



Quarterly Results Q2FY18

Chairman's Presentation

10.11.2017

Safe Harbor

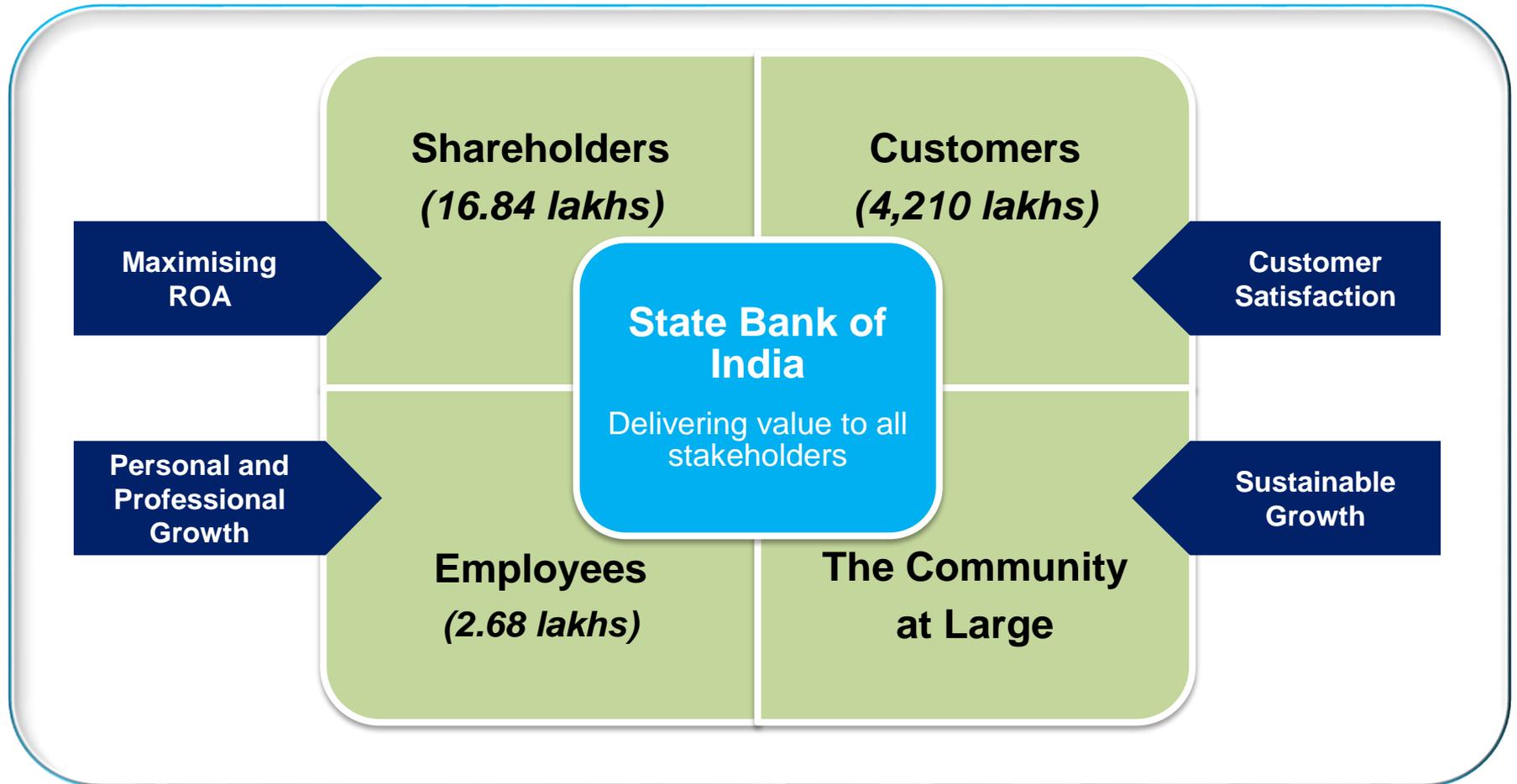
Certain statements in these slides are forward-looking statements. These statements are based on Management's current expectations and are subject to uncertainty and changes in circumstances. Actual outcomes may differ materially from those included in these statements due to a variety of factors.

