Ajmera – Analyst: This is basically beyond the requirement as per the IRAC. Is it to take care of the ECL, or to take care of any chunky account which you are looking at, or is it a floating provision you want to continue and rather increase in the future?

Management: Thank you, Mr. Ajmera, for the kind words. The profitability in Q3 has come from many levers. I mentioned in Q1 and Q2 that both on the growth side as well as on the profitability side, SBI has many levers, and we will continue to use them. If you see our fee-based income, most segments have shown good growth, including cross-selling and up-selling, but also government business.

The LC business is also remaining, and fee-based income in terms of processing charges and recovery in written-off accounts is contributing, along with credit growth across segments. Apart from that, we have also focused on moderating the cost of resources, which has given an uptick in the net interest income. Net interest income growth of 9% is a combination of containing the cost of resources as well as credit growth.

If I have to talk about one-offs, one item is a special dividend we received of approximately 2,200 crores from SBI Mutual Fund. Even if you net off this one-off, we have done fairly well in every area. Modest credit costs also contributed to the uptick in profitability. We focused on moderating operating expenses; while our staff costs are broadly a result of certain factors, we tried to reduce overhead costs. That has also been one of the reasons for the good profitability.

Regarding credit growth, we had given a 12-14% guidance earlier. We are revising that upwards to 13-15% for the current quarter. We will give full-year guidance when we meet again in Q1, but for the current quarter, we are revising our credit growth estimate to 13-15% based on the trends seen so far. Segment-wise, the growth has been secular. We had given guidance for double-digit corporate credit growth in Q3, and we hope to continue that in Q4. This means RAM will continue to contribute significantly, and the corporate book growing in double digits means our guidance of 13-15% is supported by all segments.

Regarding non-NPA provisions, the COVID provision of 3,500 crores is continuing, and there are some proactive provisions we have made for specific accounts. This is broadly a standard asset provision. The idea is to show that we have the ability to take care of any untoward incidents and manage the balance sheet as we wish. This is not being built specifically for the ECL.

Ajmera – Analyst: Just one point, sir. We have given the breakup of the 1,62,464 crores; the amount beyond 10 years is 23,000 odd crores, 5 years is 87,000 crores, and below 5 years is 51,000 crores. In order to get the proper color for the recovery from written-off accounts, what kind of strategy and efforts do we have? For accounts beyond 10 years, what is the possibility of recovery? For accounts between 5 and 10 years, and below 5 years, why do we not have a higher percentage of recovery? Given the underwriting quality in the last 5 years, the loan-to-NPA ratio might be less than 0.75% or 1%. How do we look at recovery from that perspective?

Management: In recent slippages, you would definitely see better recoveries. In fact, much of the run rate we are witnessing of around 2,000 crores per quarter is coming from recent slippages, meaning they are around 2 to 3 years old. You are right that accounts written off less than 5 years ago will have a better recovery rate, but the most appropriate way is to look at the portfolio level. We are still sticking to our earlier guidance that 6-8% recovery is possible in this portfolio. While there could be higher or lower recovery based on age, it is better to assume 6-8% recovery overall.

Analyst1: Hello, sir. Congratulations. I had a couple of questions. Firstly, in terms of your NIM outlook for the longer term and the fourth quarter, you previously guided that NIM would be about 3% in the fourth quarter. Does that still hold? Is there scope for the cost of funds to come down further? Secondly, in fees, the cross-selling income has grown very sharply year-over-year and quarter-over-quarter; do you have any comments on that? Finally, what was the interest on income tax refunds for this quarter and the last quarter?

Management: On the NIM front, our guidance is that the exit NIM for the current year will be about 3%, and our long-term guidance is 3% through the cycles. There could be some upside, but that guidance holds for Q4 FY26 and for the years FY27 and FY28.

Regarding CVE (Customer Value Enhancement) income, there has been good growth in life insurance, and we have seen benefits from GST; the number of policies sold has increased. Trail income from mutual funds has also gone up. There is a secular movement in cross-selling. We have enhanced the number of products available through our counters and the YONO channel.

Regarding interest on the IT refund, I will have the numbers for you.

Management: Interest on the income tax refund for Q3 was 769 crores, compared to 372 crores last quarter.

Analyst1: And regarding the cost of funds, is there scope for deposit costs to come down?

Management: For the cost of funds, we have strategically focused more on retail deposits rather than moving toward wholesale deposits. Even in wholesale, we moved into bulk card rate deposits, which are almost equivalent to retail term deposit rates. We have not been aggressive on differential interest rates or high-cost deposits, which has helped contain costs. A 39% CASA ratio is also bringing down the cost. We got the full benefit of the savings bank interest rate reduction to 2.5%, and 10% growth in current accounts is helping us.

