



“SBI Cards and Payments Services Limited
Q3 FY '26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to the SBI Cards and Payment Services Limited Q3 FY '26 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 star and then zero on your touchtone phone.

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

Salila Pande: Thank you, Sagar. Good evening to everyone joining us on the call today as we present Q3 FY '26 Financial Results. I would like to extend a warm welcome on behalf of the Board and the management team at SBI Card. Amidst the ongoing geopolitical uncertainties, India continues to demonstrate remarkable resilience and sustained momentum. The GDP currently valued at USD4.18 trillion.

India is firmly on track to become the world's third largest economy. GDP is projected to reach USD7.3 trillion by 2030, underscoring the scale of growth opportunities ahead. This growth is underpinned by a sustained upward trajectory in domestic demand, driven by supportive tax reforms, robust consumer demand and structural improvements under GST.

Many such factors have collaboratively strengthened consumption across both discretionary and nondiscretionary categories. Over the past few years, India's digital payment ecosystem has evolved rapidly with strong support from the government and key stakeholders across the industry.

Specifically talking about the credit card industry. As per the RBI data, credit card spends up to December 2025 were INR17.67 lakh crores, 13.5% higher than a year earlier, while credit card transaction volume increased by 26.5% to about 4.4 billion during the same period. Overall, digital payments are now firmly embedded in consumer behaviour, with transactions becoming quicker, lower in ticket price, higher in frequency and increasingly integrated with credit.

As the credit landscape continues to evolve and improve SBI Card, as a customer-centric and agile organization views these developments as opportunities to drive sustainable growth and deliver consistent financial performance. Our growth remains anchored in delivering seamless customer journeys, offering personalized awards and offering best-in-class products that meet the evolving needs of our customers.

During the quarter, we rolled out various customer-centric initiatives, including the launch of Khushiyan Unlimited, our integrated multilingual nationwide festive campaign, featuring over 1,250 offers from leading brands across more than 2,950 cities. We continue to form strategic partnerships with leading players, including Amazon, Flipkart and Apple to enrich customers' shopping experience. We were a key partner with Apple for the newly launched iPhone 17 to drive spend and customer engagement.

Coming to business performance, our robust business model and disciplined portfolio management balancing customer engagement and prudent risk management have enabled us to deliver strong results during the quarter. The outcome validates the impact of our focused

approach, including recent tech-driven initiatives such as hyper personalization and strengthening of early warning digital models.

Let me share some key metrics. Cards-in-force have grown to around INR2 crores 18 lakh with 8% Y-o-Y growth. We added 864,000 new accounts while continuing to focus on quality acquisitions. Sourcing from open market and Banca were 56% versus 44%, respectively. As per the RBI December 2025 data, SBI Card continues to be India's second largest credit card issuer, with cards in force market share at 18.8%.

While this quarter's acquisitions were moderate, over the next few quarters, we aim to acquire around 900,000 to 1 million new accounts every quarter with focus on quality and premium accounts.

This will be done with an oversight on risk and asset quality to ensure sustainable, well-balanced growth. As for the spend, as per RBI December 2025 data, our spend market share has further grown to 17.7% in FY'26. Spends during the quarter reached the highest ever level of INR1,14,702 Crore, with a strong 33% growth YoY.

Moderator:

Sorry to interrupt the line for the management has been dropped please stay connected while we reconnect the line for the management. Ladies and gentlemen, we have the line for the management reconnected. Please go ahead, ma'am.

Salila Pande:

Thank you, Sagar. So going back to the spend. Retail spend reached INR91,962 crores witnessing a 14% Y-o-Y growth. We have seen good growth across most pos and online spend categories. Online spend witnessed strong growth across all nondiscretionary and discretionary categories. Online spend contributed around 62.1% of the total retail spends during the 9 months of FY '26.

As a result of our continued focus on diversification of use cases, corporate spends witnessed strong growth and reached INR22,739 crores during the quarter. We continue to benefit from the UPI on credit card linkage Driven by festive season, UPI and credit card usage continued to gain momentum, witnessing further 20% growth quarter-over-quarter majorly in department stores, groceries, utilities, fuel, apparel and restaurants.

Let me now share a few key metrics of our financial performance. Revenue from operations reached INR5,127 crores, witnessing 11% growth Y-o-Y. Revenue has been higher mainly due to higher spend based income. Profit after tax was INR557 crores, witnessing 45% growth Y-o-Y, mainly driven by improved gross credit cost and lower cost of funds. Operating costs during the quarter was higher due to higher corporate pass back driven by increase in corporate spend.

We have also recognized a onetime increase in gratuity and leave encashment expense for the past services amounting to INR12 crores, primarily arising due to change in definition of eligible wages as per the recently communicated revised Labour Code. The cost-to-income ratio for the quarter was 56.8%. Receivables during the quarter reached INR57,213 crores with almost 4% growth Y-o-Y.

The high interest earning assets were at 56%, with revolver rate at 23%. This is due to the higher transaction volume, leading to higher repayment post the festive period, as has been the case in the previous years. The higher average transaction volume also impacted the yield for the quarter, which was 16.3% versus 16.5% in the previous quarter.

With the revolver balances on a downward bias, we are focusing on prioritizing growth in our EMI portfolio to expand interest-bearing assets and drive more predictable revenue stream. Our tie-ups with merchants, OEMs and partners are also aimed towards this initiative.

