भारतीय स्टेट बँक
भारतीय स्टेट बैंक
STATE BANK OF INDIA

CC/S&B/SA/615

June 29, 2018

The Executive Director
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001.

The Executive Director
National Stock Exchange of India Ltd.
Exchange Plaza,
Plot No.C/1, G- Block,
Bandra Kurla Complex, Bandra – East,
Mumbai – 400051.

Sub: **Submission of Annual Report for the FY 2017-18 of the Bank as required under Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam,

Pursuant to the applicable provisions of the LODR regulations, we submit herewith copy of Annual Report for the FY 2017-18 discussed and adopted in the 63rd Annual General Meeting of the shareholders held on 28th June, 2018.

Please take the same on record.

Thanking you,

Yours faithfully,
**For State Bank of India**

भारतीय स्टेट बैंक / S.B.I. ★ शेयर एवं बाण्ड विभाग Shares & Bonds Dept. ★ कारपोरेट केंद्र / CORPORATE CENTRE

(Sanjay M. Abhyankar)
Vice President – Compliance &
Company Secretary

Encl.: as above

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शेयर एवं बॉन्ड विभाग,
कॉर्पोरेट केन्द्र,
14वा माळा, स्टेट बँक भवन,
मादाम कामा रोड,
मुंबई – ४०००२१, भारत

शेयर आणि बॉन्ड विभाग,
कारपोरेट केन्द्र,
14वाँ तल, स्टेट बैंक भवन,
मादाम कामा रोड,
मुंबई – ४०००२१, भारत

Shares & Bonds Dept,
Corporate Centre,
14thFloor, State Bank Bhavan,
Madame Cama Road,
Mumbai - 400021, India

SBI

STATE BANK OF INDIA



# Building Momentum for a Transforming India

ANNUAL REPORT | 2017-18

# Contents


1 Notice

2 About SBI

3 SBI's Journey Through Numbers

4 Building Momentum for a Transforming India

16 SBI Group Structure

18 Financial Highlights for Last 10 Years

19 Ratings

20 Central Board of Directors

22 Committees of the Board/ Members of Central Management Committee/ Members of Local Boards/Bank's Auditors

26 The Chairman's Message

32 **Directors' Report**

32 **(i) Economic Backdrop and Banking Environment**

34 **(ii) Financial Performance**

35 **(iii) Core Operations**

35 **Retail & Digital Banking Group**

35 Personal Banking

38 Anytime Channels

41 Small & Medium Enterprises

43 Rural Banking

44 Other New Business Initiatives

46 Government Business

47 Efficiency & Cost Control

47 **Corporate Banking Group**

47 Corporate Banking

48 Transaction Banking Unit

48 Project Finance & Leasing

49 Mid Corporate Banking

50 International Operations

54 Stressed Assets Management

56 **Treasury Operations**

58 **(IV) Support And Control Operations**

58 Human Resources and Training

61 Information Technology

65 Risk Management

68 Official Language

69 Marketing and Communication

69 Vigilance Mechanism

70 Asset & Liability Management

70 Ethics & Business Conduct

71 Corporate Social Responsibility

73 **(V) Subsidiaries**

80 **Corporate Governance**

102 **Financial Statements**

Balance Sheet, Profit & Loss Account & Report of the Auditors

102 State Bank of India (Standalone)

163 State Bank of India (Consolidated)

205 **Pillar 3 Disclosures (Consolidated)**

231 Disclosures on indicators for identification of Global Systemically Important Banks (G-SIBs)

232 **Proxy Form , Attendance slip**

# Notice

## STATE BANK OF INDIA

(Constituted under the State Bank of India Act, 1955)

The 63rd Annual General Meeting of Shareholders of the State Bank of India will be held at the "Y. B. Chavan Auditorium", Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai-400021 (Maharashtra) on Thursday the 28th June, 2018, at 03.00 p.m. for transacting the following business:-

"To discuss and adopt the balance sheet and the profit and loss account of the State Bank of India made up to the 31st day of March 2018, the report of the Central Board on the working and activities of the State Bank of India for the period covered by the Accounts and the Auditor's Report on the Balance Sheet and Accounts".

Corporate Centre,
State Bank Bhavan,
Madame Cama Road,
Mumbai - 400 021
Date: 22 May, 2018

(RAJNISH KUMAR)
CHAIRMAN

# About SBI

Founded in 1806, Bank of Calcutta was the first Bank established in India and over a period of time evolved into State Bank of India (SBI). SBI represents a sterling legacy of over 200 years. It is the oldest commercial Bank in the Indian subcontinent, strengthening the nation's trillion-dollar economy and serving the aspirations of its vast population.

The Bank is India's largest commercial Bank in terms of assets, deposits, branches, number of customers and employees, enjoying the continuing faith of millions of customers across the social spectrum.

SBI headquartered at Mumbai, provides a wide range of products and services to individual customers, commercial enterprises, large corporates, public bodies and institutional customers through its various branches and outlets, joint ventures and subsidiaries.



## VISION

**Be The Bank Of Choice For A Transforming India**

## MISSION

**Committed To Providing Simple, Responsive And Innovative Financial Solutions**

## VALUES

**S**ervice
**T**ransparency
**E**thics
**P**oliteness
**S**ustainability

# SBI's Journey Through Numbers

**Largest Bank in India (Deposits, Advances, Customers and Banking Outlets)**

Customers — No. (in crore) — **42.42**

Market Share — %
Deposits — **22.84**
Advances — **19.92**

Total Branches — No. — **22,414**

Pan-India ATMs, CDMs & Recyclers — No. — **59,541**

BC Outlets — No. — **58,274**

Share of Transactions on Alternate Channels — % — **80.00**

Market Share in no. of POS — % — **20.20**

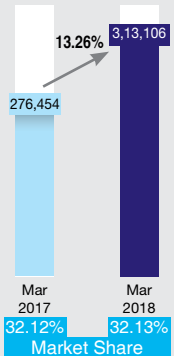
Market Share in Debit Card Spends — % — **30.40**

Financial Inclusion Accounts — No. (in crore) — **13.42**

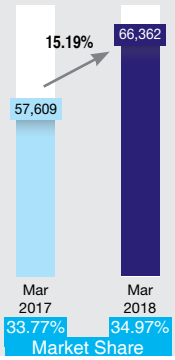
Financial Inclusion Deposits — Amt. (₹ in crore) — **23,982**

Financial Inclusion Transactions — No. (in crore) — **31.22**

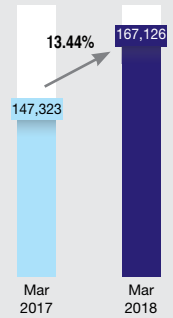
HOME LOANS




AUTO LOANS




OTHER P-SEGMENT LOANS



# Building Momentum for a Transforming India



At State Bank of India (SBI), we are firm believers of the ‘Reform, Perform and Transform’ mantra. We are passionately driven to meet the future needs of a transforming India and are guided by our unflinching commitment towards sustained value generation.

India is going through a remarkable transformation. Ease of doing business, mega tax reforms, financial inclusion, universal health insurance, mass digitalisation, infrastructure development and the growth of manufacturing and service sectors are just some of the change enablers. More so, the country currently enjoys prudent fiscal conditions, stable inflation, growing trade and steady employment creation to support sustainable GDP growth. Not surprisingly, the country is in the spotlight globally.

Focused on value creation, SBI has made strategic investments to strengthen its core businesses. Over the last 5 years, we have undertaken several initiatives in reshaping SBI into a technologically advanced universal banking institution, with optimised operational efficiency and with 'delighting customers' as its strategic driving priority.

Today, these transformative initiatives have made SBI highly competitive and relevant to its diverse base of customers. With this backdrop, we are now ideally positioned for delivering superior value creation through sustainable growth. We plan to fulfil this by enhancing our operations to the highest levels of excellence - be it lending performance; improving our asset quality; perking up our profitability; and ultimately hastening the pace of capital generation and, thus, wealth creation.

To power these efforts, we have made our own infrastructure extra robust, in terms of establishing a comprehensive monitoring and control framework, and building on a large talent pool of committed workforce. To support this, we have re-engineered our internal processes for improving our risk management and growth velocity. We are also constantly recalibrating our lending strategy to bolster the quality of our loan book.

As a proxy to India's economy, we are building steady momentum to become even more emblematic of the resilience and transformation of the Indian economy.

Technology advancements are continuously being implemented both towards back-end processes, as well as robust and efficient customer service delivery channels. At the same time, our commitment to highest standards of risk management, ethics and governance safeguard our stakeholder's interests at all times. Through this upgraded framework, we have laid a strong foundation for sustained long-term growth, and are gradually moving towards a more transparent, cost-competitive, and innovation-driven organisation.

We are beginning to see clear signs of benefits from the merger with our associate banks, having unified multiple operations to match the highest standards, and stimulating superior synergistic performance. Going forward, an enhanced scale of operations, sharing of best practices and the rationalisation of common costs are expected to result in meaningful savings. This will further strengthen our mission for becoming an enduring value creator.

We are optimistic about the future. The success of the largest ever QIP floated in India by SBI, is a strong testimony to the faith reposed in us by our investors and to our capital raising capability overall. The QIP enjoyed wide participation by diverse sets of quality investors. Furthermore, the IPO of SBI Life, led to significant value discovery and is a strong indication of the Bank's ability to incubate and nurture future industry leaders with a strong potential for value creation in the times ahead.

The Bank is deeply committed to contributing to society at large. We will continue to serve as a trusted partner to all our stakeholders by responsibly providing financial services that enable growth and economic progress for people of all income groups. During major transformational reforms seen in the past, such as the Government's demonetisation measures and the tax reforms through the introduction of GST, the Bank has emerged as a resilient player on a steady path of quality growth.

# Embracing Technological Advancements, to consolidate our Digital Banking Leadership.

A Transforming India is digitally savvy and has high expectations from the banking industry. We are committed to develop, deploy and maintain technology solutions that are stable, reliable and deliver what the business needs to optimise customer satisfaction and value creation.

> We are committed towards transforming ourselves into a digitalised organisation, supported by technology enabled backend operations.

**600** bps — Growth in Digital Banking over the previous year

**37%** — Share of Digital Transactions in total Transactions

**1.96** million — Merchant Payments Acceptance Touch Points

India is undergoing a digital transformation and witnessing an accelerated pace of innovation and technology adoption. As the digital economy is flourishing, the Bank is also progressing with its technological advancements and growing its presence in multi-channel platforms, keeping itself ahead of the curve. Consequent to our digital initiatives, we have improved the share of digital transactions as a percentage of total transactions by over 600 bps during the year.

During FY2018, we launched an integrated omni-channel digital platform YONO as an integral part of our digital drive. This is India's first fully digital service platform designed to facilitate banking as well as lifestyle needs of our customers through an all encompassing B2C marketplace. Apart from banking services, the application is designed to offer other financial products including investments, insurance and credit cards.

This path-breaking product has been developed using the latest digital technologies.

We are also committed towards transforming ourselves into a digitalised organisation, supported by technology enabled backend operations. Along with the digitalisation of consumer facing operations, we continue to invest in the automation of our internal processes to improve efficiency, reduce cost of operations and re-deploy employees in revenue accretive roles.

With an all-pervasive digital transformation taking hold, we are highly motivated to integrate and absorb multiple technologies into our operational culture. The potential and the productivity of new age technologies like block chain, machine learning, artificial intelligence and IoT with data and analytics as their foundation have been recognised by the Bank. Centres of excellence, proofs of concept and a collaborative and definitive time bound plan with fintech companies and vendors has been put in place to harness and harvest the benefits of these technologies for greater customer engagement, enhancing productivity of the Bank and empowering our employees. We are continuously training our employees to keep them updated on the technology front, and this enables them to deliver new-age banking for an aspiring and transforming India.



# Progressively Enhancing Asset Quality and Processes, through Efficient Risk Management.

To be able to serve a transforming and demanding India, we need to be a strong bank with the best risk management practices. Going forward, we are making creditable progress in risk assessment and management, while working diligently to resolve legacy stressed assets.



“

## We believe that our stringent credit underwriting processes will be the key driver of long-term sustainable quality growth and superior shareholder returns.

Stressed assets have been one of the biggest challenge to the growth of the Indian banking industry. At SBI, we are cognisant of these challenges, and are committed to improve the asset quality in our books. We have undertaken a multi-pronged approach to arrest fresh slippages by adopting technologically advanced underwriting practices for asset selection. We believe that our stringent credit underwriting processes will be the key driver of long-term sustainable quality growth and superior shareholder returns. Furthermore, we are strengthening our risk monitoring and assessment techniques, to prevent and avoid potential slippages through an early warning system that has been implemented.

It is incumbent upon us to ensure that our business operations remain fully compliant with laid down procedures and regulatory requirements. Over time, we have evolved a robust risk management model aligned with regulatory standards and international best practices. Our policies and procedures are in place to measure, assess, monitor and manage risks systematically across all our portfolios. We have undertaken initiatives to inculcate a risk and compliance culture across the organisation by imparting extensive training.

We are actively recognising and addressing the legacy credit issues, while striving to ensure that the new origination is well de-risked. Furthermore, a large proportion of our stressed assets are under various resolution processes. These eventual resolutions will further improve our asset quality metrics meaningfully, and also make way for credit expansion and growth.

At SBI, we have been proactive towards making the banking system efficient and credible, which is essentially a prerequisite for stronger economic growth of our country.

# Ability to Build Valuable Businesses to create Future Value for Stakeholders.



## Our position in the Nation's financial system enables us to create scalable and profitable business models in the financial ecosystem.

As part of a strategy to meet capital needs as well as global risk norms, from time-to-time the Bank aims to monetise certain assets by partially divesting stake in select subsidiaries.

During the year, we divested a part of our stake in SBI Life through a highly successful initial public offering. As the largest public offer in the past seven years, at the time of listing on 3rd October 2017, SBI has demonstrated remarkable ingenuity in creating India's largest private life insurer in terms of new business premium (NBP) generated every year since FY2010.

SBI sold 8% of its stake in the IPO of SBI Life valuing SBI Life at ₹ 70,000 crore, thereby enabling SBI to add to its capital to support growth. This IPO stands as a strong testimony to SBI's capabilities in institution building and value discovery.

The Bank has many similar subsidiaries which have the potential to deliver future value. Over the years, the Bank has built value in various lines of business through its subsidiaries and investments in non-core assets. These non-core assets are fundamental to the nation's financial markets' infrastructure.

