



Quarterly Results Q1FY19

# Chairman's Presentation

10.08.2018

## Safe Harbor

*Certain statements in these slides are forward-looking statements. These statements are based on Management's current expectations and are subject to uncertainty and changes in circumstances. Actual outcomes may differ materially from those included in these statements due to a variety of factors.*

# SBI: Leadership position in the Indian Banking System

- Ranked 53<sup>rd</sup> among the top banks globally in terms of assets
- Commercial entity with highest Operating Profit in India (FY18)
- Second largest footprint globally – over 1.40 lakh touchpoints
- Serving ~425mn+ customers

## Global League

## Retail Leadership

Strong Retail Liability franchise in CASA

Market leader in Per-segment loans – portfolio size Rs. 5.59 lakh crores

Home and Auto loans market share at 32% and 35%, respectively

Market leadership in FI – 31.8% of PMJDY accounts; approaching breakeven

- YONO – leading omni-channel offering
- Digital leadership- Share of Alternate channel transactions – 82%
- SBI Online – World's 5<sup>th</sup> most visited financial site
- Robust IT infrastructure – capacity to handle 23,000 transactions per second

## Technology

## Group Synergies

**SBI Life** - #2 private life insurer; **SBI Card** - #2 Credit Card franchise; **SBI Funds** - #5 in AUM

Dominant presence in Capital Markets, Gen. Insurance and other financial services

Significant upside potential from cross sell – current Product per Customer <2

Potential to unlock value in subsidiaries

# Robust Liability Franchise; to Fund Credit Growth

Rs. in Crores

Key Financial Indicators	Q1FY19	Q1FY18	YoY (%)
<b>Total Advances</b>	<b>19,90,172</b>	<b>18,86,666</b>	<b>5.49</b>
<b>Domestic Advances</b>	<b>17,23,443</b>	<b>16,07,583</b>	<b>7.21</b>
<b>Total Deposits</b>	<b>27,47,813</b>	<b>26,02,534</b>	<b>5.58</b>
<b>Domestic Deposits</b>	<b>26,53,971</b>	<b>25,09,018</b>	<b>5.78</b>
CASA Deposits	11,96,195	11,13,455	7.43
CASA ratio (in %)	45.07	44.38	
Savings Bank Deposit growth (in %)	8.99	23.45	

- Credit growth at 5.49%; Excluding impact of LoUs / LoCs and spin off of UK subsidiary at 8.54%
- Corporate Bonds YoY growth at 39.03%
- Initial signs of pick up in credit growth, expect to end FY19E with a credit growth of >10%
- Healthy liability side, SA growth- 8.99% YoY on a high base; SA / CA market share at 26.55%/ 16.83% (Mar 2018)
- Excess SLR held at 11.15%; CD ratio at 66.55%- well placed to leverage pick up in credit demand

# Sustained Improvement in Operating Performance

	Quarter ended		Growth (%)
	Q1FY19	Q1FY18	Q1FY19 over Q1FY18
<b>Net Interest Income</b>	<b>21,798</b>	<b>17,606</b>	<b>23.81</b>
<b>Non Interest Income</b>	<b>6,679</b>	<b>8,006</b>	<b>-16.57</b>
<i>Add back one time impact of Switch from AFS to HTM book</i>	<i>2,124</i>	<i>1,121</i>	
<b>Total Operating Income, adjusted for above</b>	<b>30,602</b>	<b>26,733</b>	<b>14.47</b>
<b>Total Operating Expenses</b>	<b>16,505</b>	<b>13,738</b>	<b>20.14</b>
<i>-Less, wage increase provision</i>	<i>996</i>		
<i>-Less, provision for increase in gratuity ceiling</i>	<i>903</i>		
<b>Adjusted Operating Profit</b>	<b>15,996</b>	<b>12,995</b>	<b>23.09</b>
<b>Operating Profit</b>	<b>11,973</b>	<b>11,874</b>	<b>0.83</b>

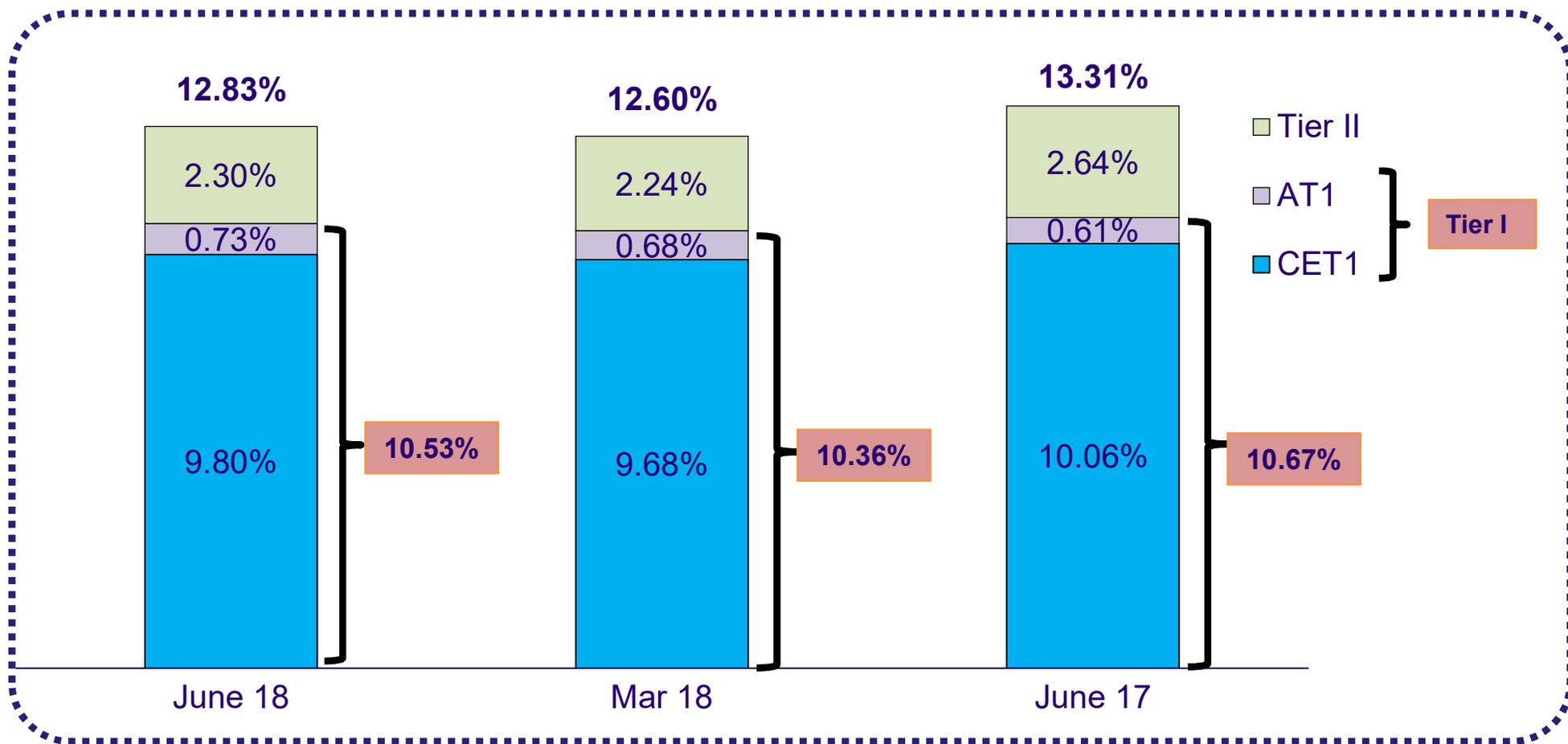
- Domestic NIM up 45 bps YoY to 2.95% and sequentially up by 28 bps ; NIM likely to trend higher due to resolutions, improvement in CD ratio and higher rates. Fee income up by 2.19% YoY and Recovery in AUCA up by 240.74% YoY
- Overheads increase at 13.02% YoY; Operating expenses higher on account of wage revision provisions and increase in gratuity ceiling

