



Annual Results FY18

Chairman's Presentation

22.05.2018

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.

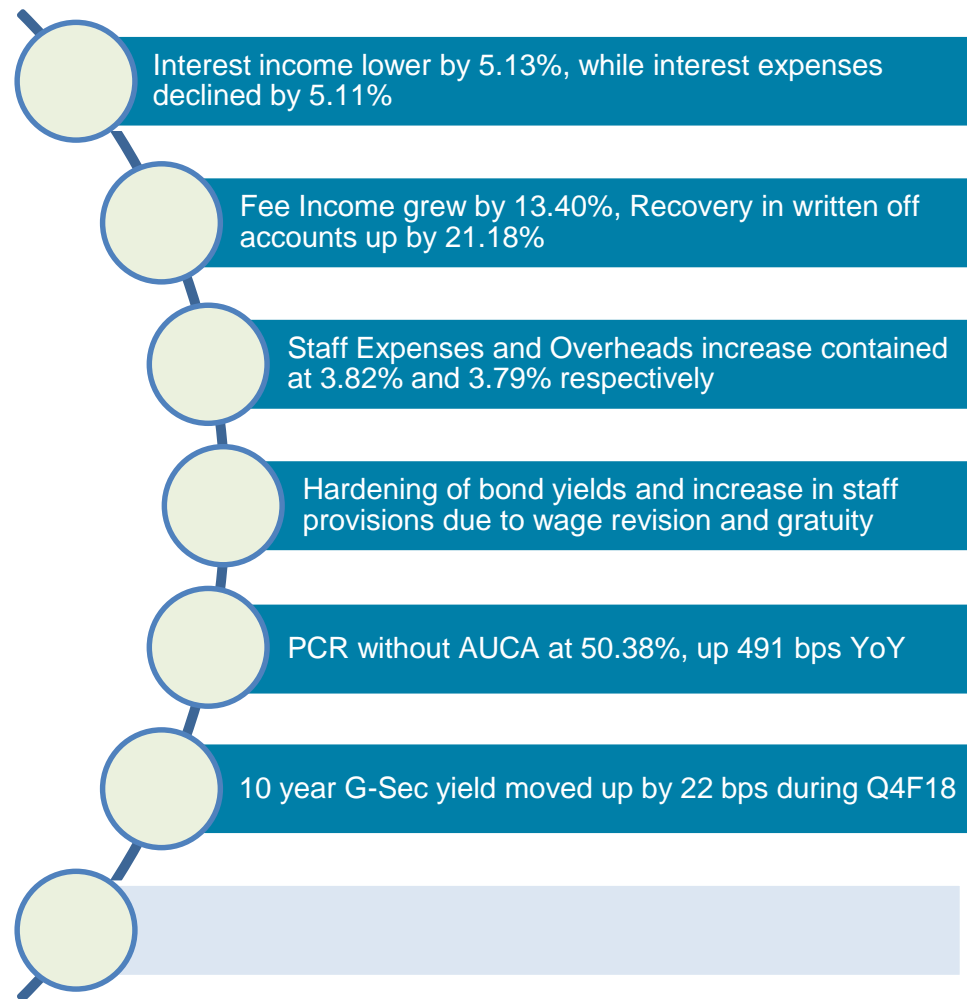
Merger of Associate Banks and BMB with SBI

Bank has merged five of its Associate Banks and Bhartiya Mahila Bank w.e.f 1st April 2017. Accordingly, Figures / Ratios / Parameters relating to March 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.

Operating Performance – Q4FY18

In Rs Crores

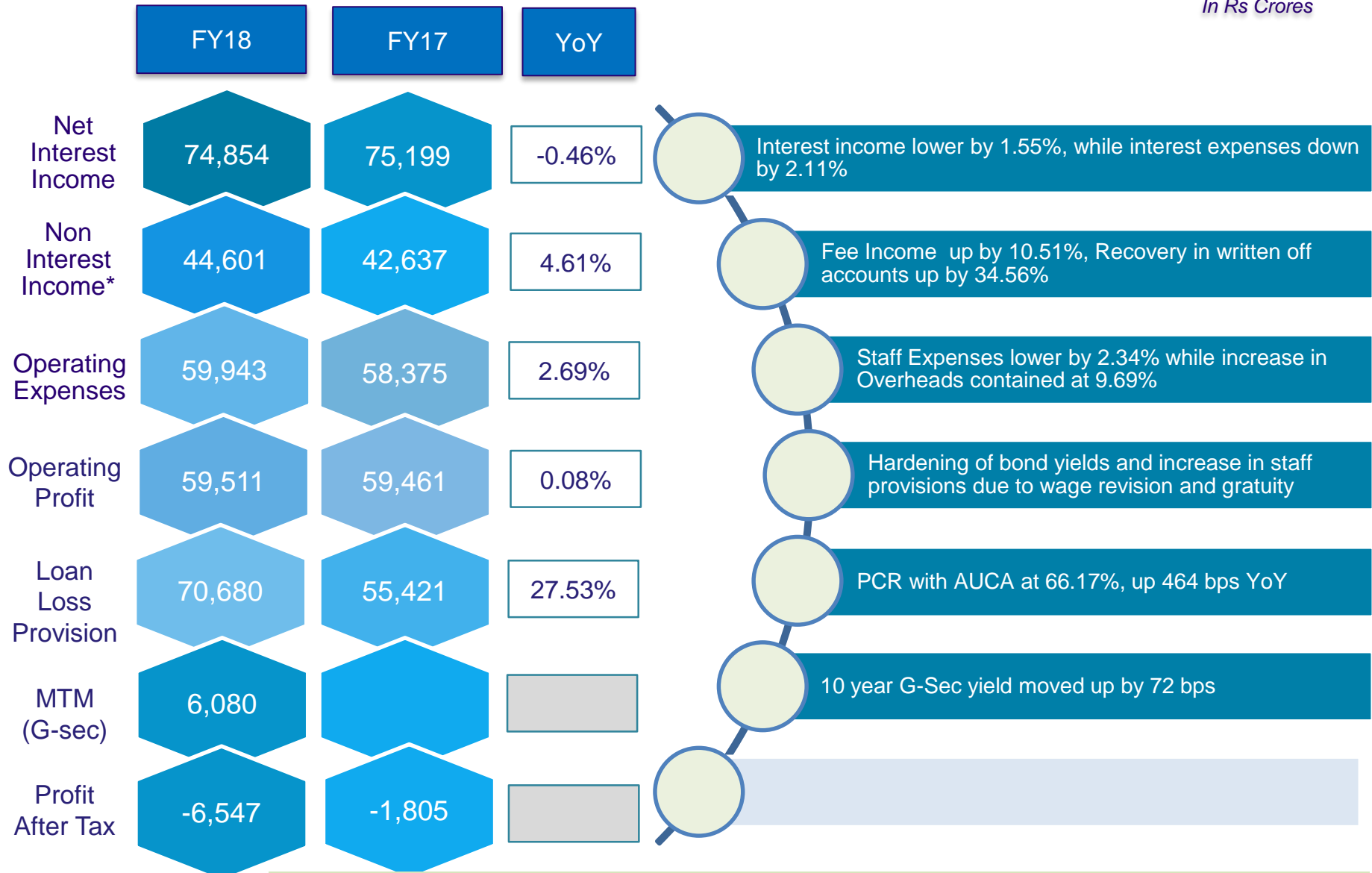
	Q4FY18	Q4FY17	YoY
Net Interest Income	19,974	21,065	-5.18%
Non Interest Income	12,495	12,222	2.23%
Operating Expenses	16,586	15,978	3.80%
Operating Profit	15,883	17,309	-8.24%
Loan Loss Provision	24,080	19,323	24.62%
MTM (G-sec)	2,594		
Profit After Tax	-7,718	-3,442	