**₹67,825 crore** as on 31st March, 2018 Market Cap of SBI Life

**62.10%** Bank's current Stake in SBI Life

**₹5,436 crore** Raised by 8% Stake Sale of SBI Life through IPO

A Transforming India will need strong financial institutions beyond banking. SBI owns and manages several Non Banking Subsidiaries that are amongst industry leaders in their own right. As in the case of partial divestment and subsequent IPO of SBI Life in FY2018, we believe that we will be able to unlock huge value in these businesses.



# Unlocking the Potential of our Human Capital, through structured Skill Development.

> We are directing our efforts towards imparting continuous training on skill development and enhancing job knowledge.

People are our most valuable asset and nurturing their capability is at the core of driving business excellence and meeting the demands of a Transforming India. To improve the profitability and efficiency of the Bank, our concerns are also towards improving our productivity. We are directing our efforts towards this by imparting continuous training on skill development and enhancing job knowledge. This will empower us to offer excellent customer service and aid us in achieving our targeted performance. In this connection, we have established a state-of-the-art "State Bank Institute of Leadership" (SBIL) at Kolkata, for imparting world class training to senior executives of the Bank. In addition to this, we also have a robust enterprise wide training system, which caters to all employees of the Bank and prepares them to stay ahead of the curve. Specialised in house training establishments in the areas of Credit, International Banking, Risk, Marketing, Rural Banking, IT, Leadership and Human Resources, among others, have been created to ensure that the Bank's training systems is in sync with its growing needs.

During the year, we implemented a reward and recognition scheme which seeks to reward high performers. Performance Linked Incentives have also been rationalised and dashboards are provided to all employees to help them track their own progress. We are targeting to bring over 95% of our employees under measurable roles to streamline their performance evaluation objective and ensure their systematic career development.

Our thrust is on identifying potential leaders and investing in their development, in order to create a leadership pipeline for succession. In addition to this, with streamlined recruitment process, average age of officers and associates are declining. The Bank aims at inducting young members while maintaining the overall manpower at optimal level, based on profit and cost projections.

As the Indian economy is witnessing a transformation, we are making ourselves more agile on the path of innovation and knowledge. This ensures that we are future-ready for India's journey of transformation.

**50** hrs. Average Training Man-hours per Employee



A Transforming India requires modern and capable institutions to help realise its aspirations. For SBI, this means having strong capabilities and a value based culture within our people. We continue to be focussed on embedding an ethical and value based culture throughout the organisation, which is at the core of our strategy and processes.



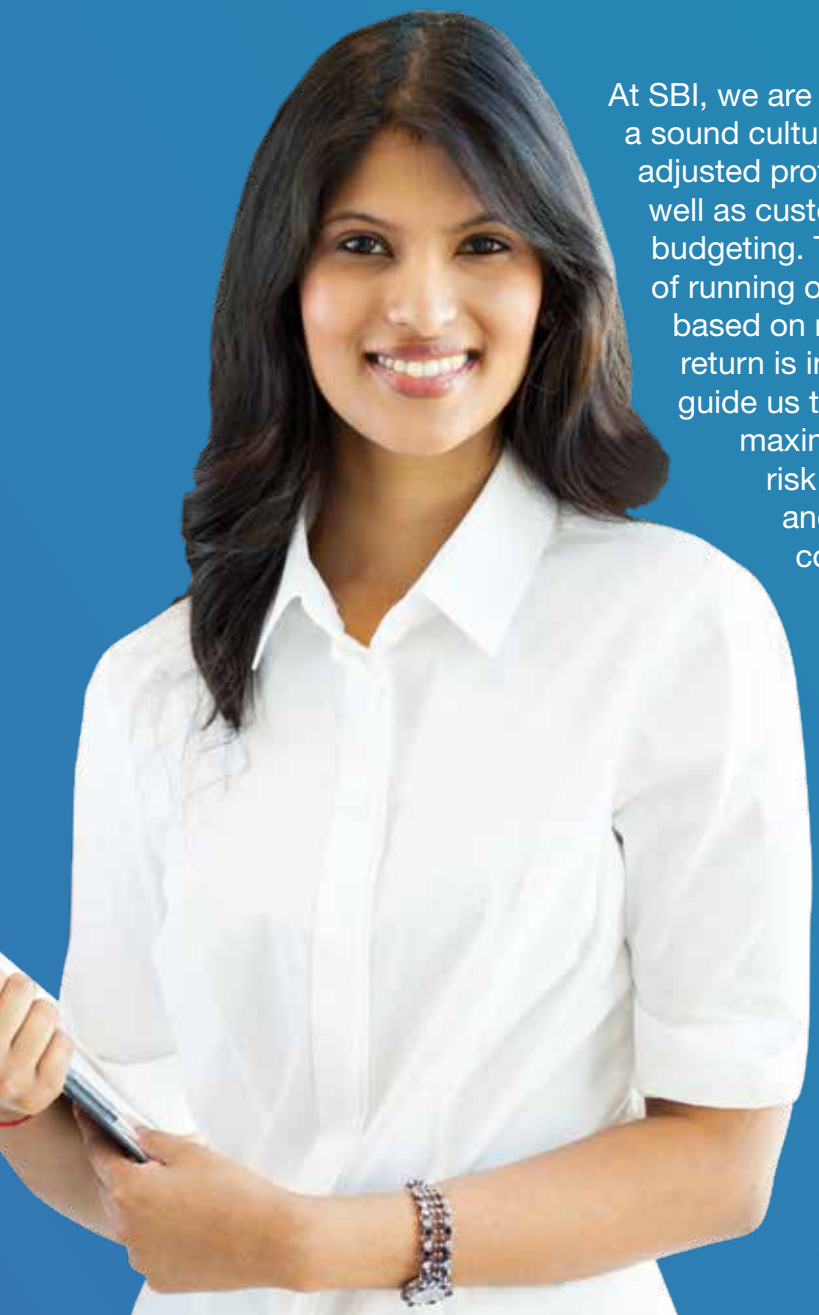
# Driving Change to focus on Sustainable Growth.

To be worthy of serving a Transforming India, we ourselves need to have a strong introspective culture with the goal of being a strong and high-performing bank. With our new internal budgeting processes, we're making sure that every aspect of our business optimises our customer service levels, our risk management, and our returns to our stakeholders. With this result orientated discipline, we can play a pivotal role in catalysing India's transformation.



“

With a focus on risk adjusted return maximisation, we have completely revamped our budgeting processes.



At SBI, we are building a sound culture of risk adjusted profit based as well as customer-centric budgeting. The exercise of running our business based on risk adjusted return is intended to guide us towards return maximisation, risk mitigation and capital conservation.

This transformation is a pre-requisite to weather the challenges surrounding the banking sector, with efficiency and profitability parameters remaining under pressure.

We have re-organised our budgeting process by setting targets on key parameters, with granular roadmaps. Our efficiency parameters for the medium term include improving Return on Assets; Return on Equity; Cost to Income Ratio; Net Interest Margins (NIMs); and Credit to Deposit ratio, among others. Business units are similarly expected to target Returns on Risk weighted assets.

With defined strategies in place, it will be our endeavour to report positive outcomes for each of these parameters over the medium term.

# SBI Group Structure

as on 31st March, 2018

## Non-Banking Subsidiaries / Joint Ventures

- 100% SBI Capital Markets Limited
  - SBI CAP Securities Limited
  - SBI CAP Ventures Limited
  - SBI CAP (UK Limited)
  - SBI CAP Trustees Co. Limited
  - SBI CAP (Singapore Limited)
- 69.04% SBI DFHI Limited
- 100% SBI Mutual Fund Trustee Company Private Limited
- 86.18% SBI Global Factors Limited
- 60% SBI Pension Funds Private Limited
- 63% SBI Funds Management Private Limited
  - SBI Funds Mgt. (International) Private Limited
- 74% SBI Cards & Payment Services Private Limited
- 62.10% SBI Life Insurance Company Limited
- 65% SBI-SG Global Securities Services Private Limited
- 74% SBI Business Process Management Services Private Limited
- 74% SBI General Insurance Company Limited
- 49% C-Edge Technologies Limited
- 45% Macquarie SBI Infrastructure Management. Pte. Limited
  - Macquarie SBI Infrastructure Trustee Pte. Limited
- 45% SBI Macquarie Infrastructure Management Private Limited
- 45% SBI Macquarie Infrastructure Trustee Private Limited
- 50% Oman India Joint Investment Fund-Management. Co. Private Limited
- 50% Oman India Joint Investment Fund-Trustee Co. Private Limited
- 100% SBI Foundation
- 100% SBI Infra Management Solutions Pvt. Ltd.
- 30% JIO Payments Bank Ltd.

OWNERSHIP FIGURES IN %

## Foreign Banking Subsidiaries / Joint Ventures / Investments

- 100% State Bank of India (California)
- 100% SBI Canada Bank
- 60% CIBL Moscow
- 96.60% SBI Mauritius Limited
- 99% Bank SBI Indonesia
- 55.37% Nepal SBI Bank Limited
- 100% Bank SBI Botswana Limited
- 20% Bank of Bhutan Limited
- 8.86% Sterling Bank PLC
- 19.50% Kukuja Project Development Company

## Foreign Non-Banking Subsidiary

- 99.99% SBI Servicos Limitada, Brazil



# Financial Highlights: 10 years at a Glance

| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | | |
| Capital (₹ in crore) | 635 | 635 | 635 | 671 | 684 | 747 | 747 | 776 | 797 | 892 |
| Reserves & Surplus (₹ in crore) | 57,313 | 65,314 | 64,351 | 83,280 | 98,200 | 1,17,536 | 1,27,692 | 1,43,498 | 1,87,489 | 2,18,236 |
| Deposits (₹ in crore) | 7,42,073 | 8,04,116 | 9,33,933 | 10,43,647 | 12,02,740 | 13,94,409 | 15,76,793 | 17,30,722 | 20,44,751 | 27,06,344 |
| Borrowings (₹ in crore) | 53,713 | 1,03,012 | 1,19,569 | 1,27,006 | 1,69,183 | 1,83,131 | 2,05,150 | 3,23,345 | 3,17,694 | 3,62,142 |
| other's (₹ in crore) | 1,10,698 | 80,337 | 1,05,248 | 80,915 | 95,404 | 96,927 | 1,37,698 | 1,59,276 | 1,55,235 | 1,67,138 |
| **Total(₹ in crore)** | 9,64,432 | 10,53,414 | 12,23,736 | 13,35,519 | 15,66,211 | 17,92,748 | 20,48,080 | 23,57,617 | 27,05,966 | 34,54,752 |
| **Assets** | | | | | | | | | | |
| Investments (₹ in crore) | 2,75,954 | 2,85,790 | 2,95,601 | 3,12,198 | 3,50,878 | 3,98,800 | 4,81,759 | 5,75,652 | 7,65,990 | 10,60,987 |
| Advances (₹ in crore) | 5,42,503 | 6,31,914 | 7,56,719 | 8,67,579 | 10,45,617 | 12,09,829 | 13,00,026 | 14,63,700 | 15,71,078 | 19,34,880 |
| other Assets (₹ in crore) | 1,45,975 | 1,35,710 | 1,71,416 | 1,55,742 | 1,69,716 | 1,84,119 | 2,66,295 | 3,18,265 | 3,68,898 | 4,58,885 |
| **Total (₹ in crore)** | 9,64,432 | 10,53,414 | 12,23,736 | 13,35,519 | 15,66,211 | 17,92,748 | 20,48,080 | 23,57,617 | 27,05,966 | 34,54,752 |
| Net Interest Income (₹ in crore) | 20,873 | 23,671 | 32,526 | 43,291 | 44,329 | 49,282 | 55,015 | 57,195 | 61,860 | 74,854 |
| Provisions for NPA (₹ in crore) | 2,475 | 5,148 | 8,792 | 11,546 | 11,368 | 14,224 | 17,908 | 26,984 | 32,247 | 70,680 |
| operating Result (₹ in crore) | 17,915 | 18,321 | 25,336 | 31,574 | 31,082 | 32,109 | 39,537 | 43,258 | 50,848 | 59,511 |
| Net Profit Before Taxes (₹ in crore) | 14,181 | 13,926 | 14,954 | 18,483 | 19,951 | 16,174 | 19,314 | 13,774 | 14,855 | -15,528 |
| Net Profit (₹ in crore) | 9121 | 9,166 | 8,265 | 11,707 | 14,105 | 10,891 | 13,102 | 9,951 | 10,484 | -6,547 |
| Return on Average Assets (%) | 1.04 | 0.88 | 0.71 | 0.88 | 0.97 | 0.65 | 0.68 | 0.46 | 0.41 | -0.19 |
| Return on equity (%) | 15.07 | 14.04 | 12.84 | 14.36 | 15.94 | 10.49 | 11.17 | 7.74 | 7.25 | -3.78 |
| expenses to Income (%) (operating expenses to total Net Income) | 46.62 | 52.59 | 47.6 | 45.23 | 48.51 | 52.67 | 49.04 | 49.13 | 47.75 | 50.18 |
| Profit Per employee (₹ in 000) | 474 | 446 | 385 | 531 | 645 | 485 | 602 | 470 | 511 | -243 |
| earnings Per Share (₹)* | 143.77 | 144.37 | 130.16 | 184.31 | 210.06 | 156.76 | 17.55 | 12.98 | 13.43 | -7.67 |
| Dividend Per Share (₹)* | 29 | 30 | 30 | 35 | 41.5 | 30 | 3.5 | 2.60 | 2.60 | Nil |
| SBI Share (Price on NSE) (₹)* | 1,067.10 | 2,078.20 | 2,765.30 | 2,096.35 | 2,072.75 | 1,917.70 | 267.05 | 194.25 | 293.40 | 249.90 |
| Dividend Pay out Ratio % (₹) | 20.19 | 20.78 | 23.05 | 20.06 | 20.12 | 20.56 | 20.21 | 20.28 | 20.11 | NA |
| **Capital Adequacy Ratio (%)** | | | | | | | | | | |
| (₹ in crore) | 85,393 | 90,975 | 98,530 | 1,16,325 | 1,29,362 | 1,45,845 | 1,54,491 | 1,81,800 | 2,06,685 | 2,34,056 |
| Basel-II (%) | 14.25 | 13.39 | 11.98 | 13.86 | 12.92 | 12.96 | 12.79 | 13.94 | 13.56 | 12.74 |
| (₹ in crore) | 56,257 | 64,177 | 63,901 | 82,125 | 94,947 | 1,12,333 | 1,22,025 | 1,35,757 | 1,56,506 | 1,84,146 |
| Tier I (%) | 9.38 | 9.45 | 7.77 | 9.79 | 9.49 | 9.98 | 10.1 | 10.41 | 10.27 | 10.02 |
| (₹ in crore) | 29,136 | 26,798 | 34,629 | 34,200 | 34,415 | 33,512 | 32,466 | 46,043 | 50,179 | 49,910 |
| Tier II (%) | 4.87 | 3.94 | 4.21 | 4.07 | 3.43 | 2.98 | 2.69 | 3.53 | 3.29 | 2.72 |
| (₹ in crore) | N.A | N.A | N.A | N.A | N.A | 1,40,151 | 1,46,519 | 1,75,903 | 2,04,731 | 2,38,154 |
| Basel-III (%) | | | | | | 12.44 | 12 | 13.12 | 13.11 | 12.60 |
| (₹ in crore) | N.A | N.A | N.A | N.A | N.A | 1,09,547 | 1,17,157 | 1,33,035 | 1,61,644 | 1,95,820 |
| Tier I (%) | | | | | | 9.72 | 9.6 | 9.92 | 10.35 | 10.36 |
| (₹ in crore) | N.A | N.A | N.A | N.A | N.A | 30,604 | 29,362 | 42,868 | 43,087 | 42,334 |
| Tier II (%) | | | | | | 2.72 | 2.4 | 3.20 | 2.76 | 2.24 |
| Net NPA to Net Advances (%) | 1.79 | 1.72 | 1.63 | 1.82 | 2.1 | 2.57 | 2.12 | 3.81 | 3.71 | 5.73 |
| Number of Domestic Branches | 11,448 | 12,496 | 13,542 | 14,097 | 14,816 | 15,869 | 16,333 | 16,784 | 17,170 | 22,414 |
| Number of Foreign Branches /offices | 92 | 142 | 156 | 173 | 186 | 190 | 191 | 198 | 195 | 206 |

*The face value of shares of the Bank was split from ₹10 per share to ₹1 per share - wef. 22nd November, 2014. The data is on ₹1 per share from 2014-15 onwards and ₹10 per share for remaining previous year.

