SBI: The “Crown Jewel” of the Indian Banking System

1. India’s National Champion, Now A Global Large Bank
2. Transformation to a ‘New Age’ Bank
3. Strong Retail Franchise
4. New Initiatives to Improve Asset Quality
5. Growth Beyond Banking Business – Hidden Jewels
India’s National Champion, Now A Global Large Bank

1. Top 50 Banks Globally in Terms of Total Assets and Tier 1 Capital
2. 2nd Largest Footprint Globally - 24k+ Branches and 59k+ ATMs, Serving ~407mn Customers as on Dec-2016
3. Sustainability Report an integral part of Annual Report
4. SBI online is World’s 5th Most Visited Bank website
5. ~4x the 2nd Largest Indian Bank in Business size
6. Market Leader in Home and Auto Loan Segments
Transformation to a ‘New Age’ Bank

**Robust IT Infrastructure – with a large growth potential**

### Capacity Utilization of CBS (in %)

- **Database Server**
  - CPU: 25%
  - Memory: 50%

- **Application Server**
  - CPU: 25%
  - Memory: 45%

### Number of branches

- **SBI**
  - 24,013

- **BoFA+Wells+JPMC**
  - 16,327

Robust IT infrastructure - a capacity to handle 15,000 transactions per second, while current peak is only 4,600 TPS

Server can host 2bn accounts, in addition we have the biggest private cloud in APAC

Platform building in areas like customer journey digitization, information and data exchange through Project Impact and CRM

B2B digitization in Corporate Banking, Digitization of Cash Management, Product and Corporate Customer one view

- ISO certified - Security Operations Centre (SOC)
- ISO certified - Data Centre
Transformation to a ‘New Age’ Bank

Digitization to drive efficiencies

- Our digitization initiatives are targeting **50% - 60% of Bank’s revenue** and **~70% of Bank’s operating cost**
- Fee income from TBU growing on enhanced product suite and market share gains in key products like CMP (3353 clients)
- ~93% of liability account maintenance work (non-financial service requests) is due to 10 key activities
- Cost to Income ratio can reduce significantly by FY2020
Transformation to a ‘New Age’ Bank
Aligning Individual Targets with Organizational Goals

CAREER DEVELOPMENT SYSTEM
Changing the HR Paradigm for SBI

Every Employee is Set Specific Targets

Measurable KRAs for 90% of Roles

Objective Goal Setting & Transparent Performance Evaluation

Performance Linked Incentives

7 Job Families to Allow Specialization

ORGANIZATIONAL GOALS

- ROE: The key budget target
- Equity utilization by BUs based on RWAs
- Expenses budget and caps for cost centres
- MRFTP linked TPM
- Increased focus on employee productivity
- Portfolio optimization through optimal business mix

Robust performance evaluation system to incentivise efficiency and lead to enhanced employee productivity
Strong Retail Franchise

Stable CASA profile

Number of Branches

<table>
<thead>
<tr>
<th>Year</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>9MFY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>14,816</td>
<td>15,869</td>
<td>16,333</td>
<td>16,784</td>
<td>17,165</td>
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</tbody>
</table>

Number of Customers (in mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>9MFY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>190</td>
<td>219</td>
<td>273</td>
<td>301</td>
<td>325</td>
</tr>
</tbody>
</table>

Strong CASA profile

<table>
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<tr>
<th>Year</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>9MFY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASA</td>
<td>46.5%</td>
<td>44.4%</td>
<td>42.9%</td>
<td>43.8%</td>
<td>46.6%</td>
</tr>
</tbody>
</table>

Total Deposit (US$bn)

Note: US$1 = Rs.66
Strong Retail Franchise
Leadership in Retail Loans

Home Loans

Dec-15: 27
Dec-16: 32

Avg. LTV
Dec-15: 52.27%
Dec-16: 52.60%

NPA Ratio
Dec-15: 0.71%
Dec-16: 0.49%

Auto Loans

Dec-15: 6
Dec-16: 7

Avg. LTV
Dec-15: 26.36%
Dec-16: 26.60%

NPA Ratio
Dec-15: 0.91%
Dec-16: 0.48%

Other P-Segment Loans

Dec-15: 14
Dec-16: 16

Avg. LTV
Dec-15: 25.52%
Dec-16: 25.94%

NPA Ratio
Dec-15: 1.02%
Dec-16: 0.66%

Total P-Segment

Avg. LTV
Dec-15: 25.52%
Dec-16: 25.94%

NPA Ratio
Dec-15: 0.71%
Dec-16: 0.49%

Note: US$1 = Rs.66
New Initiatives to improve asset quality

Corporate Banking

79% of New Connections are PSUs or rated A & above

- Early Sanction Review, Loan Review Mechanism, Early Warning System, Dynamic Rating Review, Legal Audit etc. implemented for SME and Corporate Loans.
- Independent Risk Advisory (IRA) for high value credit proposals to identify whether all risks have been captured and adequate risk mitigation measures have been adopted
- Improvement in Corporate Portfolio by focussed targeting of A rated and better corporates
- Integration of risk and finance to calculate RAROC (Risk Adjusted Return on Capital)
Bank will continue to leverage its inherent strengths in this segment, given the huge growth potential
- Total finance requirement of USD 650bn in the MSME sector, which comprises of USD 520bn of debt demand
- As per the data for period ended March 2016, total O/S loan of the banking system to MSME sector stood at around USD 169bn

