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Madam / Dear Sir,

**Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Transcript of conference call**

Pursuant to the applicable provisions of SEBI (LODR) Regulations, 2015 we attach herewith the transcript of the post results Earnings Conference Call Q4FY22 held on 13.05.2022.

Please take the above information on record and arrange for dissemination.

Yours faithfully,



(Sham K.)

Asst. General Manager (Compliance & Company Secretary)





Q4FY22

# EARNINGS CONFERENCE CALL

## Transcript

13.05.2022

- MANAGEMENT:** **MR. DINESH KUMAR KHARA**  
CHAIRMAN, STATE BANK OF INDIA
- MR. C.S. SETTY**  
MANAGING DIRECTOR (RETAIL & DIGITAL BANKING)
- MR. ASHWANI BHATIA**  
MANAGING DIRECTOR (CORPORATE BANKING AND GLOBAL MARKETS)
- MR. SWAMINATHAN J**  
MANAGING DIRECTOR (RISK, COMPLIANCE AND STRESSED ASSET RESOLUTION GROUP)
- MR. ASHWINI KUMAR TEWARI**  
MANAGING DIRECTOR (INTERNATIONAL BANKING, TECHNOLOGY AND SUBSIDIARIES)
- MR. ALOK KUMAR CHOUDHARY**  
DEPUTY MANAGING DIRECTOR (FINANCE)
- MR. SHIVA OM DIKSHIT**  
CHIEF GENERAL MANAGER (FINANCIAL CONTROL)
- MR. CHARANJIT ATTRA**  
CHIEF FINANCIAL OFFICER
- MR. PAWAN KUMAR KEDIA – GENERAL MANAGER (PERFORMANCE, PLANNING & REVIEW)**

**Moderator:** Ladies and gentlemen, Good day and welcome to State Bank of India, Q4 FY22 Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pawan Kumar Kedia – General Manager, PPR from State Bank of India. Thank you and over to you Mr. Kedia.

**Pawan Kumar Kedia:** Good evening, ladies and gentlemen. I am Pawan Kumar Kedia – General Manager, Performance Planning and Review.

On behalf of the top management of SBI, I extend a warm welcome to all joining us today on SBI Q4 FY’22 Earning Conference Call.

On the call today, we have with us our Chairman -- Mr. Dinesh Kumar Khara; Mr. C.S. Setty -- Managing Director, Retail and Digital Banking; Mr. Ashwani Bhatia -- Managing Director, Corporate Banking and Global Markets; Mr. Swaminathan J -- Managing Director, Risk, Compliance and Stress Asset Resolution Group; Mr. Ashwini Kumar Tewari -- Managing Director, International Banking, Technology and Subsidiaries; Mr. Alok Kumar Choudhary – Deputy Managing Director, Finance; Mr. Shiva Om Dikshit -- Chief General Manager (Financial Control) and Mr. Charanjit Attra -- Chief Financial Officer.

Before I request our chairman to give a brief summary of the Bank’s Q4 FY’22 Performance and the Strategic Initiative undertaken, I would like to read out Safe Harbor 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 outcome may differ materially from those included in these statements due to a variety of factors.

Thank you. Now I request our chairman sir to make his opening remarks. Over to you sir.

**Dinesh Kumar Khara:** Thank you. Good evening, friends. Thank you for joining this conference call before a long weekend. It is a pleasure to connect with you all again, in better circumstances, with the threat of the pandemic having been effectively addressed through vaccination drive of epic proportions.

I thank all our stakeholders including our customers, shareholders, analysts, employees and the broader ecosystem for being supportive of our efforts and initiative in our journey. I also take this opportunity to express my heartfelt gratitude to our shareholders and our financial market participants who have supported the Bank through the challenging times in the recent past.

The recovery of the global economy was hampered in Q4 of 2021 due to the resurgence of Omicron variant, which led many countries to reimpose lockdowns, travel restrictions, and other containment

measures, which actually disrupted economic activities and supply chains. More recently, the situation in Ukraine has further weighed down on the global trade dynamics that has led to spiraling of oil and other commodity prices.

The domestic economic scenario has also been affected by geopolitical events. RBI has lowered the Financial Year 2023 GDP growth forecast to 7.2% from the earlier guidance of 7.8% while possible upside could emanate from the sustained domestic demand, government thrust on CAPEX, a normal monsoon and healthier corporate balance sheets. The heightened geopolitical tensions do pose outside risk to the GDP growth.

Amidst these extraordinary global and financial challenges that the world has faced in financial year 22 the Bank has again delivered good outcomes in various profitability and asset quality parameters. This is an indication of the flexibility and strength of our operating model and the stupendous efforts put in by the team in the State Bank of India. This has helped us to close financial 2022 with robust results, which affirm our commitment to maintain our leadership position, and set the tone maintaining the momentum in financial year 2023.

I would like to highlight a few key areas of our performance:

The Bank has clocked highest ever profit of Rs. 31,676 crores for the financial year 2022 which is an increase of 55.2% over financial year 2021.