CASA ratio at 45.68%, Incremental CD ratio at 180% during Q4FY18

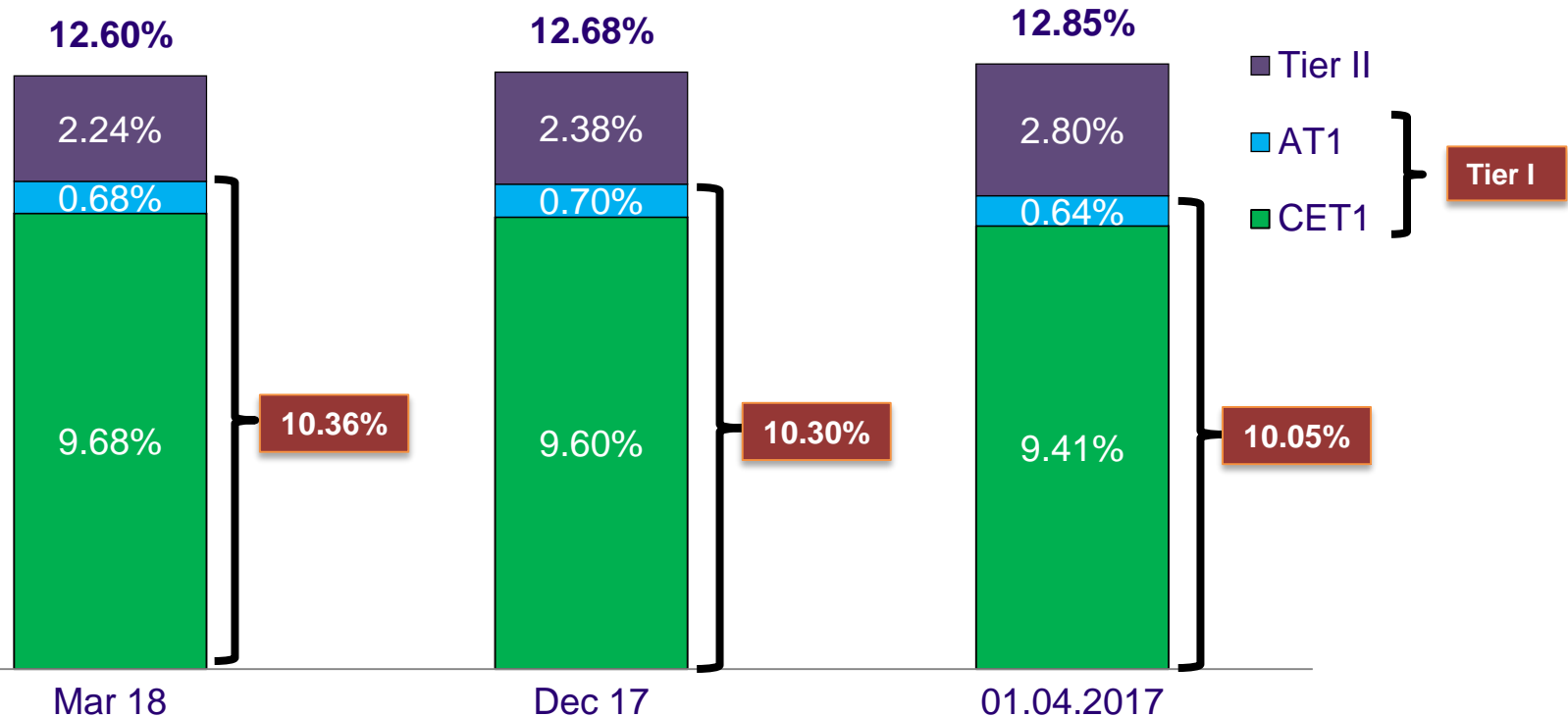
Operating Performance – FY18

In Rs Crores



Sequentially Domestic and Whole Bank NIM up by 6 bps and 5 bps at 2.67% and 2.50% respectively

We Remain Well Capitalized



FY18

- Credit Risk Weighted Assets to Gross Advances declined by 780 bps from 78.94% as on 01.04.2017 to 71.17% as on 31.03.2018.
- Equity raised through QIP - Rs 15,000 cr in FY18
- AT1 bonds raised- Rs 2,000 crores in FY18
- Divestment in SBI Life – Rs 5,436 cr
- GoI Infusion Rs.8,800 Crs