Merger of Associate Banks and BMB with SBI

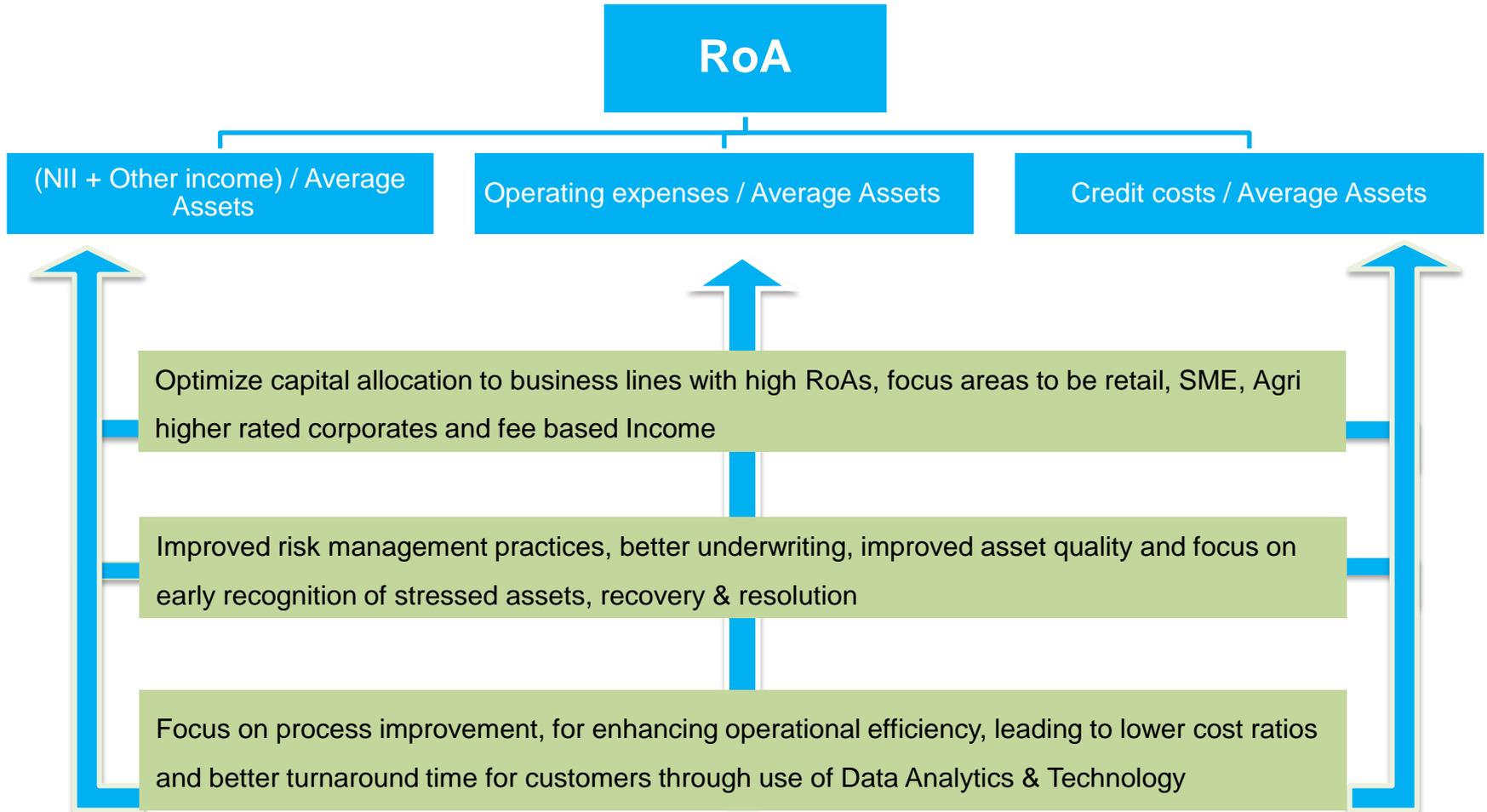
Bank has merged five of its Associate Banks and Bhartiya Mahila Bank w.e.f 1st April 2017. Accordingly, Figures / Ratios / Parameters relating to September 2017 are for the merged entity. Wherever feasible, the historical data has been arrived at by aggregating the Audited numbers of these Banks with that of SBI.

Our Commitment to Stakeholders

SBI: Delivering value to stakeholders



SBI: The next three years; framework for maximizing RoA



Enablers to maximize RoA: Operating Income (1/3)

RoA

$(\text{NII} + \text{Other Income}) / \text{Average Assets}$

$\text{Operating expenses} / \text{Average Assets}$

$\text{Credit costs} / \text{Average Assets}$

Credit Growth

- Maintaining credit market share,; Portfolio mix towards higher RoA products
 - Retail: Home loans, Express credit, Auto loans
 - SME: Asset backed loans, Dealer financing, B/S financing
 - Agri : Value chain financing
- Corporate: Optimize business and pricing to shift to higher RoA relationships
- Increasing Wallet Share in overall business