The return on assets is at 0.67% has witnessed an increase of 19 basis point while ROE at 13.92% has increased by 398 basis points over the previous year.

The Bank's deposit and advances grew by 10.06% and 11% respectively, in financial year 2022, which in absolute term works out to 3.70 lakh crore and Rs. 2.79 lakh crore, respectively.

Our retail personal book at Rs. 10 lakh crore is growing at three-year CAGR of 16% and we have also maintained our leadership position in home loans and auto loans.

The Bank's NII for financial year 2022 has shown a YoY increase of 9.03% while NIM for domestic operation stands at 3.36% that is 10 basis point higher than March 2021, reflecting the Bank's resilience during a challenging year.

As far as asset quality is concerned, the Bank's gross NPA and net NPA as on March 2022, were at 3.97% and 1.02%, respectively, which is an improvement over financial 2021 numbers of 4.98% and 1.50%.

The slippage ratio for financial year 2022 is 0.99%, 19 basis point lower than March 2021. The Bank's ability to bring down the net NPA around 1% is a result of focus and continuous attention in this area.

We have been able to contain the credit cost at 0.55% as against 1.12% as on March 2021, an improvement of 57 basis points we have seen in this particular area.

We have been constantly calibrating our lending strategies to maintain the quality of loan book, which is reflected in our corporate exposure, with 89% of the book being an investment grade. The book continues to remain well capitalized with CET-1 ratio at 9.94% and capital adequacy ratio of 13.83% against the regulatory requirement of 8.6% and 12.10%, respectively.

The Bank has also been able to keep the RWAs to total assets below 50% indicating the quality of the portfolio.

Our journey towards digital leadership continues. We have been witnessing increasing digital adoption by the Bank's customer and now more than 95% of the transactions routed through alternate channels.

The adoption of YONO has significantly increased with registration crossing 4.83 crores. YONO has created a significant value for the Bank, and we are now moving towards YONO 2.0 with many more advanced features amongst Bank's overseas offices, nine foreign offices and subsidiaries have gone live with YONO Global.

I am happy to announce equity dividend of 710% that is Rs. 7.10 per share.

We are aware of the areas where we need to improve our performance further with economic activity continuing to improve and the resultant higher credit offtake the Bank is aiming to increase its market share in advances. We are also focusing on current account deposits to improve our CASA ratio.

Our long-term goals are very clear and we are committed to maintain our Numero Uno position in the industry.

Now before I conclude, I thank you all for your continued support to the Bank. We are proud to be part of SBI and consider it as a privilege to be able to contribute towards the growth of our economy and the Bank. We remain committed to reward your trust in us with superior sustainable returns over the long term.

I wish everyone here good health and a very happy weekend. The floor is now open for your questions. Thank you very much.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mahrukh Adajania from Edelweiss. Please go ahead.

**Mahrukh Adajania:** I had a couple of questions. Firstly, what was, could you give us a breakdown of your loan book by benchmark rate?

**Dinesh Kumar Khara:** Well, almost worth 74% of the loan book is linked to MCLR, EBLR or T-Bills.

- Mahrukh Adajania:** How much is the EBLR and how much is T-Bill?
- Dinesh Kumar Khara:** See when it comes to T-Bill would be about 11% and MCLR is about 41% and the external benchmark rate is 23% mainly Repo.
- Mahrukh Adajania:** Sir my next question is on small loans. So, a lot of PSU Banks have seen big slippage in small loans below Rs. 5 crores. So, any geographic pressure that is visible to you and any experiences you can share?
- Dinesh Kumar Khara:** No actually as such, I would say that our even smaller loan book also it has actually improved in terms of its NPA percentage as compared to what we had seen in the past. So, I think we have not seen any such trends and even in the restructured book also, which we have particularly as far as SME is concerned, the book was about 30,000 which is the current outstanding MSME book is all Rs. 12000 crores, but we have seen the NPA ratio just about Rs. 720 crores which is actually much better as compared to the general trend, which we are seeing.
- Management:** If I can add Mahrukh we have witnessed a net decline of NPAs across the retail segment number one and number two even among the SMEs also the standard rate of slippage is lower than what we had pre-COVID. The third piece what do you ask there is no geographical concentration of any of these loans. I think we are not witnessing any such concentration.
- Mahrukh Adajania:** Got it sir, sir on a turn on the restructured of Rs. 30,000 crores so, that is OTR-1 and OTR-2 over and above that any past restructuring scheme or this includes everything.
- Dinesh Kumar Khara:** This actually includes everything. This will actually OTR-1 and OTR-2, and OTR-1 and OTR-2 is put together is about Rs. 30,960 crores, Rs. 7000 crores in the earlier books.
- Mahrukh Adajania:** But there is no overlap in the two.
- Dinesh Kumar Khara:** No.
- Mahrukh Adajania:** Okay. So, Rs. 30,000 crores plus Rs. 7000 crores and would you be able to quantify your slippage from ECLGS and what the outstanding is currently.
- Management:** ECLGS outstanding is about 32,000 crores now, the slippages are less than 2% so far.
- Mahrukh Adajania:** Sir my last question is if you could highlight your outlook on corporate CAPEX for your bank and I also see pickup in steel, textile and petrochemical loans on a sequential basis that is working capital related or something else?
- Dinesh Kumar Khara:** See as far as what we have observed is that our working capital unutilized limits are about Rs. 2,76,000 crore and though the working capital utilization has improved actually unutilized limits are just about 46%. So, I think as compared to almost 50% unutilized limits as of at the end of the last quarter, the situation has improved and when it comes to the term loan, the un-availed limits are just