The cost of funds on a daily weighted average basis for Q3 was lower by 5 basis points quarter-over-quarter. The benefit from repo rate cuts on our floating book has been mostly absorbed. The cost of funds is expected to remain stable at current levels from here onwards. The net interest margin for the quarter was 11% versus 11.2% during Q2.

As regard asset quality over the last few quarters, our actions on underwriting, portfolio management and collections have helped us improve the asset quality, giving us a better portfolio mix, lower NPAs and lower credit cost.

Gross credit cost has improved from 9% during the previous quarter to 8.3%, mainly contributed by lower gross write-offs. Gross NPA for the quarter remained flat at 2.86%, however, the NPA stock has reduced by INR67 crores quarter-over-quarter and INR140 crores year-over-year to INR1,638 crores.

Stage 2 balance which is portfolio with significant increase in credit risk has also reduced by INR246 crores quarter-over-quarter and INR844 crores year-over-year to INR2,239 crores. The lower NEA and lower Stage 2 and Stage 3 stock resulted in a write-back of INR121 crores of provision as per the ECL model. However, the same has been retained and thus the company is carrying an additional provision of INR121 crores as at the end of the quarter.

With lower Stage 2, Stage 3 stock, there is an improvement in the slippage ratio as well quarter-over-quarter. As we have mentioned in our last earnings call, the gross credit cost is on a downward trend. With adequate provisioning, lower delinquent stocks and continued momentum on both portfolio management and collections, our portfolio today reflects a stronger profile.

As regards liquidity and capital adequacy, our liquidity position continues to be strong. Our capital adequacy ratio was at a strong level of 24.4%. ROA for the quarter was 3.2%, higher 79 basis points year-over-year. ROE for the quarter was 14.7%, higher by 322 basis points year-over-year.

To conclude, amidst a dynamic environment supported by a wide set of coordinated strategic interventions, the company has delivered robust results for the quarter and for the 9 months of FY '26. We remain focused on further strengthening our risk management framework, moderating credit costs and maintaining healthy asset quality to ensure long-term robustness and resilience.

The performance reinforces our confidence that we are on the right path. Looking ahead, we intend to scale up our business in a calibrated manner to ensure stronger and sustainable profitable growth for the long-term. With that, we are now open for questions. Thank you.

Moderator: Thank you very much. Your first question comes from the line of Mahrukh Adajania from Nuvama. Please go ahead.

Mahrukh Adajania: Yes. Good evening. Sorry, I did not catch it properly. You said that there has been a release of INR121 crores, which you have not written back. So it would have been written back in the gross credit cost? Is it means the provisions would have declined by INR121 crores. Is that what you meant?

Salila Pande: So that's right, Mahrukh. Number one, the provisions would have declined by INR121 crores. The gross credit cost would have declined and also the profits would have been higher by approximately the same amount had we written it back.

Mahrukh Adajania: Okay. But since you already have been tightening over the years, your provisioning policy, why did you not choose to write this back?

Salila Pande: For two reasons, that we are hopeful that in the coming days, we will be able to grow the receivables, which we are working on. And, we do an annual review of our risk model refresh.

In the past, we have seen there has been some volatility in the gross credit cost and the profit numbers. Then we have seen variance because of the variations in the stages rates, variation in the receivable numbers. So to reduce that volatility, we thought that we'll wait for now till we have done with the model refresh, and we'll take a call after that.

Mahrukh Adajania: So model refresh is in the fourth quarter?

Salila Pande: We normally do it annually.

Mahrukh Adajania: But it will be now in the fourth quarter, right, like in the last quarter of the year?

Salila Pande: Right.

Mahrukh Adajania: Okay. And my other question is on growth. So obviously, there's a festival base and all lenders have seen a decline in AUM, right, or in receivables. And everyone seen like a 5% to 7% decline and so have you. But I mean, what's the real reason, of course, there's a festival base, but receivable growth looks very anemic through the sector.

Is it that the credit cards are losing share to other payment products? How do we view this on a structural basis? And what is the guidance on AUM growth now because we are already at 5% year-on-year. So what would be the guidance? When would we reach mid-teens or early teens? So that's my other question.

Girish Budhiraja: So, Mahrukh, on your second question on the AUM growth, first of all, a, it is not a structural issue. If you look at the retail payments and the transactions, both are growing consistently. In

fact, it's the other way around, if you look at the spend growth on retail, which is at around 15% or so, is lagging the transaction growth.

That means customers are using the card for even low-value transactions, and it is becoming more ingrained in their lifestyle. So there is no issue on that side. On the asset side, as was being stated, the asset has three parts: transactor asset, revolver asset and the instalment asset.

Transactor asset can keep on varying on a month-to-month basis depending on the seasonality it keeps going up and down. But on a year-on-year basis, you will see some trend lines there, one festival here and there otherwise. As of now, the revolver asset is where we see is either stable or no growth is happening there.

And we have been cautious there, and we have been stating that over the last 5 to 6 quarters, that we have tightened our new customer acquisition, and we have been more selective there. We want the credit cost to come down. And for that reason, we see the revolving asset has a slightly downward bias.

And as MD ma'am mentioned in her opening remarks, we are going to focus on what is in our control, primarily, which is on the installment asset, which is growing. So the new sale of installment asset actually is growing higher than the retail spend, which is a very good trend because the new -- the customers who are spending are converting more of their spend into assets.

So spend to lend is going stronger. These are the trends as of now. As we see the credit costs come down to the levels where it is comfortable and we are okay with it, incremental or marginal customers can always be looked at.

