



“SBI Cards and Payment Services Limited
Q4 & FY '26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to SBI Card and Payment Services Limited Q4 and FY '26 Earnings Conference Call. As a reminder, all participant line 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Salila Pande, MD and CEO, SBI Cards. Thank you, and over to you, ma'am.

Salila Pande: Thank you, Danish. A very good afternoon to everyone. On behalf of the Board and Management of SBI Cards, I would like to welcome and thank you for joining us today. I would like to extend our gratitude to all the stakeholders for their continued support and trust in the company.

At SBI Card, we remain focused on supporting India's rapidly evolving digital payment landscape while further reinforcing our position as India's largest pure-play credit card player. The Indian economy continues to demonstrate resilience despite ongoing geopolitical uncertainties with real GDP projected to grow at around 6.9% for the financial year '26-'27.

As per IMF, Indian economy is likely to remain a bright spot in an increasingly uncertain global environment with growth running at more than twice the global average, supported by strong underlying fundamentals. At the same time, some moderation may be seen due to elevated energy prices and external headwinds. As per the recently released government data, India's retail inflation inched up to 3.4% year-on-year in March from 3.21% in February.

Over the past few years, India's digital payments ecosystem has witnessed rapid transformation. Digital transactions are becoming an integral part of everyday payments, supported by growing digital infrastructure, supportive regulatory initiatives and a thriving fintech ecosystem.

The shift has reshaped customer behavior with payments becoming more frequent, smaller in terms of ticket size and increasingly integrated with credit channels. Digital transactions have grown almost 11x between 2021 to 2025 with UPI accounting for almost 80% of overall digital transactions.

Within this evolving payment landscape, credit cards continue to play a significant role, facilitating a rewarding, simple, safe and seamless payments experience. According to RBI March 2026 data, credit card spends during the year grew roughly 12% year-over-year to INR23.62 trillion. The number of cards-in-force have crossed 118.6 million during this period, reflecting continued adoption across India's expanding base of aspirational customers.

As an agile organization, we at SBI Card recognize these opportunities and are committed to capitalizing on them to fuel growth. We continue to strengthen our position as India's largest pure-play credit card player and second largest credit card issuer.

As a customer-centric organization, we are focused on delivering seamless customer journeys, differentiated product offerings and personalized experiences. Hyper-personalization continues to be a key strategic lever for us. During the year, we enhanced data-driven customer engagement

capabilities, helping enhance customer lifetime value through the SBI Card mobile app and digital channels.

Digital acquisition has gained momentum with SBI Card Sprint, a growing share of new account acquisitions is now initiated digitally, improving the speed and experience of customer onboarding journey.

During the year, we enhanced our product portfolio to meet evolving needs of aspirational and tech-savvy customers. For instance, during the year, we launched several co-branded credit cards such as Tata Neu SBI Card, Flipkart SBI Card, Indigo SBI Card and PhonePe SBI Card SELECT. Hundreds of national and regional offers were rolled out across all key spend categories in partnership with reputed brands to increase spends and engagement.

One of the key priorities during the year was to control and reduce credit cost. Our focus remained on maintaining portfolio resilience while supporting sustainable growth. We augmented our risk management framework, enhanced policies, procedures, models and analytical capabilities across areas, including underwriting, portfolio management, collections, fraud risk management and provisioning while ensuring alignment with evolving regulatory expectations and industry best practices.

We further strengthened our collections infrastructure, both digital and physical. The focus was on encouraging customers to make timely repayments. In case of a difficulty, we supported the customers with financial hardship tools. Technology investments in artificial intelligence and machine learning are playing a key role in transforming our product development and service delivery. From optimizing internal processes, attaining insights into customer behavior and preferences, upskilling employee to risk management framework, among others, we are poised to harness full potential of these advancements in financial year '27.

Our ESG approach is based on 4 cornerstones of our commitment to a sustainable future, social prosperity, building trust, impactful integrity and climate action.

This financial year, we also declared an interim dividend of INR2.50 per equity share, enhancing shareholder value.

As regards to business performance in Q4 and for the whole year, the results trajectory is well in line with what we had expected and conveyed during the year. Let me share some key metrics. As per RBI March 2026 data, we continue to be the second largest credit card issuer in the country with cards-in-force market share of 18.6%.

During the quarter, we added 917,000 new accounts while maintaining a strong focus on quality-led acquisition. Our digital onboarding platform, SBI Card Sprint continues to deliver encouraging results by enabling faster and seamless customer acquisition. In terms of the new sourcing mix, our share from open market and banca channels in FY '26 stands at 54% and 46%, respectively.