about 19%. So, that also is actually showing that this is very **(Inaudible) 0:13:49**. Apart from that we have some kind of visibility of the proposals which are being processed by us. So, I think that is a broad picture as far as the corporate book is concerned and that is very clearly reflecting the kind of offtake which we can get to see going forward.

**Management:** Just to add over there the unutilized limit at the end of December were in excess of Rs. 3,10,000 crores that has actually come down to Rs 2,76,000 crores as the Chairman said. The un-availed term loan also reduced which was in excess of Rs. 2.1 lakh crores is now down to Rs. 2 lakh crores. So, the growth in the corporate book that that you've seen a very big chunk of that has happened in the fourth quarter.

**Moderator:** The next question is from the line of Mona Khaitan from Dolat Capital, please go ahead.

**Mona Khaitan:** Good evening. So, firstly, I wanted to check the segment wise break up of slippage of the Rs. 2800 crore slippage.

**Management:** Rs. 2845 crores is the quarter 4 slippage, it was Rs. 1200 crores in corporate, Rs. 1200 crores in agriculture, the remaining is retail and SME.

**Mona Khaitan:** So, this, this includes one of the large retail accounts as well,

**Dinesh Kumar Khara:** No, one of the large corporate account is part of this, which actually we have provided for fully.

**Mona Khaitan:** Correct. We have provided for it fully last quarter, it's the same account.

**Dinesh Kumar Khara:** Yes, that's right.

**Mona Khaitan:** Sure, and secondly, when you look at the yield on advances, unlike most peers, they have been stable Q-on-Q in your case. So, any color on that?

**Dinesh Kumar Khara:** Well, see the yield on advances as of now is stable and going forward I expect that it should improve because our 74% book is linked to external benchmarks whether it is Repo or it is EBLR or it is MCLR or it is T-Bill. So, in case of rising interest rate scenario, it will lead to a situation where it should actually improve.

**Mona Khaitan:** Sure, my question is pertaining to the fact that despite the sequential rise in your corporate book, your yield on advances have not been impacted so what really is helping?

**Dinesh Kumar Khara:** Actually, part of it is also attributed to the kind of interest rate scenario which is obtaining at the material point of time and for a good part of the financial year 2021-2022. but a scenario like that. So, that is the reason why perhaps, it has not moved as it should have on account of increase in our corporate book.

- Management:** Yes, here of course, I can add that, you know, just take the example of the loan book that is linked to the T-Bills, which is currently 11% of our total book. If you look at the movement of T-Bill rates, just in the last week, the 91-day T-Bill has moved about 100 basis points. so already price action has happened in the first quarter of this year. When we started the product the T-Bill rate was at close to 3.3. Today the 91-day T-Bill, the cutoff couple of days that was that **(Inaudible) 0:18:00** from now onwards, whenever the repricing happens.
- Mona Khaitan:** And sir finally, for the restructured book, what percentage of the book has the moratorium ended and the billing status.
- Management:** On the home loans, the moratorium ended. In all cases the repayment has started from April.
- Mona Khaitan:** Sir for the entire restructure book.
- Dinesh Kumar Khara:** Yes, for which actually somewhere around about Rs. 15,000 odd crores which means about 50% of the book the moratorium has already ended and also repayment has started and even in the home loan book in particular, we have seen a situation where the people have started repaying even as per the original repayment schedule, so which means that they are not really availing the restructuring. Again, I would like to draw your attention to the fact that it is actually attributed to the stabilization of the cash flows. With the stabilization of the cash flows, we are observing that people have started repaying the loans even they are restructured.
- Moderator:** Thank you. The next question is from the line of Gaurav Kochar from Mirae Asset. Please go ahead.
- Gaurav Kochar:** Sir I wanted to ask on the investment depreciation this quarter, we have seen Rs. 2060 crores sort of cost, is this the MTM hit since the yields went up or is this something related to the security receipts related provision?
- Dinesh Kumar Khara:** In fact, security receipts it is part of it is on account to the security receipts and we have only provided for outstanding in the security receipts. So, maximum component is coming from there.
- Gaurav Kochar:** Okay, okay. Anything else that could come up on the security receipt provision in fiscal year '23 or you think.
- Dinesh Kumar Khara:** As of now it is fully provided. If at all some new security receipt come, then only we will have to look at it otherwise as of now it is fully provided.
- Gaurav Kochar:** Okay, got it and so with the benchmark yields have started to move up is that now going to affect the bond portfolio in a way in this quarter maybe if not the last quarter.
- Dinesh Kumar Khara:** Out of about Rs. 14 lakh crore of treasury our AFS book is Rs. 5.6 lakh crore and there our duration is 2.08 and majority of rest is HTM. So, there actually HTM is with the increasing yields, so we should pay benefited and overall, let us see how really things really pan off and because it is all



valuation is done at a point of time. So, how would be the yield that material day that we will have to wait and watch.