# Provisions and Net Result

Rs. in Crores

	Quarter ended	
	Q1FY19	Q1FY18
<b>Operating Profit</b>	<b>11,973</b>	<b>11,874</b>
Loan Loss provision	13,038	12,125
<i>Of which: Movement from Std. Asset Provision</i>	<i>-631</i>	<i>-1,806</i>
Standard Assets provision	-919	-2,039
Investment Depreciation	7,098	-755
Other Provisions (Incl. Tax)	-2,368	537
Total Provisions	16,849	9,869
<b>Net Profit</b>	<b>-4,876</b>	<b>2,006</b>

# We Remain Well Capitalized



- CRWAs on Advances to Total Advances Ratio down by 1035 bps YoY to 63.79%
- TRWAs to Total Assets Ratio down by 672 bps YoY to 53.66%

**SBI –  
Long Term value  
drivers**

**Retail and Digital Banking**

**Corporate Banking & Global Markets**

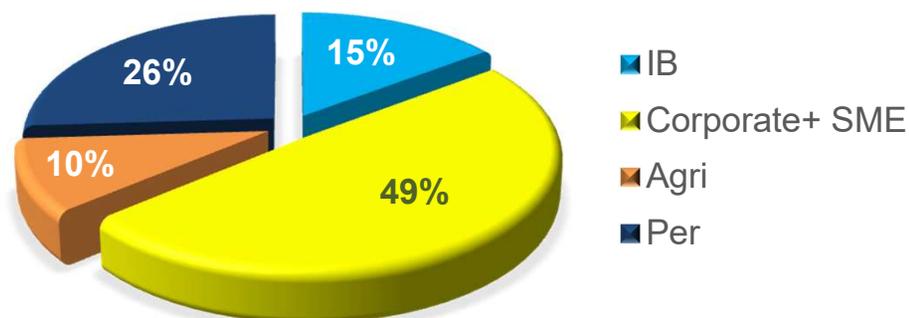
**Stressed Asset Resolution**

**Subsidiaries**

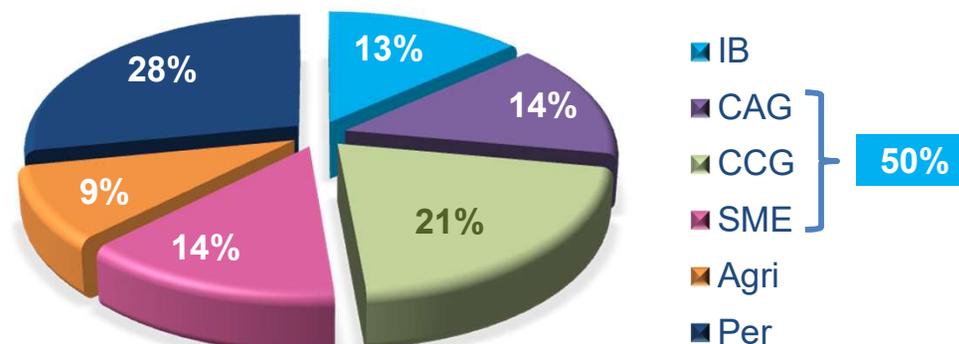
# Portfolio Strategy to maximize RoRWA

## Outstanding Advances Portfolio

JUNE 17



JUNE 18



In Rs crores	Q1FY18	Q1FY19	YoY Growth (%)
IB	2,79,082	2,66,728	-4.43
CAG		2,88,160	
CCG	9,28,479	4,12,970	5.14
SME		2,75,069	
Agri	1,89,100	1,88,110	-0.52
Per	4,90,005	5,59,134	14.11
<b>Total</b>	<b>18,86,666</b>	<b>19,90,172</b>	<b>5.49</b>

IB: International Business; CAG: Corporate Accounts Group; CCG: Commercial Clients Group; Per: Personal Segment

# Retail and Digital Banking

## A Robust Portfolio

**Total Retail Portfolio - Rs 10.22 lakh crore**

% of Dom. Adv. **59.32**

# Retail Banking - Leadership across all segments (1/2)

As on June 2018

**Market leader- Retail Personal Portfolio of Rs 5.59 lakh crore**

% of Dom. Adv. **32.44**

**Home Loans**

**Auto Loans**

**Xpress Credit**

**Other P segment Loans**

O/S,  
In Rs cr

3,20,205

66,872

78,691

93,366

YoY  
Growth, %

13.01

12.42

30.93

7.90

Mkt share  
in ASCB, %

32.08

35.08

N.A.

N.A.

GNPA, %

0.98

1.24

0.59

3.11

Note: Total Retail Personal Segment NPA ratio at 1.31%

# Retail Banking - Leadership across all segments (2/2)

As on June 2018, Rs. in Crores

## Retail Personal Portfolio: High RoRWA with Scale

Home Loans

Auto Loans

Others

Bank	Home Loans	Auto Loans	Others
SBI	3,20,205	66,872	1,72,660
Pvt. Sector Bank A	1,54,455	47,656	34,615
Pvt. Sector Bank B	44,036	1,45,811	1,46,777
Pvt. Sector Bank C	84,659	23,281	67,727
PSU Bank A	47,258	6,071	18,809



SBI Card- 2<sup>nd</sup> largest credit card company in India, with 17% market share in retail spends housed outside the Bank

Highest growth rate in cards issued at 34% YoY and second highest growth rate in card spends at 38% YoY