As per RBI's 2026 data, our spends market share has further grown to 18.1% in financial year '26. Overall spends in Q4 FY '26 exceeded INR1.15 trillion with a strong 31% growth Y-o-Y.

During FY '26, overall spends were INR4.3 trillion, setting a new benchmark. Retail spends witnessed steady growth driven by rising adoption of digital payments and ongoing expansion of payment ecosystem. In Q4 of FY '26, the retail spends reached INR89,786 crores with 13% growth Y-o-Y.

During FY '26, retail spends reached the highest ever level of over INR3.54 trillion with a 15% growth Y-o-Y. 30-day retail spend active rate continues to be healthy at over 52% in Q4 of FY '26. During the quarter, we have seen growth momentum across both POS and online channels. Key spend categories that particularly performed well include - consumer durables, furnishing and hardware, apparel and jewelry, travel and entertainment, among others. Online spends contributed 62.5% of the total retail spends of FY '26.

UPI on credit card usage continued to gain momentum, witnessing 10% growth in Q4 of FY '26 compared to Q3. Department stores and grocery, utilities, fuel, apparel and restaurants continue to be among the top 5 categories for UPI spends. Additionally, the ability to use RuPay credit cards through QR-based UPI acceptance terminals is gaining traction, particularly in Tier 2 plus markets that have the highest UPI active cards-in-force and UPI spends adding to the growth momentum.

As regards the financial performance of the company during Q4 and FY '26, total revenue during Q4 was INR5,187 crores with 7% growth Y-o-Y. Total revenue for FY '26 was INR20,708 crores, registering 11% growth Y-o-Y. Increased spends this year resulted in higher spend-based income contributing to healthy revenue growth. With lower credit costs this quarter over the previous quarter, we delivered a profit after tax of INR609 crores in Q4 with 14% growth Y-o-Y.

For the financial year 2026, SBI Card achieved a profit after tax of INR2,167 crores with a 13% growth Y-o-Y. During Q4 FY '26, our receivables were at INR56,926 crores, around 2% growth Y-o-Y. The interest-earning assets were 54% with revolver balance at 22%. Revolve rates have been in the range of 22% to 24% over the last 2 years, and we expect this to have a slight downward bias in FY '27. We will continue to focus on building our EMI book.

The cost of funds during Q4 was 6.4%, lower by 82 basis points Y-o-Y. For FY '26, it was 6.7%, lower by 71 basis points. The net interest margin for the quarter has improved to 11.1% versus 11% in Q3. For FY '26, it has improved to 11.2%, higher by 31 basis points Y-o-Y. We expect NIM to remain stable, though at risk from any significant increase in cost of fund as a result of uncertain macroeconomic conditions.

In Q4 FY '26, the opex has been lower compared to the previous quarter, owing to lower spend-based costs. However, for FY '26, the opex was 22% higher Y-o-Y on account of higher corporate spends. The cost-to-income ratio for Q4 was 57.2% and 55.3% for FY '26. The cost-to-income ratio was impacted by higher operating expense on account of higher corporate spends.

In terms of the asset quality, our gross credit cost has improved by 55 basis points quarter-over-quarter to 7.7%, continuing with the reducing trend as witnessed in the last 2 quarters as well.

GNPA for the quarter was reduced by 46 basis points quarter-over-quarter to 2.41%. The NPA stock has reduced by INR268 crores quarter-over-quarter and INR348 crores Y-o-Y to INR1,370 crores.

Stage 2 balance, which is portfolio at significant increase in credit risk, have reduced by INR149 crores quarter-over-quarter and INR711 crores Y-o-Y to INR2,090 crores. SBI Card delinquencies have continued to reduce in this quarter, too, as witnessed in the previous 6 quarters.

Keeping in view the Annual ECL model refresh, and uncertainty due to geopolitical turmoil, we are retaining an overlay of INR220 crores for ECL provision. Owing to strengthened underwriting standards, portfolio management and collections, asset quality continues to improve with better portfolio mix, reducing NPAs and portfolio delinquencies.

We expect the credit cost to moderate further in FY '27. However, the rate of moderation in credit cost and asset quality will depend on the evolving geopolitical landscape and its impact on the macroeconomic factors and the unsecured lending ecosystem. We are vigilant and monitoring our portfolio for any likely impact of dynamic macroeconomic variables.