**Gaurav Kochar:** Right and just wanted your thoughts on this. In this quarter also there was a negative net slippage for us. The BAU credit costs was zero, the entire credit costs could be attributable to the higher PCR that we see we opted for, going forward in fiscal year 23 given we are in the middle of say a benign credit cost environment, how do you see the credit cost for this year given that we are already setting on high PCR 90% to be precise, if I include AUCA accounts, and we also have some buffer provisioning of 30,000 crore. What are your thoughts on the credit costs for fiscal year 23?

**Dinesh Kumar Khara:** See we will set a boundary condition for ourselves as credit costs is concerned, which is 1% and our effort & endeavor is to keep it as low as possible. So, I think that is how I would like to respond this question.

**Gaurav Kochar:** Okay, sir, in a COVID year with two waves, we did around 90 basis points including some restructured related provisioning. Is it fair to assume we can do better than this in fiscal year 23?

**Dinesh Kumar Khara:** Yes, actually, we all operate in a macro, which is always uncertain. So, it is very difficult that is why we have set a boundary condition, but I mentioned that effort is always to minimize this So, we cannot really visualize those uncertainties. So, that is the reason why we are I am unable to go beyond this.

**Gaurav Kochar:** Sure, sir and just last question if I can squeeze in this we have observed fee income has been weak for even the large private peers anything that you can talk about better because of the growth I mean is it that growth is coming at the cost of some fee income both on the retail and corporate.

**Dinesh Kumar Khara:** Actually, fee income there is one very important lever which I would like to draw your attention to is only the Forex income which you would have seen that it has gone up by 34% and similarly the cross selling income went up by about 32% So, I think we feel that there is a huge opportunity which exists and we will be looking at sweating this opportunity going forward.

**Gaurav Kochar:** Sure, and I was talking about the processing fee that has seen a declining.

**Dinesh Kumar Khara:** Processing fee of course, last year has been little tepid when it comes to new proposals and hopefully if at all this year the kind of expectation which we have in terms of corporate credit to grow, perhaps we hope to see better numbers here.

**Gaurav Kochar:** Okay, perfect, perfect sir, all the very best. Thank you.

**Moderator:** Thank you. The next question is from the line of Kunal Shah from ICICI Securities. Please go ahead.

**Kunal Shah:** Yes. So, first with respect to again need the attention to FOREX, but what is actually leading to this kind of growth in the overall FOREX and how sustainable this be because this quarter has been quite significant 1500 odd crores coming through that.

- Dinesh Kumar Khara:** This is a sharper focus on the FOREX business which is emanating from our retail outlets.
- Kunal Shah:** Okay. So, this will be more granular and there is no one off and broadly we can.
- Dinesh Kumar Khara:** I can assure you there is no one off it is it is broadly spread out. It is very broad based.
- Kunal Shah:** Okay, okay. So, now this is more sustainable and one of the OPEX side when we look at it, particularly on credit card and the digital expenses that has gone up sequentially as well as year on year. So, what is actually leading to that and is it like the upfronting of the cost or again this trajectory will also continue Rs. 2800 crores ATM cards and tech expensive that is almost Rs. 2800 odd crores significantly up both on year on year as well as quarter on quarter basis.
- Management:** I think predominantly the tech expenses.
- Dinesh Kumar Khara:** We are changing the lot of ATM.
- Management:** That is not reflected here okay because they have a breakup right. Let me have the breakup looked into and just one sec. Actually, a recurring expenditure which are all very operational in nature and the major component is ATM interchange expense which is there about Rs. 1531 crores.
- Kunal Shah:** Okay. 1500 is the ATM interchange expense. Okay on investment provisioning last time there was 8600 crores of SR which were unprovided to the extent of 13%. So, now that we have provided I think 1000 odd crores will be coming from SR Markdown and 1000 would be the M2M on AFS.
- Dinesh Kumar Khara:** No not it is not M2M we have actually we have debited the P&L and provided for it
- Management:** SR outstanding is about Rs. 7980 crores and that is fully provided. So, the investment depreciation largely is coming on account of the SR charges.
- Dinesh Kumar Khara:** So, about 2000 crores is on account of SR and also whatever NPIs were there we have provided for those NPI too.
- Moderator:** Thank you. The next question is from the line of Rakesh Kumar from Systematix Group. Please go ahead.
- Rakesh Kumar:** So, a couple of questions. Firstly, like, have we sold anything to ARC this quarter and is there is that number getting reflected in the NPL recovery this quarter?
- Dinesh Kumar Khara:** Yes, we have done a sales and that is reflected in the recoveries and quarter 4 was eight accounts and recovery was 297 crores and for the whole year it is 23 accounts. The recovery is 1188 crores in all and cash was 1105 and SR was 83 crores that's for the full year.
- Rakesh Kumar:** Secondly, sir like we have written back contingent provision also this quarter and as you mentioned, just now that close to 50% or perhaps I could not hear it almost all the accounts have restructured

book has started billing. So, if they are the remaining accounts, billing where the billing has not started so what is the status of those restructured account now, because now we do not have any contingent provision left.