# Ratings

as on 31st March, 2018

| | RATING | RATING AGENCY |
|---|---|---|
| BANK RATING | Baa2/P-2/Stable | Moody's |
| | BBB-/Stable/A-3 | S & P |
| | BBB-/F3/Stable | Fitch |
| **₹ DENOMINATED INSTRUMENTS** | | |
| INNOVATIVE PERPETUAL DEBT | 'AAA/Stable' | CRISIL |
| | "CAREAAA/Stable" | CARE |
| UPPER TIER II SUBORDINATED DEBT | 'AAA/Stable' | CRISIL |
| | "CAREAAA/Stable" | CARE |
| LOWER TIER II SUBORDINATED DEBT | 'AAA/Stable' | CRISIL |
| | "CAREAAA/Stable" | CARE |
| | '(ICRA)AAA (Stable)' | ICRA |
| BASEL III TIER 2 DEBT | 'AAA/Stable' | CRISIL |
| | "CAREAAA/Stable" | CARE |
| | '(ICRA)AAA(HYB) (Stable)' | ICRA |
| BASEL III AT 1 PERPETUAL DEBT | 'CRISIL 'AA + /Stable' | CRISIL |
| | "CAREAA + /Stable" | CARE |

CARE : Credit Analysis & Research Limited
ICRA : ICRA Limited
CRISIL : CRISIL Limited
S&P : Standard & Poor

# Central Board of Directors

as on 31.03.2018



**Shri Rajnish Kumar**
Chairman



**Shri B. Sriram**
Managing Director



**Shri P. K. Gupta**
Managing Director



**Shri Dinesh Kumar Khara**
Managing Director



**Shri Sanjiv Malhotra**
Shareholder Director



**Shri Bhaskar Pramanik**
Shareholder Director



**Shri Basant Seth**
Shareholder Director



**Dr. Girish K. Ahuja**
Director Nominated by GoI



**Dr. Pushpendra Rai**
Director Nominated by GoI



**Dr. Purnima Gupta**
Director Nominated by GoI



**Shri Rajiv Kumar**
Secretary, DFS
Director Nominated by GoI



**Shri Chandan Sinha**
Additional Director, CAFRAL
Director Nominated by GoI

**Chairman**
Shri Rajnish Kumar

**Managing Directors**
Shri B. Sriram
Shri P. K. Gupta
Shri Dinesh Kumar Khara

**Directors elected under Section 19(c) of SBI Act**
Shri Sanjiv Malhotra
Shri Bhaskar Pramanik
Shri Basant Seth

**Directors under Section 19(d) of SBI Act**
Dr. Girish K. Ahuja
Dr. Pushpendra Rai
Dr. Purnima Gupta

**Director under Section 19(e) of SBI Act**
Shri Rajiv Kumar

**Director under Section 19(f) of SBI Act**
Shri Chandan Sinha

# Committees of the Board

**as on 31.03.2018**

### Executive Committee of the Central Board (ECCB)

Chairman, **Shri Rajnish Kumar**

Managing Directors,
**Shri B. Sriram, Shri P. K. Gupta and**
**Shri Dinesh Kumar Khara**

Director nominated under Section 19(f) of the SBI Act (Reserve Bank of India nominee), viz. **Shri Chandan Sinha**, **and all or any of the other Directors** who are normally residents, or may, for the time being be present at any place within India where the meeting is held.

### Audit Committee of the Board (ACB)

**Dr. Girish K. Ahuja,** Independent Director - Chairman of the Committee
**Shri Bhaskar Pramanik,** Independent Director - Member
**Shri Basant Seth,** Independent Director - Member
**Shri Rajiv Kumar,** GOI Nominee Director - Member
**Shri Chandan Sinha,** RBI Nominee Director - Member
**Shri B. Sriram,** MD - C&GB - Member (Ex-Officio)
**Shri Dinesh Kumar Khara,** MD - R,IT&S - Member (Ex-Officio)

### Risk Management Committee of the Board (RMCB)

**Shri Sanjiv Malhotra,** Independent Director - Chairman of the Committee
**Dr. Pushpendra Rai,** Independent Director - Member
**Shri Bhaskar Pramanik,** Independent Director – Member
**Shri Basant Seth,** Independent Director – Member
**Shri B. Sriram,** MD - C&GB - Member (Ex-Officio)
**Shri Dinesh Kumar Khara,** MD - R,IT&S - Member (Ex-Officio)

### IT Strategy Committee of the Board (ITSC)

**Shri Bhaskar Pramanik,** Independent Director - Chairman of the Committee
**Shri Sanjiv Malhotra,** Independent Director – Member
**Dr. Pushpendra Rai,** Independent Director – Member
**Dr. Purnima Gupta,** Independent Director – Member
**Shri B. Sriram,** MD - C&GB - Member (Ex-Officio)
**Shri Dinesh Kumar Khara,** MD - R,IT&S - Member (Ex-Officio)

### Special Committee of the Board for Monitoring of Large Value Frauds (SCBMF)

**Shri Basant Seth,**
Independent Director - Chairman of the Committee
**Shri Bhaskar Pramanik,** Independent Director - Member
**Dr. Girish K. Ahuja,** Independent Director - Member
**Shri Sanjiv Malhotra,** Independent Director – Member
**Dr. Pushpendra Rai,** Independent Director -Member
**Shri P. K. Gupta,** MD - R&DB - Member (Ex-Officio)
**Shri Dinesh Kumar Khara,** MD - R,IT&S - Member (Ex-Officio)

### Customer Service Committee of the Board (CSCB)

**Dr. Pushpendra Rai,**
Independent Director - Chairman of the Committee
**Shri Sanjiv Malhotra,** Independent Director - Member
**Dr. Girish K. Ahuja,** Independent Director - Member
**Shri Bhaskar Pramanik,** Independent Director – Member
**Shri Basant Seth,** Independent Director – Member
**Dr. Purnima Gupta,** Independent Director - Member
**Shri B. Sriram,** MD - C&GB - Member (Ex-Officio)
**Shri P. K. Gupta,** MD - R&DB - Member (Ex-Officio)

### Stakeholders Relationship Committee (SRC)

**Dr. Pushpendra Rai,**
Independent Director - Chairman of the Committee
**Shri Sanjiv Malhotra,** Independent Director - Member
**Dr. Girish K. Ahuja,** Independent Director - Member
**Dr. Purnima Gupta,** Independent Director - Member
**Shri P. K. Gupta,** MD - R&DB - Member (Ex-Officio)
**Shri Dinesh Kumar Khara,** MD - R,IT&S - Member (Ex-Officio))

### Remuneration Committee of the Board

**Shri Rajiv Kumar,** GOI Nominee Director - Member (Ex-Officio)
**Shri Chandan Sinha,** RBI Nominee Director - Member (Ex-Officio)
**Shri Basant Seth,** Independent Director - Member
**Dr. Girish K. Ahuja,** Independent Director - Member

### Nomination Committee of the Board

**Dr. Girish K. Ahuja,** Independent Director - Chairman of the Committee
**Dr. Pushpendra Rai,** Independent Director - Member
**Shri Chandan Sinha,** RBI Nominee Director - Member

### Board Committee to Monitor Recovery (BCMR)

**Shri Rajnish Kumar** - Chairman
**Shri B. Sriram,** MD - C&GB - Member (Ex-Officio)
**Shri P. K. Gupta,** MD - R&DB - Member (Ex-Officio)
**Shri Dinesh Kumar Khara,** MD - R,IT&S - Member (Ex-Officio)
**Shri Rajiv Kumar,** GOI Nominee Director - Member

### Corporate Social Responsibility Committee (CSR)

**Shri P. K. Gupta,** MD - R&DB - Chairman of the Committee
**Shri Dinesh Kumar Khara,** MD – R,IT&S - Member (Ex-Officio)
**Shri Sanjiv Malhotra,** Independent Director – Member
**Dr. Pushpendra Rai,** Independent Director - Member
**Shri Bhaskar Pramanik,** Independent Director – Member
**Shri Basant Seth,** Independent Director – Member
**Dr. Purnima Gupta,** Independent Director - Member

### Committee to review the Identification of Wilful Defaulters/ Non- Co-operative Borrowers

**Shri B. Sriram,** MD - C&GB - Chairman of the Committee
Any two independent Directors of the Bank

# Members of Central Management Committee

**as on 31.03.2018**

**Shri Rajnish Kumar**
Chairman

**Shri B. Sriram**
Managing Director
(Corporate & Global Banking)

**Shri P. K. Gupta**
Managing Director
(Retail & Digital Banking)

**Shri Dinesh Kumar Khara**
Managing Director
(Risk, IT & Subsidiaries)

**Shri Sunil Srivastava**
Deputy Managing Director
(Corporate Accounts Group)

**Shri Arijit Basu**
Deputy Managing Director
(Corporate Accounts Group)

**Shri Siddhartha Sengupta**
Deputy Managing Director
(International Banking Group)

**Smt. Anshula Kant**
Deputy Managing Director &
Chief Financial Officer

**Dr M. S. Sastry**
Deputy Managing Director &
Chief Risk Officer

**Shri J. Packirisamy**
Deputy Managing Director
(Mid Corporate Group)

**Shri Mrutyunjay Mahapatra**
Deputy Managing Director &
Chief Information Officer

**Shri Sekar Karnam**
Deputy Managing Director &
Chief Credit Officer

**Shri C. Venkat Nageshwar**
Deputy Managing Director
(Global Markets)

**Shri Pallav Mohapatra**
Deputy Managing Director
(Stressed Assets Resolution Group)

**Shri B.C. Das**
Deputy Managing Director
(Inspection and Audit)

**Shri Neeraj Vyas**
Deputy Managing Director &
Chief Operating Officer

**Shri Prashant Kumar**
Deputy Managing Director (HR) &
Corporate Development Officer

**Smt. Padmaja Chunduru**
Deputy Managing Director
(Digital Banking and New Businesses)

**Shri. K. V. Haridas**
Deputy Managing Director
(Retail Business)

# Members of Local Boards, other than Managing Director (Retail & Digital Banking) - Nominated by Chairman in terms of Section 21(1)(a) of SBI Act, 1955 as on 31.03.2018

**Ahmedabad**
Shri Dukhabandhu Rath
Chief General Manager (Ex-Officio)

**Amaravati**
Shri Mani Palvesan
Chief General Manager (Ex-Officio)

**Bengaluru**
Shri S. M. Farooque Shahab
Chief General Manager (Ex-Officio)

**Bhopal**
Shri K.T. Ajit
Chief General Manager (Ex-Officio)

**Bhubaneswar**
Smt. Praveena Kala
Chief General Manager (Ex-Officio)

**Chandigarh**
Shri Anil Kishora
Chief General Manager (Ex-Officio)

**Chennai**
Shri B.Ramesh Babu
Chief General Manager (Ex-Officio)

**Guwahati**
Shri P.V.S.L.N.Murty
Chief General Manager (Ex-Officio)

**Hyderabad**
Shri Swaminathan J.
Chief General Manager (Ex-Officio)

**Jaipur**
Shri Vijuy Ronjan
Chief General Manager (Ex-Officio)

**Kolkata**
Shri Partha Pratim Sengupta
Chief General Manager (Ex-Officio)

**Lucknow**
Shri Gautam Sengupta
Chief General Manager (Ex-Officio)
Shri Basant Seth*

**Mumbai**
Shri Ajay Kumar Vyas
Chief General Manager (Ex-Officio)
Shri Sanjiv Malhotra*

**New Delhi**
Shri Alok Kumar Choudhary
Chief General Manager (Ex-Officio)
Shri Bhaskar Pramanik*
Dr. Girish K. Ahuja*
Dr.Pushpendra Rai*
Dr. Purnima Gupta*

**Patna**
Shri Sandeep Tewari
Chief General Manager (Ex-Officio)

**Thiruvananthapuram**
Shri S. Venkataraman
Chief General Manager (Ex-Officio)

*Directors on the Central Board nominated on the Local Boards as per Section 21(1) (b) of SBI Act.