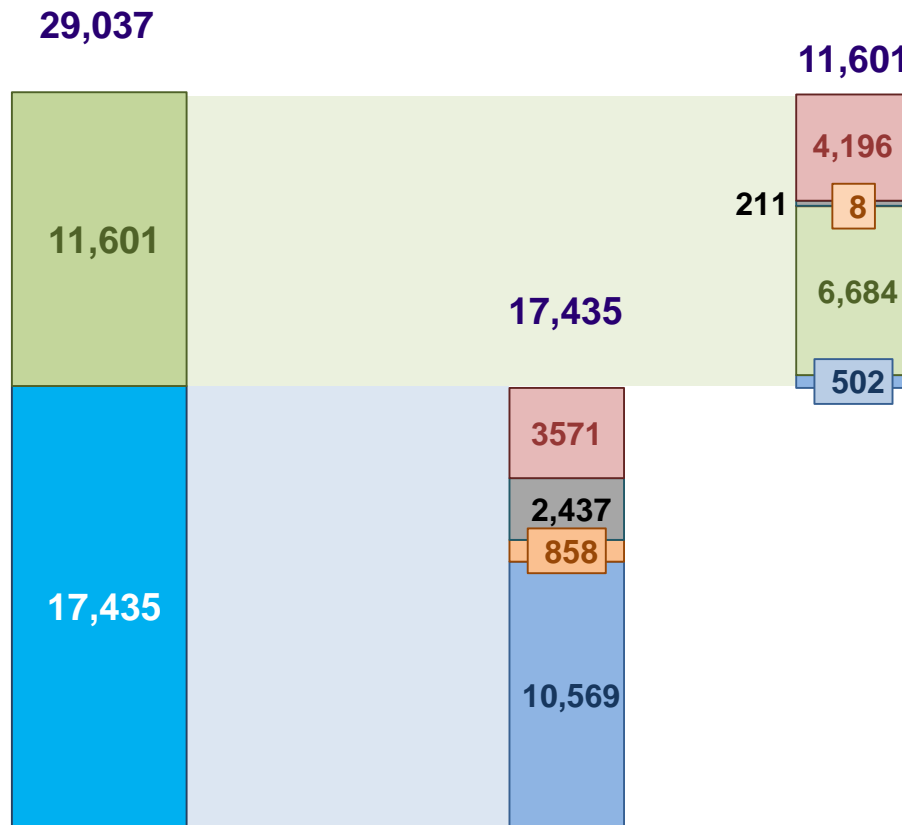
Asset Quality (1/3)

In %	FY18	FY17
Gross NPA	10.91	9.11
Net NPA	5.73	5.19
Gross NPA + Watch list	12.17	10.77
Slippage ratio	4.85	5.78
Credit Cost	3.62	2.90
PCR with AUCA	66.17	61.53
PCR without AUCA	50.38	45.48

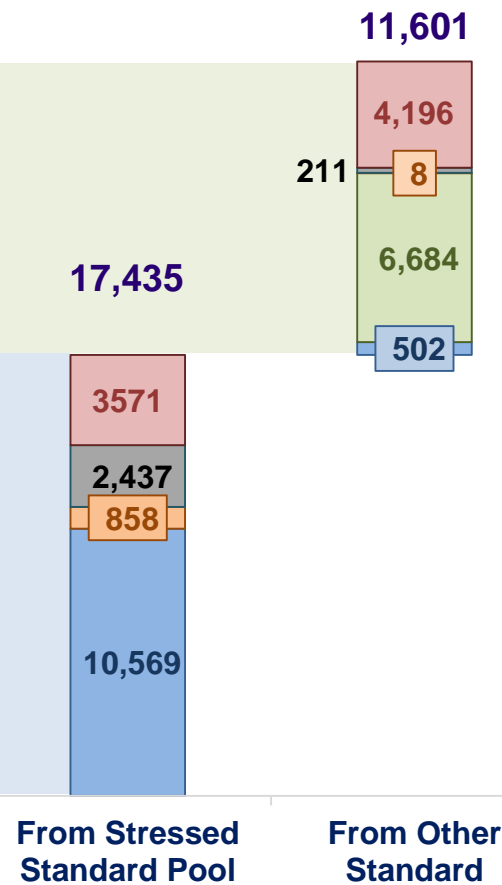
Asset Quality (2/3)

Q4FY18, Mar 2018, Rs. in Crores

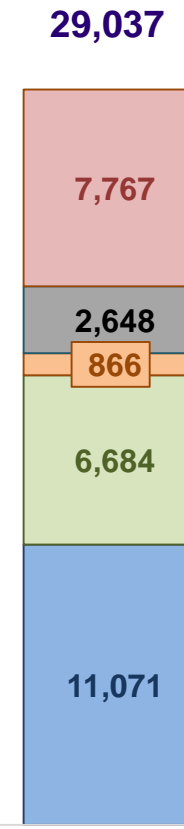
Corporate Slippages Break-up



Corporate Slippages Sectorwise Break-up



Total Corporate Slippages Sectorwise Break-up



Others
Stressed Standard Pool

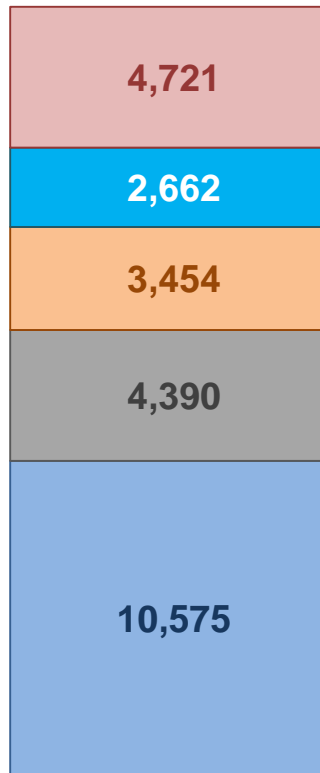
From Stressed Standard Pool From Other Standard
Power Telecom Iron & Steel Roads & EPC Others

Asset Quality (3/3)