**Management:** It is not written back. The contingent provision that was kept for COVID has now been applied kept as an additional provision for restructured book. Restructured book requires 15% regulatory provision. We have made an additional 15%. So, the contingent provision has now been made as specific provision to these accounts as a Prudential measure. Otherwise, the behavior of the book does not warrant any additional provisioning but since there was a contingent provision that has been made now as provision applicable to the restructured account, then additional Prudential measures

**Rakesh Kumar:** So, just on this credit growth thing, so like, was there you know, stronger credit growth number in the last fortnight or if you can help us with what are the daily average growth number and credit because so, your P&L account especially on the interest accrual side it is not looking that great if we consider the sequential number, if you can help us on the credit growth number on the daily average basis for this quarter or maybe on the last fortnight also.

**Dinesh Kumar Khara:** I can only say that it is not really one off which has not seen in the last quarter on a particular day. It has been spread out and this is something which I can say, but as far as numbers are concerned we will try to get you and the reason why perhaps it is not seen as P&L and income is concerned because you would probably appreciate that towards the last quarter of the last financial year interest rate environment was quite benign that is one of the reasons the growth probably is not commensurate as far as the interest income is concerned, but nevertheless as far as the growth part is concerned if you have the numbers.

**Management:** Rs. 1,54,000 crores this was in the last Q4?

**Dinesh Kumar Khara:** It has been equally spread out it is not that it has happened only on a particular day Rs. 1,54,000 crores worth of disbursement have happened in the last quarter, but it is spread out across the quarter and also it may not be out of just to mention that I think in the past also we have been talking and I have indicated in the past also that there was underutilization of the working capital and non availment of the term loan some of them also get availed in the last quarter so that is how it is.

**Rakesh Kumar:** And sir WCL which is unutilized 2.7 trillion, what is the risk weight of that sir?

**Dinesh Kumar Khara:** 89% of the corporate book is into the investment grade that is how it is. So, majority of them would be into that kind of a category.

**Moderator:** Thank you. The next question is from the line of Ashok Ajmera from Ajcon Global Services. Please go ahead.

**Ashok Ajmera:** Sir our fund-based credit domestic is Rs. 24,06,761 crores, may I know the number of the non-fund-based facility which is sanctioned and availed what is there on the non-fund-based front?

- Dinesh Kumar Khara:** I will get you the number relating to the non-fund based I do not have that number readily available with me. Actually, the domestic advances are Rs. 24,06,000 crores, but if we add foreign book also it is Rs. 28,18,000 crores.
- Ashok Ajmera:** Sir some comments on your co-lending space because last time I think we discussed something about it that you are very aggressive on that and you have enrolled many partners, so can you give the color of the how much have we achieved through the co-lending?
- Dinesh Kumar Khara:** Co-lending we have started, but in early days there are always some knick-knacks which need to be adjust. So, I would say that last quarter was more like that. Perhaps we will see the upside coming from the co-lending in this year.
- Ashok Ajmera:** A number on 31st March?
- C.S. Setty:** Co-lending we have entered into partnerships mostly in the last quarter of financial year and we are putting up the integration and technology interaction and settlement accounts, escrow accounts currently. So, I think we will pick up now it was not much in the last financial year, but our target for the current year is at least Rs. 10,000 crore what we are aiming to 15 to 16 co-lending arrangements.
- Ashok Ajmera:** My next is on NARCL like for last two quarters we have been discussing and I think now it might materialize in the current quarter so where do we stand now what is the current status of how many accounts are going in the first phase and how much is the amount and can you give some color on that?
- Dinesh Kumar Khara:** As of now the number of accounts identified are those 15 accounts worth about 50,000 odd crore. So, that is for the system as a whole and it is progressing as you are aware that it involves various stages. So, it is as of now at that stage hopefully in the current quarter we should be in a position to see some activity on this particular account.
- Ashok Ajmera:** Sir coming to this again future group I mean the retail group and SREI where do we stand the provision wise both loan book and investment book?
- Dinesh Kumar Khara:** 100% provision already made sir.
- Ashok Ajmera:** For both the SREI?
- Dinesh Kumar Khara:** On the debt and investment both. Book is fully insulated from any future shock.
- Ashok Ajmera:** Sir one question is extended question on the same treasury now with the interest rate hardening I mean the way the things are going the inflation is going up, rupee is weakening and there is a pressure, how much further basis point which we can easily absorb in our AFS book I think you said 5.61 lakh and 2.08 in the maturity period, how much more suppose 50 basis point, 70 basis point we can absorb easily without actually booking the losses.

**Dinesh Kumar Khara:** I would be not in a position to answer this question and moreover all this is a function of a movement of yield on a particular day when this is all assessed. So, this is very difficult to really predict as of now, but yes as I mentioned that we have already ensured that our HTM should be strong enough and we have already done that because we have permitted to move investment from HTM to AFS on a particular date that aspect has been already done that. So, that is something which is within our control and we have already taken care of.