Note: Other Banks' data has been regrouped for comparison

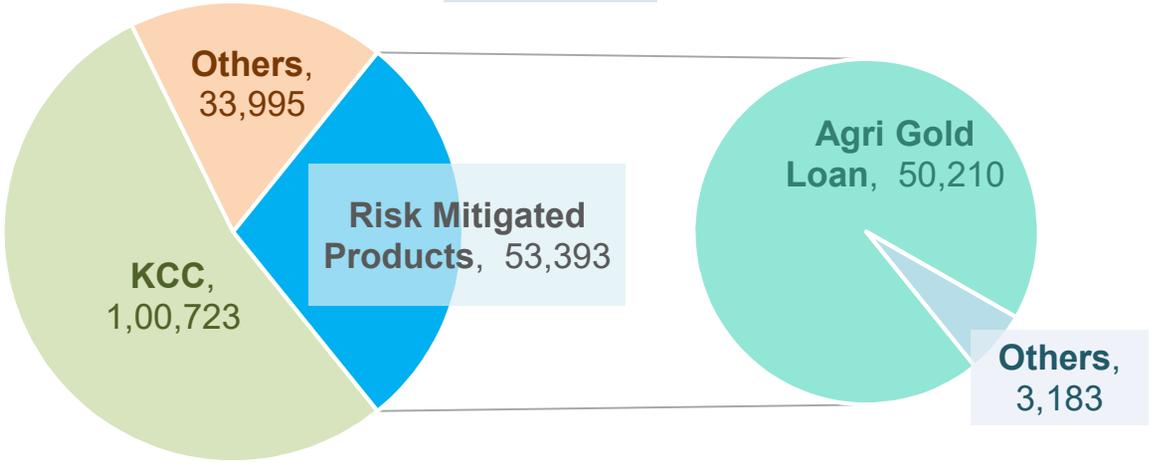
# Agri : Focus on Recovery and Risk Mitigation

**Agri Portfolio of Rs 1,88,110 crore**

As on June 2018, Rs. in Crores

% of Dom. Adv. **10.91**

**Q1FY19**



In %	Q1FY19
YoY Growth	-0.52
GNPA Ratio	11.60



Extended Gram Swaraj Abhiyan as a Govt. level outreach programme

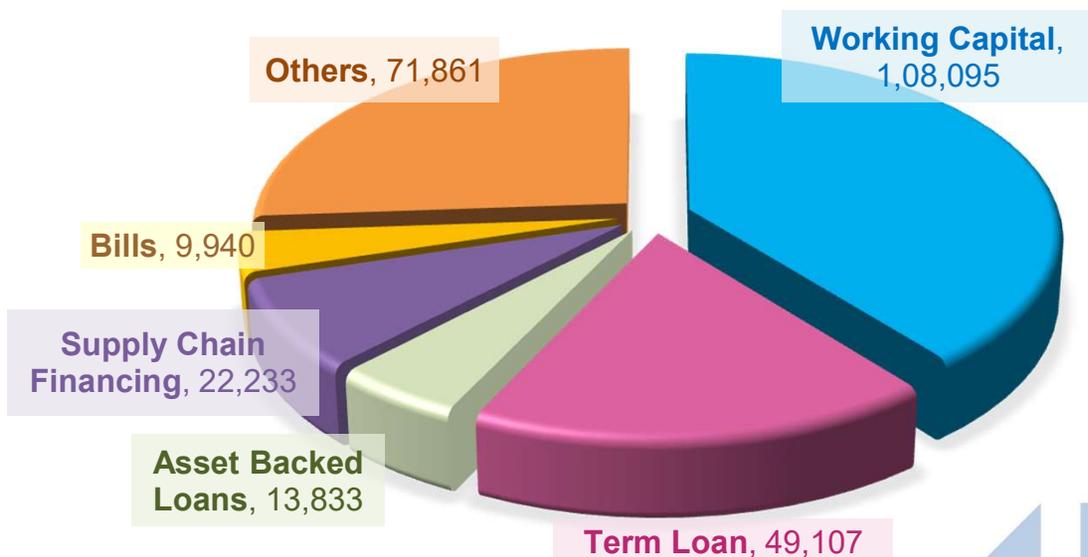
# SME : Focus on high ROA / ROE

As on June 2018, Rs. in Crores

**SME Portfolio of Rs 2,75,069 crore (of which MSME is Rs. 1,62,184 Crore)**

% of Dom. Adv. **15.96**

**Q1FY19**



Risk Mitigated Products as a % of SME Advances **28.11**

In %	Q1FY19
GNPA Ratio	9.11

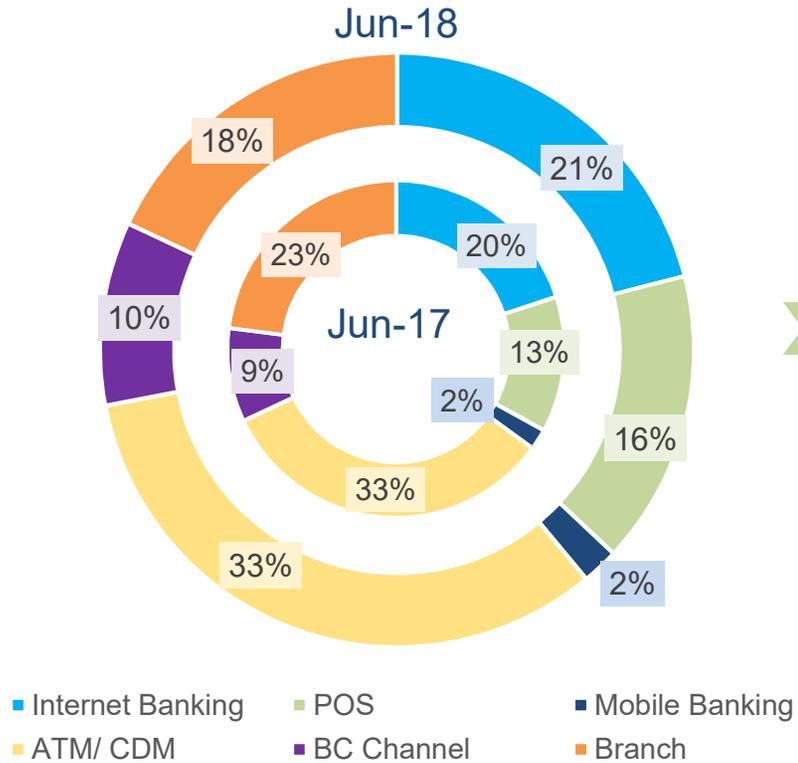
Maximise reach through dedicated Asset Management Teams for end-to-end customer relationship