At the same time, with adequate capital and provision buffer, we do not foresee any significant impact in the coming quarter. Our capital adequacy ratio for Q4 was strong at a comfortable level of 25.5%. The ROA for Q4 was 3.6%, 29 bps higher Y-o-Y, while for FY '26, ROA was 3.2%, 11 bps higher Y-o-Y. The ROE for Q4 was 15.6%, 8 bps higher Y-o-Y and 14.6% for FY '26, lower by 5 basis points Y-o-Y.

As we close FY '26, we remain optimistic about the long-term trajectory of India's consumer credit and digital payments ecosystem. Looking ahead to FY '27, we are ready and well prepared with adequate buffers to pursue profitable growth in a disciplined manner. It is important to reiterate that we remain vigilant regarding the geopolitical and economic landscape and will adapt our strategy if warranted.

With that, we are now happy to take questions. Thank you.

Moderator:

Thank you, ma'am. Ladies and gentlemen, we will now begin with the question-and-answer session. Mr. Ajmera, you may please proceed with the question.

Ajmera:

So, my first question is regarding new account addition. Our new account addition has been significantly lower than previous year. So how do you see and attribute it going forward?

Salila Pande:

We have mentioned during our previous earnings call that we will target acquisition of 9 lakh to 1 million for the quarter, and we have ended this quarter with around 9.17 lakhs. So we are on track, and we have said that the growth will be calibrated. We look at the next quarter acquisition to be somewhere in the similar range. And continue with adding high-value, good quality customers, which ultimately add value to the overall financials of the company.

- Ajmera:** Okay. My second question is regarding cost-to-income ratio. This year, it is around, let's say, 57.2%, which is, let's say, 6% almost higher than previous year. How do you see this going forward?
- Rashmi Mohanty:** So, we expect the cost to income to be in the range of 55% to 58% for the next year as well.
- Ajmera:** Okay. Previously, it used to be around 51%- 52%. So what has changed into the company?
- Rashmi Mohanty:** So, the change has largely been on account of the corporate spends, because the corporate spends this year have been way higher than what they were last year. And as you can see from the deck, there's a substantial increase in the corporate spend during this year as compared to the last year. they basically add a few percentage points on the cost to income.
- Next year, growth will be a very BAU kind of a growth, we don't expect a very significant increase in the cost to income because of the corporate spend. And so it will largely be the BAU revenue and the cost line, which will determine the cost-to-income ratio.
- Ajmera::** Okay. And the magnitude of change is majorly due to employee cost addition or there is some other element attached to it?
- Salila Pande:** No, it's not employee cost. There's normally a passback involved in the corporate spend on account of which the cost goes higher, and that is the reason. Overall, the business is profitable, but the margins are comparatively thinner, which basically boost both on the cost and the income side. And that is why the cost to income is higher. It's not because of the employee growth.
- Ajmera:** Okay. And any take on the card closure?
- Salila Pande:** Card closure, you mean attrition?
- Ajmera:** Yes.
- Salila Pande:** I think we are doing better than the industry. And I would also like to add that we have been working very extensively on customer engagement which has also benefited us in terms of ensuring that the customers are retained. And that is also witnessed by the improvement that we are seeing in our market share in terms of the transaction numbers as well. So nothing significant there. I would say that we are, if anything, at par or maybe better than the industry overall.
- Moderator:** Our next question comes from the line of Piran Engineer from CLSA. Please go ahead.
- Piran Engineer:** Congratulations on the strong improvement in asset quality. I have a couple of questions to ask, probably more industry related, but also applies to you. Now firstly, in terms of growth, how should we think about cards-in-force growth now slipping to mid-single digits from double digits over the last couple of years? It's true for you all and the industry. Is it simply put just underwriting tightening and as those filters are loosened, growth picks back up? Or is it just that applications itself are slowing down at the other end?
- Salila Pande:** So, applications are definitely not slowing down. Your first point was correct. Overall, I think the issuers have seen in the last couple of years, some asset quality issues. So there's more

tightening, which has happened on the underwriting side. And that is also being seen to a very larger extent, a reason why very few new customers are being brought into the fold.

It's normally the existing customers, credit-tested customers who are getting new cards issued by another new issuer. So yes, there is a little bit of a caution, which has resulted in comparatively muted growth in the industry.

Piran Engineer: So then it's fair to say that out of this 9 lakh, 10 lakh customers we acquire every quarter, bulk of them are existing to credit card, like very few would be new to credit card as such?

Salila Pande: Not in our case because, see, we also have a strong Banca channel where we have visibility over customers who may be new to credit or new to credit card. And we also have separate underwriting models for them on which we work, and we bring them on fold as well.