I think the cost of funds will remain at this level for Q4. We will take a call in Q1 regarding our deposit strategy based on how credit growth plays out. We have adequate liquidity and capital buffers to support credit goals.

Jay Mundra - ICICI Securities: Hi, sir. This is Jay Mundra from ICICI Securities. Continuing on the previous question, you said the cost of funds may remain stable. Is that because bulk deposit rates in the system have shot up in the last 2 to 3 months? Otherwise, your retail deposits should keep repricing from what was done in June and July. Why would the cost of funds be stable unless there are moving parts with higher rates?

Management: The cost of retail term deposits is high even after repricing. The book mostly repriced, and the benefit of the last reduction in interest rates will be available for another 6 to 8 months as repricing happens. I am seeing a stabilization of interest rates on retail term deposits. There is not much room left to reduce them, given the deposit mobilization we need for credit growth. Q4 should see the numbers remain stable. There could be some further repricing because the interest rate reduction will play out for some time, but I believe a further reduction in the cost of funds is unlikely. We will maintain this level, and if we mobilize more current accounts in Q4, that may moderate the cost of funds.

Jay Mundra - ICICI Securities: On express credit, the portfolio has grown at 3-4% quarter-over-quarter. You mentioned a good pickup in disbursements. It would help if you could give the absolute crore number for disbursements for clarity.

Management: We do not disclose specific disbursement numbers for each product. We were hoping for double-digit growth in express credit. There seems to be some movement toward gold loans among corporate salary package holders. Some salary holders have opted for gold loans instead of express credit because the value of gold has gone up, increasing the loan amount they can get, and the rate differential is significant. However, the fact that we are managing the portfolio at this level shows that our sanctions and disbursements are robust.

Jay Mundra - ICICI Securities: Regarding the gold loan portfolio, there is a 95% year-over-year increase. Is this entire growth organic, or is there a reclassification from agri-gold to retail gold? What are the risk mitigations and the current LTV?

Management: We do a deep dive into this portfolio every day and monitor LTVs. There was some shift from agri-gold loans to personal gold loans, but they shifted back after the RBI clarified the rules. On personal gold loans, LTVs are very manageable. Some loans taken 2 years ago when prices were lower have significantly lower current LTVs. In agri-gold, the average LTV is 54.89%, and for personal gold loans, it is 51%. Even with the latest vintage, we don't go overboard; there is adequate margin. Furthermore, the number of gold loans auctioned is only about 20 to 30 out of our massive portfolio. Nobody allows these accounts to become NPAs; they ensure they pay off the loan. There is no concern here.

Analyst1: What is the agri-gold loan book size, sir?

Management: The agri-gold loan book as of December is 1,44,000 crores.

Susheel Jukse - Inda Equity: Sir, congratulations to the team for a great performance. You mentioned the rate reduction cycle has bottomed out, and interest rates may be flat or upward now. With the budget, GST benefits, and trade deals with the EU and US, how do you see the scenario balancing the rate cycle and the credit outlook?

Management: On the credit side, it is extremely positive. The system itself will benefit from the trade deals, GST, and the monetary measures announced. SBI is well-positioned to capitalize on these developments, which is why I revised our credit growth guidance. Budget announcements regarding infrastructure and the focus on MSMEs align with our strategy. We have a 15-16% market share in MSMEs and are growing. We categorize MSMEs into platinum and gold to support them proactively with technology and market linkages. We are on the right path for credit growth, both in India and regarding cross-border opportunities from these trade deals.

Susheel Jukse – Inda Equity: Are we seeing early signs of movement in sectors like data centers, renewables, nuclear, or shipbuilding? Are project ticket sizes increasing from 2,000–5,000 crores to 30,000–50,000 crores?

Management: We are active in data center financing. Mega data centers have been announced, and while they still need to present business plans, we are part of that journey where capacities are being created. Renewable energy is a major focus; our green portfolio has reached 1 lakh crores, consisting predominantly of renewable energy. These growth opportunities are definitely being considered.

Susheel Jukse – Inda Equity: Your subsidiaries' contribution is on an uptick, specifically with the dividend from SBI Mutual Fund. Will this growth trajectory continue?

Management: Yes, it is on a higher growth trajectory. Our subsidiaries are doing very well and investing heavily in digitalization and customer-oriented initiatives. For example, SBI Life has a 47% market share in the PMJJBY micro-insurance scheme and is a leader in customer service and settlement. This trend is continuing in non-life, mutual funds, and credit card businesses.