Thrust on products like e-DFS, Asset Backed Loans and Cluster Specific Packages

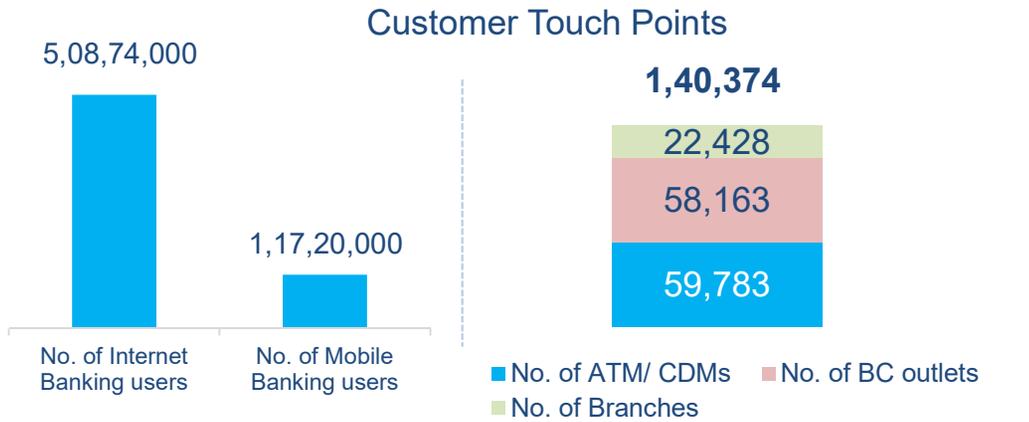
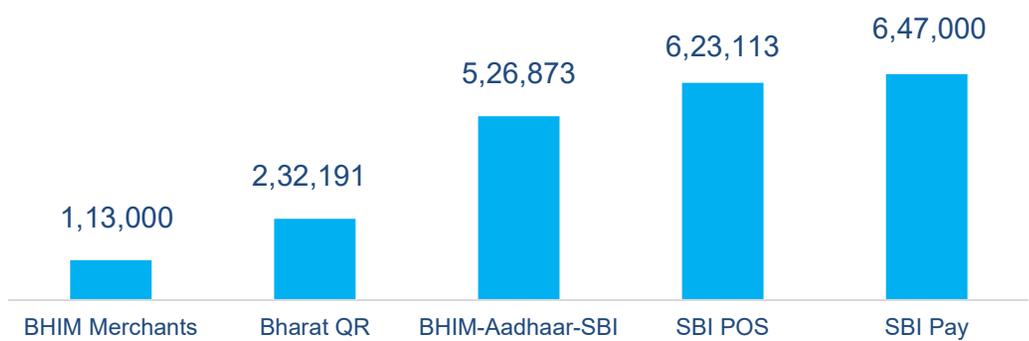
Credit Underwriting Engine, focussing on cash flow financing, analytics for improved underwriting and TAT

# Technology and Innovation

82% Share of Alternate Channels



21.4 lakh Merchant Payment Acceptance Touch Points *As of Jun-18*



- Market Share in debit card spends at 30.51%
- Advanced analytics to generate newer insights on customer preferences, networks and behaviour – also to help develop new products
- Blockchain: PoCs being conducted for exploring various use cases such as cross border remittances, trade finance, reconciliation, etc.
- Robotic Process Automation to automate lending and handle NACH mandates and customer documents is being piloted.
- Meghdoot 2.0, the biggest private cloud in APAC, with a futuristic cloud architecture for scale and performance

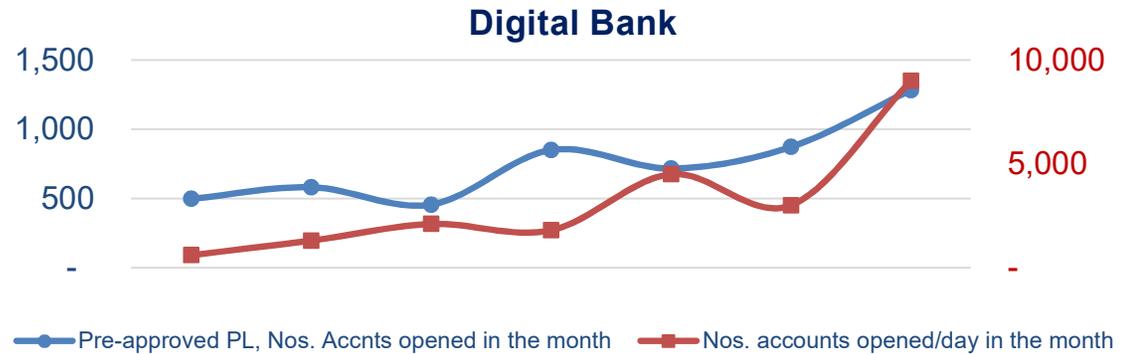
# YONO- our flagship venture- powerful engine for future growth

## Gaining Momentum



- Over 5x increase in daily run-rate for account opening in last 8 weeks
- Average balance of digital accounts at 40x, compared to peers
- Per day account opening >20k in Jul-18; peak of ~27k
- Yono has already won three prestigious awards

