine where the assessment, in my view, and underwriting, has tremendously improved. So, while SME definitely is more vulnerable than any other segment, but we are confident that the kind of loans which we are underwriting today, may not pose any major problems.

As far as unsecured personal loans are concerned, as we keep saying, our Xpress credit is more secured than the secured.

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

Right. Sir, the other observation is around the cost of deposits. So we have reported a small rise in cost of deposits this quarter, while we have seen stagnation or improvement by many other banks. So how to look into it? Are we expecting this to inch up further before it stabilises and comes down? And therefore, the margins, outlook, any colour? When will we see the bottom, 2Q or can it get delayed to 3Q also?

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

I think the cost of funds uptick is essentially a significant movement towards fixed deposits. If you see our FD growth rate is almost 14%, and very large FD book at that. But some of the rate cuts on the fixed deposit that we have done, we will get the benefit in the quarters going forward. And our fixed deposit book also will get repriced predominantly in the next 8-12 months. Every month, of course, there is a repricing which happens on maturity. And the reduction in CASA YoY also and particularly from Q4 to Q1, that also has impacted the cost of deposits. But I am sure that I think it will moderate.

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

Right. And sir, lastly on the RoA wherein you have suggested to maintain RoA above 1%. Now this quarter we are at 1.14%, while of course it has come in on the back of significant treasury gains. But does this imply that the 2H RoA will be lower than 1H?

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

I think there will be some contribution coming from the CRR cut and many other things which are in the offering. That will also improve the earnings; NIM will be improved. Yeah, some impact will be seen if the treasury gains are not as robust as we are today. But I believe that is the reason our guidance is 1% and above. We are not giving what level of above that 1%, but we are sticking to our 1% guidance on the ROA.

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

Thank you, sir and wish you all the best.

- **Mr. Bhavik Shah – InCred Capital**

Sir, as you rightly started, there is lot of pricing competition on corporate and NBFC loans. We have cut SA rates, we have cut term deposit rates almost by 65-70 bps. So, do you incrementally take the lead and plan to cut term deposit rates further?

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

We will see. I think how it is playing out is not appropriate to comment at this juncture. But we will look at... See, earlier also I mentioned that deposit for us is a franchise activity. And as I mentioned in my inaugural remarks, though it sounded a little philosophical, I think we want to take care of all our constituents. So, we never want to short change our depositors and we want to provide... And we have a large base of savers and also senior citizens. So we need to take care. While I am not ruling out, but I think we will be mindful of those elements also before we take the rate cut on the deposits.

- **Mr. Bhavik Shah – InCred Capital**

Sir, two more questions. So, the interest earned is split into 3-4 buckets. So, interest, what we have earned on RBI and interbank borrowings that has gone up from ₹1,000 crores to ₹1,800 crores.

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

Which item is that?

- **Mr. Bhavik Shah – InCred Capital**

It is within the interest earned. And similarly, we have seen a sharp drop in the interest expense. Again, that is from whatever we pay to interbank and RBI. What kind of operations were there? As in, any colour would be helpful.

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

We do not give that kind of granular data. See, both our borrowing, market borrowing and market lending depend on the liquidity management. I think it is not in terms of supporting any credit growth. We do not borrow to support the credit growth. It is essentially the liquidity operations. So, not any great variation in that. But the cost will come down because most of the TREPs and CROMs rate have significantly come down there.

– **Mr. Bhavik Shah – InCred Capital**

And sir, last question. NSE stake; what methodology we use to value the stake in NSE Ltd?

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

Is it appropriate to talk about an individual investment on that? When the NSE gets listed, you will come to know what methodology we are adopting.

– **Mr. Bhavik Shah – InCred Capital**

Okay, sir. I just wanted to understand what value...

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

I think that is not appropriate.