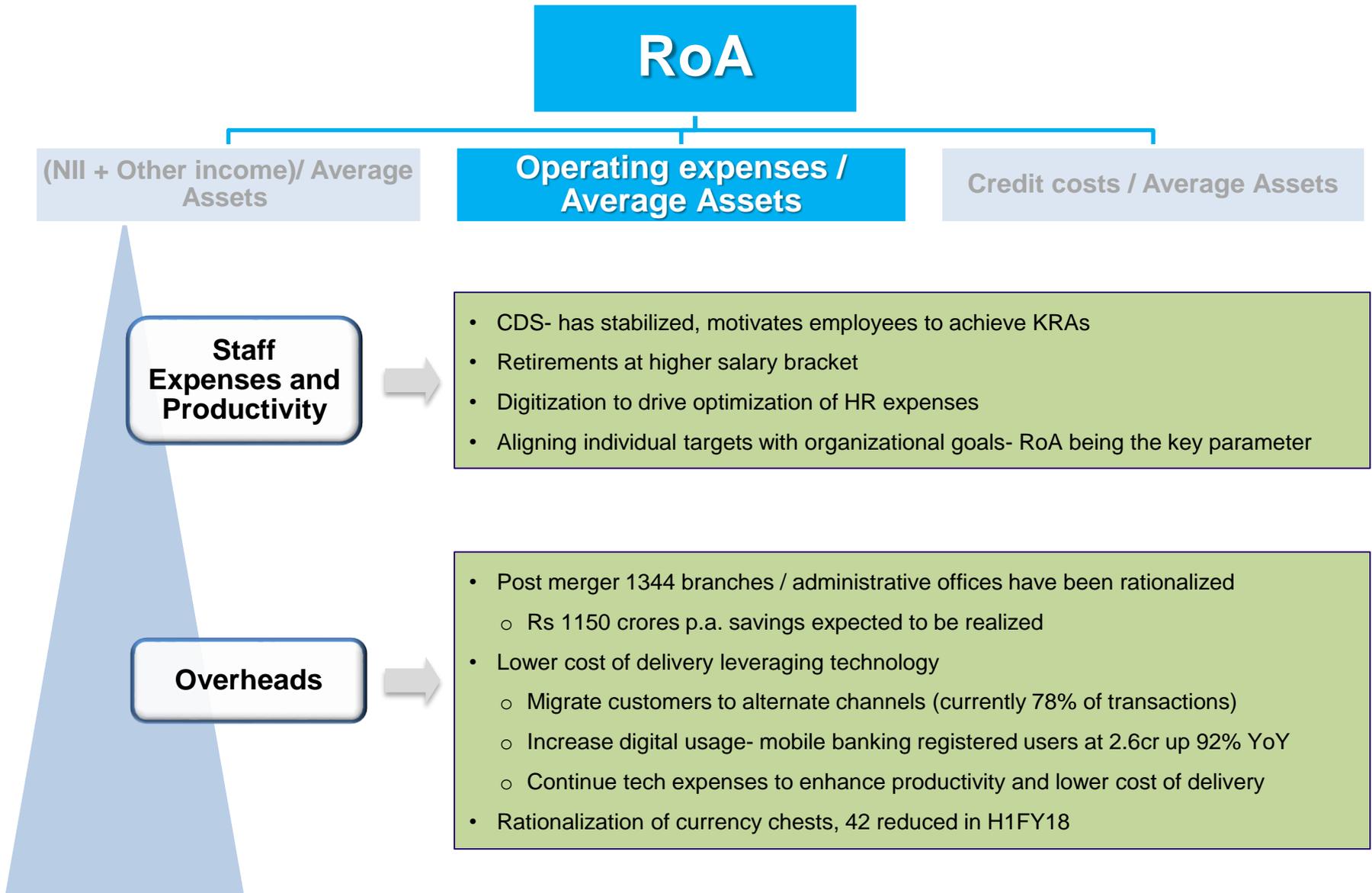
Liability

- Focus on increasing Current Account share in CASA
- Transaction Banking unit to increase penetration with Corporate customers
- Focused marketing efforts for Corporate Salary customers for SA, CMP accounts
- Calibration of deposits inflow with credit off-take

Other Income

- Continue to increase share of CS income to non int. inc. (ex treasury)
- Product per customer at 1.85, target to increase significantly
- Increase in business volumes in GBU providing significant float funds to book
- Fast track recovery in written- off accounts / up-gradations – Time Value of Money
- Significantly increase employee allocation from admin/ operational to sales roles

Enablers to maximize RoA: Operating Expenses (2/3)



Enablers to maximize RoA: Credit Costs (3/3)

RoA

$(\text{NII} + \text{Other income}) / \text{Average Assets}$

$\text{Operating expenses} / \text{Average Assets}$

$\text{Credit costs} / \text{Average Assets}$

Underwriting

- Improvement in underwriting standards; early sanction review, loan review mechanism, early warning system, dynamic rating review etc. implemented for SME and Corporate Loans- Leveraging Data Analytics for credit underwriting
- Independent Risk Advisory (IRA) for all credit proposals
- RaROC to be defining performance criteria for business lines, integration of risk and finance to calculate RaROC

Credit Costs

- Stressed Assets Resolution group created, to be headed by a Managing Director, to focus on resolution and recovery
- NCLT cell created to monitor progress and expedite resolution
- Industry specific resolution strategies adopted for timely recognition & focused recovery of stressed assets

Scaling up Subsidiaries and discovering value

SUBSIDIARIES	SBI's stake	FY17 PAT (in Rs cr)
SBI Life	62.1%	955
SBI Cards	60%	390.4
SBI General	74%	152.7
SBI Caps	100%	218
SBI DFHI	72.2%	176.4
SBI MF	63%	224.3
SBI PF	100%	1.03

Leading RRBs	FY17 ROE	FY17 Networth (in Rs cr)
Mizoram RB	68.2%	123.5
Chhattisgarh Rajya GB	46.6%	869.2
LDRV	25.4%	62.4
Meghalaya RB	22.1%	149.7
RMGB	20.7%	606.9
Andhra Pradesh GVB	19.9%	1,749.8
Saurashtra GB	16.5%	267.6
Total for 18 RRBs		6,563.3

SBI General:

- GWP growth in H1FY17 at 33% YoY, against industry growth of 19%
- New business line- 'Health Insurance' added; distribution efficiencies to be achieved by leveraging Banca channel

SBI Cards:

- Bank to increase stake to 74%, definitive agreement signed with leading FI, who will hold 26%
- Spends market share at 16.3%, up 411 bps YoY- Ranked #2
- Aiming to be market leader, target to double cards base from current 5.26mn by FY19

RRBs:

- Reorganizing RRBs to exploit business potential, with sharp focus on operational efficiency
- Plan to raise capital for at least two RRBs through primary capital markets

Delivering value to Customers

Digital led Customer Delight

- Customer facing platforms and instruments to improve customer experience
 - Project Lotus being launched: Omni-channel experience for customers for banking and beyond banking services
 - Continued migration of transactions to digital channels, currently at 36% (up 1000bps YoY), target of 65% in the medium term
 - Retail leadership position in BHIM and BHIM SBI Pay; aspiration to touch every customer of the Bank
 - Strengthen leadership position in Debit Card spends; current market share at 30.86%, target to improve share by 1000bps in medium term
- Digitisation of processes to enhance customer experience and reduce costs
 - 36 out of 106 identified key processes have been digitized
 - Aspiration to touch 50-60% of Bank's revenue and ~70% of Bank's operating cost

Process improvements to enhance Customer experience

- Customer Experience Excellence Program (CEEP): implemented in 4,826 branches; process changes, tech –enablement and performance management to enhance customer experience
- Technology enabled changes to deliver sustained reduction in TAT for Home loans, SME and Auto loans
- Bank wide CRM implementation to enable data analytics for better understanding, servicing and sales