Mar 2018, Rs. in Crores

1.26% of Total Advances

25,802



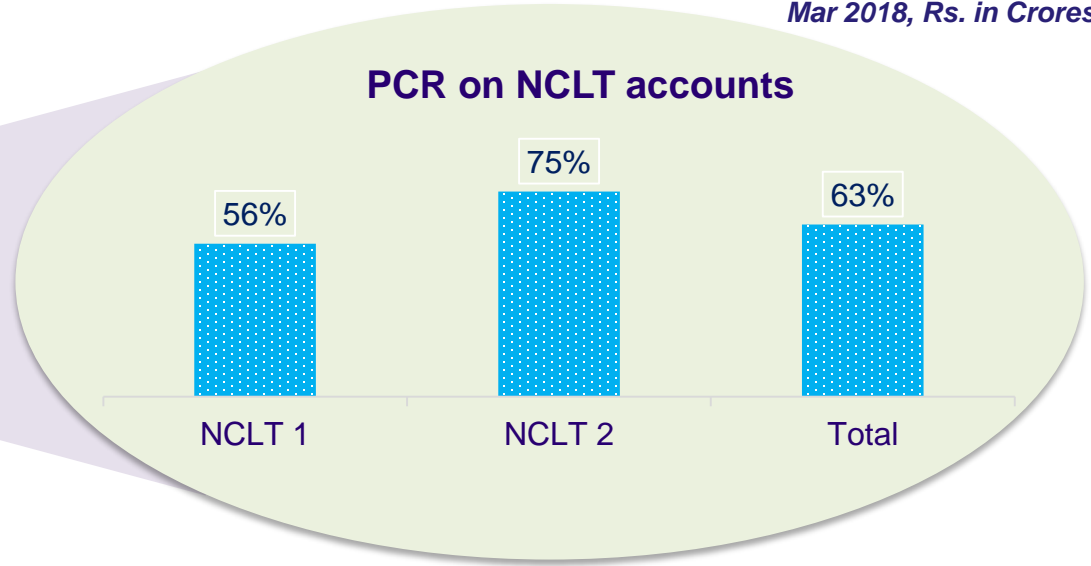
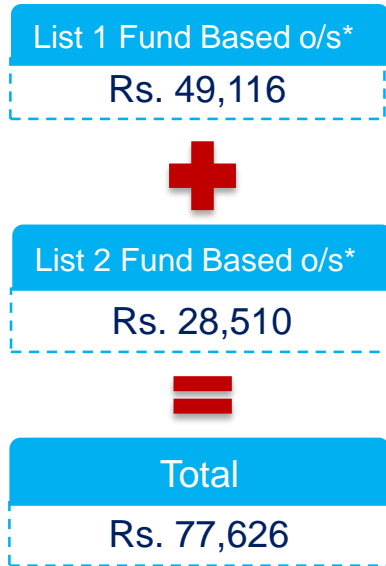
Watchlist for FY19

- Power
- Roads & EPC
- Iron & Steel
- Textile
- Others

- All stressed accounts from 9MFY18 Standard Stressed classification which continue to be under stress are included in the watchlist; and some new stressed accounts have been added
- All SDR accounts slipped in Q4FY18, while 5 S4A accounts are included in the watchlist
- All Corporate SMA2 and stressed SMA1 included in the Watchlist.
- Rs 5662 cr slippages from SDR and S4A

Status of NCLT accounts

Mar 2018, Rs. in Crores



* Including amount transferred to AUCA

Expected Timeline for NCLT List 1




- Expected haircut on entire NCLT List 1 is 52%
- Expect bulk of the resolutions in NCLT List 1 to go through in H1FY19
- NCLT List 2 is likely to be resolved by end of FY19
- Resolution of NCLT accounts to lead to lower GNPA's, in addition to better margins


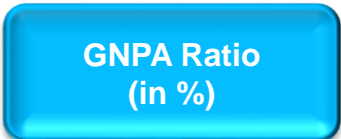

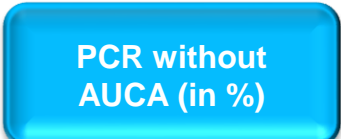
SBI on the path to recovery



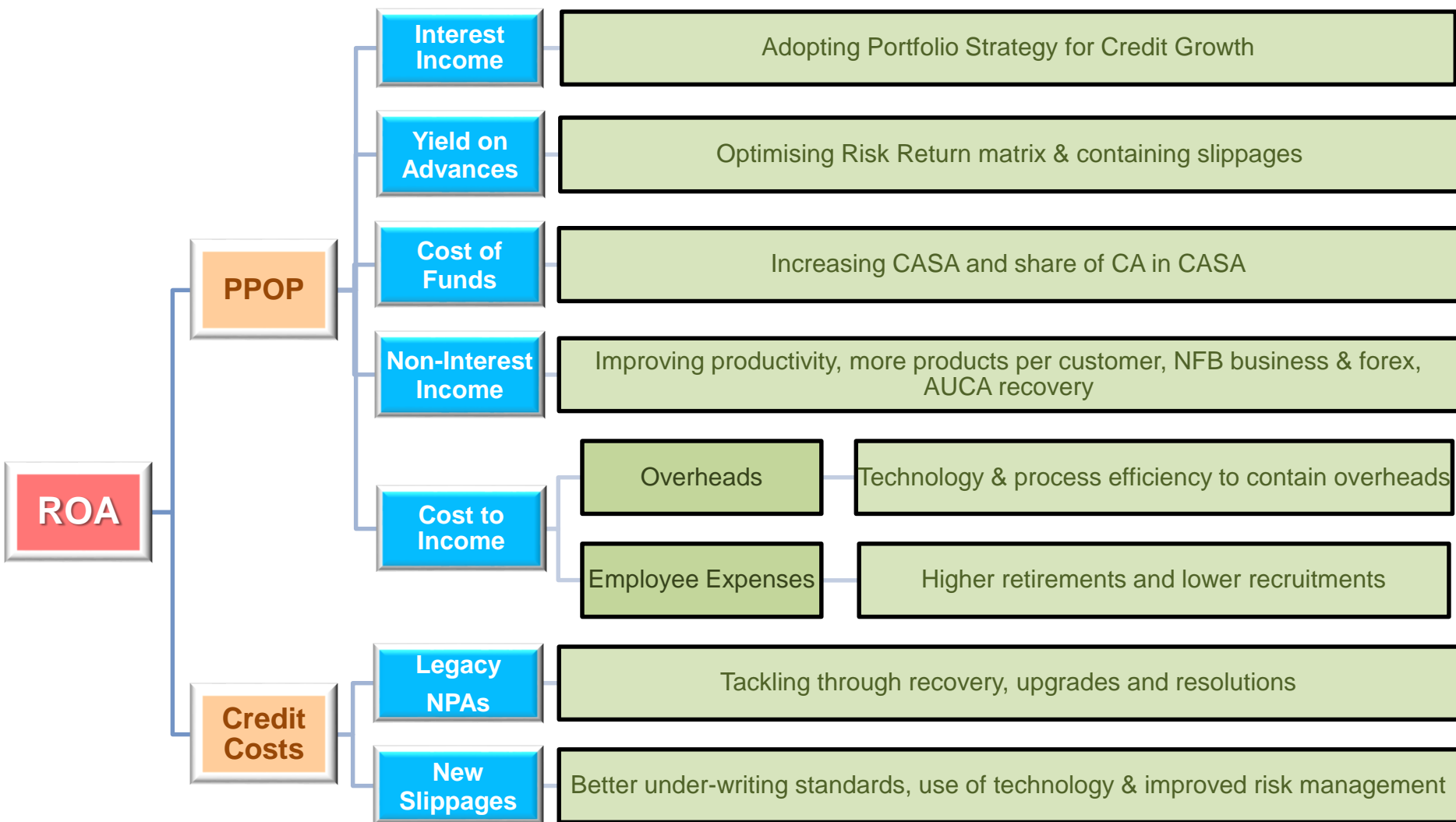
SBI on the path to recovery- FY20E (1/2)