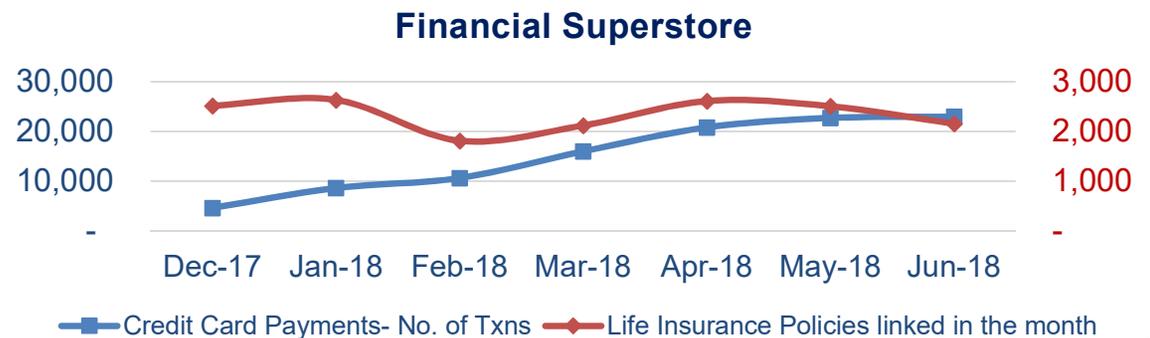
### Digital Bank



### Online Market Place

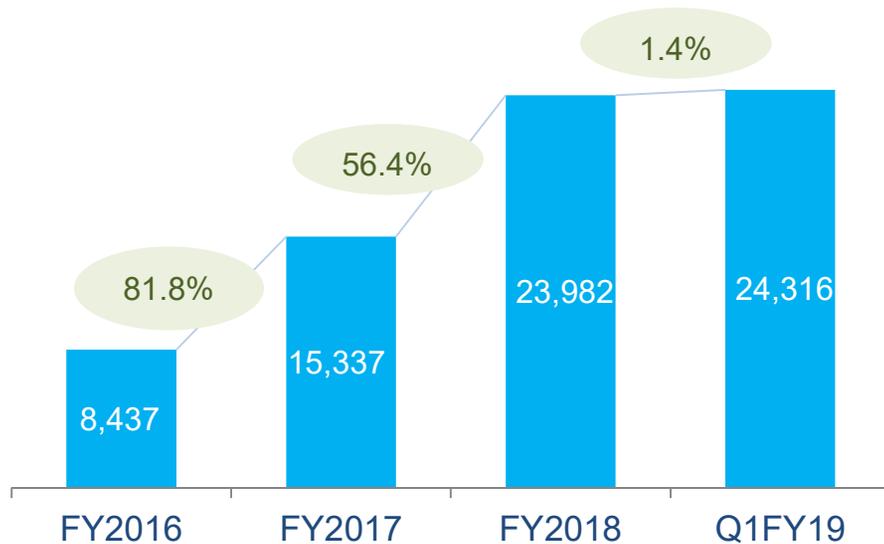


### Financial Super Store

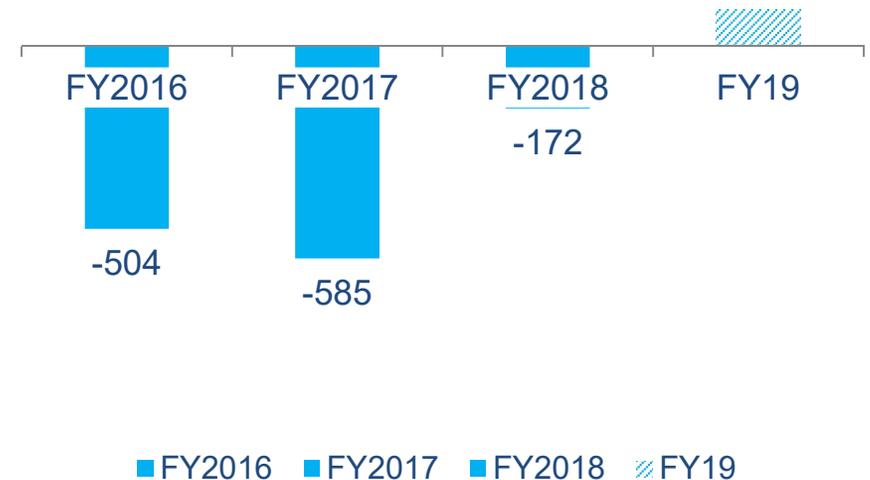


# Financial Inclusion; At Inflection Point

## CASA Deposits in FI accounts (in Rs. Cr)



## Profitability of BC Channel



- Scale up in the FI channel on the liability side; Low cost savings at Rs 24,316 cr, up 30.65% YoY
- Over 13 cr accounts with less than 13% zero balance accounts (down by 1100 bps YoY) to be further leveraged as additional govt. subsidies migrate to DBT platform
- 7.47 Cr accounts Aadhar seeded, 7.41 Cr Rupay cards issued; one time investment to yield dividends
- Total BC outlets at 58,163; the channel approaching break-even
- Large customer base and strong backend opens up opportunities to offer select lending services at competitive price points and cross sell investment / insurance products

# Corporate Banking

Revamp of Corporate Banking with Risk  
Return Optimization

**Total Corporate Portfolio of Rs 7.01 lakh crore**

% of Dom. Adv.

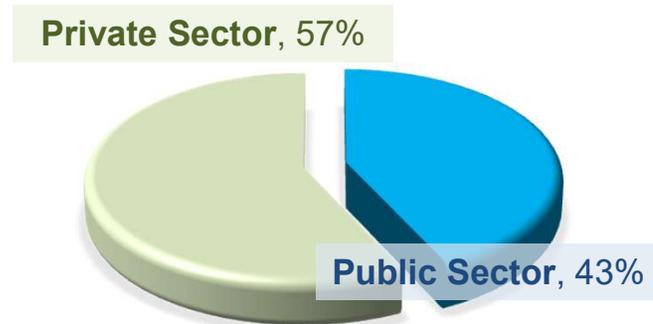
40.68

# Corporate Accounts Group - High growth driver, low credit risk

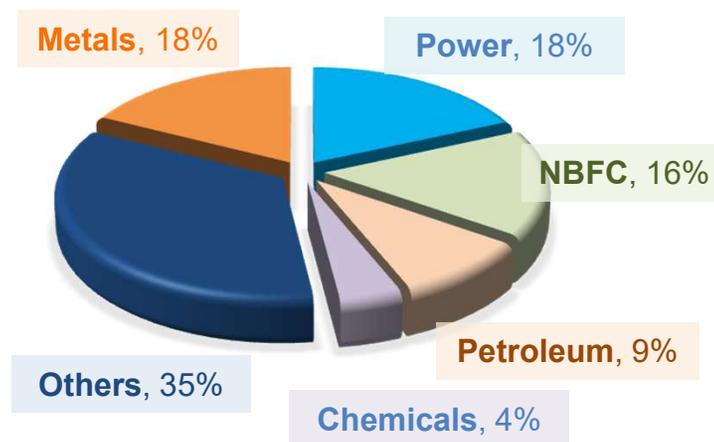
**CAG Portfolio of Rs 2,88,160 crore**

% of Dom. Adv. **16.72**

## OWNERSHIP DISTRIBUTION



## SECTORAL DISTRIBUTION



*(As a % of Fund based Outstanding)*

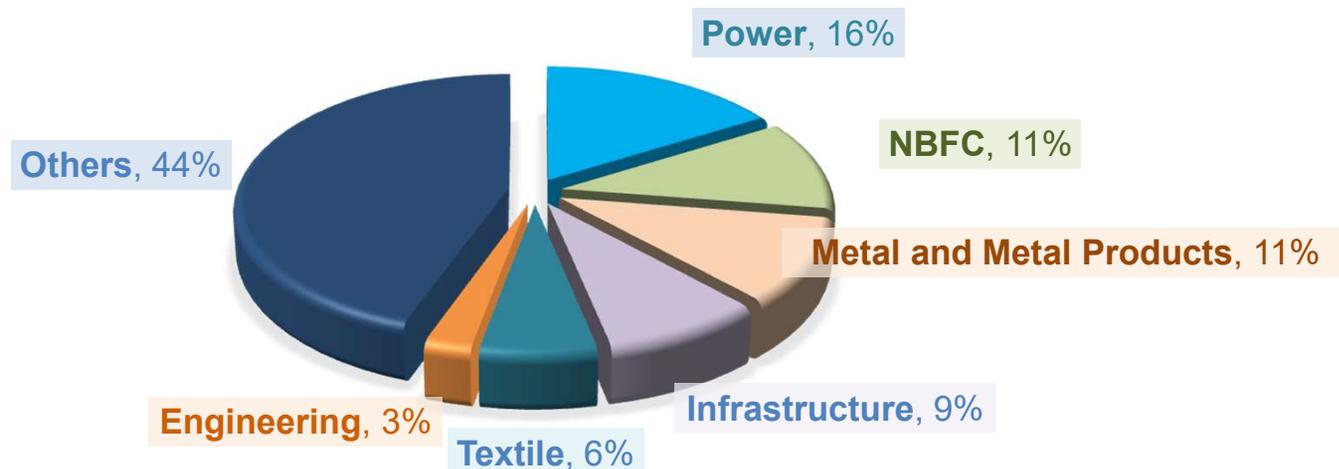
- Optimisation of CAG Branches, consolidated coverage of highest priority corporates/group relationships
- Widen universe with dedicated coverage for Financial Institution Group (FIG) & Credit Light Corporates
- Improve penetration in credit light sectors such as Pharma, IT and key MNCs
- Focus on fund to fee income