IT Infrastructure and State of the Art Technology to Deliver Value

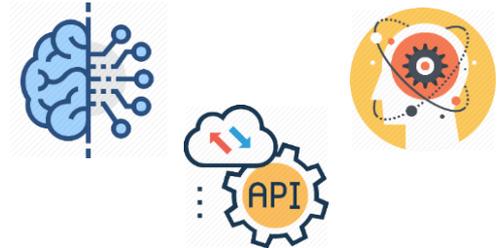
Platformization

- ✓ API driven digital architecture
- ✓ **IT Infrastructure:** capacity to handle 23k+ transactions per second; Account hosting capability > 2Billion accounts
- ✓ **YONO:** Digitization of customer experience and processes
- ✓ **CRM & Project Impact:** Retail & Corporate customer one view; Data & information exchange



Tech Up-gradation

- ✓ **Meghdoot 2.0: Biggest private cloud** in APAC; futuristic cloud architecture for scale and performance
- ✓ **Enhanced productivity:** O365, EMM
- ✓ **Branch Server consolidation:** Cloud based virtualization of branch servers



IT Infrastructure & State of the Art Technology to deliver value

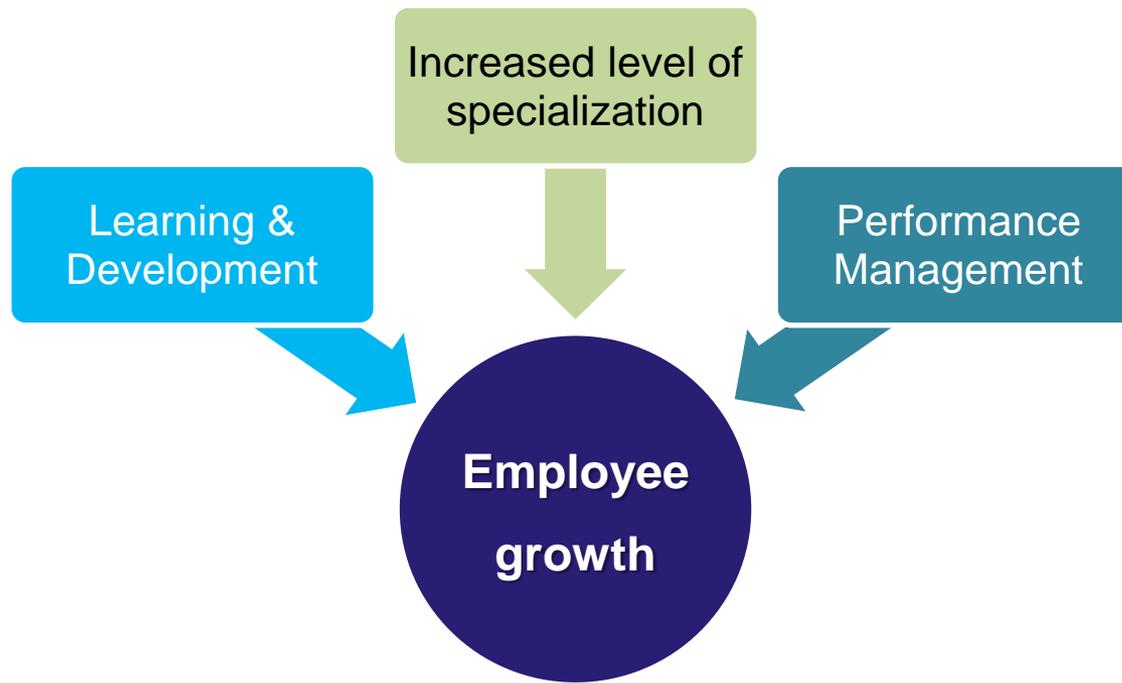
- ✓ **SBI Startup program:** collaboration with FinTechs & Start-ups
- ✓ Collaboration Innovation Centre & UX design Lab
- ✓ **National Hackathons & Idea Crowdsourcing**
- ✓ **Intra-prenuership** scheme for employees

Collaboration

- ✓ **Chatbots:** SIA, Roopantar genie & Product Wizard
- ✓ **AI & ML:** customer profiling on basis of mobile digital footprint, social profiles, bank statements
- ✓ **RPA:** Intelligent document scanning
- ✓ **Bankchain:** Blockchain of 22+ Banks

Futuristic Technologies

Employees: making them future ready



- Succession Planning: identifying succession for future leaders of the Bank and developing strong pipeline for critical roles
- Comprehensive leadership development through competency mapping, 360^o feedback and IDP
- Redefining Training at SBI: reorienting employee attitude through mass communication, go-digital- e learning & online certifications
- 70% training effort to be focused on enhancing functional effectiveness at the junior level, to make employees future ready
- BU heads to be owners and major stakeholders in training initiative, assessment of training needs and broad course outline
- SBI among Top 3 best places to work in India (Source: Global #1 job site 'Indeed.com'), continues to deliver value to employees

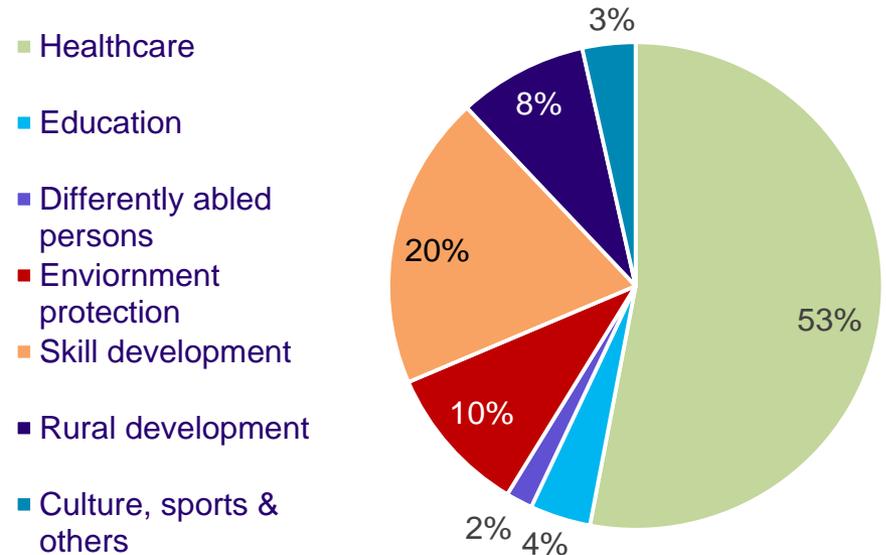
Our commitment- continue to serve all sections of society at affordable price