# Bank's Auditors

**M/s Varma & Varma**
Kochi

**M/s. Chaturvedi & Shah.**
Mumbai

**M/s Ray & Ray**
Kolkata

**M/s S K Mittal & Co.**
New Delhi

**M/s Rao & Kumar**
Visakhapatnam

**M/s Brahmayya & Co.**
Chennai

**M/s Chatterjee & Co.**
Kolkata

**M/s Manubhai & Shah LLP**
Ahmedabad

**M/s Bansal & Co.**
New Delhi

**M/s Mittal Gupta & Co.**
Kanpur

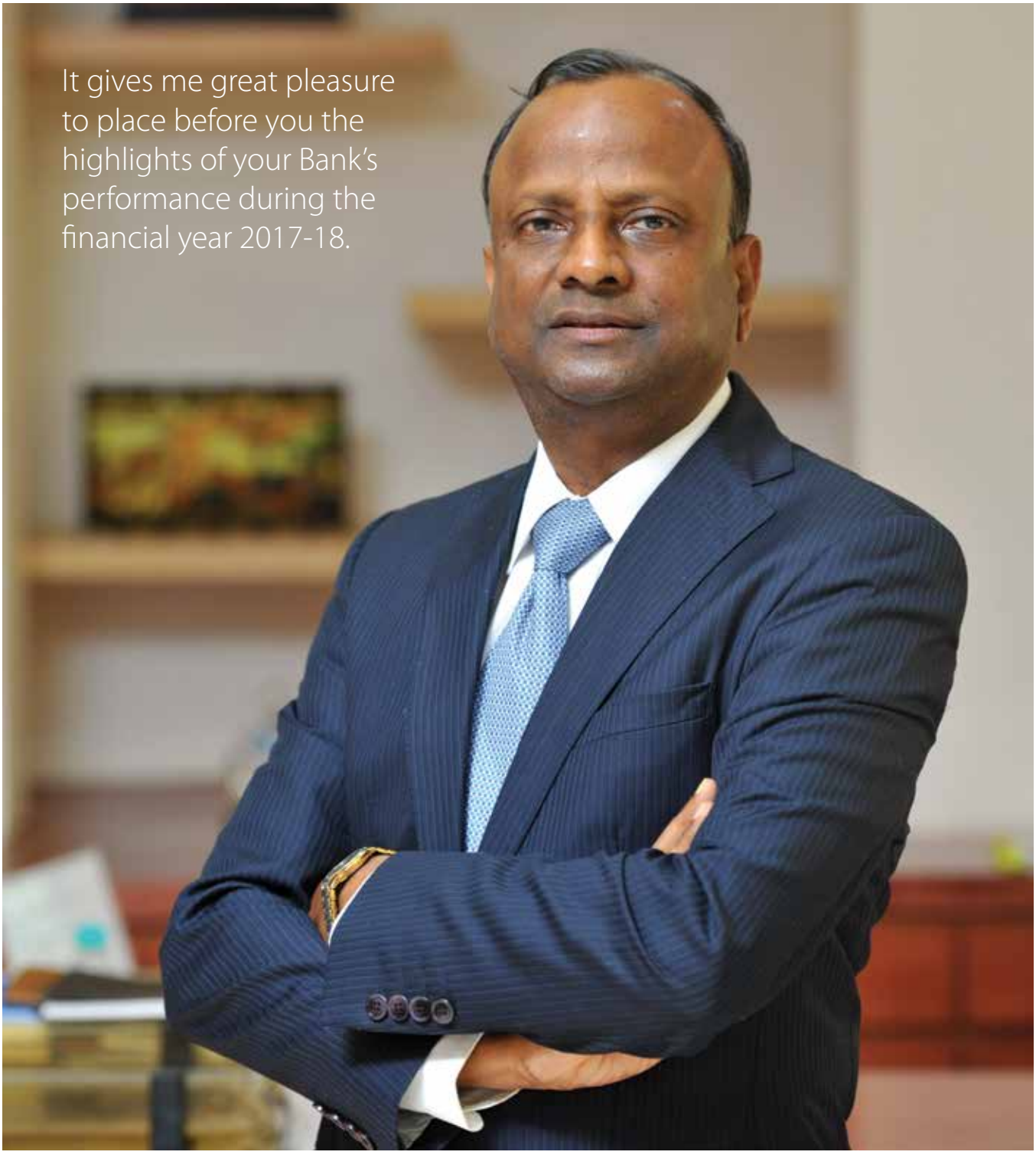
**M/s M. Bhaskara Rao & Co.**
Hyderabad

**M/s Amit Ray & Co.**
Allahabad

**M/s S L Chhajed & Co.**
Bhopal

**M/s GSA & Associates**
New Delhi

# The Chairman's Message



Dear Shareholders,

It gives me great pleasure to place before you the highlights of your Bank's performance during the financial year 2017-18. Details of the achievements and initiatives taken by your Bank are provided in the enclosed Annual Report for the year 2017-18.

# ECONOMIC OVERVIEW

Global economy experienced broad based growth in 2017. In particular, economic activity gained momentum in the US and the Euro area. Meanwhile, emerging market and developing economies have also performed better with growth pick-up in emerging Europe and emerging Asia being the major contributors to growth. Levying of tariffs by the US and fears of trade war between the US and China increased the financial volatility in 2018. However, with the US suspending the tariffs against China after some negotiations between the two countries, fear of full-fledged trade war has now abated. Overall, global GDP is expected to grow at 3.9% in 2018 with the advanced and emerging economies to post 2.5% and 4.9% growth respectively. Having said that, increase in protectionist policies, geo-political uncertainty and the escalation of US sanctions on Iran with the consequent impact on oil price represent the key risks to global growth.

Indian economy is expected to grow at 7.4% in FY2019 from 6.7% in FY2018 against the backdrop of improved global demand, better monsoon prospects, credit uptick and continued reforms undertaken by the Government. Furthermore, speeding up of the resolution process of distressed assets under the Insolvency and Bankruptcy Code is likely to improve confidence in the economy. Increasing oil prices though remains a major risk to the country's external balance.

# YOUR BANK'S PERFORMANCE

## Sustained CASA growth Driving Deposits Growth

Due to higher base led by demonetisation, the aggregate deposits of your Bank grew at a modest rate of 4.68% to ₹ 27,06,343 crore from the previous year level of ₹ 25,85,320 crore. The growth in aggregate deposits is mainly due to the increase in savings bank deposits, which grew by 7.88% YoY and deposits from the foreign offices (grew by 17.07%). Your Bank has improved its CASA ratio to 45.68%, an improvement of 128 bps from 44.40% last year.

## Retail Loans Drives Credit Growth

The gross advances of your Bank crossed the ₹ 20,00,000 crore mark, and grew at 4.91% to the level of ₹ 20,48,387 crore by March 2018 from the previous year level of ₹ 19,52,507 crore. Retail segments (Per, SME & Agri) now constitute 57.5% of the domestic loan book (₹ 17,46,389 crore). Much of the growth in advances came from Per Retail segments, including home loans and auto loans. Overall, Per Retail loans grew by 13.55% in FY2018, which is in line with the Bank's strategy of growing more aggressively in this segment. Within retail, home loans grew by 13.26% to ₹ 3,13,106 crore in FY2018 from ₹ 2,76,454 crore in FY2017. Your Bank's home loan portfolio now constitutes more than 57% of Per Retail loans. Additionally, your Bank continues to be the largest home loan provider in the banking sector, with a market share of over 32% as on 31st March 2018 amongst ASCB.

## Channel Strategy

With a view to building and sustaining the momentum for Transforming India, your Bank has created the largest number of touch points in terms of number of branches and other modes, reaching out to public at large. Today, we have 22,414 branches, 59,541 ATMs, CDMs, Recyclers, 6.10 lakh PoS machines and 58,274 Business Correspondent outlets. The Customer Experience Excellence Project (CEEP) has been rolled out in more than five thousand branches across the country which are equipped with Self Service machines such as ATM, CDM/ Recycler, SWAYAM for Passbook Printing, Electronic Cheque Drop Box and Internet enabled PCs.

Your Bank has been an epitome of trust across the length and breadth of the country. It has extended its wings across the globe with financial products for the NRI community, Indian corporates, exporters and importers as well as the local populace and corporates. The number of foreign offices of your Bank is currently 206, spread across 35 countries in all the continents. During FY2018, Your Bank opened one new branch in Maldives. Nepal SBI Bank Limited, a subsidiary of SBI opened seven branches. During the same period, Sylhet branch (Bangladesh) and Doha branch (Qatar) were closed. Further, two Managed Exchange companies and two Representative Offices (Dubai and Abu Dhabi) came within the ambit of SBI on account of merger with Associate Banks.

## Technology & Digital Banking

Your Bank is a strong proponent of leveraging information technology to deliver convenience to its customers. Your Bank has been offering innovative and cutting-edge products to its customers with the objective of enabling banking transactions at anytime and from anywhere.

With approximately 27.83 crore Debit Cards as of March 2018, your Bank continues to lead in Debit Card issuance in the country, with a market share of 32.3%. In August 2017, your Bank has also launched, the facility of instant issuance of personalised Photo Debit Card – 'Quick Photo Debit Card' within five minutes to Saving Bank (SB) account holder of any branch of SBI.

Your Bank has one of the largest ATM networks in the world with 59,541 ATMs including Cash Deposit Machines (CDMs) and Recyclers as on 31st March, 2018. Your Bank has a 28.8% market share in ATM network in India. SBI ATM network transacts 47.2% of the country's total ATM transactions. On an average, over 1 crore transactions per day are routed through our ATM network.

The Mobile Banking channel now has over 305 lakh registered users and has processed transactions amounting to ₹ 6,00,000 crore in FY2018. Your Bank has also retained its prime numero uno position among Banks, both in terms of volume of transactions (21.2%) and value of transactions (19.8%).

SBI Online is the 5th most popular online global financial website with 4.79 crore users and 159 crore transactions during the year.

India is undergoing a digital transformation and witnessing an accelerated pace of innovation and technology adoption. As the digital economy is flourishing, your Bank is also progressing with its technological advancements and growing its presence in multi-channel platforms, keeping itself ahead of the curve. Consequent to our digital initiatives, we have improved the share of digital transactions as a percentage of total transactions by over 600 bps during the year.

On 24th November, 2017, State Bank of India launched India's first comprehensive digital service platform "YONO", an acronym for 'You Only Need One'. An integrated omni-channel digital platform, YONO offers banking and other financial products along with access to India's largest B2C marketplace for its customers to meet their lifestyle needs across 16 categories. As of 31st March, 2018, there were more than 4 million downloads with nearly 15 lakh registered users and 1.36 lakh Digital and Insta Savings Accounts opened.

We are also committed towards transforming ourselves into a digitalised organisation, supported by technology enabled backend operations. Along with the digitalisation of consumer facing operations, we continue to invest in the automation of our internal processes to improve efficiency, risk management, reduce cost of operations and re-deploy employees in revenue accretive roles. Further, such consistent initiative towards digitising payment transactions, not only reduces cost of transactions but also helps in reducing carbon footprint through lesser use of paper.

## Profitability

The year 2017-18 was a difficult year as far as net profits are concerned. The main contributing factors being increase in loan loss provisions, mark to market losses on Government securities and provisions and payments to employees.

The Operating Profit and Net Interest Income of the Bank remained flat at ₹ 59,511 crore and ₹ 74,854 crore respectively in FY2018 on the back of reduction in MCLR and Base rate and continued Asset Quality stress.

The Non-interest and fee income registered a growth of 4.61% and 10.51% respectively in FY2018. Recovery in Written-Off Accounts registered a robust growth of 34.56% and the trend is expected to continue. The staff expenses declined by 2.34% during FY2018. While we did have 3,211 new employees who joined the Bank, due to retirement etc. of 18,973 employees, the overall staff strength declined by 15,762 during the year. Similarly, due to strong awareness created across the organisation and various cost optimisation measures put in place, the increase in overheads was contained to below 10%.

On the trading side, Q4 was an exceptional quarter with domestic bond yields rising rapidly on the back of rise in crude oil prices, hardening of US interest rates and rise of geopolitical risks in Middle East region. As a result, trading income declined and significant MTM losses occurred. RBI had since then permitted banks to amortise losses on the trading book over four quarters, however, we have not availed the benefit of RBI dispensation.

## Asset Quality

Gross NPAs of the Bank increased from ₹ 1,77,866 crore as on March 2017 to ₹ 2,23,427 crore as on March 2018, whereas Net NPA increased from ₹ 96,978 crore to ₹ 1,10,855 crore during the same period. Material changes in the method of recognising corporate stressed assets occurred after the RBI's February 2018 notification. Despite this, the slippage ratio in FY2018 has declined to 4.85% from 5.78% in the previous year. Overall the Gross NPA Ratio stood at 10.91% and the Net NPA ratio at 5.73% at the end of FY2018. Provision Coverage Ratio (PCR) improved by 464 bps from 61.53% as on March 2017 to 66.17% as on March 2018.

The Bank has approached the National Company Law Tribunal (NCLT) after the RBI issued directives under the Banking Regulation Act 1949. As on March 2018, the Bank has ₹ 77,626 crore of funds tied in accounts listed before NCLT for resolution. The PCR for these accounts is 63%, which we believe is adequate for resolution of these accounts. We expect bulk of the resolutions in NCLT List 1 to go through in H1FY19 and NCLT List 2 is likely to be resolved by end of FY2019.

The retail asset quality has held up well during this period and I do believe that the corporate credit cycle is also nearing the end. From FY2019 onwards we should see a significant improvement.

## Capital Structure

Despite the drag on profitability due to higher provisioning, the Bank remained well capitalised. Through portfolio reordering, Credit Risk Weighted Assets (CRWA) to gross Advances ratio declined by 780 bps to 71.14% as on 31st March 2018. During the year, the Bank raised ₹ 15,000 crore of equity through a very successful QIP, which was the largest ever in India and the third largest in Asia-Pacific. The Government in turn has infused ₹ 8,800 crore. ₹ 5,436 crore was also raised through disinvestment of 8% stake in SBI Life through IPO route.

As a result, CET 1 Ratio of the Bank improved by 27 bps to 9.68% as on March 2018. Overall CAR remained at 12.60%, well above the regulatory requirements.