Piran Engineer: Okay. So ma'am, what was the split be then, just a ballpark split between new to credit card and existing to credit card?

Girish Budhiraja: Piran, we usually don't give that number, but open market numbers are primarily credit-tested customers. It is only in Banca where we have view to the customer statements and debits and credits that we look at NTC and NTCC. As of now, primarily, we are looking at NTCC there. you can fairly estimate that anywhere between 20% to 30% customers which we get from Banca as of now are NTC or NTCC.

Piran Engineer: Understood. Understood. Okay. That's clear. My second question is just on revolvers. Now you all have been highlighting this for the past couple of quarters that revolver is on a downward bias. And I understand it's hard to predict what an exact number would be, let's say, 4 quarters later.

But let's say, 22 becomes 19 or 20 hypothetically. What's the game plan here really? Do we start massively cutting our reward points, etcetera, for everyone? Do we hike the revolver fee further from 3.75 to 4. My question is how do we protect profitability in a hypothetical scenario where revolver, say, falls to 20 or below?

Girish Budhiraja: So Piran, we have not indicated a specific number as to where it's going to go. There will be a downward bias. We are looking at our portfolio very carefully. Last 2 years acquisition, as we have been saying, we have been selective. So they are showing a lower revolving behavior. Our first attempt that we will do is to compensate it through the installment lending portfolios rather than cutting a rewards program or doing something else.

You already have mentioned two ideas, but there are multiple such things that can be done. But whenever we do that, one has to keep an eye that a engaged spending customer should not get negatively impacted. So there are multiple ways and means to balance these, and we will look at that. But as I stated, , the instalments lending would be our first chosen preference. And we would like to invest heavily there to get the asset build up there.

- Piran Engineer:** Got it. Got it. And just one last question for Rashmi. How do we think about cost of funds year on? It's actually quite good that cost of funds declined in an environment where G-Sec yield was rising. So getting into FY27, what's the outlook?
- Rashmi Mohanty:** Piran, it will be a too early for me to give you any guidance on the cost of funds given that we are still not sure about RBI's stance given the geopolitical tensions and the uncertainties in the environment. Obviously, needless to say, we will continue to manage our portfolio well, keep looking at opportunities to reduce costs in all possible manners. But I think it's too early for me to give you any kind of an indication for the full year.
- Piran Engineer:** Okay, fair. That is okay. Yes, that is it from my end. Thanks and wish you all the best.
- Salila Pande:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Zhixuan Gao from Schonfeld. Please go ahead.
- Zhixuan Gao:** Yes. Thank you so much for the opportunity. So I just follow-up on the cost of fund question from Piran. How about next 1 to 2 quarters? Is there still kind of a downward repricing room left on our cost of funds? Can it still decline?
- Salila Pande :** Sorry, can you repeat the question? It's not very clear.
- Zhixuan Gao:** Yes, on the cost of funds, just for next 1 to 2 quarters, do we still have room to reprice our borrowings so that the cost of funds can still decline?
- Rashmi Mohanty:** As we've stated earlier a that our borrowings do reprice anywhere in a 60- to a 90-day bucket. So yes, there will be some repricing that will happen over the next quarter or so, yes.
- Zhixuan Gao:** Okay.
- Rashmi Mohanty:** IS your question that will the repricing help us in a declining cost of funds? Is that your question?
- Zhixuan Gao:** Yes. Yes.
- Rashmi Mohanty:** Okay. I don't know about that right now. That's what I said earlier in the -- an answer to the earlier question as well. It all depends upon where we see the rates given the macro environment.
- Zhixuan Gao:** I see. And just a technical one. Just can you help me understand what's the denominator for your reported margin of 11.1%, i.e., is it a daily average basis or a period-end average basis? Because it's a bit confusing given the loan book -- at quarter-on-quarter and NII is down 5% and your margin is up 5 bps?
- Rashmi Mohanty:** So the NIM and the cost of funds that you see in the table is on a 13-point average. Though separately, we do give out a daily average cost of funds, but the NIM that we publish is on a 13-point average.