Project Vivek is a 12 month program at SMEBU to develop and operationalize best in class credit rating and appraisal engine
- Modular, predictive and highly robust credit underwriting engine for each exposure segment
- Cash flow based turnover establishment using both on-us and off-us bank statement
- Re-drawn balance sheet based on industry specific ratios
- Qualitative assessment through highly predictive and pointed questions

Project Vijay rolled out pan- India, to improve sourcing in the SME business
- ‘Vijaypath’ a Customized IT tool developed to monitor the status of leads allocated to RMs
- EDFS, EVFS, ABL leads loaded from Corporate Centre or by any user and monitored by controllers at all levels
- Based on ‘Vijaypath’ report, League tables and Hero Board being published on Intranet
Focus on diversified risk mitigated products like Agri Gold Loan (~31% of total Agri portfolio as on Dec-16), asset backed agri loan, produce marketing loan, tractor loan under tie ups

Focus on cash flow based financing through tripartite arrangements

Decline in Agri NPAs (9 months): Mar 16: USD 378mn, Dec 16: USD 286mn

The impact of UP farm loan waiver for SBI likely to be USD 431mn. This includes USD 61mn of loans which are already NPA
India’s National Champion, Now A Global Large Bank

**Merger Synergy**

**Synergies**

- Stronger and larger financial conglomerate
- Elimination of intra-group competition
- Common treasury, processing centres, and IT infrastructure
- Lower cost of funds
- Improved availability of skilled manpower
- Faster resolution of stressed assets
- New initiatives in Digital, Wealth, Technology areas
- People Integration
- Integrated IT technology
- Integrated process for loan workout
- ATM optimization
- Branch optimization

### As on Dec-16 in USD bn

<table>
<thead>
<tr>
<th></th>
<th>SBI</th>
<th>ABs</th>
<th>SBI + ABs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Deposits (in USD bn)</td>
<td>309.2</td>
<td>84.9</td>
<td>394.1</td>
</tr>
<tr>
<td>Total Advances (in USD bn)</td>
<td>226.8</td>
<td>57.5</td>
<td>284.4</td>
</tr>
<tr>
<td>Mkt. Share - Dep</td>
<td>18.15%</td>
<td>5.27%</td>
<td>23.42%</td>
</tr>
<tr>
<td>Mkt. Share - Adv</td>
<td>16.21%</td>
<td>5.15%</td>
<td>21.36%</td>
</tr>
<tr>
<td>Number of branches</td>
<td>17,165</td>
<td>6,848</td>
<td>24,013</td>
</tr>
<tr>
<td>Total Staff</td>
<td>200,820</td>
<td>69,191</td>
<td>270,011</td>
</tr>
<tr>
<td>Number of customers (in mn)</td>
<td>324.9</td>
<td>81.6</td>
<td>406.6</td>
</tr>
</tbody>
</table>

### As on Dec-16 in USD bn

<table>
<thead>
<tr>
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<th>SBI</th>
<th>SBI + ABs</th>
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</thead>
<tbody>
<tr>
<td>Balance Sheet Size</td>
<td>391.8</td>
<td>487.7</td>
</tr>
<tr>
<td>Capital+ Reserves &amp; Surplus</td>
<td>27.7</td>
<td>32.0</td>
</tr>
<tr>
<td>CET 1 (%)</td>
<td>9.97%</td>
<td>9.53%</td>
</tr>
<tr>
<td>Tier 1 (%)</td>
<td>10.65%</td>
<td>10.19%</td>
</tr>
<tr>
<td>Total CAR (%)</td>
<td>13.73%</td>
<td>13.19%</td>
</tr>
<tr>
<td>Govt. of India shareholding (%)</td>
<td>61.23%</td>
<td>60.53%</td>
</tr>
</tbody>
</table>
Life Insurance

- New Business Premiums
  - FY16 PAT: US$130mn
  - FY16 RoE: 19.6%

- SBI Life Market Share (Industry)
- SBI Life Market Share (Private)
- Rank

- Growth in New Business Premium of 53%
- Recent stake sale of 3.9% valued the company at ~US$ 7bn – One of the highest valued private insurance companies in India at 3.54x P/EV

Credit Cards

- Market Share (# Cards)(1)
  - FY16 PAT: US$43mn
  - FY16 RoE: 26.7%
  - HDFC Bank: 30.5%
  - SBI: 15.0%
  - ICICI: 14.5%
  - Axis: 10.8%
  - Citi: 8.7%
  - StanC: 3.7%
  - Amex: 3.4%

- JV between SBI and GE Capital Corporation
- 2nd largest credit card company in India with a card base of 4.5 mn+
- Ranked 2nd in terms of retail spend accounting for a market share of 12.5% at end of Dec 2016

Fund Management

- JV with Amundi
- #5 in India with an AuM of US$.21.4bn and market share of 8.3%
- FY16 PAT: US$25mn
- FY16 RoE: 26.6%
- 9MFY17 PAT: US$24.7mn
- 9MFY17 RoE: 27.9%

General Insurance

- JV with Insurance Australia Group Limited
- Market share of 4.7% (FY16) among private general insurers
- Reported half yearly profit in 9MFY17 for the first time since inception

Investment Banking

- Amongst India’s leading domestic investment banks
- Ranked #3 in equity deals by Prime Database
- FY16 PAT: US$43mn
- FY16 RoE: 26.3%
- 9MFY17 PAT: US$20.5mn
- 9MFY17 RoE: 13.9%

Significant value accretion & unlocking opportunities among subsidiaries

US$1 = Rs.66
Thank You