## New Initiatives

During FY2018, your Bank has undertaken several innovative and new initiatives to give additional thrust to each and every business segment of the Bank. Some of the important initiatives taken are as under:

- Your Bank completed the historic merger of SBI with its five Associate Banks and Bhartiya Mahila Bank Ltd. on 1st April, 2017. Due to the tireless efforts of our team, the whole process went through seamlessly, with no hiccups either on the technology front or the HR front. Customer onboarding was very smooth and we are now reaping the synergies of merger on multiple fronts.
- In line with Government of India's priorities, your Bank has taken multiple initiatives to boost the affordable housing sector. To meet customer expectations of better and faster delivery in the home loan segment, your Bank undertook Assured Turn-Around-Time Drive which resulted in reduction of average turn-around time (TAT) of Home Loan Sanction to 9 days by March 2018. This TAT is comparable to the best in the industry.
- Your Bank has come up with two new websites, one exclusively for SBI Home Loans (https://homeloans.sbi). It updates customers with the latest information regarding Bank's home loan products. The other is SBI Realty Website (www.sbirealty.in). This website showcases your Bank's approved projects across India to prospective home buyers. It helps to bring together developers and buyers on a single platform, giving buyers access to the deals on SBI approved projects.
- Specific to the area of affordable housing, "SBI Grih Nirman Affordable Housing Project Finance Scheme" has been launched to tap the emerging potential for financing affordable Housing Projects and is especially geared towards first-time home buyers. Also, your Bank has partnered with CREDAI in an event where 375 affordable housing projects were launched by builders across India.
- Your Bank has integrated Bank's Loan Origination System with Vidya Lakshmi Portal (VLP) of Government of India to ensure better tracking of Education loan applications and faster sanctioning of loans.
- Wealth Management and Transaction Banking have now become sustainable levers for fee income. Under the Wealth Management Services, your Bank added 5 new centres and 55 dedicated new Wealth Hubs during the financial year. The number of customers has increased to 24,168 in March 2018 from 3,772 in March 2017 and AUM reached ₹ 14,284 crore in March 2018 from ₹ 2,996 crore in March 2017. Your Bank has also launched Wealth Management Services for Non-Resident Indians.
- Transaction Banking Unit (TBU), a technology driven platform, offers comprehensive transaction related products and solutions to clients. Fee income from TBU was up by 33.6% YoY and Turnover went up by 67.3% during FY2018. By keeping a track on market developments, your Bank provides technology based futuristic solutions to clients.
- Your Bank launched India's first comprehensive digital service platform "YONO" (You Only Need One) which offers banking and other financial products along with access to India's largest B2C marketplace for its customers to meet their lifestyle needs.
- With a vision to 'Be the Bank of Choice for a Transforming India', your Bank has successfully implemented the ambitious project of NHAI - National Electronic Toll Collection (NETC). Your Bank is issuing SBI FASTag, working on Radio Frequency Identification technology (RFID) which enables the customers to pay the toll electronically across all the National Highway Toll plazas. Using SBI FASTag customers can pay their toll electronically and can top up/recharge their SBI FASTag wallet online through a dedicated portal using cards or net banking of any bank.

# SUBSIDIARIES

Through its subsidiaries SBI provides a wide gamut of financial services to its customers. The growth exhibited by the subsidiaries has been healthy in this financial year.

SBI Capital Markets Limited posted a PAT of ₹ 327 crore during FY2018 vis-à-vis ₹ 252 crore in FY2017. SBI Life Insurance has proven its market leadership in FY2018 with number 1 position in Individual New Business Premium among private insurers. The Company recorded PAT of ₹ 1,150 crore in FY2018 against ₹ 955 crore in FY2017. SBI Cards' Credit Card base has grown by 37% YoY and Spends on card witnessed a YoY growth of 73%. The company delivered PAT of ₹ 363 crore for FY2018 vis-à-vis ₹ 390 crore in FY2017. SBI Funds Management Private Limited, with an investor base of over 7.8 million posted a PAT of ₹ 331

crore during FY2018 against ₹ 224 crore during FY2017. Also, during the current year SBI Mutual Funds crossed the historic milestone of ₹ 2 Trillion Assets under Management (AUM) mark.

SBI Global Factors Private Limited, a leading provider of factoring services for domestic and international trade, displayed turnover of ₹ 3,555 crore for FY2018 as compared to turnover of ₹ 3,047 crore in FY2017. The total AUM of SBI Pension Funds Private Limited as on 31st March, 2018 was ₹ 89,283 crore, displaying annual growth of 34% against ₹ 66,723 crore on 31st March, 2017. Its overall AUM market share in Private Sector was 58%, while in the Government Sector it was 35%.

SBI General Insurance Company Limited recorded 36.1% YoY growth in Gross Written Premium (₹ 3,553 crore for FY2018) against an industry growth of 17.5%. The PAT was ₹ 396 crore for FY2018 vis-à-vis ₹ 153 crore in FY2017. The company has grown by 124.8% in Crop Insurance in FY2018 by actively participating in the PMFBY schemes and extending geographies.

## RECOGNITION & AWARDS

I am enthused to share with you the details of some of the awards won by your Bank. We were awarded the National Award for 'Highest SHG bank linkages' for FY2018 by Ministry of Rural Development. Your Bank has been declared as the Winner of 'Golden Peacock Award for Risk Management' for 2017. SBI has been awarded as The Best Trade Finance Bank for the South Asia region by Global Trade review, London for the second consecutive year. For the constant efforts put in by your Bank through the SBI Foundation to increase its Corporate Social Responsibility footprint, we have been awarded Golden Globe Tiger Award for Excellence & Leadership in CSR and ET Now CSR Leadership Awards in various categories. In the area of Information Technology, we won Best Bank Award for Use of Technology for Financial Inclusion and Best Bank Award for Electronic Payment Systems among Large Banks in the IDRBT Banking Technology Excellence Awards. Your Bank's Hindi House magazine PRAYAS was also accredited with the '1st Prize' in Rajbhasha Kirti Awards, 2017.

Among the Subsidiaries, SBI Life was awarded India's Leading insurance Company – Life (Private sector) at the Dun & Bradstreet BFSI Summit 2018. It was also adjudged as one of the Most Trusted Brand, 2017 for the Seventh consecutive year by The Economic Times Brand Equity - Nielsen survey. SBI Pension Funds was adjudged winner in the Pension Fund House Category by Outlook Money for FY17. SBI General won the ET Best BFSI Brands Award 2018 and Bancassurance Leader award in the Insurance awards organised by Fintelekt.

## CORPORATE SOCIAL RESPONSIBILITY

Your Bank believes that it has a solemn duty to make sustainable social change in the lives of the less fortunate and underprivileged members of the society. Your Bank always places the interest of the common man, especially the most marginalised, at its core. Your Bank earmarked 1% of the previous year's net profit as the budget for CSR spend for the year. Its CSR activities are widespread and deep-rooted and have made a true difference in the lives of thousands from the underserved and downtrodden communities. CSR is a continuing commitment of your Bank for developing the quality of life of the community and society as a whole. During the year, your Bank conducted 23,007 training programs, training 6,13,020 youngsters from rural areas with settlement rate of 68% through its 151 Rural Self Employment Training Institutes.

The CSR spend of the Bank for FY2018 stood at ₹ 112.96 crore. This is the sixth successive year, where your Bank's CSR spend has crossed the milestone of ₹ 100.00 crore.

## ENVIRONMENT AND SUSTAINABILITY

Your Bank is committed to environment protection and contributes positively to reduce the carbon footprint. Major initiatives in this area are, (i) Waste to gold: A project that aims to motivate and develop the skills of youth to address waste management in the city; and develop small sustainable businesses for their livelihood as well, and (ii) SBI Corbett: Under this project, SBI Foundation is providing villages with a sustainable waste management system and conducting trainings of SHG Workers to provide awareness in nearby schools and hotels.

Responsible interaction with environment to avoid depletion and degeneration of natural resources and maintaining long term quality of the environment is a priority for your Bank. Your Bank has contributed ₹ 2.05 crore towards the following: (a) Acquiring solar power plant, solar water heater and solar street lamps, (b) Tree plantations and maintenance of parks and gardens, and (c) Donating battery operated vehicles.

Your Bank has shown its commitment in the renewable energy space not only by taking up renewable financing but also by building its own captive renewable capacity through wind energy and solar roof tops. Your Bank has so far installed 151 solar roof top sites with a capacity of 6.23 MW.

## WAY FORWARD

The bygone financial year was an exceptional year in many ways. Additionally, the operating environment of the Banks became more challenging as the year progressed due to hardening of bond yields. Financial sector volatility also increased and macro challenges in terms of higher crude prices and trade wars have again gained prominence.

It is in this backdrop, the future strategy of the Bank has to be clearly articulated and executed. In the next two years

the Bank will adopt a strategy that will achieve a healthy credit growth of 10-12% by 2020. Growth in business will be achieved by a two pronged strategy comprising of portfolio reordering that will reduce the CRWA to Total advances ratio and internal reorganisation of the corporate banking.

Revamping of corporate credit structure and system within the Bank will proceed on such lines that will widen the universe of clients and focus on new segments. The Corporate Accounts Group (CAG) will focus on high priority and quality individual & group relationships and the concept of Group relationship coordinators will be introduced. CAG will offer an end-to-end solution to high quality large corporates focusing on fee income, project finance and supply chains around large corporates. The credit risk management function will also be strengthened by on-boarding sector specialists and improving due diligence.

Drawing lessons from the experiences in the banking industry during the last year, the Bank has further strengthened the overall internal audit and control process.

The threat of competition from market competitors cannot be taken lightly and the Bank will leverage its balance sheet strength and pricing power to optimise the risk return matrix.

HR issues need a fresh look as usage of advanced digital technology such as Artificial Intelligence (AI) and big data increases within the Bank. The skill set of the employees needs to be upgraded in line with the changing operating environment. Given the pace of retirements in the next five years, it is important to put in place a robust plan of succession. Potential leaders will be identified and mentored through customised training programmes to create a strong leadership pipeline. Some of these works are already in progress and concrete action plan will be implemented in the next two years.

The contours of banking sector are changing in line with the aspirations of young India who is becoming increasingly technology oriented. The Bank already has a dominant presence in digital space and we shall strive to further improve our position across all digital channels. The Bank is actively exploring the use of AI, Cloud Platforms and collaboration with FinTechs to improve systems and processes. The investments in digital banking by your Bank will pay rich dividends as issues of asset quality are sorted out. I have no doubt in my mind that financial year 2019 will be the year of hope and financial year 2020 will be the year of happiness.

In the words of an unknown *"The past cannot be changed. The future is yet in your power"*.

I thank all our shareholders for their continued faith in our strength and capabilities, our customers for their valuable support and trust and our employees for their tireless efforts towards achieving our goals.

Yours Sincerely,

(Rajnish Kumar)

# Directors' Report

## I. ECONOMIC BACKDROP AND BANKING ENVIRONMENT

### GLOBAL ECONOMIC SCENARIO

Global economic activity gathered momentum in the second half of last year and it continues to grow in 2018. World GDP growth recovered to an estimated 3.8% in 2017 compared to 3.2% in the previous year. Both the developed and the developing countries performed well, growing at 2.3% and 4.8% respectively. The US economy grew more than expected against the backdrop of abatement of past exchange rate appreciation impact and oil price movement coupled with support from good consumption growth and rebound in investment. Euro area also surprised positively witnessing its fastest pace of growth in a decade and surpassing the US growth in 2017. The uncertainty surrounding Brexit weighed on the UK economy, however it recovered in the final months of the year. In Japan, improved global demand for technological products stimulated investment in high-end sectors including auto, machinery including robots and semi-conductors.

Among the emerging and developing world, economic contraction ended in Russia and Brazil, thereby adding to growth. However, despite improvement in oil dynamics Saudi Arabia witnessed negative growth owing to low oil output and sluggish performance of non-oil sector. Even Mexico suffered against the backdrop of uncertainty surrounding NAFTA and presidential elections. Meanwhile, China witnessed its first annual acceleration since 2010 with export growing at their quickest pace in four years.

India's GDP growth is expected to have moderated to 6.6% in FY2018. However, this is likely to be transitory. Meanwhile, Government reforms continue to provide support to aggregate demand.

Looking ahead, as per IMF projections the world economy is poised to grow at 3.9% in 2018 as well as 2019. However, looming threat of trade wars against the background of increase in tariffs by the US and retaliation by China is one of the risks to global growth. World trade is recovering smartly in 2017, registering a growth of around 10% and 11% for exports and imports respectively, but rising protectionism and trade war can threaten trade and economic growth. In addition, uncertainty surrounding elections in many European countries including Russia, Italy, Hungary among others and escalation of sanction issue in Iran are other key risks that could dampen the growth prospects.

Another major development having an impact on global economy is the oil price which has recovered to over US$ 80 per barrel recently. Looking ahead, geo-political tensions in middle-east with probable sanctions on Russia may affect oil price dynamics.

### INDIA'S ECONOMIC SCENARIO

India's economic growth is expected to gather momentum in FY2019, benefitting from a conducive domestic and global environment. The factors that will help in achieving 7.4% GDP growth in FY2019 compared to 6.7% in FY2018 are: (i) the troubles relating to implementation of the GST have been sorted out, (ii) credit off-take has improved and is becoming increasingly broad-based, (iii) large resource mobilisation from the primary market strengthening investment activity, (iv) the process of recapitalisation of PSBs and resolution of distressed assets under the Insolvency and Bankruptcy Code may improve the business and investment environment, (v) global trade growth has accelerated, which should encourage exports and reduce the drag from net exports, and (vi) the thrust on rural and infrastructure sectors in the Union Budget 2018-19 could rejuvenate rural demand and also encourage private investment.

Inflation, both CPI and WPI remain under control for entire FY2018. Average CPI was 3.6% in FY2018 compared to 4.5% in FY2017, while the corresponding figures for WPI are 2.9% and 1.8%, respectively. Assuming a normal monsoon and no major exogenous/policy shocks, CPI is expected to remain in the range of 4.0-4.5% for FY2019 and even go below 3.5% for some months in Q3 FY2019. Major risks to the inflation outlook are crude oil and other commodity prices and fiscal slippage at both the central and state levels.

For the third consecutive year, Indian Meteorological Department (IMD) has forecasted that monsoon would be "Normal" or around 97% of Long Period Average (LPA) with an error of ± 5% and with a fair distribution of rainfall across major parts of country in 2018.

As a result of normal rainfall during monsoon 2017 and various policy initiatives taken by the Government, the country has witnessed record foodgrain production at 279.50 million tonnes for FY2018, 1.6% higher than the previous record achieved in FY2017 (275.1 million tonnes). The production of rice, pulses and coarse cereals touched new highs during the year, but wheat production declined.

Gross value added in the industrial sector at basic prices decelerated to 6.8% in FY2018 from 9.8% in FY2017. The slowdown in FY2018 was due to a sharp deceleration in mining and quarrying. In the mining sector, contraction was on account of slowdown in its key constituents such as coal and natural gas production, and decline in crude oil output. The growth of manufacturing, on the other hand, improved with the waning of the transient effects of GST.

On the external front, the current account deficit (CAD) increased to 2% of GDP (US$ 13.5 billion) in Q3 FY2018 from 1.4% of GDP (US$ 8.0 billion) a year ago. For FY2018, we believe CAD would be around 1.8% of GDP compared to 0.7% of GDP in FY2017. This slight increase in CAD during FY2018 is due to US$ 156.8 billion trade balance, which is at a 5-year high.