– **Mr. Sushil Choksey – Indus Equity Advisors**

Congratulations on a very successful QIP. The first question is, in your press meet you did indicate that you have 7 lakh crores of pipeline sanctioned and what is visible to you or which is under assessment. Seeing the current condition led by US tariff, global challenges, India may accelerate domestic development of infrastructure or other schemes led by Central Government or State Government, keeping in view that our negotiations do not go through. Do we sense that government has already started about roads in the press, but power plants are happening because of demand led by data centre or various other factors including manufacturing, PLI schemes. So, lot of manufacturing is coming in India and domestic consumption is also increasing. Any sense on this infrastructure spend would show different colour starting second half?

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

I will just give some brief and then I will ask Mr. Tewari to supplement me. See the government capital expenditure, there is a good visibility of government capital expenditure, but, I think, to the extent what they have committed so far. We will have to see as we progress whether they are going to further enhance that ₹11.5 lakh crore commitment what they have given on the capital expenditure front.

As far as infrastructure is concerned, we are seeing good enquiries on the infrastructure. In fact, some of the power related, other than the simple renewable energy like solar, wind, we are also seeing the green hydrogen and many other new emerging areas people are discussing with us, we are looking at those opportunities also. But as far as the pipeline is concerned, I will ask Mr. Tewari to supplement.

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

So, to your specific point whether in response to the uncertainty by tariffs, is there a government plan to speed up or enhance the investments? I think we have not seen that. It is too early. I think they were still finalising what they want to do. But as rightly pointed out by Chairman, that ₹11.5 lakh crores, plus the enquiries we are having in terms of not only the power on the renewable side etc., but also thermal. Because clearly the base load issue has not gone away and that is why the power sector is a big place where lot of investments are planned and also already sanctioned. And these will be disbursed. So, there is no question of these not being disbursed at all.

Similarly in other areas for example the commercial real estate, both for the malls and the real commercial LRD kind of loans, and also residential on the premium side, this again is seeing a lot of uptick. Mumbai city itself has so many inquiries for the slum redevelopment schemes and other similar activities. So, we are seeing good opportunities there. Still lot of this is in planning stage, discussion stage etc. One very large redevelopment which is happening near the airport, you are aware of that. So, all of this is happening.

Having said this there are some players who are kind of putting things on hold which they planned earlier and may be wanting to know more in certain sectors, and some are seeing more consolidation. Cement for example is seeing more consolidation. Steel, again, there are some plans, but again they are coloured by some developments which you are aware of. So therefore, it is overall a slightly mixed picture. But as rightly said by the Chairman, that overall, we still think that we might have this year still at around 10-11% in corporate growth. Right now, it seems very, very low. But ultimately, I think the kind of project pipeline we have, and we are the strongest player in the project finance space, so we do hope that 10-11% is what we will end up achieving. Thank you.

- **Mr. Sushil Choksey – Indus Equity Advisors**

Most of the banks in RAM sector have shown 17-18% growth. Do you think the second half specifically, after the festive season or starting the festive, that RAM will get accelerated or you think the numbers are at peak?

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

In our book I think home loans we have done 15% on a base of 8 lakh crores. I think that is a phenomenal growth. But I definitely visualise that the unsecured personal loan segment and auto loan segment... Auto is not all that doing well in terms of the sales and it is also getting reflected in the auto loan segment. These two will pick up in the second half, that is what our assumption is, and that will have some spin-off effect on the SME also. SME, my view is that 19-21% growth rate is very robust. I do not think it will further get into a higher mode. Even if we are growing at 19-20%, it is a good growth rate to have.

- **Mr. Sushil Choksey – Indus Equity Advisors**

Sir, second is you are enabling with lot of initiatives with digitisation processes. So, I am sure you are doing an accelerated development, whether new products or AI or transformation

journey in the current phase. So will your digital expenditure substantially increase, or the stable number would continue?

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

No, we have been investing in technology and digitalisation significantly. And many of these initiatives what we spoke about are not very costly events. It is not that we have to spend a lot. It is more in terms of the re-engineering. That means, you look at the process and see what are those redundant steps which we have not looked at for quite some time? Another element is, if you really ask me what would be the major investment coming forward, it would be a build-up of our own AI stack which we are undertaking, but that does not require any great amount of capital expenditure.