Salila Pande: So just to supplement what Girish mentioned, Mahrukh, we will continue to grow, but the growth will be sustainable. -- Ultimately the customer as well as the business that we do has to be profitable. So, we are having a calibrated approach. This is something that we will continue to do that we are not going to grow recklessly. We'll grow where we see merit and where we see value.

Mahrukh Adajania: Okay. Thank you so much. Thank you.

Salila Pande: Thank you.

Moderator: Thank you. Your next question comes from the line of Aditya Vikram from DB Securities Private Limited. Please go ahead.

Aditya Vikram: Hi, thank you so much for taking my questions. After a very long period of time, we are seeing some really good numbers. So I think you answered about the receivables, right? What are the trends looking at, right? Is the spend increasing or are we going to focus more on the EMI assets?

Because if I look at your presentation, right, what I see is that the Q-on-Q growth about the retail spend is not very significant, right? So just wanted your thoughts on some qualitative commentary on that. That's the first question.

The second one, which I wanted to really understand is that you mentioned in your initial remarks that it was about 4 quarters back when you were growing at 1.1 million or almost 1 million customers every quarter. And you're saying you will go back to that. So what happens?

What is your assessment again on the side of the quality? Do we add some new customers, you see the growth increasing on the same path going forward? Or you will be more aggressive in terms of acquiring new customers? Thank you.

Salila Pande:

So if I got your first question correctly, it was about spends where you said that the spend has been lower than –Q2, the growth has not been significant. See, there's a little bit of seasonality in the previous quarter. And there was, to some extent, where we saw spend happening because of the festive season as well as an uptick because of the GST rationalization which happened in the last quarter.

But I would say that we see consistency. And in terms of the spend also, we are seeing a good growth happening. Quality of spend is also improving, and spends per card if you look at the investor presentation has also improved. In fact, last year, what I understand that the festivals were there for the 2 days in Q2, whereas this time the festival season started almost 10 days earlier before the end of Q2.

So there was a spend spillover which happened in the last quarter as well as this quarter. So both the quarters had a respective spend growth. Number two, in terms of NEA I would stick to what I said earlier that we will grow. We see ample opportunity. But we will continue to see where the value is. The business and customer profile should be valuable and profitable for the company as well.

So we will continue to grow. We are very hopeful with the kind of initiatives that we are taking that once we start seeing more abatement in asset quality, we will go to the next level. But as of now, also, it's not that we will not grow. We will continue to grow and have a consistent growth in terms of the customer acquisition.

Aditya Vikram:

So just to follow up on that, mam. You said 1 million customers is what you're looking at, right? So I just want to get that clear, right? We will be able to acquire 1 million customers by having aggressive strategy, but at the same point of time, there will be more sustainable with less risk of any sort of discretionary kind of a category, right? That's what you were trying to say in baseline.

Salila Pande:

Correct.

Aditya Vikram:

Okay. Thank you very much. Again, after a very long period of time, a very good quarter. So I hope it sustain and continue. Congrats to you and your management.

Salila Pande:

Thank you, Aditya.

Moderator:

Your next question comes from the line of Gao Zhixuan from Schonfeld. Please go ahead.

- Gao Zhixuan:** Firstly, on the margins. Given that we are going for quality and we talk about revolver assets of downward bias, where and when do you see the margin bottoming out? Or how should we think about the margin going forward?
- Girish Budhiraja:** So on the margin, there are 2 elements. The first one is on the yield. So I will talk first on the yield. We see a slight downward trend on the yield. And primarily, the reason here is that as I was stating earlier, that the revolving asset percentage will have a slight downward trend, at least for the next 2 to 3 quarters. So given that we will have a downward trend on the yield at this stage. Cost of funds, will remain stable.
- Rashmi Mohanty:** See, at this point in time, it doesn't look like there's going to be another rate cut. If it happens, obviously, we will get the benefit of that. But just adding on to what Girish was saying, the yield on the portfolio definitely looks like on a downward trend. Cost of funds at the most will remain stable if it doesn't start to go up because as the expectation of the rate cut has disappeared, you have seen this month, the short end and both the long and have moved up on the rate. But on a near to medium term, I would say the margin will shrink towards the second half of the year.
- Salila Pande:** See I just want to add that ultimately, we are talking about overall profitability over there. So the idea is how do we optimize the profits? And so that we have the right optimal margins and also ensure that the riskiness of the customer is to the extent where we are not seeing substantial losses. So that is the idea. And we will continue to ensure that the margins remain stable within the profile that we want in terms of the customers.
- Gao Zhixuan:** Got it. Just on the growth outlook, we talked about going back to 10 lakh or 9 to 10 lakh kind of new customer run rate, which seems to be suggesting your cuts in cost is going to be growing, I say, 9%, 10%, which has been the case for the past couple of quarters. So with expense cut growth at 10%, spends grew by 15%, we have seen your receivable growth at 7%- 8%, now it's 5%.or -- So how do we get back to that 10%, 15% receivable growth with, let's say -- is that doable with kind of 9 lakh, 10 lakh customer acquisition?
- Girish Budhiraja:** It is doable. There are multiple levers for doing that. So it is not only that if the cards grow, then only the asset will grow because asset per customer also, there is an opportunity to grow. At this stage, because it is also about the kind of risk and return ratio that you are looking at. So as of now, what we are doing here is and what we are looking at is that we are being more -- as ma'am said, we are being calibrated, we are being fairly selective.
- So we will look at this. There is no dearth of customers. We can always look at certain specific segments and go slightly deeper and build asset there. So those opportunities are there in front of us. We will go to them at the right time when the comfort with the credit quality is there with us.
- Gao Zhixuan:** Cool. Sorry, so just last one question on the other income. It went from INR171 crores, 160-odd crores. Usually, it went to INR226 crores this quarter. What's the jump about?
- Rashmi Mohanty:** We've made a disclosure in the exchange filings, there is a release of one of the provisions that we were carrying, and INR50 crores of that release has gone into the other income. You can actually read the exchange disclosure. It has details on the provision release.