Susheel Jukse – Inda Equity: Can this number double in 3 years?

Management: We set a target of 1 billion dollars for CVE income. If the rupee stays where it is, we should reach that 1 billion dollar mark soon.

Chintent Joshi – Autonomous: Hi, this is Chintan Joshi from Autonomous. Regarding the scope for corporate-led expansion and your balance sheet capacity, where could you take your LDR (Loan-to-Deposit Ratio) if credit demand improves? Will growing corporate loans drag down NIMs, or can you link it with CASA growth to offset that?

Management: In Q3, we had more than 13% corporate credit growth without compromising on margins. We have ensured that the NIM guidance is maintained, meaning we continue to price risk properly. We have strengthened ecosystem banking on the corporate side. Today, for any corporate underwriting, we use a checklist of 22 non-funding items, such as cash management, salary accounts, LCs, or foreign exchange. This sensitivity toward full engagement gives us confidence that even if we compromise on pricing for a corporate, it is based on the total value generated. I do not have concerns about margin compression from the corporate book.

On LDR, that is an evolving situation. We are confident that credit growth of 13-15% can be met comfortably by our liquidity and capital ratios.

Chintan Joshi – Autonomous: The reason I asked is that there was a 3.2% increase in LDR this quarter, but NIMs were flat.

Management: That 3.2% LDR increase is also coming from working capital drawdowns. Typically, working capital loans do not provide the same yield pickup as term loans. These are high-quality, reasonably-priced exposures. Also, look at our risk-weighted assets (RWA). Despite the growth, we have not significantly increased RWA, as we are playing cautiously on the risk side.

Chintan Joshi – Autonomous: Regarding the cost of funds, wouldn't it be a failure of transmission if the Q4 deposits from last year didn't reprice this year to provide a benefit? We saw a rate cut in December, but it seems to be struggling to pass through to the liability side.

Management: The December rate cut did not result in any repricing of deposits. Technically, that transmission did not happen on the deposit side while it happened on the asset side. The full transmission is unlikely to happen on the deposit side. About 75-80% of the repricing benefit has already occurred. It may reflect in this quarter, but it may not be very significant.

Manoj Alimchanda – Analyst: Excellent Q3 numbers. Hats off to the management team. I have thoughts regarding global branch expansion, particularly in the US and EU. We should have a greater share of the global pie. Furthermore, SBI has contributed many leaders, like Arjit Basu and others, to other banks. Why do we need to advertise for a CFO from outside? Regarding the corporate bond market, the SEBI Chairman suggested it could multiply; how can we gain there? Finally, local news suggests the mutual fund industry could double in 5 years; is there an opportunity for an IPO there?

Management: Thank you, Manoj. In terms of overseas expansion, we have a large presence in most geographies. Our New York branch is our largest operation. We are broadly wholesale bankers in these jurisdictions, and trade deals will help us in corporate and MSME funding. We do not need aggressive branch expansion in the EU, as our Frankfurt and Antwerp branches cover the requirements. In the US, we have wholesale banks in New York, Chicago, and Los Angeles, and a retail presence in California. We will soon open an SBI California branch in Dallas. However, we want to build our retail presence through YONO Global, which is already in 11 to 12 geographies, rather than physical branches.

On the corporate bond market, it needs to become vibrant. Our participation is based on credit growth; if there is a loan requirement, we prioritize that. However, our large corporates have both loan and investment limits. Partial credit enhancement allowed by the RBI will enable lower-rated corporates to access the bond market, which is currently dominated by Triple-A companies.

Regarding the CFO, there are specific qualifications fixed by the RBI. We are creating a pipeline, but in the interim, we needed a market resource. It remains open to internal candidates as well. For the mutual fund, we are not fully exiting. We have the potential to further monetize when the market improves. SBI Mutual Fund will play a very large role in the industry's growth.

Operator: Sir, I would also like to highlight that SBI received the Corporate Excellence in Financial Reporting award for the third time. Congratulations to you and the Finance team.

Ankit Bihani – Nomura: Hi, I want to ask about the outlook for treasury income. Given that yields have hardened, do you see treasury income moderating, or can you manage it by selling AFS securities or participating in OMOs? Secondly, what is the average LCR for the quarter and the impact of new norms in April? Thirdly, what is driving the miscellaneous fee income?

Management: On the treasury income side, we are not imaging a significant decline. Regarding yields, our internal view is that they will range from 6.55% to 6.75%. In this range, there is no concern about MTM hits. Q3 numbers were not built on MTM gains. Since our HFT book is small, yield movements won't have a significant impact. We have opportunities to participate in OMOs and buybacks. Trading profits have been robust for the last two quarters and will continue. LCR for the quarter is approximately 125%.