# Commercial Clients Group - Focus on RoRWA

CCG- Portfolio Size of Rs 4,12,970 crore

% of Dom. Adv. 23.96

**Sectoral Distribution**  
(As a % Of Fund Based Outstanding)



- New vertical created, with focus on enhancing Risk Adjusted Return from customers with higher credit needs- RAROC threshold of 20%
- Focused account management plans tailored to address specific client needs for this segment
- With greater focus, expect higher growth and market share gains in this vertical going forward

# International Banking : Consolidating Operations

IBG Portfolio of Rs 2,66,728 crore

% of Adv. 13.40

## Advances



- Rationalization of Overseas Operations (from 207 offices in 35 countries currently); UK operations spun off into a subsidiary; 10 offices to be closed
- NIM improved to 1.47%, higher share of long term loans and lower trade finance to have a positive impact
- Strategy to focus on Investment grade companies and issuers
- Advances at Overseas Offices expected to remain at around 13% of the total advances by FY19
- Gross and Net NPA down by 109 bps and 102 bps respectively at 1.42% & 0.46% as on June 2018

# Global Markets- Way Forward

Rs. in Crores

## AFS Book

MAR-18

JUN-18

Others, 27,977

Corporate Bonds, 69,391

SDLs, 69,706

CP, 59,199

G-Sec and T Bill, 3,35,525

Others, 29,849

Corporate Bonds, 70,586

SDLs, 70,785

CP, 55,302

G-Sec and T Bill, 2,76,896

### Modified Duration of AFS book

3.3

2.8

2.4

Dec-17

Mar-18

Jun-18

- Invest in short dated G-Sec/ SDL securities, NCDs and Commercial Papers.
- Reduce the Modified Duration and  $PV_{01}$  of the AFS portfolio.
- To generate income from churning of securities taking advantage of volatility in yields
- Use of derivative products to generate income from trading and hedge our book to the extent possible.

# Stressed Asset Resolution

NPA Cycle Ending, NCLT Resolutions & AUCA  
Recovery to give an Upside

# Asset Quality Snapshot

In %	Q1FY19	Q4FY18	Q1FY18
Gross NPA	10.69	10.91	9.97
Net NPA	5.29	5.73	5.97
Slippage ratio	1.95	6.90	5.38
Credit Cost	2.55	4.93	2.48
PCR with AUCA	69.25	66.17	60.79
PCR without AUCA	53.38	50.38	42.70

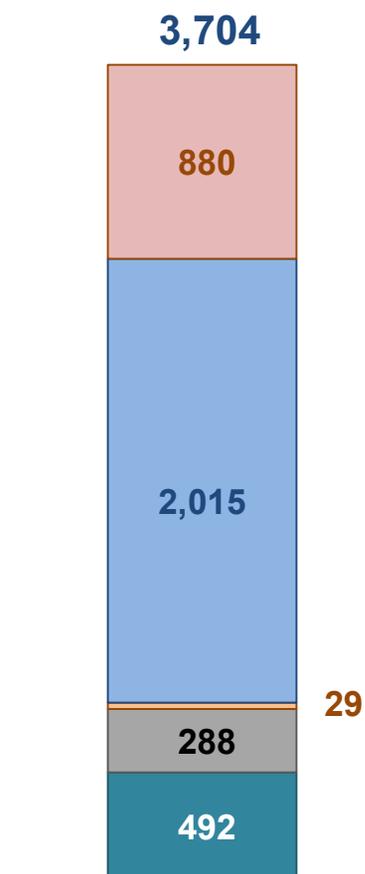
# Asset Quality- 91% of Corporate slippages from Watchlist

Rs. in Crores

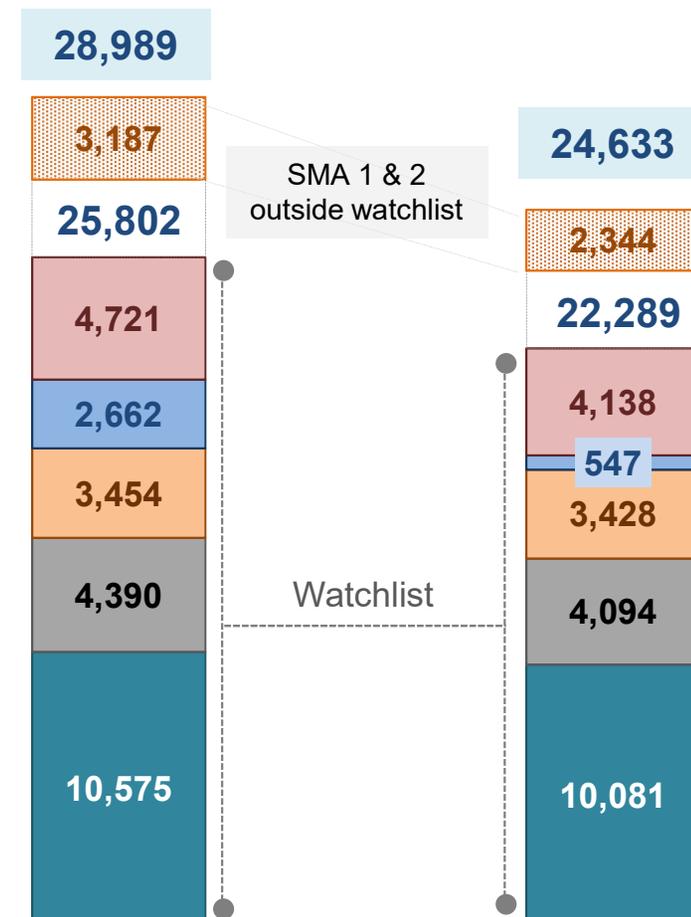
Corporate Slippages Break-up



Total Corporate Slippages Sectorwise Break-up



Watchlist and SMA 1 & 2 outside Watchlist



As on March 2018

As on June 2018

1.42%

% of Advances

1.24%

■ Watchlist ■ Others

■ Power ■ Roads & EPC ■ Iron & Steel ■ Textile ■ Others ■ SMA 1 & 2 outside watchlist