**Moderator:** Thank you. The next question is from the line of Abhishek Murarka from HSBC. Please go ahead.

**Abhishek Murarka:** So, couple of questions one on growth the SME growth sequentially was a little weak in fact the book was flat, but when we compare it to peers we have seen them grow at a fairly fast scale, can you just make some comments on the space is there a lot of pricing pressures, there are lot of competition or any other reason why the book may not have grown this quarter that is the first question, the second one is on margins what is your outlook from here you have low CD ratio so there should be some benefit of that, but there is also likely to be some pressure on deposit rate, etc., so what is the outlook these two questions?

**Dinesh Kumar Khara:** Yes SME book of course I think if we compare with March 20 to 21 movement as compared to that it has witnessed a stronger growth. So, I would say that going forward perhaps we should be in a position to see when stronger growth coming in SME segment. We have actually structurally we have strengthened our delivery process in SME in last one year so that should help us and it has actually I would say that it is still we are upgrading that process also. So, that should help us in seeing better numbers in SME.

**Management:** If I may add here if we take only pure MSME this SME we have a larger companies of which do not qualifies MSME portfolio. If you see the pure MSME we had annual growth of almost 30%. So, I think is a very large growth and as **(Inaudible) 39.11** was mentioning lot of initiatives in terms of changing our technology platform, cluster-based financing and preparing of the relationship manager on the ground several initiatives have been taken I am sure this growth will be sustainable in the current financial year.

**Abhishek Murarka:** And sir any comment on the pricing here?

**Dinesh Kumar Khara:** Pricing I think the way I do not visualize any pressure on pricing as far as our SME book is concerned.

**Abhishek Murarka:** And the second question is on NIM?

**Dinesh Kumar Khara:** Second question NIM I think generally typically speaking the kind of trend which you observe the deposit interest rates move up with a lag and considering the fact that our 74% of the book is linked to MCLR EBLR and T-Bill. So, we should be in a position to see an improvement in NIM.

**Moderator:** Thank you. The next question is from the line of Prashant Kumar from Sunidhi Securities and Finance. Please go ahead.

- Prashant Kumar:** If I missed I am so sorry, but on the loan processing fee on Q3 it was around 9 billion and it jumped to 15 billion so such type of move in Q3 is there any waiver or something?
- Dinesh Kumar Khara:** No generally what happens is that the renewal of the working capital happens towards the last quarter. So, there is always some kind of a concentration towards the last quarter so that is the reason why last quarter has seen a growth as compared to Quarter 3 in the loan processing charges, but apart from that there is nothing else to explain for this.
- Prashant Kumar:** On PCR ratio sir it has improved to on 75% and expanded and as you mentioned the restructure book and other slippages is also going down and your structure book is also performing well, so what is the reason still you are increasing PCR I mean it is on credit cost if you could give some color?
- Dinesh Kumar Khara:** One of course, we don't have a situation like the aging provision, etc., so that is one thing which is there, but PCR nevertheless as a matter of policy they have decided that we will insulate our balance sheet from any potential shock which may come so that is why at the earlier site of the risk we are trying to see that we should adequately provide for such risk, such kind of a delinquency and that is something that is the reason why we do it. So, 75% is there and also if we look at their corporate PCR even excluding AUCA stands at about 93%. So, we do not want our balance sheet to be exposed to any kind of risk that is the reason we are practicing this.
- Prashant Kumar:** One last on deposit and general insurance it has increased from Rs. 14 billion to Rs. 16 billion there is sequentially there are huge jump so is there any missing I mean deposit also has increased around 6% sequentially so it maybe some impact of this, but the jump is high so is there any I am missing on that calculation?
- Dinesh Kumar Khara:** Deposit would be essentially the DICGC fee and general insurance is insurance of our assets also and you would see in the previous year in general the cost of insurance has gone up so it is reflected in that.
- Moderator:** Thank you. The next question is from the line of Jay Mundra from B&K Securities. Please go ahead.
- Jai Mundhra:** So, the first question is on deposit cost and LDR so if I calculate our domestic LDR is around 61% which is clearly sub optimal and at the same time if I were to see our deposit rates historically I believe SBI was the price setter and with other private Banks having some spread over SBI deposit rate which currently does not look like the case and at the same time we have deposit and we have the domestic LDR rate 61%, so if you can comment as to if you want to bridge this anomaly of lower LDR as well as slightly higher deposit rate or how are you thinking on this?
- Dinesh Kumar Khara:** The issue is that may be as on March it was at 61%, but today it would be somewhere around 62.6% that is the kind of a credit deposit ratio we are seeing. So, we could see the kind of a growth which might have to see in the loan book. So, I think may be at a point of time we took a call, in terms of revising the term deposit rates and that too into one-to-two-year duration. So, that is something which we did and we just wanted to be ahead of the curve and that is something which you have done, but

I think the quarter-on-quarter basis it may not really reflect the right picture. Once we have one year time period it will probably look normalize.