### BANKING ENVIRONMENT

FY2018 remained an eventful year for the banking fraternity. Asset quality, resolution of stressed assets and muted credit growth in H1 continued as major challenges for most banks during the current year. Higher NPAs impacted interest income adversely and led to elevated provisions, thus putting pressure on the profitability of banks. Further, some Public Sector Banks (PSBs) have been put under the Prompt Corrective Action (PCA) framework of RBI, which puts restrictions on key areas viz. dividend payment, branch expansion, etc.

After remaining depressed for nearly two years, the bank credit built upon the uptick that started around June, 2017 and expanded in double digits from December, 2017. The resurgence in credit growth was observed across bank groups, though the pace of growth continues to vary among bank groups. The YoY growth rate of bank

credit for ASCBs was 10% as on 30th March, 2018. Credit extended by private sector banks is higher than PSBs, while credit extended by foreign banks has returned to positive territory after a long contraction. Credit to sectors is becoming broad-based, with off-take by industry turning positive after a protracted period of contraction. Due to the continued stress in other sectors, most of the banks made efforts to lend to retail sector, which registered reasonably good growth, with most banks expanding their retail loan book. However, with resolutions through National Companies Law Tribunal (NCLT) expected to gather momentum and global growth and private investment in India beginning to pick up, green shoots of credit demand have started appearing. On the other hand, the aggregate deposits growth (YoY) continued to decline and is at 54-year low of 6.2%, due to the base effect and currency withdrawal by public.

During the last quarter of FY2018, the bond yields continued to firm up which hit severely the banks' balance sheet, due to the mark-to-market losses incurred by the banks in their investments. In the post-demonetisation period, banks have invested a huge amount of money in Government bonds due to tepid credit growth. In Q3 FY2018 quarterly results, most of the banks have reported a loss due to their higher provisioning against the mark-to-market losses in investments in Government bonds. To ease the pressure, RBI recently has advised the banks to do the mark-to-market loss provisioning in the next four quarters.

On a positive note, in the year, the Government took a significant step to capitalise PSBs in a front-loaded manner, with a view to support credit growth and job creation. This entails the mobilisation of capital to the tune of about ₹ 2.11 lakh crore over two years, through budgetary provisions of ₹ 18,139 crore, recapitalisation bonds to the tune of ₹ 1.35 lakh crore, and the balance through raising of capital by banks from the market while diluting non-Government equity (estimated potential ₹ 58,000 crore). The other possibility is to raise funds through rights issue to maintain parity of holdings. Going by the MoF (Ministry of Finance) estimates, the ₹ 1.35 lakh crore package seems largely adequate. In FY2018, Government has notified ₹ 80,000 crore recapitalisation bonds to capitalise 20 PSBs for meeting their regulatory capital requirement and growth needs.

State Bank of India has merged its five associate banks and Bharatiya Mahila Bank Ltd. with itself from 1st April, 2017. This is the first such large scale consolidation in the Indian Banking industry. With this merger, your Bank is ranked at the 54 position among the top 1,000 global banks, as per the global ranking by "The Banker" in July 2017. This merger helped your Bank to reduce 1,805 branches and rationalised 244 administrative offices, which saves around ₹ 1,099 crore per annum. We believe that the long-term benefits of the merger will significantly outweigh the near term challenges and the efficiencies generated through the merger will help the Bank to sustain the mission of being an enduring value creator.

Meanwhile, under the Pradhan Mantri Jan Dhan Yojna (PMJDY), banks have opened 31.4 crore accounts with ₹ 79,012 crore deposits (around 6% of the total demand deposits of the ASCBs) till 4th April, 2018 deposited in their accounts. Out of the 31.4 crore accounts, PSBs have opened 25.4 crore accounts, RRBs have opened 5.1 crore accounts, whereas private sector banks (PrSBs) have opened only 0.9 crore accounts. This indicates that PSBs have accepted the responsibility and have fulfilled their promises in a record time. On a positive note, zero balance accounts under PMJDY have been continuously declining from 76.8% in September, 2014 to around 20% now. PMJDY has also helped the implementation of the Mudra Yojana with ₹5.28 lakh crore distributed to 11.96 crore beneficiaries in the last 3-years. In an in-house study within your Bank, we have found that there is a traction across Jan Dhan and Mudra accounts.

In regards to competition, while the new breed of Payment and Small Finance Banks, which have started functioning, are still in the process of fine tuning their business models, the Fintech companies with disruptive technologies and having capabilities to address specific pain-points of financial customers, such as remittance, credit and savings, have emerged as a challenge to the banking system.

## OUTLOOK

The coming years will be very challenging for the banking system as a whole. The operating environment has become increasingly complex. Although, resolution of stressed assets has progressed satisfactorily, the final outcome will take some more time to reflect in the P&L. This delay is mainly because new laws take some time to mature in practice. However, the structural transformation of banks must move beyond the NPA resolution and address other pressing issues, such as frauds, customer retention and servicing, human resource, cyber security and governance.

The policy initiatives over the last four years have gathered momentum with far reaching structural transformation in all sectors. GST is moving to the next phase with the introduction of e-ways module. Infrastructure growth has notably picked in roads, civil aviation and railways. Digitalisation will gather pace as evident from the Report of the Taskforce on Artificial Intelligence. It is unlikely that banks will escape these transformations. Digitalisation of banking process will continue during the next year creating new improved service experience. With capital infusion, it is now up to the banks to grab the opportunity and deploy technology in addressing some of the pressing issues mentioned above.

The external environment nevertheless has become uncertain, despite a positive outlook on growth. Trade wars, which are a sign of renegotiation of the old order, have become more acute. The situation will continue in the same direction in 2018. Thus, across the world, banks have revisited their foreign business strategy in line with growing risks. Such cautions prevails among Indian banks as well. The Government of India has advised banks to rationalise their foreign branches. However, this does not constitute a blanket withdrawal but a more realistic strategy in line with changing trade patterns of the country. This rationalisation in foreign business will therefore continue.

The coming year will be the last year after which general elections are due. However, we do not expect that policy direction will markedly turn populist. The fiscal and monetary conditions will continue to remain stable even if there are momentary aberrations. But the challenge will lie in taking a decision amid growing uncertainty. Overall the NPA resolution is in sight and the time is opportune for tough and strategic decision making.

# II. FINANCIAL PERFORMANCE

## ACQUISITION OF ERSTWHILE DOMESTIC BANKING SUBSIDIARIES (E-DBS) & BHARATIYA MAHILA BANK LIMITED:

Your Bank has acquired five domestic banking subsidiaries (DBS) of SBI; namely (i) State Bank of Bikaner & Jaipur (SBBJ), (ii) State Bank of Mysore (SBM), (iii) State Bank of Travancore (SBT), (iv) State Bank of Patiala (SBP), (v) State Bank of Hyderabad (SBH); and Bharatiya Mahila Bank Limited (BMBL) with effect from 01st April, 2017.

The merger of DBS & BMBL with SBI, has been accounted under the 'pooling of interest' method as per Accounting Standard 14 (AS 14), "Accounting for amalgamation" and the approved Scheme of Acquisition. Pursuant thereto, all assets and liabilities of the transferor Banks have been recorded in the books of SBI at their existing carrying amounts as on effective date. The net difference between share capital of transferor banks of e-DBS & BMBL and corresponding investments by SBI and cash in lieu of fractional entitlement of shares have been transferred to Capital Reserve.

The total assets taken over are as under:

(₹ in crore)

| Particulars | Total |
|---|---|
| Cash & balances with RBI | 32,743.73 |
| Balances with Banks & Money at Call & Short Notice | 66,680.19 |
| Investments | 1,76,603.55 |
| Advances | 2,97,884.25 |
| Fixed Assets | 6,987.51 |
| Other Assets | 38,012.45 |
| **Total Assets** | **6,18,911.68** |

Since the figures of the current period include the results of the branches of these Banks, the figures of the previous period are strictly not comparable.

## ASSETS AND LIABILITIES

The total assets of your Bank have increased by 27.67% from ₹ 27,05,966.30 crore at the end of March 2017 to ₹ 34,54,752.00 crore as at the end of March 2018. During the period, the loan portfolio increased by 23.16% from ₹ 15,71,078.38 crore to ₹ 19,34,880.19 crore. Investments increased by 38.51% from ₹ 7,65,989.63 crore to ₹ 10,60,986.71 crore as at the end of March 2018. A major portion of the investment was in the domestic market in government securities.

Your Bank's aggregate liabilities (excluding capital and reserves) rose by 28.52% from ₹ 25,17,680.24 crore as on 31st March, 2017 to ₹ 32,35,623.44 crore as on 31st March 2018. The deposits rose by 32.36% and stood at ₹ 27,06,343.28 crore as on 31st March 2018 against ₹ 20,44,751.39 crore as on 31st March 2017. The borrowings also increased by 13.99% from ₹ 3,17,693.66 crore, at the end of March 2017 to ₹ 3,62,142.07 crore as at the end of March 2018.

## NET INTEREST INCOME

Net interest income increased by 21.01% from ₹ 61,859.74 crore in FY2017 to ₹ 74,853.71 crore in FY2018. Total interest income has increased from ₹ 1,75,518.24 crore in FY2017 to ₹ 2,20,499.31 crore in FY2018 registering a growth of 25.63%.

Total interest expenses have increased from ₹ 1,13,658.50 crore in FY2017 to ₹ 1,45,645.60 crore in FY2018. Interest expenses on deposits during FY2018 recorded an increase of 28.53%, compared to the previous year.

## NON INTEREST INCOME AND EXPENSES

Non-interest income increased by 25.77% to ₹ 44,600.69 crore in FY2018, as against ₹ 35,460.93 crore in FY2017. During the year, your Bank received an income of ₹ 448.52 crore (₹ 688.35 crore in FY2017) by way of dividends from subsidiaries and joint ventures in India and abroad, and ₹ 13,423.35 crore (₹ 10,749.62 crore in FY2017) by way of profit on sale of investments, an increase of 24.87%. Cost to Income ratio is 50.18% in FY2018 as compared to 49.54% in FY2017.

## OPERATING PROFIT

Your Bank registered a growth of 17.04% in Operating Profit in the current financial year. The Operating Profit of your Bank for FY2018 was at ₹ 59,510.95 crore as compared to ₹ 50,847.90 crore in FY2017. Your Bank posted a Net Loss of ₹ 6,547.45 crore for FY2018, as compared to profit of ₹ 10,484.10 crore in FY2017 due to higher provisioning requirements on NPAs, MTM losses in HFT and AFS portfolio, additional employee benefits provisions etc.

## PROVISIONS & CONTINGENCIES

**Major provisions made in FY2018 were as under:**

₹ 70,680.24 crore for non-performing assets (as against ₹ 32,246.69 crore in FY2017), write back of ₹ 3,603.66 crore towards Standard Assets (as against provision of ₹ 2,499.64 crore in FY2017), ₹ 8,087.57 crore towards Investments Depreciation (as against ₹ 298.39 crore in FY2017).

## RESERVE & SURPLUS

Since the Bank has incurred loss in FY2018, no amount (as against ₹ 3,145.23 crore in FY2017) has been transferred to Statutory Reserves. An amount of ₹ 3,288.88 crore (as against ₹ 1,493.39 crore in FY2017) has been transferred to Capital Reserves. An amount of ₹ 1,165.14 crore (as against ₹ 143.69 crore in FY2017) has been transferred from Investment reserve to Revenue and other Reserves and ₹ 192.32 crore from Revaluation Reserve to General Reserve.

## REVALUATION OF FIXED ASSETS

Your bank has reversed the effect of revaluation amounting to ₹ 11,210.94 crore made in earlier periods in the value of certain leasehold properties, which has resulted in write back of depreciation charged in previous year amounting to ₹ 193.24 crore. Consequential effect on capital adequacy ratio arising from the above has been made in the results for the year ended March, 2018.

## PROGRESS ON IMPLEMENTATION OF IND AS

RBI, in its press release dated 5th April, 2018, has deferred implementation of Ind AS by one year till 1st April, 2019. Earlier, RBI had issued a road map for implementation of Ind AS for Banks in India for accounting periods beginning from 1st April, 2018.

A Steering Committee headed by Managing Director (Risk, IT & Subsidiaries) is monitoring the progress in implementation of Ind AS in the Bank to ensure a smooth transition to Ind AS as per the time schedule.

# III. CORE OPERATIONS

## 1. RETAIL & DIGITAL BANKING GROUP

The Retail & Digital Banking Group is the largest business vertical of your Bank, anchoring 96% of total Domestic Deposits, and 57.53% of total Domestic Advances, as of 31st March, 2018. The Group comprises seven strategic business units and is the largest in terms of its branch network and human resources.

Retail Banking is playing an increasing role in customer acquisition and CASA growth. Your Bank continues to see a strong momentum in the addition of retail deposit customers and consequently, a steady growth in the retail deposits base. Simultaneously, to meet the aspirations of this growing customer base, retail assets are being strategically positioned with a view to occupying a much larger proportion of total advances. Within the retail portfolio, Home and Auto loans are the major contributors. Your Bank is also the largest dispenser of education loans, which demonstrates its unflinching commitment to serve the society at large.

A steady stream of technology driven innovations necessitated by changing customer preferences are transforming the retail banking landscape. Your Bank has a multi-channel delivery model, which allows it to offer its customers a choice to carry out transactions through any channel, at any time and at any place. In FY2018, your Bank increased its offerings across various channels – digital, mobile, internet, social media, in addition to branches, ATMs and Customer Service Points.

With collective efforts across functions, especially operational level, your Bank has streamlined a number of key issues surrounding the Bank. Amidst heightened concern on future regulatory requirements, cost of funds, fast changing consumer preferences, intensifying competition and profitability pressure, your Bank has made a road map towards profitability-oriented performance management. As a way forward to achieve this, your Bank has introduced Return on Risk Weighted Assets (RoRWA) budgeting including bench marking efficiency parameters.

With a view to increase the profitability and Return on Assets (ROA), curtailment of overheads has always been the prime focus of your Bank. With this objective of containing costs, especially in the post-merger scenario, your Bank has conducted various audits like Space Audit, Energy Audit, Telephone Audit and Internet Audit, to name a few, in erstwhile Associate Bank (e-ABs') branches.

Your Bank accords highest priority towards creating an environment of increased risk awareness at all levels. It also aims at constantly safeguarding the appropriate security measures, including cyber security measures, to ensure avoidance or mitigation of various risks. Your Bank is equipped with a Disaster Recovery/Business Continuity Plan (BCP) across all branches and offices to render uninterrupted services in the event of any possible business disruption.