- Zhixuan Gao:** Got it. And last one is on the other income. These two quarters, the other income run rate is INR200-odd crores, which used to be INR100-odd crores. I'm just wondering is there any one-off component or sustainable from here?
- Rashmi Mohanty:** Your voice is not clear, Zhixuan, - I didn't get the question.
- Zhixuan Gao:** Yes. Other income is up 60% year-on-year, used to be INR100-odd crores.
- Rashmi Mohanty:** Up 60% year-on-year. Yes, I got it. So this year in the other income, there have been some one-offs as well, which we have disclosed in the exchange filing on account of certain provision release and another provision around the tax matter, where that number has been added to the other income for FY26. And therefore, when you look at year-on-year for the quarter, that number is higher
- Zhixuan Gao:** Thank you so much.
- Moderator:** Thank you. Our next question comes from the line of Gaurav from MLP. Please go ahead.
- Gaurav:** Yes, hi. Good evening and thanks for the opportunity. Three questions from my side. Firstly, if I recollect, about 70% of your borrowings were linked to T-bills. Is that still the case?
- Rashmi Mohanty:** That's right, yes. T-bills or repo rates about 70%, 75% of our borrowing is floating.
- Gaurav:** Understood. Understood. So assuming that the rate stays here, there's no further movement from rate, what do you expect? Let's say, from next two quarter perspective, where do your cost of fund...?
- Rashmi Mohanty:** Should stay stable in that case.
- Gaurav:** Understood. Sure, sure. Second question, so just to stress this a bit on margins, while you maintain that NIM would remain stable, if I look at 1 percentage point of revolver mix, while we don't know what is the mix change that will happen in FY27, but assuming even if there is a 1 percentage point drop, there is -- and that gets converted into EMI, there is still a 25, 27 basis points sort of hit on the interest income line or on margin -- overall margin. So how do we plan to offset this? If cost of funds remain stable, then what is the other offset that we are looking at when we say the margin would remain stable?
- Girish Budhiraja:** You are right because revolvers are at a much higher rate and 1% decline in revolver has to be compensated, obviously, with a larger mix on the installment lending side. So maybe we'll not be able to take care of it fully, but try to compensate it in some other manner. There are ways and means, as was being discussed two questions back. we look at some other fee income sources or some other scenarios.
- But this kept aside, as of now, we see a downward trend in the revolvers. And as things start improving, as we have seen that our credit cost is on a downward trajectory, we will look at certain pilots or certain experiments with the segments which are marginal in nature to be able to see where we can build the asset.

- Gaurav:** Understood. Got it. That's helpful. My second question is with respect to cost to income. Now that you've clarified that the other income has a couple of one-offs, which I could read from notes to accounts. The adjusted cost to income for this quarter is surprisingly at 60%.
- Typically, in fourth quarter, we see a lot of improvement versus 3Q because 3Q has a festive base. But in this quarter, we saw the cost to income move up to 60%. For the next year, while we're guiding 55% to 58%, how confident are we to be at the lower end of this guidance versus the higher end of this guidance?
- Rashmi Mohanty:** Yes, you're right that this particular quarter had a one-off, which obviously added to the denominator. And therefore, if adjusted for that, the cost to income would go up. But as we look at FY27, there are various initiatives on to ensure that the expense lines are contained.
- As Girish and ma'am mentioned earlier, there are initiatives on to ensure that we actually book higher revenue line items, both on the interest income and the fee income. And given all of that, we do think that this number should stay between 55 to 58.
- Gaurav:** Okay. Got it. And given that corporate spends would be in the base largely, why would it remain elevated? Because in this quarter -- or this year, we saw that corporate spends were high and hence, probably the cost to income went up. But next year, I would have assumed that since that is in the base, there would be some improvement in cost to income.
- Rashmi Mohanty:** So the fact they're already in the base would mean that the variation in the cost to income between this year and next year will not be very high. But because they are part of our business and therefore, contributing both on the numerator and the denominator will keep the actual metric high.
- Gaurav:** Got it.
- Rashmi Mohanty:** You won't see a big jump the way you saw it between last year and this year.
- Girish Budhiraja:** Actually, if you go 2 years back, you saw a cost to income higher than present number. So it saw a very big decline, when the corporate spend went off.
- Gaurav:** Right. Okay. So this is just the normalization with cost -- with corporate spend at 25%. Is that the way to look at it?
- Rashmi Mohanty:** Yes.
- Moderator:** I'm sorry, but you may -- you can rejoin the queue for more questions.
- Gaurav:** Sure, sure, sure.
- Moderator:** Thank you. Our next question comes from the line of Mahrukh Adajania from Tara Capital. Please go ahead.
- Mahrukh Adajania:** Yes, hi. So I had a couple of questions. Probably this was discussed earlier on the call also. So our receivables growth is now 2% year-on-year. And given the war situation and given that even

other banks in their commentary were not sounding very optimistic on credit cards growth or to put it in other words, they were more bullish on other segments than cards.

So how do you view your near-term growth because of uncertainties and also because of lack of festive season, growth is likely to remain subdued in the near-term, right, 1 to 2 quarters, and then we look forward to the festive pickup. Is that the correct assessment?