Financial Inclusion

Rural Self Employment Training Institute RSETIs (Total Numbers: 151)	Cumulative (Since 2011)
No of Training Programmes held	20,762
No of Youth trained	5,53,145
Financial Literacy Centers (FLC) (Total numbers: 326)	
No of Out door activities	64,373
No of Persons availed FLC Services	45,85,002

- 13.2 cr of Financial inclusion accounts, 54% seeded with Aadhar while Rupay cards issued to 49%
- FLCs conducting camps on 'Going Digital' for farmers, SMEs and senior citizens
- Institutionalizing culture of highest ethical standards

1% of PAT set aside for CSR activities



Sustainability, Corporate Governance and Ethics

- First PSU Bank to publish Sustainability Report- in FY16, FY17 prepared conforming to GRI – G4 benchmark
- SBI ranked #1 in Disclosure Index by FTI Consulting
- Chief Ethics Officer appointed, a first for any Indian PSU
- Golden Peacock Award for excellence in Corporate Governance in 2017

Financial Performance

Operating Performance

Rs. in Crores

	Quarter ended			Half Year Ended		Growth (%)		
	Q2FY18	Q1FY18	Q2FY17	H1FY18	H1FY17	H1FY18 over H1FY17	Q2FY18 over Q1FY18	Q2FY18 over Q2FY17
Interest Income	54,850	54,905	54,820	1,09,755	1,09,314	0.40	-0.10	0.05
Other Income	16,016	8,006	10,146	24,022	18,908	27.05	100.06	57.85
Total Income	70,866	62,911	64,967	1,33,777	1,28,222	4.33	12.64	9.08
Interest Expenses	36,264	37,299	36,701	73,563	72,949	0.84	-2.78	-1.19
Net Interest Income	18,586	17,606	18,119	36,192	36,365	-0.48	5.57	2.58
Operating Expenses	14,603	13,738	14,277	28,340	27,522	2.97	6.30	2.28
Operating Profit + exceptional item	19,999	11,874	13,989	31,873	27,751	14.86	68.43	42.97
Less: Exceptional Item & one-time items	5,436		916	5,436	1,823			
Operating Profit Excl Exceptional Item & one- time items	14,563	11,874	13,073	26,437	25,928	1.96	22.65	11.40

Provisions and Net Result

Rs. in Crores

	Quarter ended			Year Ended		Growth (%)		
	Q2FY18	Q1FY18	Q2FY17	H1FY18	H1FY17	H1FY18 over H1FY17	Q2FY18 over Q1FY18	Q2FY18 over Q2FY17
Operating Profit including Exceptional Item & one time items	19,999	11,874	13,989	31,873	27,751	14.86	68.43	42.97
Total Provisions	18,418	9,869	14,546	28,286	27,934	1.26	86.63	26.62
Loan Loss	16,715	12,125	15,169	28,840	26,435	9.10	37.85	10.19
Standard Assets	2,276	-2,039	-317	238	720			
Investment Depreciation	37	-755	-138	-718	407			
Other Provisions	109	-402	116	-293	304			
Income Tax	-720	939	-284	219	68			
Net Profit	1,582	2,006	-557	3,587	-183			

Details of Provisions

Rs. in Crores

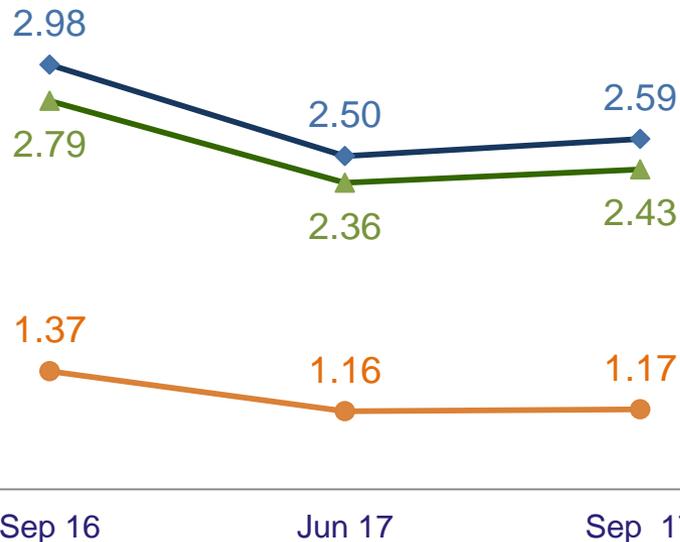
	Q2FY18
1. Loan Loss Provision:	16715
<i>of which:</i>	
a. As per IRAC Classification	9872
b. NCLT (1st List) Additional Provision as per RBI Norms	3835
c. NCLT (2nd List) Additional Provision as per RBI Norms	2141
d. Accelerated provision on other NPAs	867
2. Standard Assets Provision:	2276
<i>of which:</i>	
a. Specific Provision on Stressed Standard Assets	2380
b. General Provision	104
c. General Provision on Restructured Standard Assets	-208
3. Income Tax Provisions: Income arising from Sale of Shares of SBI Life through IPO is exempt from tax	-720

- **Slippage Ratio declined from 5.38% in Q1FY18 to 1.85% in Q2FY18, significantly improved across all segments**
- **Gross NPA Ratio declined from 9.97% in Q1FY18 to 9.83% in Q2FY18**
- **Net NPA Ratio declined from 5.97% in Q1FY18 to 5.43% in Q2FY18**
- **PCR (With AUCA) increased from 60.79% in Q1FY18 to 65.10% in Q2FY18**
- **PCR (Without AUCA) increased from 42.70% in Q1FY18 to 47.40% in Q2FY18**