### A. PERSONAL BANKING

The significant transformation of the banking industry in India is clearly evident from the changes that have occurred in the financial market. Disruptive innovations in the technological and digital banking products has opened up new vistas for banks to augment revenues and enhance customer delight. This has entailed greater competition and consequently greater risks. Cross-border flows and entry of new products have significantly impacted the domestic banking sector. This is paving the way for innovative product mix, and also necessitates rapid changes in the process and operations to remain competitive. These developments have facilitated greater choice for consumers, and subsequently requires adoption of a strong and transparent, prudential, regulatory, supervisory, technological and institutional framework in the financial sector at par with international best practices.

Your Bank offers a wide range of services in the Personal Banking Segment as mentioned below:

#### 1. Home Loans

Your Bank has the largest Home Loan portfolio in the country, with a market share of 32.13% as on 31st March 2018, amongst All Scheduled Commercial Banks (ASCBs). Home Loan portfolio constituted 18% of the Whole Bank Advances as on 31st March 2018.

Total Home Loan and Home Loan Related portfolio as on 31st March 2018 stood at ₹ 3,41,081 crore.

During the current financial year, there were internal challenges with the merger of five Associate Banks and Bharatiya Mahila Bank Ltd. with your Bank. Further, slowdown in project launches, due to the teething problems in implementation of RERA, impacted business during the first half of the year. Your Bank undertook initiatives to streamline the operations post merger, and the growth revived back in second half of the year despite slow down in the Home Loan market. Various initiatives were taken up during the year to provide superior experience to a home buyer and maintain its position of the most preferred Home Loan provider. Some of the key initiatives undertaken during the year are as under:

To meet the customer expectations of better and faster delivery, your Bank undertook:

- Home Loan Customer Connect Programme, through which the Bank reached out to over 1 lakh Home Loan Customers across the country, to thank them for their continued patronage and to offer after-sales services.
- Assured Turn-Around-Time Drive, resulted in reduction of average turn around time (TAT) of Home Loan Sanction to 9 days for the month of March 2018. This TAT is comparable to the best in the industry.
- Increased number of feet-on-street to provide door step service at more than 25 centres.

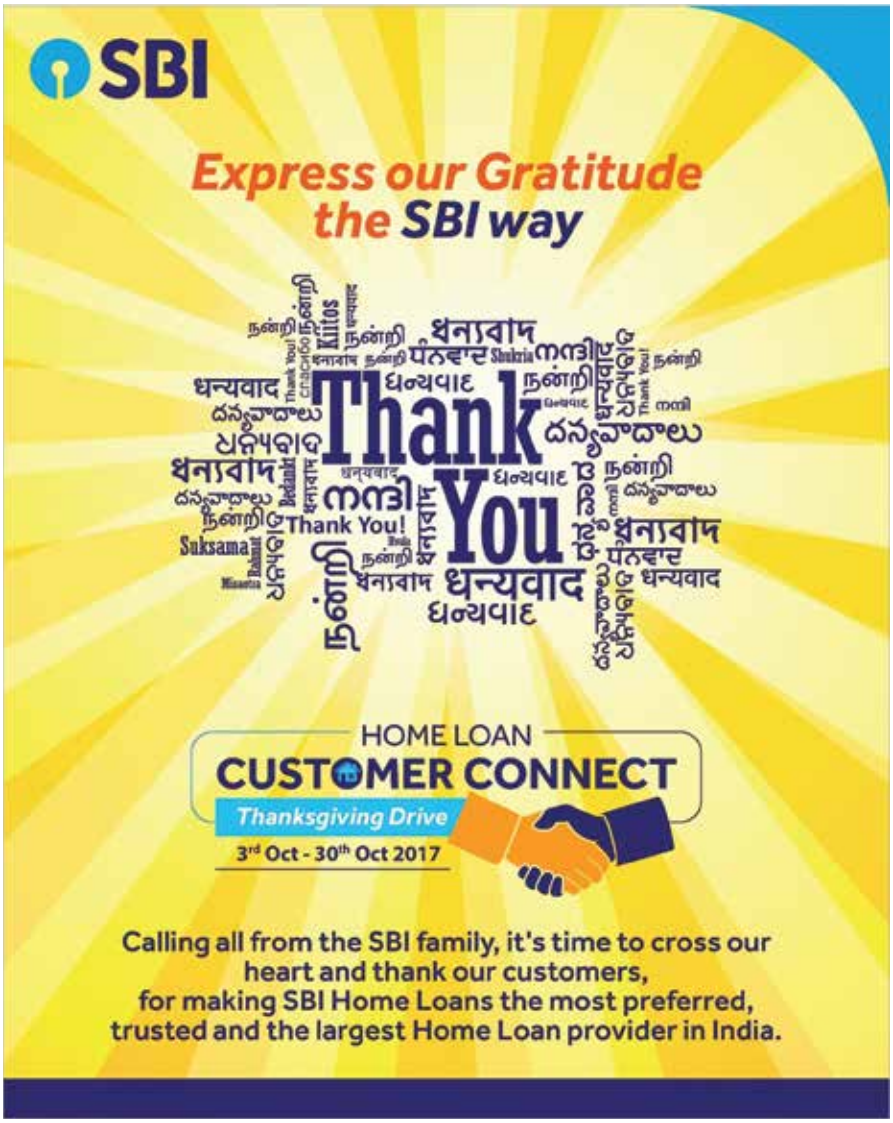
The rise in internet penetration and faster adoption of internet has necessitated easy access to information at the touch of customers' fingertips. To fulfil these needs, your Bank launched two websites this financial year:

- SBI Home Loans website (https://homeloans.sbi): It is an exclusive website for Home Loans which apprise customers with instant information regarding Bank's home loan products. It also provides customers with pre and post sales services, including Application for Disbursement, Statement of Accounts, Next Instalment Due Date and Interest Rate History, among others.

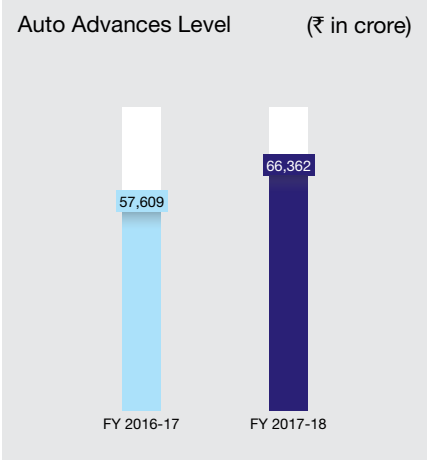
- SBI Realty Website (www.sbirealty.in): This website showcases your Bank's approved projects across India to prospective home buyers. It helps to bring together developers and buyers on a single platform, giving buyers the access to the deals on SBI approved projects.

Affordable Housing is a thrust area of the Government to bridge the huge demand-supply gap of houses in India. Your Bank has been working in tandem to fulfil the mission of "Housing for All" by 2022, by facilitating affordable housing to home buyers. Few initiatives in this regard are as follows:

- The launch of "SBI Grih Nirman Affordable Housing Project Finance Scheme" with attractive features to tap the emerging potential for financing affordable Housing Projects and is especially geared towards first-time home buyers.
- Partnered with CREDAI in an event where 375 affordable housing projects were launched by builders across India.
- Sanctioned 37,007 home loans under PMAY scheme, aggregating to ₹ 7,997 crore during the financial year.




## 2. Auto Loans




Your Bank is helping upgrade the living standards of its customers by providing auto loans and making owning a car affordable. These auto loan products of your Bank are available in many variants to suit the requirements of various customer segments - salaried, businessmen, self-employed, professionals, senior citizens, NRIs, agriculturists and existing borrowers, among others. Multi-channel sourcing of proposals and faster TAT has made the auto loan products highly popular. This has helped your Bank to increase its penetration in financing cars sold by various manufacturers such as Maruti, Hyundai, TATA Motors, to name a few. The market share of your Bank in Car Loans has also gone up from 33.77% as on 31st March, 2017 to 34.97% as on 31st March, 2018.

## 3. Education Loans

Education is the key growth driver for any economy as it helps create skilled and productive human resources who contribute to the development of the nation. Your Bank takes pride in being the largest Education Loan provider in the country. It has helped 56,042 meritorious students during the financial year to realise their dreams by providing financial assistance to the tune of ₹ 4,949 crore (out of which 35% of the loans have been extended to girl students). In order to broaden the scope of Education Loans to book quality business and enhance customer satisfaction as under, your Bank has taken various steps:

- Provided Education Loans to students of 147 top-rated, premier and reputed institutions identified by the Bank at relaxed norms and concessional interest rates.

- Door-step services are extended for sourcing high-value education loan applications at select centres.
- All courses and institutes approved by the Director General of Civil Aviation (DGCA)/ Director General of Shipping (DGS) in the list of eligible courses covered under Education Loans, have been included for financing by the Bank.
- Bank's Loan Origination System has been integrated with Vidya Lakshmi Portal (VLP) of Government of India to ensure better tracking of the loan applications and faster sanctioning of loans.

## 4. Personal Loans

Personal Loan is one of the most popular products of your Bank and is amongst the leaders in this segment. Your Bank has been aggressively catering to the needs of salaried class (both government and private), pensioners and other customers. During FY2018, your Bank has provided Personal Loans to 14 lakh customers amounting to ₹ 50,971 crore. The Bank's delinquency under this segment is one of the lowest in the industry. This has been possible because of your Bank's utmost caution in selection of borrowers and careful due diligence.

Your Bank has adopted various technological innovations mentioned as under, to serve the digital-savvy customers:

- Top-up Insta Credit loan to existing Xpress credit Personal Loan borrowers through internet banking in an end to end digitised mode.
- Pre-approved instant Personal Loans to the existing SB account holders of the Bank through its YONO app.
- Overdraft (OD) facility for select customers for purchases done through online shopping websites like Flipkart.
- Tatkal e-Personal Loans to cater to the needs of unserved and under-served non-salaried customers, based on selected parameters.
- Personal loan against security of Sovereign Gold Bonds of Government of India on a pilot basis.
- Personal loans to non-customers by evaluating credit history of the applicants and Credit Information Reports (CIR) of various CICs.




Shri Rajnish Kumar, Chairman, Inaugurating Global NRI Centre At Ernakulam.

## 5. NRI Business

As on 31st March, 2018 your Bank has a 33.34 lakh strong NRI customer base, who are being catered to by 150 NRI intensive branches and 95 dedicated branches across India. With an aim of providing all the NRI related service at a single point, your Bank has set up a centralised back office. This major process innovation undertaken in NRI services will handle the entire gamut of non-financial services including customer support and query management. Your Bank has introduced a mobile app-based remittance facility to the Indian diaspora residing in USA to remit the funds to India, with a cap of US$ 10,000. SBI Intelligent Assistant (SIA) also known as Smart Chat Assistant evolved from the cutting-edge technology, which efficiently answers queries, is also extended to NRIs.

## 6. Corporate and Institutional Tie-ups for Salary Package

A dedicated Sales Architecture has been created in your Bank to facilitate opening of salary accounts of Corporate Employee, Armed forces and other Central/ State Government Employees. A dedicated marketing force named Key Accounts Manager (KAM) provides personalised service along with a bouquet of products under Corporate Salary Package (CSP) at the door step of the salaried customers. The total Salary account customer base has reached 124.07 lakh accounts registering a growth of 38% over FY2017. Under CSP, your Bank offers Complimentary Accident (Death) Insurance cover up to ₹ 20 lakh. During the year, Bank has settled 763 insurance claims amounting to ₹ 37.77 crore.

## 7. Wealth Management Business - SBI EXCLUSiF

Your Bank's Wealth Management Services are now made available at 13 centres with 76 dedicated Wealth Hubs and 3 e-Wealth centres. An addition of 5 new centres and 55 new wealth hubs were made during the financial year. The Wealth Hubs are managed by a dedicated group of Relationship Managers and Investment Counsellors having in-depth knowledge on markets and products along with senior internal staff in operational roles.

An open platform for investment with a state-of-the-art technology and right selling approach based on Risk Profiling provides the best possible experience to your Bank customers through the EXCLUSiF journey.

The e-Wealth Centres are equipped with on-Video and on-Phone transaction execution facilities with extended Banking Hours. Your Bank's endeavour is to provide a best in class holistic experience to Customers.

Your Bank also launched Wealth Management Services for Non-Resident Indians. Clients residing in U.A.E., Bahrain, Qatar, Kuwait and Sultanate of Oman are eligible to onboard as wealth customers. They can access services through e-Wealth Centres or through Wealth Hub during their visit to India.

Your Bank also conducted Signature 'Annual Investment Conclaves' addressed by the experts from Financial Industry and Markets on the prevalent market conditions and investment opportunities. These Conclaves were well attended by a large number of existing and prospective EXCLUSiF customers.

Your Bank's Wealth Management Business has shown an exponential growth in terms of client acquisition and Net New Money generation during FY2018. The number of wealth clients grew 528% during the year to reach 24,168 clients as on 31st March, 2018. The Net New Money grew by 566% to ₹1,998 crore and AUM increased by 390% to ₹14,284 crore.

Your Bank aspires to play a leading role in building the momentum for investments by embracing the changes happening in the economy and enhancing wealth creation for esteemed customers.

## B. ANYTIME CHANNELS

| As on | ATMs | Kiosks (MFK + SSK) | Cash Deposit Machines(CDMs), Recyclers | Total (SBI) |
|---|---|---|---|---|
| 31st March 2015 | 42,454 | 2,595 | 1,849 | 46,898 |
| 31st March 2016 | 42,733 | 1,231 | 5,760 | 49,724 |
| 31st March 2017 | 42,222 | 986 | 6,980 | 50,188 |
| 31st March 2018* | 51,616 | # | 7,925 | 59,541 |

# Kiosks are scrapped and not in use

* Merged

### 1. ATMs/ Recyclers

Your Bank has one of the largest ATM networks in the world with 59,541 ATMs including Cash Deposit Machines and Recyclers as on 31st March, 2018. During FY2018, your Bank replaced 6,793 old ATMs and installed 3,883 new ATMs, with improved features and equipped with the latest technology. Your Bank has so far installed 7,925 Recyclers and Cash Deposit Machines (CDM) to provide 24x7 cash deposit and withdrawal facilities. Your Bank has procured new software which will enrich the Customers' experience while using the ATM machines. This new software will have Hi-resolution graphics screens for better user interactions; one-to-one specific advice to customers of banking products; real time integration with other digital channels; and a host of other new features.

Nearly, 80% of the financial transactions of your Bank are routed through Alternate Channels. Your Bank has a 28.76% of market share (as per RBI Data) in ATM network in India. SBI ATM network transacts 47.21% of the country's total ATM transactions. On an average, over 1 crore transactions per day are routed through our ATM network.