	Mar-18 (A)	Mar-20E	Remarks
			
Credit Growth (in %)	4.91	> 12.0	<ul style="list-style-type: none"> Focus on sustainable and profitable credit growth, FY18- FY20E CAGR est. at 10.0- 12.0% CRWA/ Total advances to trend lower
NIM (in %)	2.67	> 3.0	<ul style="list-style-type: none"> Leverage pricing power & optimizing risk return matrix Increase in CD ratio and lower slippages to improve margins
Credit Cost (in %)	3.62	< 1.1	<ul style="list-style-type: none"> Credit costs to trend downwards to ~2.2% in FY19E and improve further in FY20E
ROA (in %)	-0.19	0.9 – 1.0	<ul style="list-style-type: none"> Higher PPop and lower slippages and credit costs Impact of Ind- AS factored in

SBI on the path to recovery- FY20E (2/2)

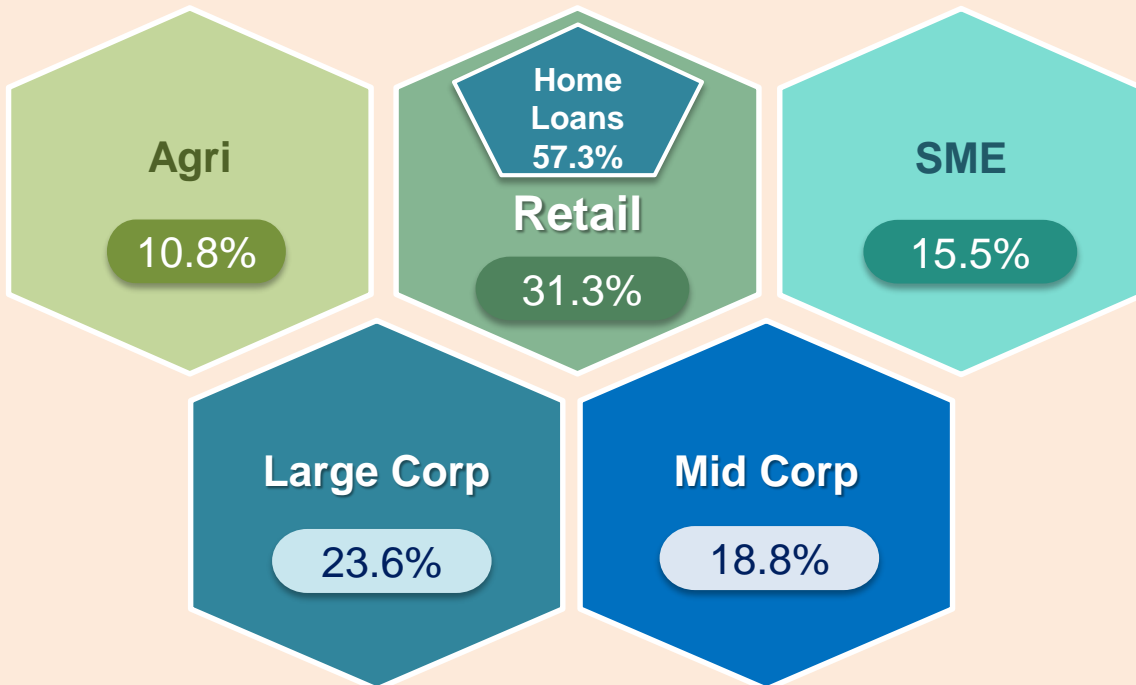
	Mar-18 (A)	Mar-20E	Remarks
	4.85	< 1.3	<ul style="list-style-type: none"> Slippage ratio to trend downwards to ~2% in FY19E and improve further in FY20E
	10.91	< 6.0	<ul style="list-style-type: none"> GNPA ratio to trend lower from FY19E, as resolutions gather pace
	5.73	< 2.3	<ul style="list-style-type: none"> Resolutions and lower slippages to drive reduction
	50.38	> 60.0	<ul style="list-style-type: none"> PCR to be in line with Ind AS prescribed guidelines

Comprehensive framework for maximizing RoA (1/2)

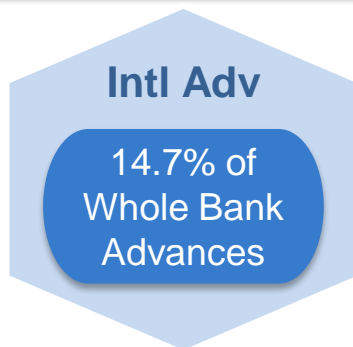


Comprehensive framework for maximizing RoA (2/2)

Domestic Advances



85.3% of whole Bank Advances



- RoA based Portfolio Strategy
- RoA, RoRWA and RoE set as benchmarks for budgeting at Bank level
- For Business Units RoRWA set as benchmark for budgetary targets
- Credit verticals to target a minimum threshold RAROC
- Focus of the Bank is to optimize capital allocation and enhance RoA/ RoRWA on a sustainable and structural basis

Revamping Corporate Credit Structure and Systems

Corporate Credit – Way forward

Widen universe of clients and focus on new segments

Increase product penetration across high priority relationships

Strengthening of credit processes

Capture risk in a more meaningful way before sanction of credit

Changes being undertaken

Streamlining coverage, delivery, business support functions & analytics

CAG to only focus on high priority and quality individual & group relationships; branches to be rationalized to four from eight; concept of Group relationship coordinators introduced