**Management:** In any case our deposit rates they are not either lower or than the upper where the rates are higher than any other.....

**Dinesh Kumar Khara:** I am not really very sure of the reasons for your impression, but nevertheless this is where we stand.

**Jai Mundhra:** And secondly sir we had announced \$1 billion line of credit to Sri Lanka and of course that country is in financial stress, is that \$1 billion is on our book or this is just a government assistance, is there any risk to SBI because of this thing?

**Dinesh Kumar Khara:** This is guaranteed by the government of India, it is on our book but fully guaranteed by government of India no risk on us.

**Jai Mundhra:** And sir on corporate growth so this quarter there has been a healthy 10%, 11% quarter-on-quarter corporate growth and also decent on a YoY basis, is this more seasonal or you think SBI outlook on corporate growth has changed a little bit I mean in the last few quarters we were saying that we will pick and choose or are you seeing slightly better opportunities now how should one look at it the corporate growth jump?

**Dinesh Kumar Khara:** See you would have observed that 89% of our exposure to corporate are into the investment grade so there is no compromise as far as underwriting is concerned. Secondly, what I mentioned in terms of the un-availed working capital facility which used to be about 50% now it has come down to about 44% kind of a number. So, I think to that extent there is the definite improvement and in terms of the working capital utilization and similarly the situation for the un-availed term loans. So, these are some of the things which is a function of the capacity utilization and part of it also when it comes to working capital utilization would also be on account of the upside which is seen in the commodity prices. So, I think I would say that it is not one off to my mind it appears to be sustainable.

**Moderator:** Thank you. The next question is from the line of Saurabh Kumar from JP Morgan. Please go ahead.

**Saurabh Kumar:** Sir two questions one is on this AUCA recovery what will be your expectation going ahead and especially in relation to the power sector though, do you think that the resolution pickup now given the situation of power asset in the country and the second is just want to reconfirm my understanding so on this if we have a yield increase we obviously have investment depreciation, but there should be an offsetting impact to some extent on the employee provision will that understand be correct?

**Dinesh Kumar Khara:** Well as far as the impact on the power sectors well I think there should be the question to fetch better value, but let us wait and watch or if the things plan out going forward because very often when it comes to the foreign capital they have got certain limitation for supporting the thermal power so that is something which I would like to mention, but yes nevertheless I think the plants would be seen and performance and which might perhaps having some interest on the potential buyers. So, that is

why I understand. The AUCA recovery actually we could have about 7,800 and going forward maybe you would like to comment.

**Management:** Generally, our run rate on AUCA recovery is about Rs. 8,000 crores to Rs. 10,000 crores and this year also would be hitting a similar number.

**Saurabh Kumar:** Second question is on investment so we have an investment depreciation, but let us say for this 50-basis point yield increase how much release do we get from the entire provision?

**Dinesh Kumar Khara:** No, actually earlier it used to be like that, but now since when it comes to the pension liability and the gratuity liability those funds are now managed by our SBI funds management. So, that is a separate trust also it is not managed by the Bank so it will not be in a position to offset.

**Moderator:** Thank you. The next question is from the line of Jignesh Shial from InCred Capital. Please go ahead.

**Jignesh Shial:** Just reconfirming what you said earlier there have been 8 account sold at 297 crores during the quarter two years and full year 23 accounts is 1,188 crores is the numbers correct?

**Management:** If your question is on ARC sale Quarter 4, 8 accounts amount realized is 297.

**Jignesh Shial:** And full year 23 and 1,188 and it has been fully provided now?

**Management:** Not necessarily, but much of this would have been earlier provided and it works then if there are any provision right now that has been accounted for, but this could be of different category of accounts.

**Jignesh Shial:** And second contingent provision what we were having earlier now we are keeping it against restructure account is my understanding correct?

**Dinesh Kumar Khara:** Yes the COVID provision which was there now it is against the restructure accounts that is.

**Jignesh Shial:** Can you quantify it at least once?

**Dinesh Kumar Khara:** The additional provision for the restructure accounts now stands at 7,900 crores, 7,912 to be precise.

**Jignesh Shial:** Can you give some brief details about how the business has happened YONO, more details about the loan sold or customer acquisition through YONO App and all just a brief about that during the quarter and the full year?

**Dinesh Kumar Khara:** Almost for 26,000 savings bank account are being opened on a daily basis through YONO and when it comes to the mutual fund sales this has been about Rs. 1,548 crores, about 11.36 lakh personal accident insurance policies we have sold through YONO and when it comes to our preapproved personal loans which were disbursed during the quarter there were about 6,500 crores, Krishi Agri Gold Loans which we sanctioned were about almost 13,000 crore in the quarter and KCC accounts



through YONO were reviewed through almost 2.35 lakh accounts which were reviewed. So, loan book overall is about Rs. 25,000 crore with the help of YONO.

**Moderator:** Thank you. The next question is from the line of Roshan Chutkey from ICICI Prudential Mutual Fund. Please go ahead.