Salila Pande: So Mahrukh, right now, we are not giving any guidance on asset growth. And if you recall in the last earnings call, we had said that the asset growth will follow card acquisition growth. So we are building on card acquisition, and we expect that the asset growth will follow the card acquisition growth.

Apart from that, as far as the war situation is concerned, I would say we are keeping a very close eye. There's nothing additional in terms of putting the brakes or reducing the growth that we are working on. Having said that, we will continue to monitor the position and take corrective action, if need be. But as of now, we are not giving any guidance on the asset growth side.

Mahrukh Adajania: Got it. And regarding the provisioning reversal, so we had INR47 crores of credit cost reversal, right? And we've seen that in the past few quarters as well. So you have write-offs which are possibly coming down and then you are seeing a reversal on provisions. Is that likely to continue? Because it's very difficult to forecast that number, right? It's either 0 or -- it's been 0 or negative for quite some time?

Salila Pande: So Mahrukh, we wrote back INR47 crores this quarter. But as we mentioned, INR220 crores of management overlay is being retained. To a very large extent, the overall ECL number is a function of stocks in Stage 2, Stage 3 and the provision rates.

And as we have shown in our financial results also, Stage 2, Stage 3 stocks have gone down substantially on account of which we have taken a small write-back of INR47 crores, but we are still holding buffers to be ready and resilient for any, I would say, stress which may emerge in the environment because of the geopolitical risks. Ultimately, it's the model which informs how we are retaining the ECL provision.

Mahrukh Adajania: Okay. Thanks a lot. Thank you.

Salila Pande: Thank you.

Moderator: Thank you. Our next question comes from the line of Rohan M from Equirus Securities.

Rohan M.: Good afternoon. Thanks for the opportunity. Based on this INR220 crores of additional provisions that we are carrying, the INR100 crores increase that happened during the quarter, is it on account of the ECL refresh? Or have you made any incremental provisions there?

Krishna Kant Bishnoi: See, whatever provisions we are making, it is not because of the asset quality at all. You can see our Stage 2, Stage 3 is going down. We are selective in our underwriting. So there is no additional provision for that asset quality. However, because the ECL model is still under refresh and as ma'am has already mentioned in the last question, the geopolitical environment is also

uncertain. So whatever provision ECL model is giving, we have kept INR100 crores additional this quarter for the future.

Rohan M.: Sir, what I was trying to understand was this additional INR100 crores increase that has happened in this quarter on the management overlay, that has been run through the P&L?

Krishna Kant Bishnoi: Yes, definitely.

Rohan M.: Or is it a release of the provision from the ECL refresh?

Krishna Kant Bishnoi: No, no, no, no. Every provision is from the P&L.

Rohan M.: Okay. Okay. So the core -- if you had not increased the management overlay, then the reported provisions would have been lower by INR100 crores. Okay. Second is...

Krishna Kant Bishnoi: Yes, correct, correct, correct. The profit will be higher by INR100 crores.

Rashmi Mohanty: The profit would have been higher, therefore, yes.

Rohan M.: Sure, got it. And sir, secondly, on the fresh slippages number, if you can quantify what was it for 4Q versus 3Q?

Krishna Kant Bishnoi: See, we don't declare any slippages number, but you can see from the Stage 3, its stock has reduced by INR268 crores. So, that means slippages are also going in an improved trajectory, quarter-to-quarter.

Rohan M.: Sure, sir. And just on the one-offs that happened this quarter, how have they been accounted for in the P&L? Which line item are they impacting? And if you can just help me -- PIDF, what was that...?

Rashmi Mohanty: which one-off are you talking about?

Rohan M.: The PIDF and GST.

Rashmi Mohanty: Okay. So the PIDF actually was reduced from the expenses because it was a provision that we were carrying along with the expenses. And since the expense didn't happen or the payment didn't happen, it has been reduced from the expenses. The GST has been -- is a part of the other income line.

Rohan M.: Okay. Got it. ...

Moderator: Sorry to interrupt you, sir, but please, you may rejoin the queue for follow-up question. Thank you. Our next question comes from the line of Shubhranshu Mishra from PhillipCapital. Please go ahead.

Shubhranshu Mishra: Hi Girish. Hi, Rashmi. So a couple of questions. The first one is on the open market, both in terms of CIF as well as new sourcing, we are much above 50% now. So this would also reflect

on our opex. And while we talk about Banca, the open market is weighing on our CIF as well as new sourcing. So if you can speak about that?