Creation of Commercial Clients Group under two DMDs; formed by consolidating remaining accounts from CAG, MCG & high value NBG accounts

In addition to NPAs all SMA2 accounts to be shifted to Stressed Assets Resolution Group (SARG), to increase focus on corporate credit growth in CAG and CCG verticals

Strengthening risk function

Portfolio management function to be strengthened to focus on overall risk appetite, portfolio optimization and distribution of risks

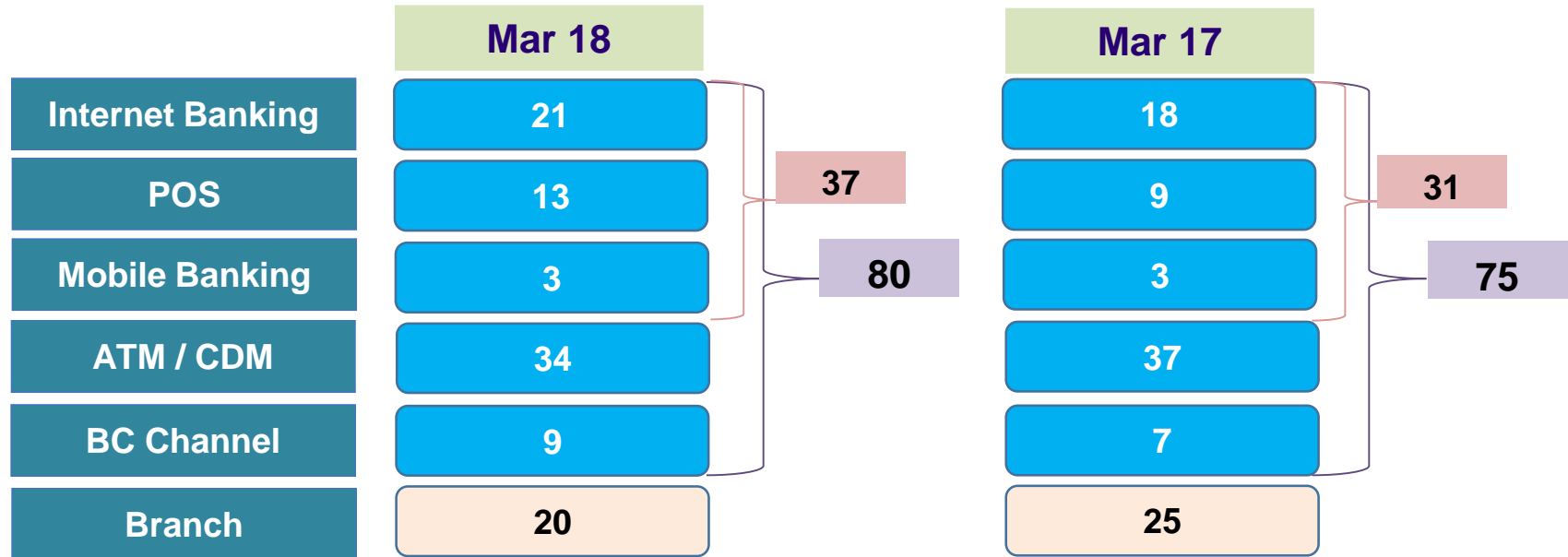
Define optimal portfolio distribution based on sectoral exposure limits and risk-return analysis

Strengthen credit risk management function by onboarding sector specialists, risk participation and improved diligence

Actively manage/ optimize credit portfolio to achieve desired target mix

Dominance in Digital and E-Commerce (1/2)

Share of Transactions (%)



- Registered users → 14.9 lakh; No. of Transactions → 7.7 lakh
- Downloads → 4.37 Million; Logins → 1,90,000 per day
- Digital & Insta Accounts → 1.36 lakhs
- Pre-approved Personal Loans activated
- Financial Super Store (FSS) → SBI Life, SBI Cards, SBI Cap Sec and SBI General Insurance live on YONO
- Online Market Place (OMP) → 74 partners live on YONO in 16 categories



Dominance in Digital and E-Commerce (2/2)

19.64 lakh+ Merchant Payments Acceptance Touch Points

BHARAT QR
2,02,362



BHIM-Aadhaar-SBI
4,96,970



PoS
6,09,789



SBI PAY
5,58,440



BHIM MERCHANTS
96,771





- 5th most popular online global financial site.
- 4.79 Cr Users
- 158.92 Crore txns. during FY18



- 1.84 Crore users on SBI Pay / BHIM / USSD
- 11 lakh Average daily txns. during FY18.
- 44K daily registrations during FY18



- 3 Crores+ Users
- 2 Crores+ No. of Txns per month

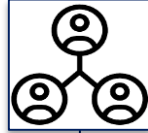
- Market share in Debit Card spends improved 107 basis points YoY to 30.40%
- Credit card spends market share at 16.8% up 369bps YoY
- POS terminals market share at 20.20%

Technology for the future (1/2)



Artificial Intelligence

- Customer profiling on basis of mobile digital footprint, social profiles and bank statements
- Chatbot (SBI Intelligent Assistant) deployed on website and call centre



Collaboration

- Collaboration with FinTechs and Start-ups
- Collaboration Innovation Centre & UX design lab
- National Hackathons & idea Crowdsourcing



Cloud Platform

- Cloud based virtualisation of branch servers
- Meghdoot 2.0 is the biggest private cloud in APAC with a futuristic cloud architecture for scale and performance



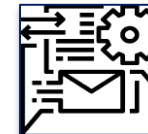
Robotics

- Intelligent document scanning through Robotic Process Automation (RPA)
- RPA to automate consumer lending, clearing and settlement of cash and securities transactions



Capacity & Redundancy

- Robust IT infrastructure- a capacity to handle 23,000 transactions per second
- Server can host 2bn accounts