**Roshan Chutkey:** Firstly, with other provision EBIT of Rs. 1,495 crores what is this relating to?

**Dinesh Kumar Khara:** It would be the standard provisions also.

**Roshan Chutkey:** On Slide #26 you have the other provisions of Rs. 1,495 crores what is it corresponding to?

**Dinesh Kumar Khara:** Part of it for the non-fund based and just one second I will just give you the details. Yes it is the non-fund based.

**Roshan Chutkey:** And up the investment depreciation of Rs. 2,061 crores how much is related to MTM?

**Dinesh Kumar Khara:** It is not MTM it is on account of the security receipts.

**Roshan Chutkey:** Where do you have MTM related provisions?

**Dinesh Kumar Khara:** There was no MTM provision as on 31st of March.

**Moderator:** Thank you. The next question is from the line of Manish Shukla from Axis Capital. Please go ahead.

**Manish Shukla:** You said that about 41% of the book is MCLR could they make up by tenure of the MCLR as in how much would be one-year MCLR and how much would be less than one-year MCLR?

**Dinesh Kumar Khara:** I could not have that details with me, but bulk of it is 6 months MCLR which has become the benchmark.

**Manish Shukla:** Second given the increase in digital and related transactions how soon do you think it can start reflecting meaningfully in operating efficiency numbers in terms of cost to income?

**Dinesh Kumar Khara:** Yes I think it is going to be an ongoing effort and as of now about Rs. 25,000 crore worth of business is in terms of cost of sourcing, etc., is much lower as compared to the overall book, which is actually much bigger, but I think maybe it might take some more time, but yes of course it is set in the right direction and would like to add that for a bank of our size we do not have a choice of only having the digital. We have to have the phygital model so that is something which will we work on.

**Management:** It is about 10% of the overall personal loan book but as it scale....

- Dinesh Kumar Khara:** We would like to have as much as possible because it is frictionless channel which is in book and we would like to see that it improves even further almost about 5 crore worth of people have joined YONO as registered user hopefully with the value add which is coming many more will also come.
- Manish Shukla:** Last question sir is for the express credit loan product what you think is your potential target customer segment to which you can sell that product and how much of that have you already penetrated in terms of number of individuals?
- Dinesh Kumar Khara:** This express credit product which is on a revolving basis also once it matures it is not that those customers will not avail they will again avail those.
- Management:** I think every quarter we keep reading about this. Our target group is basically the corporate salary packaged customers and we have a universe about 1.75 crores as we speak and it is growing CSP customer base and our current penetration with respect to this is just about 27%. As Chairman mentioned it is not only that we have still unexplored kind of customer segment, the enhanced salaries and all other things also contributed in terms of growth. So, just to address your question I think the penetration is just about 27%. We are further improving the penetration level and also adding to what customer salary package, corporate salary package customer base.
- Manish Shukla:** So, that is 27% of 1.72 crores is that right?
- Dinesh Kumar Khara:** Yes right.
- Moderator:** Thank you. The next question is from the line of Nilanjan Karfa from Nomura. Please go ahead.
- Nilanjan Karfa:** Just two questions on Slide #18 we have this two provisions of 30,629, does this also include provisions that we have on security 7859 or it is outside that?
- Dinesh Kumar Khara:** That is outside that is on the provision for the investment depreciation.
- Nilanjan Karfa:** And second question obviously savings rate have come off quite significantly in what condition do you think SBI may have to start raising savings rate?
- Dinesh Kumar Khara:** I think we have not yet taken a call on this we will wait and watch how things really pan out and how the competition moves and accordingly we will be taking call.
- Nilanjan Karfa:** Would you be able to specify what is the cost that you actually incur on having a savings account for which a 2.5% is for **(Inaudible) 59.20?**
- Dinesh Kumar Khara:** We wanted to allocate the cost like that.
- Management:** One thing you must be remember that savings bank account is an entry level and our ability to upsell and cross sale is there, it is not only about operational cost. I think from that perspective it has to....



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- Nilanjan Karfa:** Basically, it has to be more competition driven and broader interest rates market?
- Dinesh Kumar Khara:** Yes.
- Moderator:** Thank you. The next question is from the line of Ankit Ladhani from Mahindra Manulife. Please go ahead.
- Ankit Ladhani:** Given just on the segmental breakup that you have shared with exchange filings the retail Banking operation income has dropped sharply during the quarter from around Rs. 6,900 crores in Q3 to around Rs. 4,040 crores in Q4 what was the reason for this?
- Dinesh Kumar Khara:** Segmental revenue maybe we can respond to this offline. I am not having those details with me maybe I will ask my Investor Relation team to provide you the information.
- Moderator:** Thank you. Ladies and gentlemen we are short of time I would now like to hand the conference over to the chairman sir for closing comments.
- Dinesh Kumar Khara:** Thank you very much once again for taking out time and to be with us that too on a Friday evening. All the very best to all of you, stay safe, stay healthy. Thank you.
- Moderator:** Thank you. Ladies and gentlemen on behalf of State Bank of India that concludes this conference call. Thank you for joining us and you may now disconnect your lines.