- Gao Zhixuan:** Got it. Thank you so much. I will join back the queue.
- Moderator:** Your next question comes from the line of Rohan M from Equirus Securities. Please go ahead.
- Rohan M.:** Good evening, team. Thanks for the opportunity. On the ECL, model changes that we have done, if you could highlight what was the exact changes that led to the release?
- Salila Pande:** So we didn't make any changes in the model. It's just that as we keep on saying that we refresh the data. When we get on new quarter data, then we drop one quarter from the old -- in the overall model. And that is the only thing we did.
- If you look at the Investor presentation, you will see that actually, because of that, the provision rates have actually increased. The reason why there was an ECL release is that the stock in Stage 2, Stage 3 as well as Stage 1 have gone down. So because of that, basically, the overall ECL amount declined, but we decided to have a management overlay there and retain those provisions.
- Rohan M.:** Sure. And one of the competitors in the recent 3Q results indicated that they will have 2 more quarters of pain and credit cards where slippage may likely elevated. So anything that we want to comment upon on until when this elevated slippage in credit cards can continue?
- Salila Pande:** So, we continue to see a downward trend in slippages because of the roll rates we are seeing, the reduction in the stock we are seeing -- and this has been because the company has been working on improving asset quality for many quarters now. So we are seeing the benefit. We don't expect looking at the numbers today that there will be any elevation in terms of the stress in the portfolio.
- Rohan M.:** Sure. And the total spend in the Category 3 has jumped sharply in the 9 months. So is it primarily driven by corporate cards or like what is driving this jump?
- Girish Budhiraja:** No. So that data is completely retail data, there is no element of corporate in that one. I'll come to the category, I'll just explain the Category 3 to you. So in the Category 3, there is travel agents, hotel airlines and railways. So what we have seen is in the travel segment & in entertainment segment, there is a jump up on the online spends.
- Rohan M.:** Okay, fine. And lastly, if you look at the opex growth has been almost 21% in the 9 months and income growth is 12%. So from an operating loss perspective, going into FY'27, like how should one think on that?
- Girish Budhiraja:** So you're talking about the overall opex growth?
- Rohan M.:** Correct.
- Girish Budhiraja:** Yes, going into next year, there are -- there will be 2 elements which will be -- should be looked at. One is that we have -- as of now, we are indicating 900,000 to 1 million cards a quarter. So however, if during the year, we want to increase the number of cards or increase the acquisition, that will be incremental cost over this year. So that actually comes as an opex, but it is an investment into the future from a company perspective.

The second part is also about the corporate card spends. We always stated that the market is at anywhere between 20% to 25%. And in this quarter, we are now finally around 19%, 20% of the overall spend. So we would want it to be broadly in this space. So from this quarter, whatever you see as a corporate card spend, we don't want it to as a percentage terms go further than that. So these are the 2 broad trend lines that you will see as a differential this year over next year.

- Rohan M.:** And lastly, just the Tier 1 ratio, which has jumped this quarter, what is the rationale for that?
- Rashmi Mohanty:** Profit for the quarter.
- Rohan M.:** Yes. Q-o-Q, there's a jumping Tier 1 ratio?
- Salila Pande:** That's because see both the risk-weighted assets have declined slightly and the profits have been added to Both the numerator and the denominator impact.
- Rohan M.:** Sure. Okay. Thank you.
- Moderator:** Thank you. Your next question comes from the line of Jignesh Shial from Ambit. Please go ahead.
- Jignesh Shial:** Yes. Hi, am I audible?
- Rashmi Mohanty:** Yes.
- Moderator:** Yes, you are audible.
- Jignesh Shial:** Thanks for the opportunity. I have three questions. First of all, this quarter, we have seen the new account addition has seen a kind of a decline, whereas we are talking about adding up 1 million accounts each quarter gradually. So can you give some color of which are the customer base that will be focused because you are talking about being selective and conservative. So what kind of which -- I mean, which geographies or which kind of customer base, if you can give some -- throw some light on that, that will be helpful. That's my first question?
- Girish Budhiraja:** Okay. To answer your first question. This quarter, we were -- as per our estimates, we were close to around 30,000 to 50,000 cards shorter in achieving our target. We would like to compensate for that in this quarter. So we try to keep stay between 900,000 to 1 million, but whatever 30,000, 40,000, 50,000, we fell short of in last quarter, We want to compensate for it in this quarter. Ideally, we would want our Banca contribution to be around 50% to 55% and the balance coming from the open market. As you have seen, we have -- in the last quarter, we have tied up with three large players. So we have a co-brand with IndiGo.
- We have done a co-brand with Flipkart and we have a co-brand with PhonePe and Tata Neu. So these are large digital co-brands. Strategically, we would want to on the open market go -- do work with as many large digital partners so that we can get the customers from there, where you get the spending customers who have a value proposition, which they like. From the Banca side, we have already integrated with Yono1.