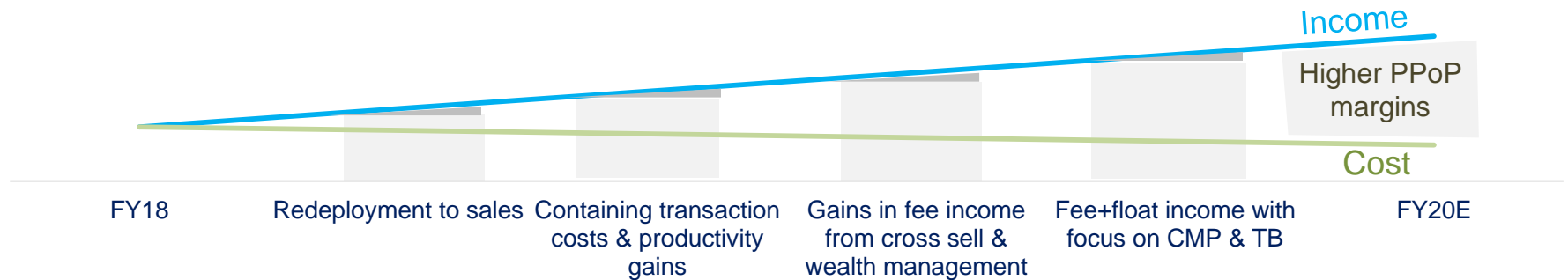
Big Data & Blockchain

- Advanced analytics to generate newer insights on customer preferences, networks and behaviour
- Analytics to help develop new products
- Blockchain: Bankchain being explored with 22+ banks

Futuristic IT Ecosystem

Technology for the future (2/2)

Transactions through Alternate Channel at 80%



Channel Optimization – Project Lotus

- Omni-channel experience for customers on a single digital platform, with significantly lower cost of transactions; Yono;
- 25 digital customer journeys launched, 90+ to be launched in Phase 2

Process Improvement & Automation

- Adoption of agile approach for software development for faster and efficient delivery of new services
- Reduction in TAT across product lines like Home, SME & Auto loans; online tracking of applications
- OFSAA: Integrated Risk & Finance Architecture, readiness for future regulatory demands & management needs; indirect cost allocation implemented; better performance metrics at BU, branch & product level
- Leads generated through data analytics, conversion of leads through OCAS at 10-20% for Auto, Education & Personal loans
- OCAS integrated with 'Vidya Laxmi' portal of MHRD GOI for Education Loan leads

CRM

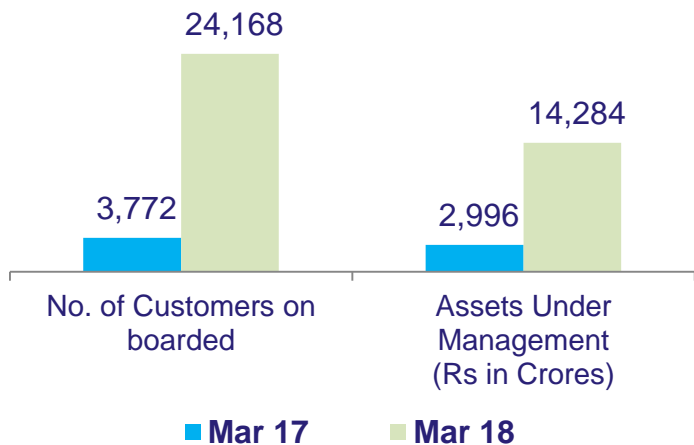
- Project CRM: To leverage data analytics for increased wallet share
- In FY18, a total of 6.4lakhs leads were generated, of which 22% were converted

Wealth Management & Transaction Banking

Sustainable levers for Fee Income

Wealth Management Business

AUM & Customers- Wealth Management



No. of customers to more than double by the end of FY19



AUM is expected to double by FY19



Acquiring and mapping NRI clients to e-Wealth centres by placing satellite RMs at NRI branches & overseas offices



Doubling RM workforce in FY19 to focus on customer acquisition, e-wealth centre development, etc.