– **Mr. Sushil Choksey – Indus Equity Advisors**

Second thing. Any plans on listing of any other subsidiaries?

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

No, as we mentioned that we definitely have a couple of candidates for listing, but the timing is not very... there is no sense of urgency there, I believe. And you all have helped us to raise ₹25,000 crores now.

– **Mr. Sushil Choksey – Indus Equity Advisors**

I think the markets are in good shape despite the global challenges. Only thing is the right choice.

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

Yes.

– **Mr. Sushil Choksey – Indus Equity Advisors**

Because you started with ARCIL and offer for sale little bit, but there will be multiple other choices.

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

No, there are lot of things which we have been participants in, ARCIL, NSDL. So wherever the opportunities are there we will definitely look at.

– **Mr. Sushil Choksey – Indus Equity Advisors**

Thank you for answering all my questions. Good luck for the year.

– **Mr. Jai Mundhra – ICICI Securities**

Hi, sir. This is Jai Mundhra from ICICI Securities. Sir first, on your margins you said 3% for the full year. This is global or domestic?

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

Domestic.

– **Mr. Jai Mundhra – ICICI Securities**

Okay. And secondly sir, if you can call out the amount of bulk deposits that we have, that probably will reprice at a much faster pace. If you have that number?

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

We do not disclose that.

– **Mr. Jai Mundhra – ICICI Securities**

Sure. Secondly on SME, we have been doing very well for the last 9, 10 quarters, 15% plus growth on a consistent basis. Would you have any visibility on the self-funding ratio? So usually, a lot of other banks when they go reasonably well in SME, they get to own the float also in that business because these typically may have only one or at max two banks. Would you have some visibility that what is the kind of self-funding that we are getting from these SME pool now?

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

See, most of these SME loans are sole banking loans. Very few have consortium arrangement. Which means that the whole cash flow is routed through our cash credit account. If that is what you are looking at, yes, we have a good visibility of the cash flow. And we actually insist that the whole cash has to be routed through us and that is one of the preconditions.

– **Mr. Jai Mundhra – ICICI Securities**

And sir on breakup only, if you have the slippages break up for this quarter, especially in agri and retail and maybe Xpress credit.

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

You have that? Yeah.

– **Mr. Jai Mundhra – ICICI Securities**

And sir, Xpress credit and other retail, what are the key products there apart from home loan, auto loan and gold loan?

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

Other p-segment loans are educational loans mainly and pension loans. We also have pension loans. And loan against fixed deposits; that is also a very popular product in our book.

– **Mr. Jai Mundhra – ICICI Securities**

If you have the quantum there or the LAP? Sir, do you do LAP?

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

We do not do much LAP. We do LAP, but it is not very significant. But even if it is there, it will appear in the home loans category.

– **Mr. Jai Mundhra – ICICI Securities**

Sure, sir. If you can just quantify the number of education loan?

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

That's not a big number, anyway. Education, we will be able to give the breakup. There is absolutely no problem.

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

Sir, can I respond to the slippages part? So, in SME, the slippage is 2,680. Agriculture is 2,464. Personal is 2,602. Total is 7,746 and there is some small slippage in CCG 196 crores, the total is 7,942, out of which 1,585 has already been pulled back.

– **Mr. Jai Mundhra – ICICI Securities**

Thank you, sir. All the best.

– **Mr. Piran Engineer – CLSA**

Sir, just a couple of questions. Firstly, on the power sector, we are seeing that NBFCs are growing faster than banks last few years since this power sector CapEx has taken up. our book is flat YoY. Can you just give us some commentary of why this is happening? Are the risks still high in this segment? Because the yields are pretty good, north of 10%. Why aren't banks participating in this business?

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

We are extremely oriented towards the renewable energy which is coming up. Even on the thermal capacity addition, which is happening, I think SBI is there. But some of the NBFCs what you are mentioning, are focused on some of these renewables, for example. So obviously their book will be much larger than what bank books are. So, the three NBFCs what we all know are actively involved because their mandate is to finance the power sector. So obviously, their book will be always larger. And they are also diversifying their book from the conventional DISCOM and GENCO funding to renewable financing in the private space. That is where you see the growth coming for them. But we are not staying away, we are very actively involved in this space.