# Status of NCLT accounts

Q1FY19, Rs. in Crores

List 1 Fund Based o/s*
Rs. 34,603
+
List 2 Fund Based o/s*
Rs. 28,435
=
Total
Rs. 63,038

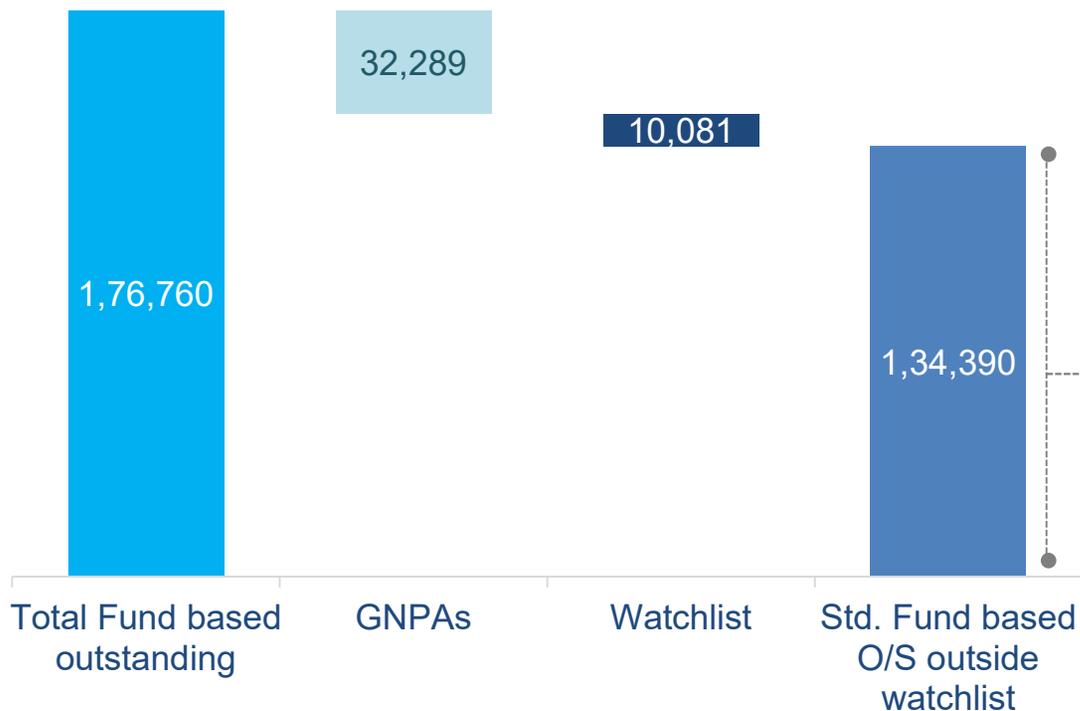
## PCR on NCLT accounts



\* Including amount transferred to AUCA

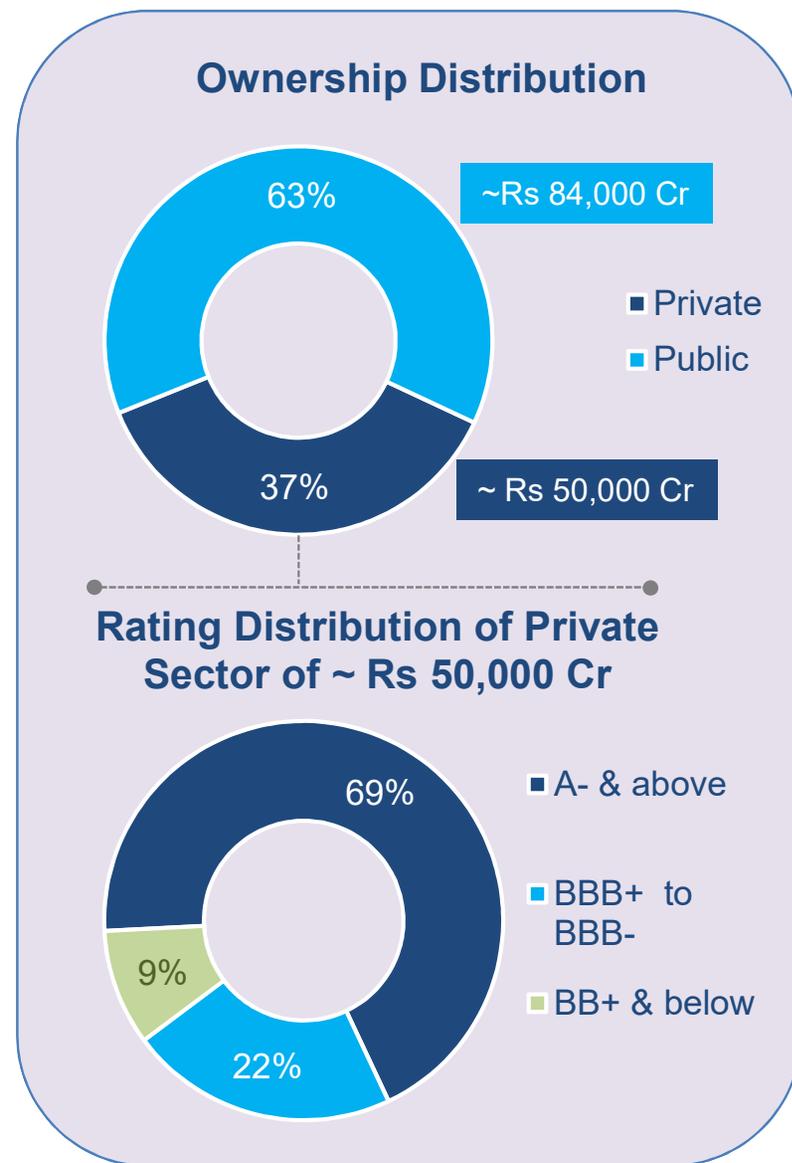
- Two accounts resolved from NCLT 1, with recovery of 73.5% and 53.7% respectively
- Expected haircut on entire NCLT List 1 is 52%, surplus to be utilized for other resolutions
- Resolution of NCLT accounts to lead to lower GNPA's, in addition to better margins

# Power Sector – Way Forward



- BB and below (9%) of Private Sector (Outside watchlist) constitutes a large number of smaller value accounts
- Nearly 60% of Power NPAs are expected to be resolved before Q3FY19 outside NCLT
- Incremental provisions required for resolution included in credit cost est. for FY19E (expected haircut at around 50%)

Q1FY19, Rs. in Crores



PCR for Power Sector NPAs at ~40%

# SARG : Focus on Recovery and Resolutions

**SARG Portfolio of Rs 1,45,748 crore**

% of Total Adv. **7.32**

Reorganisation of SARG from Geography based structure to Industry Specific Specialization

- Maximising intrinsic value of stressed unit.
- Generation of continuous income flow through resolution based approach or exit by taking timely haircuts
- Centralised control for improving TAT of resolution