Regarding miscellaneous fee income, it is diversified. Major components include cash management services, mobile banking charges, account maintenance charges for non-savings accounts, and annual inspection charges. It is shown as a net figure after GST.

Kunal - Citi Group: Hi, sir. First, regarding PSL (Priority Sector Lending) targets, do we see a shortfall coming toward the end of the year in the small and marginal farmers (SMF) or weaker sections? Second, on CASA, there has been a sequential decline. Is this a quarter-end phenomenon or a loss in market share to private players?

Management: For current accounts, we are focusing on the private side as government business has virtually dried up. This focus has given us a current account uptick. It is not just a quarter-end phenomenon; our daily average balances are robust at more than 80-85% of the quarter-end numbers.

On PSL, targets are given to every segment. We monitor on-lending to NBFCs that qualify for PSL. We are even willing to offer rate discounts to NBFCs to prevent bleeding on the PSLC side. The SMF segment is a concern for everyone because the requirement is high relative to the portfolio size. To manage this, we front-loaded our PSLC purchases in Q2 and did not enter the PSLC market in Q3. We are evaluating how new guidelines will affect our book.

Analyst1: Any plans to tweak MCLR from the current level?

Management: MCLR is an arithmetical calculation. As long as the cost of deposits remains at this level, I do not believe MCLR rates will move. We are not currently considering tweaking deposit rates.

Jeet Sureka - Embit Capital: I have a couple of questions on employee provisions; they are lower quarter-over-quarter. What is the reason, and will the new labor codes affect us? Also, how much of the previous 100 basis point rate cut has been translated into yields?

Management: Regarding the labor codes, there is no noticeable impact because our wage structure is broadly aligned with them. The only requirement was providing gratuity for contractual employees after 1 year instead of 5, which resulted in a small 16 crore provision. Provisions for pensions are based on actuarial assessments; as discount rates moved up, the requirement for provisions came down. The run rate should be similar in Q4.

On yields, our book is about 50% MCLR/fixed and 50% EBLR/benchmarked. Full repricing of the previous 100 basis point cut is done. The December rate cut will take some time to transmit to deposits, and on the yield side, the impact is small—about 1 basis point on margins on a full-year basis.

Nitin Aggarwal - Motilal: Congratulations on a strong quarter. Regarding cost, Opex this quarter saw a slight decline while you raised loan growth guidance. How do you see the cost-to-income ratio playing out? Secondly, you are tracking higher than the 1% ROA guidance; will you review that?

Management: Higher credit growth is not expected to substantially increase operating costs. We aim to keep the cost-to-income ratio below 50%. Regarding ROA, we are sticking to our 1% guidance. We want to be consistent and maintain that 1% through the cycles, rather than focusing on a single quarter.

Prateeksha – DAM Capital: Sir, is private capex improving, and what is the pipeline for the corporate book?

Management: The total pipeline, including undisbursed sanctions, is 7.86 lakh crores. The pure pipeline of new projects is 3.45 lakh crores. We are seeing pickups in power, renewables, metals, and infrastructure. Two new areas will help us next year: the RBI's announcement on REITs and new MDA guidelines. Both segments offer better margins than other segments.

Management: I will now address questions from the online webcast. Regarding credit growth for FY27, we will give that in Q1. For the current quarter, growth guidance is revised to 13-15%. To Kanika's question on the credit-deposit gap, we have adequate liquidity and capital buffers. To Akhilesh Gupta, credit growth for Q3 was 15.14%.

On NIMs, we are sticking to the 3% output. To Karthik, ROA guidance is 1% through the cycles. Regarding profitable areas, express credit with a 3.5 lakh crore portfolio is high-yield, and corporate banking ecosystem improvements are contributing. Other income, including fee income, treasury, and forex, has shown sustainable growth.

Regarding miscellaneous income, it includes 2,200 crores from the mutual fund dividend and 2,600 crores from recovery in written-off accounts. Interest on the IT refund was 769 crores in Q3. For the gold loan portfolio, the yield is 8.61%, the average ticket size is 2.64 lakhs, and the LTV is 51.18%. GNPA and NNPA improved across segments, with the corporate segment seeing a reduction of 1,888 crores. The provision pool includes 1.10 lakh crores for corporate, 34,000 crores for SME, 7,000 crores for agriculture, and 7,000 crores for retail.

Operator: I trust all questions have been addressed. We thank the Chairman, Managing Directors, and the management team, as well as the analysts and investors for joining us. Please join us for high tea outside the hall. Thank you.