– **Mr. Piran Engineer – CLSA**

Sir, but then our growth is like 1% YoY.

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

No, see the challenge in the renewable is the typical short-term execution there; execution is just less than 12 months. The moment the project is up and running, either they will go for refinancing or most of them are moving into InvITs also. So that gets refinanced and the churning happens faster in the renewable space.

– **Mr. Piran Engineer – CLSA**

Understood, thank you. So secondly when we talk about our NIM trajectory and aspiration to reach the exit FY26 NIM at par with exit FY25, what assumptions are we making on further... like someone asked this question, on further rate cuts? Are we assuming that we will cut rates further to reach that NIM, or is it simply just repricing of term deposits which will help us get there? And are we assuming CASA ratios to also decline like they have been declining for the banking sector?

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

Our assumptions are broadly the following. One is, you are right, I think more than further rate cuts, we are building our model based on the repricing. As the book gets repriced, that benefit will be available both on the savings bank and as well as fixed deposits. The second thing also

considers the CRR cut; almost ₹52,000 crores get released which is not currently earning anything. So, that will also add to the NIM. And we believe that the policy decision of not cutting further rates have established that in the retail segment, the rates will be stabilising on the asset side. So, all these elements give us confidence that the NIM trajectory is what we have assumed.

– **Mr. Piran Engineer – CLSA**

Understood. Thank you, sir and wish you all the best.

– **Mr. Anand Dama – Emkay Global**

Sir, you said that there will be a release of about ₹52,000 from CRR, we have ₹25,000 odd crores coming from capital side. Do you believe that the 12% growth that we have now at this point of time can become 13%? Hopefully mortgages also should see a pickup in the second half of the year with the rates coming off. Do we not see at this point of time any signs? What is your view on the overall growth and particularly the mortgage growth, if you can share?

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

So, the liquidity and capital has never been a constraint. See, even earlier also we had adequate CRAR to support the credit growth. While this 25,000 definitely has augmented our capital, as we mentioned earlier also, it was mainly for confidence capital or improving our CET-1. So, it need not be linked to our ability to fund growth; the growth capability was always there.

In terms of the liquidity, again we had one of the lowest CD ratios and excess SLR of almost ₹3.5 lakh crores. So, these are not going to really move the needle. This is not about supply issue ever for us, it was always in terms of what demand is coming in the market. That's the reason we are still sticking to 12%. And as the uncertainties get cleared, probably there is a potential upside of 13%.

– **Mr. Anand Dama – Emkay Global**

And on mortgages, if you can just share some info, because we are not seeing any pickup on the ground as of now, despite the rate cuts which have happened.

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

You see a 15% growth rate in home loan.

– **Mr. Anand Dama – Emkay Global**

That is for us, but otherwise when we speak to lot of other players, they are saying that...

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

I don't know. At least we are seeing that good amount of sourcing of applications, sanctions, disbursements, and we probably have historically high level of sourcing going on now as we speak.

– **Mr. Anand Dama – Emkay Global**

And secondly, do you expect that the ECL norms will come this year now?

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

ECL? No idea on that. Thank you.

– **Mr. Anand Dama – Emkay Global**

Thank you, sir.

– **Mr. Kunal Shah – Citigroup**

Firstly, on Xpress credit, we have been very comfortable with less than 1% NPA over there. Now it has gone up to almost 1.2% and that too on a flat book. So where do we see eventually GNPA's in Xpress credit stabilising? Do we see further inch up the way it has been like last 4-5 quarters, or most of it is now recognised?

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

So, the absolute number has not moved much. It is only the base effect because it is almost stagnant; the book is at the same level. That is actually resulting in the uptick. We don't see major concern in terms of the asset quality in Xpress credit. We may still have some pull back happening on that.

– **Mr. Kunal Shah – Citigroup**

Okay. And if you can share AFS reserves number, so that would help.

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

₹7,700 crores.