Key Performance Indicators : Performance Ratios

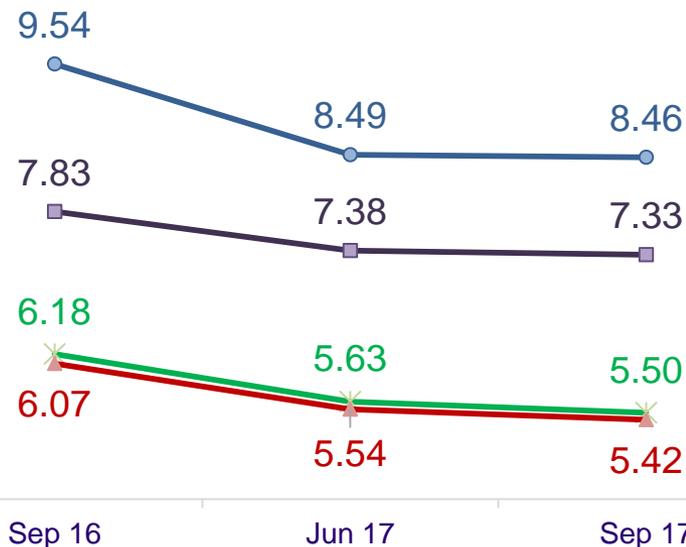
Net Interest Margin (%)

◆ Domestic Merged ▲ Whole Bank Merged ● Foreign



Yield & Costs (%)

● Yield on Advances ■ Yield on Investments
 ✱ Cost of Funds ▲ Cost of Deposits



Other Income to Operating Income* (%)



Cost to Income Ratio* (%)



*Excludes exceptional and one time items

Sustained CASA growth driving liability franchise

Rs. in Crores

	Sep 17	YoY Growth (%) Sep 17 Over Sep 16	Sep 16 (SBI+e- ABs+BMB)
Total Deposits	26,23,180	10.27	23,78,956
Foreign Offices	96,217	6.48	90,362
Domestic	25,26,963	10.42	22,88,593
Market Share Domestic	23.06%	28 bps	22.78%
TD	13,92,980	2.99	13,52,597
CA	1,64,149	16.02	1,41,481
SB	9,69,833	22.07	7,94,515
CASA	11,33,983	21.15	9,35,996
CASA Ratio	44.88%	398 bps	40.90%

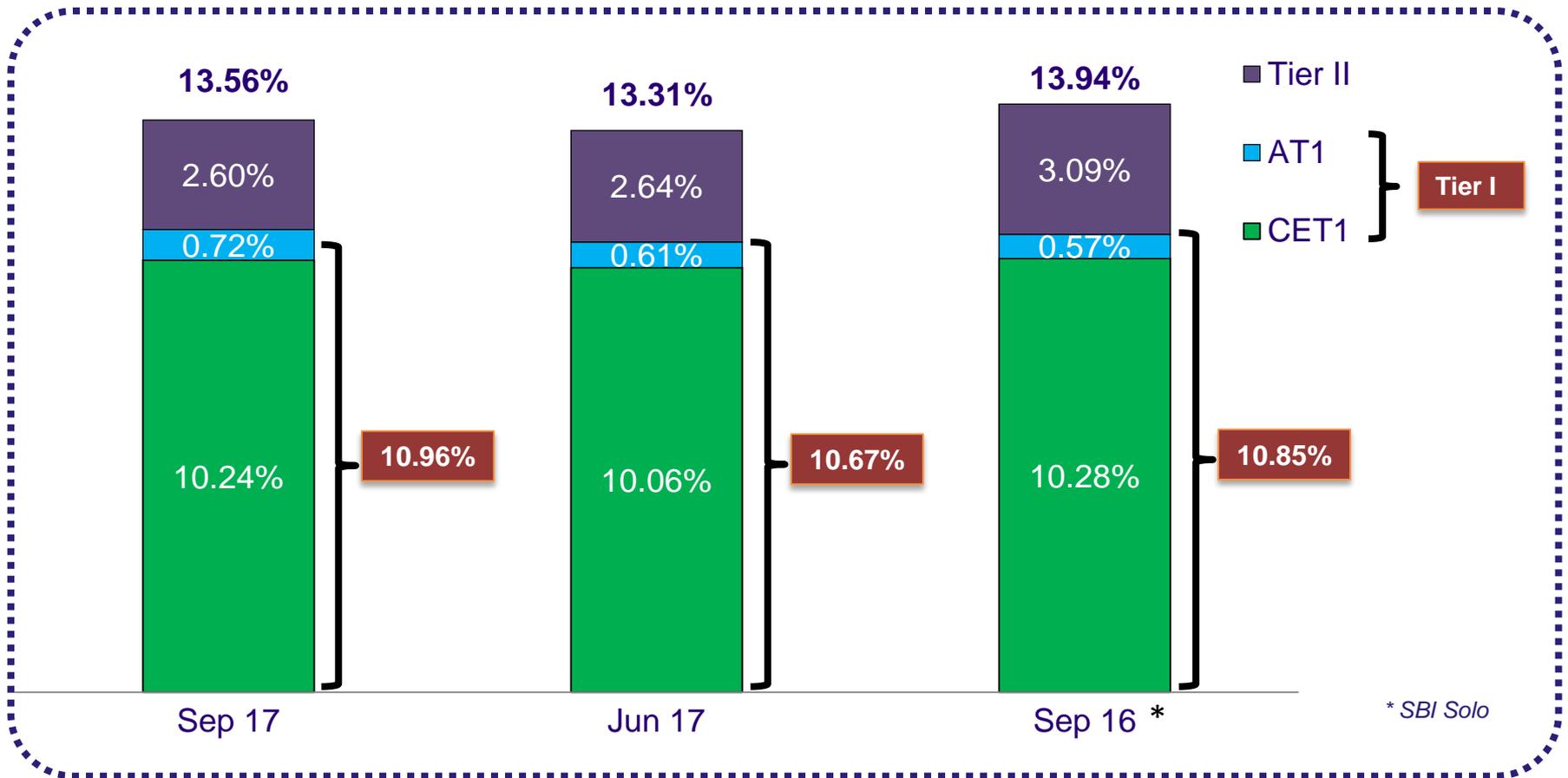
Daily Average CASA Ratio – Sep 17: 43.93%