And now with Yono 2, you would have recently seen the launch of Yono 2 and Internet banking. This is a primary focus area where we want to give a seamless end-to-end digital experience to customers. So these are the areas where we are focusing. It is not about geography or a particular segment obviously, government salaried is one of the best customer segment.

And we continue to be strong in that particular segment. But from a customer psychographics and demographic perspective, we would want to go as much digital because it is not only about acquiring the customer, it is also about activating him, keeping him engaged with us for a long period of time. So looking at all those parameters, this is the way that we are looking at acquiring our customers.

Jignesh Shial: Perfect. That sounds great. Second question is now is on opex. So now obviously, we have seen a kind of a moderation in growth. And obviously, gradually, we are talking about acquiring more customers, obviously, through digital mode and all, how do you see our current cost to income is somewhere around 56% kind of number? And also, we are talking about doing more co-branded credit cards across. So what trajectory are we seeing on the opex front and cost-to-income front or cost to average assets front? Can you give some color on that?

Rashmi Mohanty: So, cost-to-income, we anyway have indicated that for the year, we should be in the 55% to 57% range. And the reason why we gave that guidance was because we were expecting.

Moderator: Ladies and gentlemen, the line for the management has been dropped. Please stay connected while we reconnect line for the management. Ladies and gentlemen, we have the line for the management reconnected. Yes, ma'am, please go ahead.

Rashmi Mohanty: So, I was saying that we had given a guidance for 55%, 57% because we were obviously expecting a higher corporate spend this year given the growth that you've seen there, and we maintain that for this year. I think on the other question, in general, on the opex, how will it look like for the next year, Girish has already given an indication that as we grow the number of cards per quarter, once we get back to that number, it will obviously impact on the opex numbers.

I think corporate spend, we are at about 20%-odd of our overall spend. We will maintain that ratio. So in terms of year-on-year, that won't really be that bigger delta in the cost-to-income ratio. But as we continue to grow the number of cards, that will definitely impact cost to income.

Jignesh Shial: So we should see overall range inching up. Is that a fair assumption?

Rashmi Mohanty: I would still say it should be in the same range of 55% to 57% next year.

Jignesh Shial: Understood. And final third question is on your credit costs. So right now, it's 8.3%, obviously, if you adjust for INR121 crores provision release, it would have been even lesser. So any broad trajectory that we are thinking about that I understand that credit card generally means a cyclical business. But since MD ma'am is talking about bringing up more stability in overall earnings and all. So any broader range that is there what we are thinking about in case of credit cost for next -- say next 2 to 3 years kind of horizon? How do we see that one?

- Salila Pande:** So as I have been maintaining earlier as well as Jignesh it's a very long period for credit card portfolio right now to speak about, but the intent is and the numbers reflects very clearly that we will continue to work on reducing the overall gross credit costs going forward. And you will definitely see improvement in the coming quarters.
- Jignesh Shial:** All right. There is no broader range that -- or any levels that you think we should be settling at, say 6%, 7% kind of number or nothing right now in the horizon?
- Salila Pande:** As of now, see, I will not commit on 6%, 6.5%. But as you have known in the past, we have seen those numbers. And once we reach, definitely, we will be very comfortable.
- Jignesh Shial:** Understood. That's really ma'am. And thank you and all the best.
- Moderator:** Thank you. Your next question comes from the line of Pranuj Shah from 3P Investment Managers. Please go ahead.
- Pranuj Shah:** Hi, thank you for taking my question. Most of them have been answered, just a couple of clarifications. One is, could you give the breakup between salary and self-employed between your new sourcing in 3Q?
- Salila Pande:** 72%. So For this quarter new acquisitions is 72% salaried.
- Pranuj Shah:** 72 is salaried?
- Salila Pande:** Yes.
- Pranuj Shah:** Okay. Got it. And second is just a clarification I think in note 11 you mentioned that some mandated contributions to PIDF have been reversed from your liability of INR70 crores. So could you give the context around that, what is that around?
- Rashmi Mohanty:** So very briefly there was a RBI requirement to contribute to the payment infrastructure development fund. And for that, we have been building the provisions. We did pay out up to a certain period to RBI and we received regulatory confirmation that the regulator will not be collecting it for the period July to -- July '24 to June 2025. And therefore, that provision has been released.
- Pranuj Shah:** Okay, but nothing about the continuity of that scheme beyond December '25?
- Rashmi Mohanty:** The scheme anyway ended in December, on December 31, 2025. So up until June, we have released the provision.
- Pranuj Shah:** Okay, ma'am. Got it. Thank you.
- Moderator:** Thank you. Your next question comes from the line of Piran Engineer from CLSA. Please go ahead.