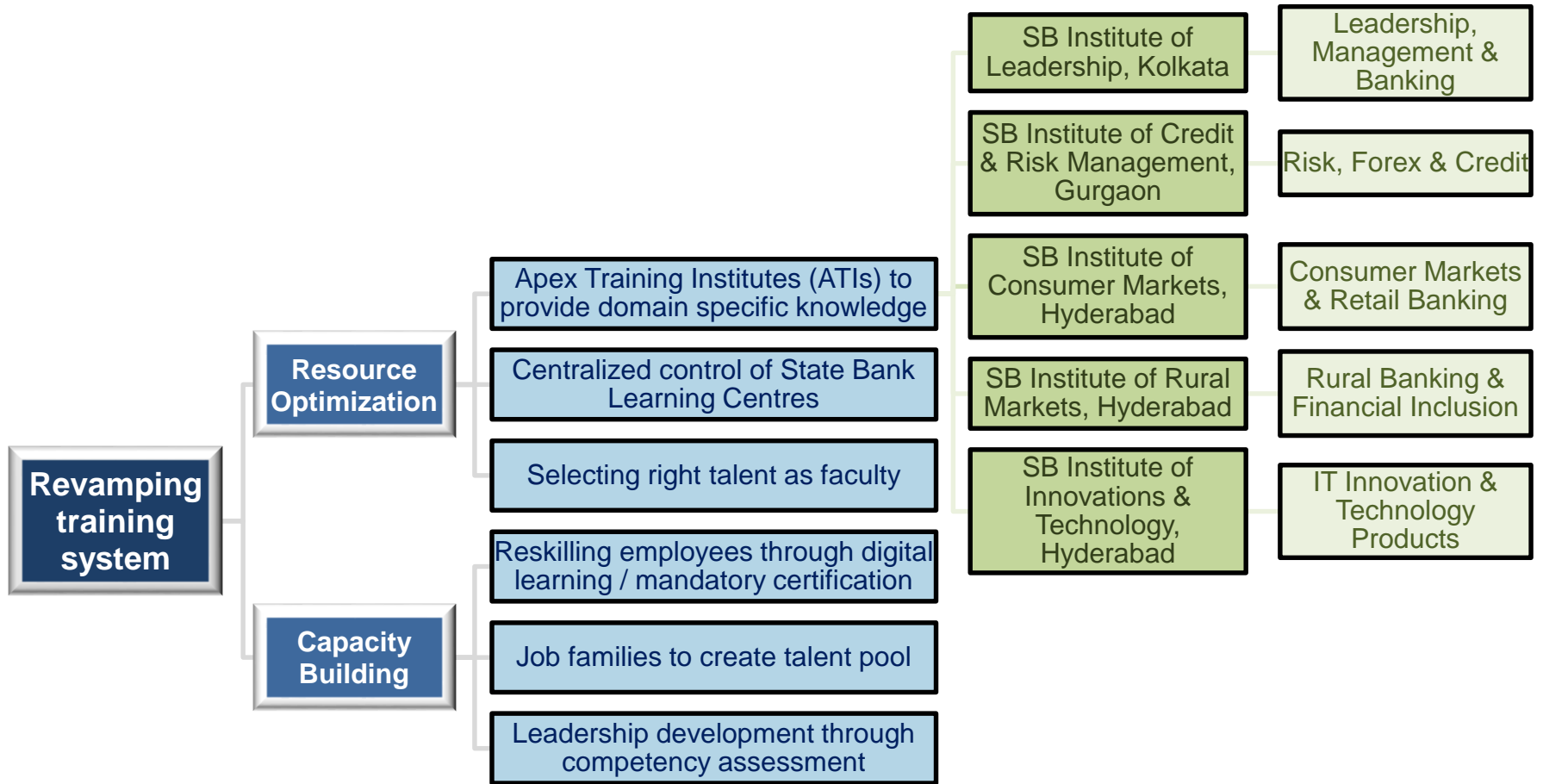


Offer Primary and Secondary Market Bonds, Alternative Investment Products like Forex, REITs, Structured Notes, INVITs, etc.

Transaction Banking Business

- SBI Transaction Banking has been rated as the best by 'The Asian Banker' consecutively for two years in 2017 & 2018
- Fee income from Transaction Banking (TBU) up by 33.6% YoY and Turnover up by YoY by 67.3% for FY18.
- 2794 new clients have been acquired in FY 18 against 955 clients in FY 17.
- Dominant player in government sector, with a market share of over 62.9% in Central Govt; Govt Commission constitutes 14% of fee income with YoY growth of 17%.
- TBU continues to target new customers and provide additional products to add value to our clients.

Talent and Capacity building



- BU heads to be owners & major stakeholders in training delivery, assessment of training needs & broad course content
- Identifying potential leaders and developing them through customized training programs to create leadership pipeline
- 70% training effort focused on enhancing functional effectiveness at the junior level, to make employees future ready
- Career Development System, a paradigm shift in performance management, 95% of the roles made measurable

Scaling up Subsidiaries and discovering value

SUBSIDIARIES	SBI's stake	FY17 PAT (in Rs cr)	FY18 PAT (in Rs cr)	FY18 ROE (in %)
SBI Life	62.1%	955.0	1,150.0	19.0
SBI Cards	74%	390.4	363.1	22.5
SBI General	74%	152.7	396.0	26.5
SBI Caps	100%	218	327.3	23.0
SBI Funds Management	63%	224.3	331.0	32.8

SBI Life: GWP growth of 21% YoY in FY18, while Individual NBP growth at 30% YoY

- IRP- 31% YoY growth, private market share increased from 20.7% to 21.8% YoY March 2018

SBI General: GWP growth in FY18 at 36% YoY, against industry growth of 19%;

- Target GWP growth of 50% in FY19, through improved geographical distribution and product suite

SBI Cards: Spends market share at 16.8%, up 369 bps YoY- Ranked #2

- Aiming to be market leader, target to double cards base by FY19

SBI Funds Management: AUM growth of 39%, against industry growth of 26%

- Increasing reach in B15 cities and through digital platforms

SBI Capital: ECM ranked 2nd by number of issues and 3rd by issue amount (Rs ~59,377 cr) in FY18

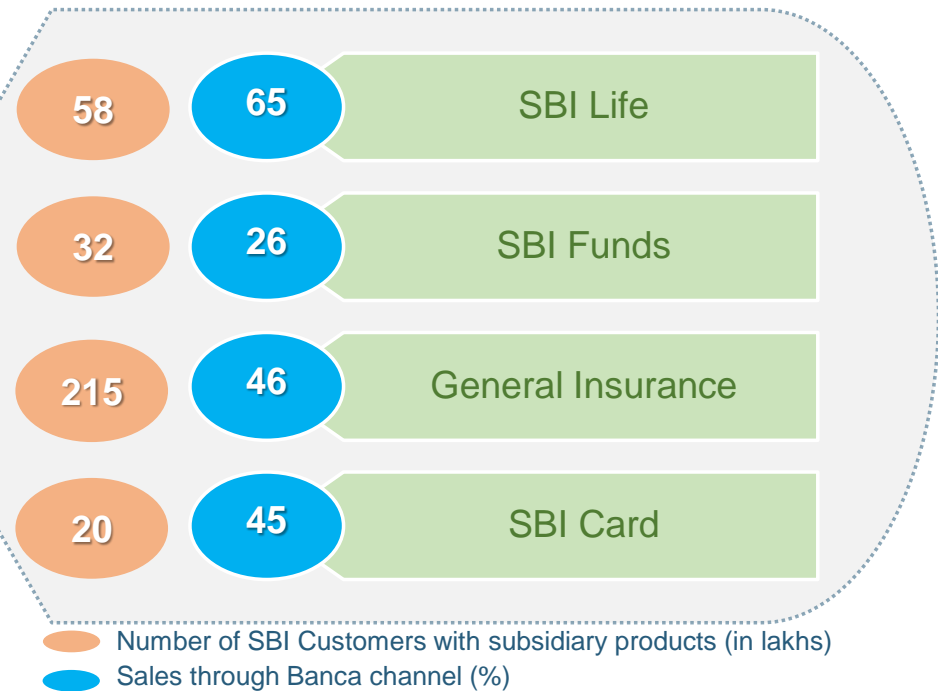
SBI and its Subsidiaries - Leveraging Synergies

As on Mar-2018

SBI Total Customers (In lakhs)

4,242

SBI customers
holding products
of subsidiaries



- Technology and other enablers in SBI to offer a full bouquet of products
 - Project IMPACT – CRM Platform for SBG entities to leverage data analytics for lead generation
 - YONO – Digital self service platform offering financial products of various subsidiaries
 - Wealth Management services offering financial products across asset classes
- ~30% of SBI employees are certified to cross sell subsidiary products & this no. is growing at 60% YoY
- Best in class JV partners, efficient processes, long term scalability, high standards of corp. governance
- Cross Sell income to fee income at 7%, expect cross sell income to grow > 50% over medium term

Thank You