Diversified Asset Portfolio

Rs. in Crores

	Sep 17	Sep 16	YOY %
Large Corporate	363309		
Mid Corporate	288758		
SME	252464		
Corporates and SME	904531	961310	-5.91
AGRI	191238	186806	2.37
Per Segment	504777	446517	13.05
Domestic Advances	1600546	1594633	0.37
IBG	291894	280082	4.22
Whole Bank Advances	1892440	1874715	0.95
Comm. Paper (CP)	54,129	38,421	40.88
Corp. Bonds (CB)	63,494	43,659	45.43
Whole Bank Advances (Incl. CP & CB)	2010063	1956795	2.72
FCNR-B Advances (B)	6527	18302	-64.34
Whole Bank Advances Incl. CP & CB, Excl FCNR(B) Adv.	2003536	1938493	3.36

We Remain Well Capitalized



H1FY18

- Equity raised through QIP - Rs 15,000 cr in H1FY18
- AT1 bonds raised- Rs 2,000 crores in H1FY18

Asset Quality : Movement of NPAs

Rs. in Crores

	H1FY18	Q2FY18	Q1FY18	FY17	H1FY17
Opening Level of Gross NPAs	177866	188068	177866	121973	121970
Less :Recovery	6856	2210	4646	10302	5131
Less: Up gradation	3147	1113	2034	21981	12809
Less :Transfer to AUCA	22434	9258	13176	27757	12461
Add: Increase in O/s	5411	1601	3810	5685	3518
Add: Fresh Slippages	35275	9026	26249	110247	64719
Gross Addition (Increase in O/s + Slippages)	40686	10627	30059	115932	68237
Net Increase	8249	-1954	10202	55892	37836
Closing Level of Gross NPAs	186115	186115	188068	177866	159806
Gross NPA Ratio (%)	9.83	9.83	9.97	9.11	8.52
Less: Cumulative Provisions	88218	88218	80309	80888	67438
Net NPAs	97896	97896	107760	96978	92368
Net NPA Ratio (%)	5.43	5.43	5.97	5.19	5.12
Provision Coverage Ratio (%)	65.10	65.10	60.79	61.53	58.57
Slippage Ratio (%)	3.61	1.85	5.38	5.78	6.78
Credit Cost (%)	2.95	3.42	2.48	2.90	2.77

Asset Quality : Gross NPAs - Segment wise

Rs. in Crores

Sector	Sep 17		Jun 17		01-04-2017		30-09-2016	
	NPA	Ratio %	NPA	Ratio %	Merged		Merged	
					NPA	Ratio %	NPA	Ratio %
Agri	18982	9.93	17988	9.51	12191	6.37	12041	6.45
Per Segment	7096	1.41	7632	1.56	3717	0.77	4819	1.08
SME	27540	10.91	30426	11.86				
Large Corporate	49533	13.63	48954	13.02				
Mid Corporate	75478	26.14	76060	25.71				
Total Corporate	125011	19.17	125014	18.61	155164*	15.62*	134518*	13.99*
International	7486	2.56	7009	2.51	6794	2.37	8428	3.01
Total	186115	9.83	188069	9.97	177866	9.11	159806	8.52

* Including SME

Asset Quality : Impaired Assets

Rs. in Crores

	Sep 17	June 17
Gross Advances	1892440	1886666
Gross NPAs	186115	188068
Restructured Standard	34024	39337
Total Gross NPAs plus Restructured Std.	220139	227406
Gross NPA + Restructured Standard to Gross Advances (%)	11.63	12.05
Net NPA + Net Standard Restructured to Net Advances (%)	7.29	8.12
Slippages from Restructured Book (%)	4.91	6.96