- Piran Engineer:** Yes. Hi, team. Thanks for taking my question. Most have been asked. Just firstly, on the cost of funds increasing 10 bps Q-o-Q, that's just mathematical because last quarter of the end-of-period borrowing effect?
- Rashmi Mohanty:** That's right, Piran. The numbers that you see are on a 4-point average and because the last quarter number was higher, which is why you see that kind of a trend. On a daily weighted average, which is what has been also shared and disclosed in the document, our cost of funds has come down by 5 basis points this quarter.
- Piran Engineer:** Got it. And Rashmi also mentioned that cost of funds should be stable unless we see another rate cut, but the December rate cut benefit should still come in, right? Or are you seeing that offset because stable rates have gone up?
- Rashmi Mohanty:** I was hoping as well, Piran, that the benefit should come in, but look at the rate on both the short end and the long end of the curve, they've only gone up.
- Piran Engineer:** Okay. Okay. So broadly, cost of funds should be here?
- Rashmi Mohanty:** That's right.
- Piran Engineer:** Got it. And then secondly, is the industry and you all taking any further cost-cutting measures to alleviate the top line pressure? Because this revolver pressure is, therefore, everyone not just you. Any measures in terms of reducing cash backs and reward points and -- or maybe sourcing fees, etcetera?
- Salila Pande:** So, nothing specific, but this is a part of the overall regimen that we continue to review our offerings, our value prop. And wherever we feel that the CBA is not holding out even in the long run, we keep on taking those measures. So nothing in particular.
- Piran Engineer:** Got it. Thank you and wish you all the best
- Moderator:** Your next question comes from the line of Ansh Kumawat from Capital One.
- Ansh Kumawat:** I just want to ask regarding the other operating expense, which has been largely the INR2,000 crores for the last 2 quarters now. Is it mainly -- is it mainly concerning the corporate spends? Or is there any other delta to it? Because we've grown from around INR1,400 crores to around INR2,000 crores in the last 5 quarters, 6 quarters?
- Rashmi Mohanty :** Sorry, your question is on the...
- Ansh Kumawat:** Other operating expense. Correct? Other operating expenses.
- Rashmi Mohanty** So this includes all the expenses around cash back, corporate pass back, sales at the acquisition cost, all of that.
- Ansh Kumawat:** Okay. So should we also -- should we also link it to corporate spend in any way then? Corporate spend is going to increase, this should also increase?

- Rashmi Mohanty:** So, as we said, that corporate spend this quarter were at about 20%-odd of our overall spend, we would like to maintain that at that ratio. So in terms of the rate, you should now see a stable rate quarter-on-quarter.
- Ansh Kumawat:** Okay. So This INR2,000 crores would be the run rate for the coming quarters, right?
- Girish Budhiraja:** Yes, there are 3 elements of cost in this, customer acquisition costs.
- Rashmi Mohanty:** The cash back.
- Girish Budhiraja:** The cash back and the offers that we do in the market. And the third part is the corporate pass back. Plus customer value benefit utilization. So it has these 4 elements into it. So there will be some amount of variation depending on offer and season, but some of the things are fairly stable. So for example, value proposition cost is fairly stable. Customer acquisition costs are because we are running at this point in the last 2, 3 quarters is fairly stable.
- Ansh Kumawat:** Okay. Alright, Thankyou
- Moderator:** Thank you and your next question comes from the line of Nitin Aggarwal from Motilal Oswal.
- Nitin Aggarwal:** And congrats on a good quarter. So one question is around the credit cost. So when you look at the credit cost, which has come down from 9% to 8.3%. It's quite a good decline we are seeing. But can you also share some color on how much this is as a percentage of retail loans?
- The reason I'm asking is because while there is a decline, but the mix of corporate spends also has increased from 6% to 20% in past 1 year. And retail loans I believe will be a major cause of this credit cost. So how should one look at this entire equation in entirety?
- Salila Pande:** So, we don't have any delinquency in our corporate portfolio. This -- whatever credit cost is reflected in terms of the write-offs related to all retail loan only, in the past as well as of the current quarter.
- Nitin Aggarwal:** So then what will be the percentage of the retail loans last year versus what is it now? So as to like make a better sense of this credit cost number?
- Girish Budhiraja:** So even in the asset, there is hardly any corporate. Corporate asset is not more than INR150 crores to INR250 crores. Balance everything is retail.
- Nitin Aggarwal:** Okay. Great. That's good to know. And secondly, like within the retail corporate spend mix, how should one look at this going forward, like the corporate has been growing at a very rapid pace. So where do you want to mix to be over the coming year or maybe in the short term?
- Salila Pande:** So, Nitin, it's growing at a slightly higher pace right now because we had lost some ground in the last year. The idea, as Girish mentioned earlier, is that we will try to maintain a mix of having around 20% of the contribution coming from the corporate spend side going forward.
- Nitin Aggarwal:** Okay, Okay Thank you so much and wish you all the best

- Moderator:** Thank you, your next question comes from the line of Kaitav Shah from Anand Rathi.
- Kaitav Shah:** Congratulations on a good set of numbers. Can you explain the sharp increase in the capital adequacy?
- Salila Pande:** So capital adequacy, one is that accretion of profit has happened. And then the risk-weighted assets have declined as compared to the previous quarter. Both the things have impacted. Other than that, there is nothing significant there.
- Kaitav Shah:** Okay. Sure, mam. And second question broadly is on outlook for growth over the medium term. Is there a chance, and it's a reiteration of earlier question. But how do you see this panning out over the medium term? Do you see growth moving up to the double-digit levels?
- Salila Pande:** So, when you talk of medium term, how long are you talking about?
- Kaitav Shah:** 2 to 3 years.
- Salila Pande:** Definitely. That will be the intent. And we see it even this opportunity and we'll work towards it.
- Kaitav Shah:** Thank you so much
- Moderator:** Thank you, your next question comes from the line of M.B. Mahesh from Kotak Securities.
- M. B. Mahesh:** Just a couple of questions, ma'am. First on the credit cost, just qualitatively, when you are now looking at selections from the bad loan book, is this improvement coming in because customers are now getting access to better funds because we also see personal loans kind of disbursements picking up.
- Is it access to credit, which is leading to better recovery? Is it income leading to better recoveries? If you just kind of give us some color? Or is it lower settlement that you're doing compared to what you used to do earlier. What is driving the credit cost decline?
- Salila Pande:** So, for credit cost decline, I would say, collections. We would be happy to see even better collections happening. As we mentioned, we don't think that it's happening as customers getting access to other credits. We have basically increased the intensity of our collections. We have become more efficient, enhanced the resources. And those are the things which are reaping benefits for us in terms of the customers who are already delinquent.
- Apart from that, as we keep on mentioning that since we are more vigilant in terms of the acquisition, in terms of the portfolio management, we are seeing lower slippages as well. So that is also benefiting us. But I would not say that it's happening because of people getting access to credit from somewhere else. I don't think it's working like that right now.
- M. B. Mahesh:** Perfect. And this confirmation, if you're now looking at the forward flows into 30 to 60 to 90, has that also started to drop down meaningfully? And are you seeing some pullbacks as well? How should we look at this number as we go forward?