Second is that out of the EMI pool, what is the percentage of PL on CC. That is my second question. And third is that we have barely grown in terms of our bottom line by around 13%. And yet we are giving out a dividend. Was that necessary we could have possibly not given a dividend and retain it and deployed it back into the business?

Girish Budhiraja:

I'll give you the answer for the first and second part before I give it to MD ma'am for the third. So on the banca and open market, the strategy has been consistent that we would try and do 50-50 from both the channels. And if possible, 55% from banca and 45% from open market, that's the range that we will look at.

In the last 1 year, we have been broadly in the same range. However, our tie-ups with some of the digital partners like PhonePe, Flipkart, Tata Neu, IndiGo, some of these partners numbers are working in a very good direction and they give a flip up to the overall open market numbers.

So that's why you see some amount of shift in the favour of open market. But on a consistent long-term basis, our strategy is to remain 50% to 55% banca and 45% to 50% open market. That is the first one. Secondly, on the instalment lending portfolio, we have never given the breakup of PL on CC. However, there are three kind of instalment lending are there in the book.

One is as you said, PL on CC. The second is what we call instalment at the point of sale itself and people convert at the point of sale while purchasing electronics or others. And the third part is before the payment due date, a whole lot of people convert their outstandings into instalments. So that is -- these three constitute the overall book on the instalment.

Salila Pande:

Shubhranshu, on giving dividends, I think shareholders and investors are very critical and important stakeholders for the company and they need to be rewarded for their capital, belief and the trust that they have put in the company. If Our any asset quality issues have abated, we don't have any capital adequacy issues. We are underleveraged actually, if you look at that. So I would say that INR2.50 per share is a pretty decent dividend or a return, which is due to the stakeholders. And accordingly, that has been the view taken by the Board to provide it to the stakeholders. Thank you.

Shubhranshu Mishra:

Sure. Thanks. The new UI of the eStore is really great on the app. That's just a comment. It's not a question.

Rashmi Mohanty:

The new UI on the app, he is commenting on that it is good.

Shubhranshu Mishra:

The eStore that's revamped. It's really great.

Girish Budhiraja:

The eStore has been revamped, yes. You should check our website also. Now that is -- fewer people are coming there, but we have revamped that also completely.

Moderator:

Thank you. Our next question come from the line of Rushabh Doshi from Nimriti Investment Advisor. Please go ahead.

- Rushabh Doshi:** Hi. I just wanted to understand how rent as a spending category is looking and how much impact does it have on your total spend?
- Girish Budhiraja:** So rent as a category used to be very large till 2 years back. We started levying a fees on it. For us, rental spends is a very low spending category as of now. So there is no impact on us of any kind. In fact, when guidelines had come in that the third-party websites or apps should do the KYC for the landlord and without that they should not allow the rental payment. By that time, our rental payments were already low. So all the growth that you see is actually despite rental de-growing to a large degree.
- Rushabh Doshi:** Thanks. That's all from my side.
- Moderator:** Thank you. Our next question come from the line of Anuj Singla from JP Morgan. Please go ahead.
- Anuj Singla:** Yes. Good afternoon. Thanks for the opportunity. So first question is on the receivable growth. Obviously, we have seen a deceleration there to 2%. But if I recall, we have been flagging that we will see an increase in the new card acquisition and receivable growth will follow. So should we see that FY27, the new card acquisition and the receivable growth acceleration only in FY28? Is that the scenario we should be looking at?
- Salila Pande:** So Anuj, right now, as I mentioned earlier also, I would not give any guidance on the asset growth. We continue to stick with what we had said earlier that we are working on the card acquisition. The guidance is around 9 lakh to 1 million in a quarter. And as you mentioned, that will lead to asset growth in the coming days. Right now, I'm not giving any guidance on the numbers.
- Anuj Singla:** Fair enough. And secondly, on the asset mix, while revolver has been trending down for the past many quarters, one offset was supposed to be EMI. And I think Girish has talked about in the past that there have been various initiatives to incentivize conversion to EMI. But when I look at this quarter, even EMI has been pretty weak. So can you talk about the trends there? And should we -- is that one of the offset we should be looking for towards offsetting the lower revolver in FY27 or '28?
- Girish Budhiraja:** So Anuj, you're right. What happens is during the festival season, a whole lot of instalment lending at the point of sale happens. So in the month of September or October, a large quantity of spends, which happened during the festival period gets converted into instalment. And most of these instalments because the average tenure is around 7.5 months, 8 months.
- So either people pick up 6 months, 9-month or 12-month tenures. So what happens is by the end of February, March the first slot of 6-month tenure cases come up for full completion. So that is why you see a decline on the instalment asset, but this is typically a trend over years, and it gets built up. Yes, it is a continuous treadmill and we have to continue to get new asset build up here, but that is the nature of the business. As I stated earlier, some amount of revolving, we would be able to offset with instalment lending, not fully. We'll have to see at other mechanisms to be able to balance and look at income sources.