– **Mr. Kunal Shah – Citigroup:**

Last time it was ₹6,600 crores.

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

Some accretion is there.

– **Mr. Kunal Shah – Citigroup**

Okay, thanks.

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

We have a few questions coming in through the online webcast now. These will be addressed by the Chairman sir now.

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

- The first question is from M.B. Mahesh from Kotak. If you could give us the income from written-off accounts.

Q1 FY26 - ₹1,229 crores, I think it is mentioned in the presentation. Q1 FY25, it was ₹1,008 crores.

- Kiran Shah - Can you please give the breakup percentage of your loan mix in terms of based on external benchmark like repo, others and fixed rates?

Our MCLR book is 30.69%, EBLR is 30.24%, fixed rate is 22.58% and others which includes T-bill link pricing of 15.93%.

- Saurabh Kumar - What is quantum of IT refund in last Q4 FY25 and this quarter?

This quarter we did not have any IT refund. IT refund in Q4 was ₹1,319 crores and IT refund in the corresponding period last year was also nil.

- Armaan Nahar from Blue Sky FinTech - Do you think pain in unsecured segment MFI has come to an end?

I think we never had any issues in our unsecured book, as well as our MFI exposure, which is miniscule. But we believe that from a system point of view, there is definitely an improvement in the asset quality in unsecured loan and MFI segment. While lot of

upfronting in terms of cleaning up the book by MFI is also one of the reasons why we believe that situation is better now.

- Deepanshu - How QIP funds will be used in future?

As I mentioned, it is not in terms of growth capital. It is definitely to augment our CET-1. So, today after this capital raise, the available buffer is 233 bps over minimum regulatory capital. So, we believe that this supports adequately our growth plans.

- Vishal Gutka from Ask Investment Manager - What is driving such sharp increase in current account balances given other peer banks are grappling to correct current account balances?

So, the current account growth has come from both government and non-government accounts. We definitely focused on many initiatives such as creation of specialized hubs and deployment of dedicated workforce. Relationship managers for current account also are there to look specifically into it. But more than the quarter end balances what we are witnessing to our pleasant surprise is, the QoQ improvement in the daily average balances in the current account.

- Chintan Joshi - Can you give us colour on what you weighted average saving deposit cost?

The average weighted deposit cost in savings bank deposits as on June 2025 is 2.68%.

- Radhika Kantikar from HDFC Ergo - What is the outlook for slippages?

We had slippages of ₹7,945 crore in Q1 FY26, out of which there has been some pullback. So, we are still sticking to our slippage ratio, to contain the slippages below 0.6%.

- Rohan Mandora from Equirus - Why did your cost of deposits increase during the quarter? Also, what is the share of bulk deposits?

I already explained that the CASA ratio decline, as well as TD significantly increasing, has contributed to the cost increase, but we expect it to moderate. And normally, we do not disclose the bulk deposit-related data.

- Rohan Mandora - What is driving growth in the SME segment? Is it largely working capital demand? Any signs of initial stress that we may be seeing in the SME portfolio? And our asset quality in Xpress credit has held up well, but we have slowed down the growth in that segment. Is there a lack of good quality demand?

I think both these questions I have answered, I do not want to repeat again.

- Sukrit D Patel - As SBI continues to scale its digital banking footprint, how are you envisioning the integration of AI-led underwriting and behavioural risk scoring across the YONO and SME platforms in the next quarter?

As we continue enabling our digital document execution for the BRE and non-BRE journeys under LLMS, that is, Loan Lifecycle Management System, we also have an auto-renewal journey on the BRE loans. We have integration of a vendor verification module, and many things where we are using AI will also be there. As I mentioned, the AI stack is something we are setting up. So, this would help us. Underwriting BRE is essentially using the machine learning models and we probably visualize AI to set the patterns. Today, we are using predictive AI models. We also intend to use the Gen-AI models going forward. And with customer migration to the alternate channel, end-to-end digital channel products will be launched.

- I think this broadly covers the questions from the calls. 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 by thanking Chairman Sir, MD Sirs, DMD Madam, the top management team, analysts, 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