- Salila Pande:** Sorry, I didn't get you. You are saying it's dropping means?
- M. B. Mahesh:** Is the forward flow from 30 to 60, 60 to 90, is that also starting to fall off? And is there a pullback from the 60 to 90 back to 1 to 30? How are you seeing those trends as well?
- Salila Pande:** So, both are happening. We are seeing abatement in terms of the roll forward as well as pullbacks are also happening.
- M. B. Mahesh:** And if that logic holds, should we assume a meaningful reduction in credit cost based on what you have said so far?
- Salila Pande:** See, Mahesh, that's the intent. But what we have seen is it's such a volatile industry. We are working towards it. We are hopeful, and we look forward to it.
- M. B. Mahesh:** Okay. Just last one question. When you're looking at some of these platforms, third-party applications for where you see a RuPay credit cards. Does the MDR for you at a net level remains the same, or do you, as an issuer have to bear some costs to these apps as well?
- Girish Budhiraja:** You're right, Mahesh, we get interchange. However, in the whole ecosystem of this UPI CC, there is 2 more extra entities, which is called TSP and PSP, which is payment service provider and a technical service provider. As per NPCI guidelines, they also get some share of the overall MDR.
- M. B. Mahesh:** And it goes out of the share-of-the acquirer side or from the issuer side, just trying to understand that.
- Girish Budhiraja:** So they have done some adjustment. Earlier, it was acquirer share and issuer share. So some part of it goes from the acquirers, some part goes from the issuer.
- M. B. Mahesh:** Okay. Because your number shows 1.2% on the gross side, but I can't see the net number, though?
- Girish Budhiraja:** Yes, because issuers share is slightly higher.
- M. B. Mahesh:** Okay. Thank you.
- Moderator:** Thank you. Your next question comes from the line of Anuj Singla from JP Morgan. Please go ahead.
- Anuj Singla:** Good evening. Thanks for the opportunity. So couple of questions. Firstly, we have been seeing a consistent decline in the revolver share. And I think in the past couple of calls, Girish has mentioned that for the newly acquired customers, the proportion of revolver is much lower. Can you give us some sense on what the quantum is versus where we are versus the current 23%, where can it settle down over a period of time?
- Salila Pande:** So, Anuj, we don't disclose those numbers. vintage wise. But again, yes, to Girish's point, yes, we are seeing a downward bias in terms of the new acquisition, which is intuitively also correct,

because we are slightly more conservative in terms of the new acquisition. So we are seeing lower revolvers in the new vintages.

Anuj Singla: Okay. So I think during earlier part of the call, Girish also mentioned this can continue for the next couple of quarters and then settle down. Did I hear it correctly? And what gives you the confidence -- was it regarding revolver share that...?

Girish Budhiraja: No, No, Anuj. So let me clarify. What I said was that we will continue to run the track that we are running today or till the time we see the credit cost come down under control fully, okay? Once that happens, we can always rampup because there is no dearth of customers and applicants, we have in fact, in the last 3 quarters, there has been a consistent increase in number of applications that we are receiving, okay?

We can always look at certain segments, certain other categories which we are today not looking at and look at some pilots in those scenarios, okay? So those experimentation and those things, we will look at the right time. As of now, for next two quarters, this is the track that we are running.

Anuj Singla: Got it. Got it. Pretty clear, Girish. And secondly, so what we have seen is that the spend growth is still good on the retail side. You mentioned 14% number? But when we look at the asset growth, it's a bit more depressed. Ideally, this should, these 2 numbers should converge at some point of time. Do you see that scenario panning out in '27 or '28 ? If you can just give us some guidance or some handholding there that will be helpful? Thank you.

Girish Budhiraja: Asset growth will lag spends growth in next year, at least for next year.

Salila Pande: See, we are seeing overall in the portfolio also that as we have been saying that we see more customers are aware and becoming more of transactor. So as we start building up in terms of the portfolio, in terms of the new cards and the spend start growing, ultimately, they will culminate into asset growth.

Moderator: Anuj sir, does that answer your question?

Anuj Singla: Yes.

Moderator: So you have any further questions? All right. We'll move on to the next question. Our next question comes from the line of Gaurav from MLP. Please go ahead.

Gaurav: Yeah. Hi. Good evening. Thanks for taking my question. I have three questions. First one, just a clarification. The other income includes INR70 crores reversal of PIDEF -- the contributing to PIDEF, which we have reversed. So that's what written in this quarter. Is that correct?