	Sep 17	June 17
SDR	10,540	12,740
S4A	8,613	8,124

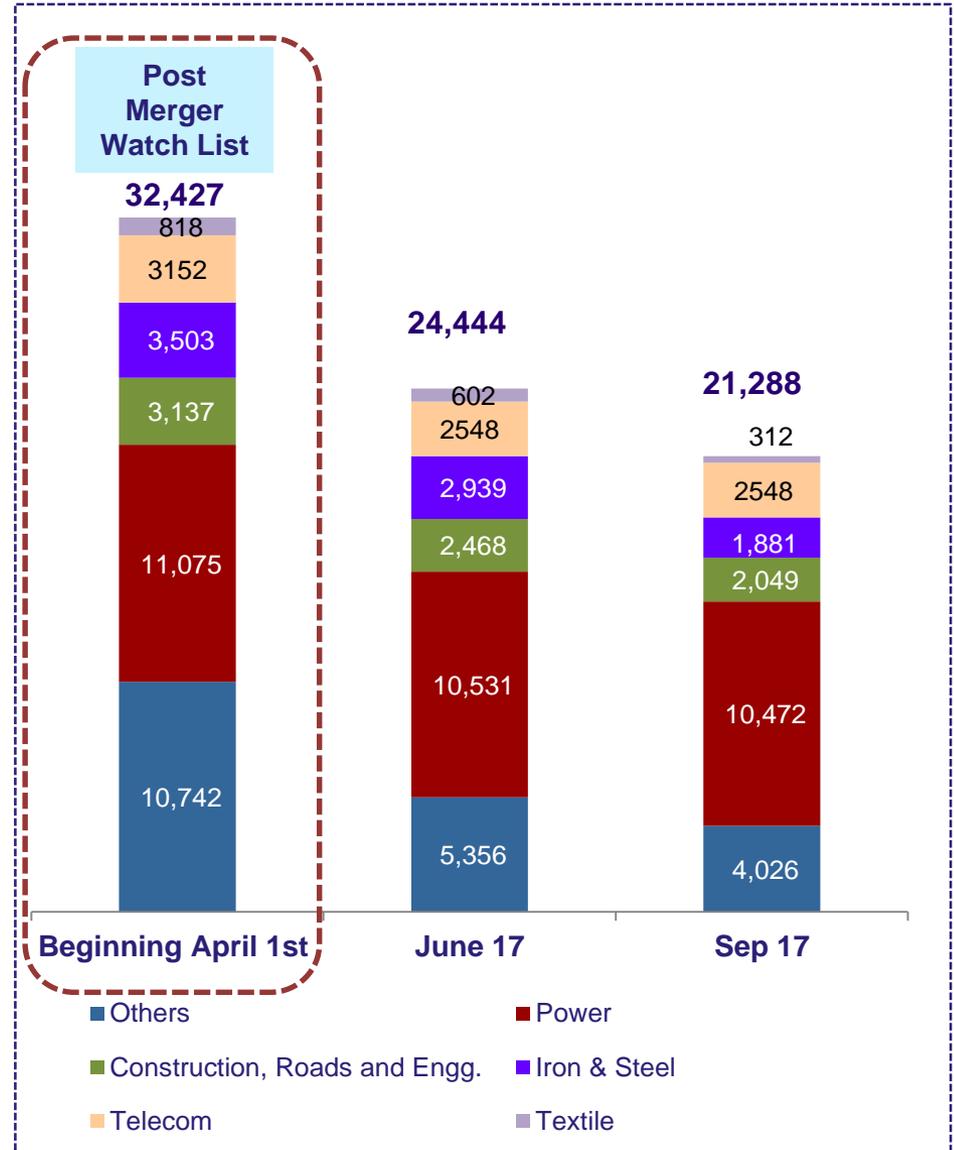
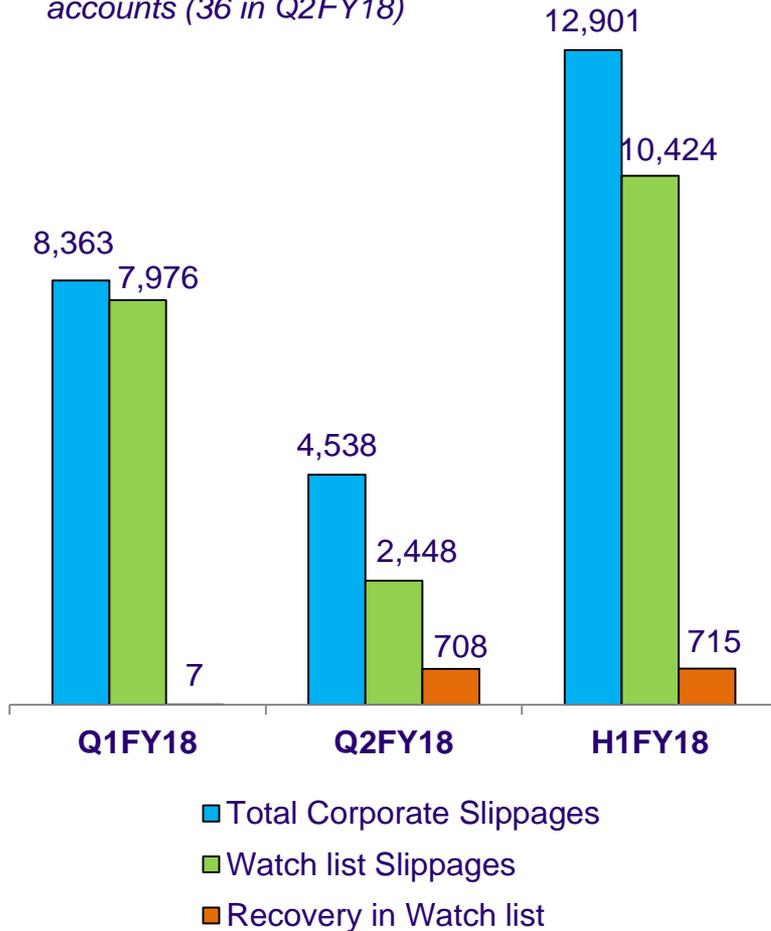
	Sep 17	June 17
Stressed Standard Assets Provision	7,916	5,537
Counter Cyclical Provision Buffer	1,250	1,250

Corporate Watch List

Fund based Outstandings

Rs. In Crores

- 81% of Corporate Slippages in H1FY18 are from the Watch List (54% in Q2FY18)
- Remaining slippages across 55 smaller value accounts (36 in Q2FY18)



Progress on Resolutions and Recoveries

-  38 cases involving SBI referred by RBI to be filed in NCLT before Dec 2017; 15 cases have been already admitted
-  Bank has provided for first 12 cases referred to NCLT in accordance with RBI norms, PCR of 51% in the remaining 27 accounts
-  120 Insolvency Resolution Professionals and 20 law firms empanelled to deal with NCLT cases
-  Recapitalization of PSU Banks to expedite resolution, expect some resolutions to go through by Q4FY18
-  'Rinn Samadhan' OTS gained traction; 1,77,728 accounts settled, with settlement amount of Rs 1,644cr, 107% of budget achieved

Thank You