- Anuj Singla:** So Girish, follow-up on that. When I look at the Y-o-Y trends, which will take care of the seasonality, which you spoke about, there also it's declined from 35% to 32%, right? So I'm assuming that if we include the festive seasonality in both the years, still we should have seen a stable or improving performance, even that's not the case. So just trying to understand if there is something beyond the initial?
- Girish Budhiraja:** When we looked at the data, this was one part. Second part was that we were doing Apple offer last year. This year, for the last quarter, it was not there. So there was some amount of impact of some of those things. But these are, I would say, transient and can be taken care of within the next 3 to 6 months.
- Anuj Singla:** Okay. Got it. Thank you. Thanks again.
- Moderator:** Thank you. Our next question comes from the line of Pranuj Shah from 3P Investment Managers. Please go ahead.
- Pranuj Shah:** Hi, thanks for taking my question. Just a couple of them, bookkeeping ones. Your recoveries have shown pretty good traction now nearing almost INR190 crores. So could you give a sense of how large or perhaps written-off book is where you expect still sizable, maybe 10% to 15% recoveries to happen?
- Salila Pande:** So we don't disclose the written-off portfolio that we have. But yes, we have intensified efforts on the recovery in terms of the written-off pool and that is reaping benefits for us.
- Pranuj Shah:** But do you expect this number to keep inching up from this INR190 crores level?
- Salila Pande:** So it will be somewhere in the similar range because now we are seeing a downward trajectory in terms of the write-offs as well. That the effort will continue to recover the most.
- Pranuj Shah:** All right. Understood. And generally, in your presentation, you used to disclose the salaried and self-employed breakup if you could Provide for this quarter?
- Salila Pande:** What was that?
- Girish Budhiraja:** Salaried.
- Pranuj Shah:** In new sourcing?
- Salila Pande:** Do you have that breakup?
- Krishna Kant Bishnoi:** During the quarter, 70% was salaried.
- Pranuj Shah:** 70% was salaried?
- Krishna Kant Bishnoi:** Yes.
- Pranuj Shah:** So actually like if I look at the last two quarters, I think maybe last quarter, 72% this quarter was 70%. Like you used to -- this is on the salaried side. I think self-employed used to be in that 40%

to 50% range. So do you intend to increase sourcing in the self-employed segment or it's a conscious choice to slow down that?

Krishna Kant Bishnoi: As from the beginning of the call, we are mentioning that we were quite selective in our selection of the customer due to our asset quality or other portfolio management. So we are mindful while selecting the customer and onboarding for the card. So in the last quarter, it was shown that good customers are from the salaried one. That's why we onboarded them. So it is not as that we are declining self-employed customer, but whatever good customers are coming, we are onboarding them.

Pranuj Shah: All right. Understood. Thank you.

Moderator: Thank you. We will take the last question from the line of Atul Kumar from Salvation Capital. Please go ahead.

Atul Kumar: Hi, thanks for the opportunity. The question was on the side of credit cost. So I mean, what kind of moderation can be expected, I mean, given that credit costs have been higher for some time? And related to that, in terms of ROAs at one point of time, we used to have like a 5% from there a moderation to 3%, 3.5%. So on that side, I'd like to know?

Salila Pande: So Atul, although we are not giving any guidance in terms of the credit cost numbers right now, but we will continue to see moderation in terms of the credit cost which is very evident -- if you look at the stocks also, we are seeing continuous reduction in our Stage 3 and Stage 2 stocks. So accordingly, the credit cost will continue to trend downwards. On the ROA, again, we have said in the prior earnings calls as well that we are aiming towards 4% to 4.5% of ROA in the medium term. And that is achievable and we are working towards it.

Atul Kumar: Okay. Thank you.

Salila Pande: Thank you.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Ms. Salila Pande for closing comments. Thank you and over to you, ma'am.

Salila Pande: Thank you, Danish. I would like to sincerely thank our shareholders, customers, partners and employees for instilling their trust, support and confidence in the company. Thank you once again and wishing all a successful financial year 2026.

Moderator: Thank you, ma'am. Ladies and gentlemen, on behalf of SBI Cards and Payment Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.