Rashmi Mohanty: Of the INR70 crores, -- INR51 crores was taken in the other income, and -- INR19 crores was reversed from the expenses.

Gaurav: Sure, sure. Got it. So the P&L impact came in this quarter. Secondly, on the ECL provision, you mentioned about INR121 crores of excess. So, the ECL disclosed in one of your slides of INR1,989 crores, . Does that include INR121 crores, that's excluding the INR121 crores?

- Rashmi Mohanty:** Including INR121 crores.
- Gaurav:** Sure. So -- but if you remove the INR121 crores, the PCR would have dropped because the breakdown of ECL that you have disclosed in the charts, that would have otherwise reduced the PCR?
- Krishna Bishnoi:** In PCR, whatever percentage we have disclosed, we have made a footnote on that, that it is excluding this INR121 crores. So whatever the ECL is throwing PCR, we are showing that...
- Gaurav:** All right. So this INR121 crores is over and above the ECL provisions that you've provided Stage 1, 2 and 3?
- Rashmi Mohanty:** See, you have the stocks, you have the ECL rates if you just multiply and subtract, you'll get INR121 crores.
- Gaurav:** Sure, sure. Absolutely. Got it. The next question is -- sorry, I missed the earlier part of the call. So have you given any guidance for FY'26 to FY'27 asset growth or receivables growth, sorry?
- Salila Pande:** No, no, we haven't given guidance this time, we have not given any guidance.
- Gaurav:** Okay. So your earlier guidance of 10% to 12%, now that the asset growth has actually fallen to 4.5%. Does that stay, the 10% to 12% for this year?
- Salila Pande:** So, see, we had said 10% to 12% initially in the early earnings call. But looking at the numbers, and the way the portfolio mix has changed. As of now, we're refraining from giving any guidance because the portfolio doesn't reflect that kind of a growth might happen in terms of 10% to 12%.
- Gaurav:** Sure, sure. And just a final question on...
- Salila Pande:** And Gaurav, as I mentioned earlier also that ultimately, asset growth or any customer acquisition ultimately should culminate in better profitability. So the idea is to continue to work with the appropriate risk return and see that we give consistent returns in terms of the profits and profitability.
- Gaurav:** Understood. Sure. And on -- finally, on the opex, is it given a guidance of 55% to 57%. If I look at the comment that the net card or the gross card addition in this quarter 860,000 and the target is 900,00 to 1 million. Incrementally, if I look at NIM --should NIM on a full year basis should be higher next year versus this year?
- So is it fair to assume that the opex to income would be at the lower end of your guidance? Or like this year, it will be at the higher end of the guidance. So how do we look at cost to income for next year given that the gross card addition will also not expand?
- Rashmi Mohanty:** Gaurav, we haven't given any guidance for FY'27 as of now. We will obviously give some indications around FY'27 in the next call and the April quarter.
- Gaurav:** Alright. So, this 55% to 57% is for this year?

- Rashmi Mohanty:** Yes, that is for this year.
- Gaurav:** Sure. Thank you so much. That's all from my side.
- Moderator:** Thank you. The next question comes from the line of Sucrit D. Patil for Eyesight Fintrade Private Limited. Please go ahead.
- Sucrit Patil:** Good evening to the team. I have 2 forward-looking questions. My first question is, with consumer spending pattern evolving and competition in the credit card space intensifying, how is SBI Card refining its customer acquisition portfolio mix and co-branding partnerships to drive sustainable growth? In this context, how are you balancing growth in spends and card in force with prudent underwriting and long-term asset quality? That's my first question. I'll ask the second question after this.
- Salila Pande:** Great. I would say you've asked everything. So ultimately, see the numbers will reflect competition is there, but there's tremendous potential as well in this market. And we feel that there is a great opportunity. We have our strength which gives us enough levers to ensure that we continue to grow sustainably, profitably consistently. We are the single largest pure-play credit card issuers, which give us a lot of focus in that area.
- We have very strong co-brand partnerships to grow. Number 3, we have a strong Banca partnership as well with SBI, which gives us another very big opportunity to continue to grow the credit card portfolio. And one thing which we continue to do is that we will continue to evaluate, assess, take action, basis what we are seeing in the market, what we are seeing in the portfolio. And we are very confident that we will continue to give sustainable results going forward as well.
- Sucrit Patil:** My second question is regarding finance. Given the recent moderation in asset quality metrics and continued investments in customer acquisition and rewards, how are you thinking about margin sustainability and credit cost normalization over the coming quarters. Additionally, what guiding principles are shaping capital allocation and risk management as the business navigates are changing consumption and interest rate environment?
- Salila Pande:** I think my first question should have answered the next question, but the thing is that, yes, as regards competition, sustainable growth improving. I would say that we keep on looking at our portfolio, wherever we see merit, wherever we see opportunities, value for the company, we will continue to invest there. You're right, moderation in asset quality metrics is happening, but we would like to see it improve further, and this is something that we will continue to work on as well going forward.
- Sucrit Patil:** Thank you and best of luck for the next quarter.
- Salila Pande:** Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, we'll take that as a last question for today. I now hand the conference over to Ms. Salila Pande for closing comments.

Salila Pande:

Thank you, Sagar. I would like to extend my sincere thanks to our shareholders, customers, partners, employees and to everyone who has joined us today. for their continued trust, support and confidence in our company. With that, thank you once again for your time and participation. Have a good evening.

Moderator:

Thank you. 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. Thank you.