Early identification of most suitable mode of resolution through matrix based approach for maximising returns

Structured approach - identify suitable accounts for resolution under NCLT

Screening Committee set up to scrutinise Compromise Proposals imparting objectivity, transparency and independent view

Templated OTS upto Rs 50 crore to improve TAT of decision making

Creation of Investor Relation Desk for maximising returns through Sale to ARC / scouting strategic investors

To adopt Inter Creditor Agreement to expedite joint resolution of Consortium / Multiple Banking Accounts

Resolution of stressed Power sector accounts through SAMADHAN Scheme

# Credit Costs to come off significantly

Particulars	June 2018	
	As % of total GNPA	PCR without AUCA (%)
Total Corporate	74.5	56.85
NCLT 1	15.6	63.12
NCLT 2	10.5	72.85
Corporate excl NCLT	46.7	53.31
IBG	1.8	67.88
Total Retail	25.5	38.48
Retail- Per	3.5	31.25
Agri	10.3	31.62
SME	11.8	46.58
<b>Total existing NPA</b>	<b>100.0</b>	<b>53.38</b>

Credit costs expected to be below 2% in FY19E

- 35% of provisions for fresh slippages
- Corporate slippages to be largely from watchlist
- 65% of provisions due to ageing requirements

Above mentioned credit costs sufficient for all expected slippages and resolutions in FY19

- 60% - 65% of Corporate NPAs outside NCLT to be resolved through OTS, change of management, restructuring including identification of sustainable debt
- Remaining Corporate NPAs likely to go to NCLT
- Haircut for resolution of Corporate NPAs expected to be contained within current PCR

Note: At end of Q1FY19, Standard Asset Provision was Rs 3,886cr, while Counter Cyclical Provision was Rs 1,250 cr

# Subsidiaries

Creating Value

# SBI Subsidiaries- Significant Value Creation



- Market capitalization of Rs 70,000 cr
- #2 private life insurer in terms of Individual New Business Premium
- Strong financial performance: VNB Margin : 17%

	Q1FY19	Q1FY18
PAT (in Rs. cr)	354	313
ROE (in %)	21.2	21.9



- 2<sup>nd</sup> largest credit card company in India with a card base of 6.5 mn+
- Very high retail spend, accounting for a market share of 17% for the period April 2017 to May 2018

(As per IND AS)	Q1FY19	Q1FY18
PAT (in Rs. cr)	159	133
ROE (in %)	38.3	42.7

\*As per Ind AS



SBI MUTUAL FUND  
A partner for life.

- #5 in India with market share of 9.96% in AUM
- Faster Y-o-Y growth of 38% as against Industry growth of 20%

	Q1FY19	Q1FY18
PAT (in Rs. cr)	92	69
ROE (in %)	31.86	34.35
AUM (in Rs. cr)	2,33,114	1,68,816



- 3<sup>rd</sup> position in Personal Accident, 5<sup>th</sup> in Fire, and 3<sup>rd</sup> in Crop line of business amongst pvt. gen insurers
- Market share of 5.66% in current year among pvt gen insurers

	Q1FY19	Q1FY18
PAT (in Rs. cr)	113	50
ROE (in %)	32.56	19.04



- Amongst India's leading domestic investment banks
- Ranked #2 by number of equity issuances in FY18

	Q1FY19	Q1FY18
PAT (in Rs. cr)	21	87
ROE (in %)	5.52	24.2

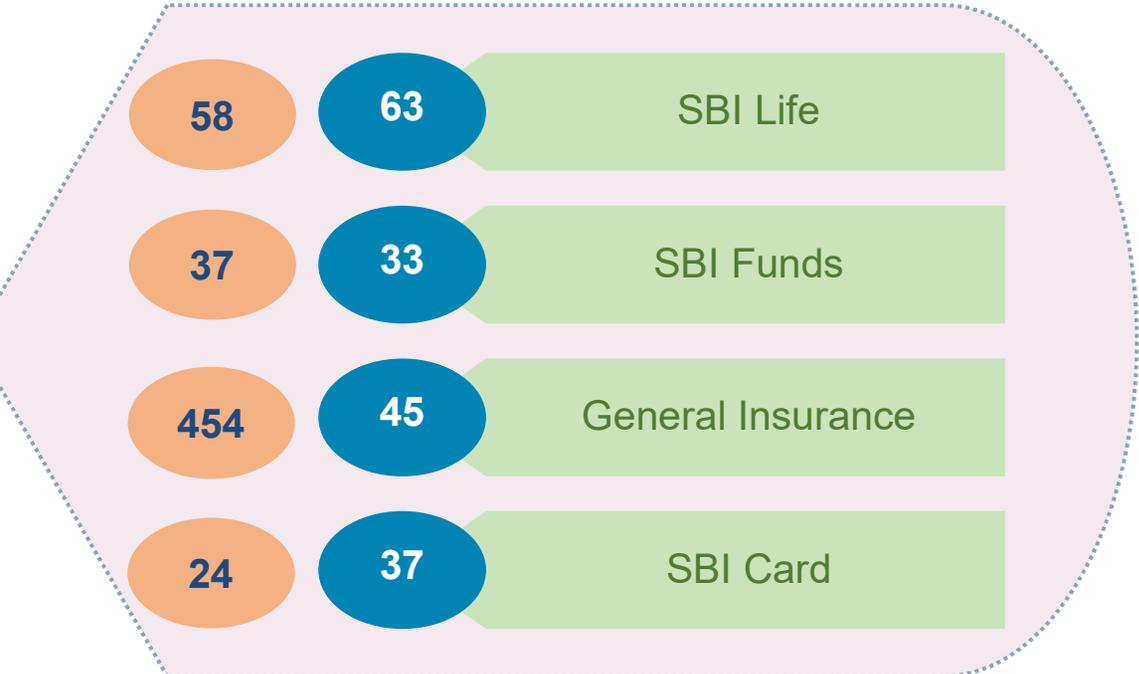
# SBI and its Subsidiaries - Leveraging Synergies

As on June-2018

## SBI Total Customers (In lakhs)



SBI customers holding products of subsidiaries



● Number of SBI Customers with subsidiary products (in lakhs)  
● Sales through Banca channel (%)

- Technology and other enablers in SBI to offer a full bouquet of products
  - Project IMPACT – CRM Platform to leverage data analytics for lead generation/ YONO- Financial Super Store
  - Wealth Management services offering financial products across asset classes
- Best in class JV partners, efficient processes, long term scalability, high standards of corp. governance
- Cross Sell income to fee income at 8%, expect cross sell income to grow > 50% over medium term
- Life Insurance Distribution- 34% YoY growth in New Business Premium through SBI
- Mutual Fund Distribution- Ranked 3<sup>rd</sup> (FY18), highest growth in gross commissions at 203% YoY in FY18 among top 10 distributors

**Thank You**