Over 2,000 e-Corners (including 250 hi-tech SBI Intouch branches) have been set up across the country where customers can avail entire gamut of services. To ensure and protect customers' interest, coverage under electronic surveillance is being enhanced.

### 2. Swayam: Barcode based Passbook Printing Kiosks

Your Bank rolled out more than 14,000 SWAYAMs (Barcode based Passbook Printing Kiosks) at its branches and e-lobbies/Intouch. Using these kiosks, customers can print their passbooks on their own using barcode technology. On a monthly basis, more than 3.2 crore transactions are recorded at these kiosks.

### 3. Green Channel Counter (GCC)

GCC is a POS terminal installed at counters in retail branches. Transaction through GCC is done by swiping ATM/ Debit card followed by PIN validation. The services extended through GCC are cash withdrawal, cash deposit, funds transfer within SBI. GCC per transaction limit is up to ₹ 40,000 and daily withdrawal limit is a part of ATM withdrawal limit (card variant wise). On an average 9.35 lakh transactions are being routed through GCC per day.

### 4. Green Remit Card (GRC)

SBI Green Remit Card is a deposit card through which an individual can remit money in a specified account of SBI. This is especially useful for the migrant depositors. Money can be deposited using GRC through GCC, CDMs and Recyclers. The per transaction limit is of ₹ 25,000 with a monthly cap of ₹ 1 lakh per remitter. On a daily average, over 1.50 lakh transactions are being routed through GRC.

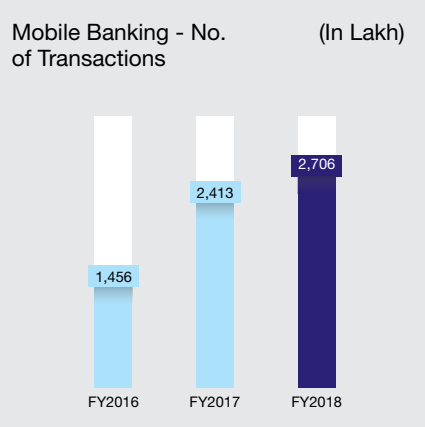
### 5. Banking on Mobile

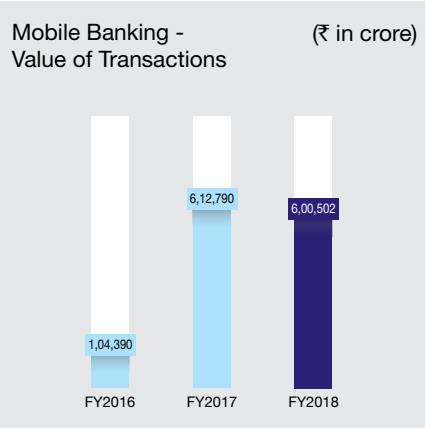
**State Bank Anywhere Personal:** Your Bank's Mobile Banking App for Retail customers, offers a wide range of features apart from the general banking. The features include Intra/Inter Bank funds transfer (NEFT/RTGS/IMPS/UPI), opening of fixed deposits/e-MOD Accounts, add and manage beneficiaries, among others. Additional value added services such as Aadhaar Linking, Voice Assisted Banking, myFitness, e-statement subscription/ download, Stop/ Revoke cheque instructions and facility to submit Form 15G/ 15H online for TDS exemption are also available.

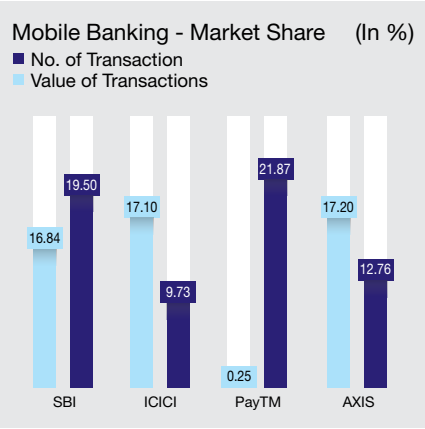
**State Bank Anywhere Saral:** Your Bank's Mobile Banking App for proprietorship firms allows businesses to transfer funds across Banks, open and operate fixed deposit accounts, make payment to EPFO, view account statements, schedule transactions and recharge/bill payment, among others.

**State Bank Anywhere Corporate**: Your Bank's Mobile Banking App for Large Corporate firms with multiple users, allows business houses to operate accounts, transfer funds through NEFT/RTGS, make bill payments/supplier payments, authorise e-cheques /e-STDR, open and operate fixed deposit accounts, among others.

**The Mobile Banking channel** now has over 305 lakh registered users and has processed transactions amounting to ₹6,00,000 crore in FY2018. Your Bank has also retained its prime numero-uno position among Banks, both in terms of volume of transactions (21.20%) and value of transactions (19.81%) as per the latest RBI Market Share Report.




## 6. SBI Pay (BHIM)

Your Bank's Unified Payments Interface based-app provides any registered/on-boarded user/merchant the convenience of transferring funds across different Bank accounts through multiple modes (Virtual Payment Address, Bank Account Number, IFSC and scanning QR Code), making it a truly inter-operable offering. 184 lakh users have registered on the SBI UPI system and transactions amounting to ₹68,000 crore have been successfully processed through the SBI UPI channel.

Large multinational corporations have leaped on to the digital payments bandwagon to help India become a less cash economy. Your Bank has leveraged on this opportunity to provide the latest digital payment offerings through various collaboration. Your Bank has also partnered with Google India to offer PSP services to their UPI App – Google Tez under the UPI Multi-Bank Integration Model. Over 13 lakh Tez users have linked their Bank accounts with their @ OKSBI handle offered by SBI to transact on the App. In addition, debit card based payment services, P2P lending services are also being planned among others. Users now have the convenience of making bill payments, booking flight tickets, recharging and ordering food through BHIM SBI Pay.

Your Bank has also brought digital payments to the masses to enable UPI payments for over 37 lakh members of Self Help Groups under the Shri Kshetra Dharmasthala Rural Development Programme (SKDRDP) in the state of Karnataka. This was launched in the presence of Hon'ble Prime Minister of India on 29th October, 2017.




Exchange of MOU between SBI and SKDRDP in the presence of Hon'ble Prime Minister of India

## 7. SBI Buddy

Your Bank's Mobile Wallet allows users to send and receive money. In addition, users can also shop; book rail, movie or flight tickets; use virtual debit card – Buddy Card to make payments; withdraw cash at SBI ATMs using the wallet and a lot more. Users can now complete the full KYC check to enjoy enhanced limits on the wallet as well. Buddy has seen remarkable growth and has reached a user base of 129 lakh as on 31st March, 2018. The wallet has facilitated over 496 lakh transactions to the tune of ₹ 1,505.79 crore as on 31st March, 2018.

Emergence of Fintech companies has made data the prime point for selectively and effectively targeting customers. Increasingly, digital products from banks are being promoted through social networking sites and online advertising. Your Bank has established digital solutions that offer one of the best all-round omni-channel experience for its customers.

## 8. YONO

On 24th November, 2017, State Bank of India launched India's first comprehensive digital service platform "YONO", an acronym for 'You Only Need One'. An integrated omni-channel digital platform, YONO offers banking and other financial products along with access to India's largest B2C marketplace for its customers to meet their lifestyle needs across 16 categories including Fashion & Lifestyle, Electronics, Education, Home & Furnishing, Travel & Hospitality, Cab Booking & Car Rentals, Entertainment, Food & Dining, Health & Personal Care and others. Your Bank has partnered with 70+ top e-commerce players to provide customised offers and discounts to its customers. With YONO, customers can:

- Open an SBI bank account digitally in 4 minutes
- Avail Pre-approved personal loan sans any paperwork in 4 clicks
- Get overdraft facility against fixed deposit instantly online
- Get one view of the banking and financial portfolio of SBI Group companies
- Benefit from intelligent spend analyser

- Utilise Chatbot 'SIA'
- Create dreams to target and fund the dreams
- Access B2C Marketplace
- Open a new demat/trading account
- Link trading/demat account
- Apply for credit cards online
- Link credit cards and pay credit card bills seamlessly
- Avail insurance products online.

### Performance highlights of YONO as on 31st March 2018

- 4.37 Million Application Downloads
- 1.36 Lakh Digital and Insta Savings Accounts opened
- 6.52 Lakh Funds Transfers executed
- 17,000+ Fixed Deposits opened
- 71,000+ Bill payments done
- 77,000+ SBI Credit Cards linked; 41,000 Card payments of ₹ 43 crore done; 33,000 new Card leads generated
- 41,000+ SBI Cap Sec portfolios linked; 9,000 new demat account leads generated
- 11,000+ SBI Life policies linked
- 2,400+ Pre-approved Personal Loans of ₹ 12 crore disbursed

## 9. Customer Experience Excellence Project (CEEP)

The Customer Experience Excellence Project CEEP has been rolled out at 5,364 branches across the country which are equipped with Self Service machines as ATM, CDM/ Recycler, SWAYAM for Passbook Printing, Electronic Cheque Drop Box and Internet enabled PCs. An integrated Queue Management system (QMS) is in place at these branches to ensure that the customers are serviced promptly without having to wait in queues at the counters. There is a provision of separate token for Senior Citizens/ Disabled persons in QMS to give them preferential service. A Customer Feedback Tab is provided at these branches to enable the customers to give their feedback on the services of the branch. Real time monitoring and Branch choreography are undertaken at these branches to give the customers an excellent service experience.

Your Bank's Mobile App "State Bank No Queue" enables customers to self-generate e-tokens for availing Banking services at CEEP Branches. This App is available on both Android and iOS phones and it helps in reducing waiting time for customers at the branch. It also reduces crowding at a branch as the token is generated before the customer reaches the branch. This helps customers to skip the queue and avail banking services faster. As on 31st March, 2018, the App has registered more than 23,66,000 (2.37 million) downloads. The usage of the App is increasing on daily basis. The HNI customers are tagged as Priority Customers at these branches.

Your Bank has also undertaken Customer Service Feedback Survey at select CEEP branches to assess the impact of the CEEP initiative on the quality of customer service. The feedback thus received is being used to improve the customer service and facilities available for the customers.

## 10. Digital Banking

Your Bank has always been a pioneer in innovating new concepts in Banking Sector. One such step was setting up the high-tech, one of its kind, sbiINTOUCH branches, which has brought in a new paradigm in banking. At present, your Bank has 262 sbiINTOUCH branches equipped with state-of-the-art digital technology. These sbiINTOUCH branches cover more than 148 districts across the country.

At the sbiINTOUCH branches, your Bank provides banking services such as the opening of accounts and the printing of personalised Debit Cards in 15 minutes. This has been made possible by revolutionary Touch Technology. Your Bank's strategy is to create a 'Phygital' marketplace within these futuristic branches, to offer customers 1) Banking through self- service kiosks and 2) Services of other SBI subsidiaries such as Life Insurance, General Insurance, Mutual Funds, Credit Cards and online trading through SBI Cap Securities. Financial counselling through hi-definition Audio Video conferencing service is provided at select sbiINTOUCH branches, where customers can interact with financial experts.

In August, 2017, your Bank has also launched, the facility of instant issuance of personalised Photo Debit Card – 'Quick Photo Debit Card' within five minutes to Saving Bank (SB) account holder of any branch of SBI. Under the facility, an individual SB account holder who has an account with SBI and has lost or damaged his debit card, can visit any sbiINTOUCH Branch with his Aadhar Card and obtain Instant Photo Debit Card, bearing his photograph, through Debit Card Printing Kiosk.

## 11. Cross Selling

Your Bank is the Corporate Agent of SBI Life Insurance Co. Ltd & SBI General Insurance Co. Ltd. and has Distribution Agreement with SBI Mutual Fund, SBI Cards & Payment Services Pvt. Ltd & SBI Cap Securities Limited for distributing their products. Your Bank also distributes mutual fund products of UTI Mutual Fund, Tata Mutual Fund, Franklin Templeton Mutual Fund, L&T Mutual Fund, ICICI Mutual Fund, and HDFC Mutual Fund. In addition, all branches are authorised for opening pension accounts under National Pension System.

### Performance Highlights (Income)

(₹ in crore)

| | ACTUALS | | |
|---|---|---|---|
| **JVs** | **YTD March, 2017** | **YTD March, 2018** | **% YoY change** |
| SBI LIFE | 575.97 | 714.75 | 24.10 |
| MF | 185.24 | 560.51 | 202.59 |
| SBI GENERAL | 125.97 | 212.57 | 68.74 |
| SBI CARDS | 25.13 | 135.83 | 440.51 |
| SSL | 2.43 | 5.14 | 111.52 |
| NPS | - | 2.44 | - |
| **TOTAL** | **914.74*** | **1631.24** | **78.33** |

*YTD Mar'17 figure inclusive of e ABs data - 776.61 (SBI) + 138.13 (eABs)

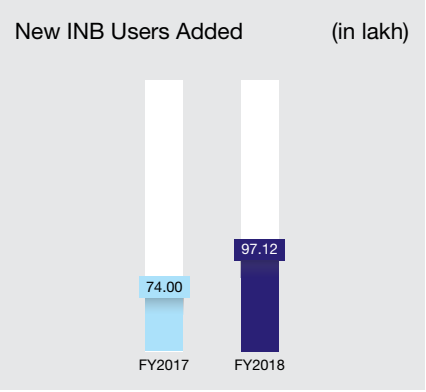
The key highlights for FY2018 are mentioned below:

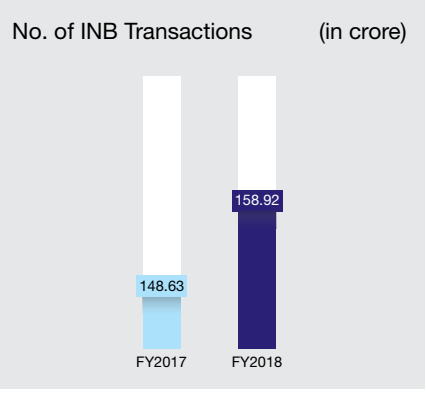
- SBI Mutual Fund became 2nd largest amongst Bank distributors in the Industry with an AUM of more than ₹ 54,000 crore. Your Bank has become India's number one Bank distributor in SIP with 14.6 lakh live SIPs. Net sales increased from ₹ 11,464 crore in March, 2017 to ₹24,374 crore YTD March, 2018 reporting an increase of 113%.
- Cards issued through Banca Channel crossed 10 lakh and sourcing has increased from an average of 35% upto September, 2017 to 53% in March, 2018.
- Your Bank received SKOCH Award – Platinum for its National Pension System Application and was ranked No. 1 in Point of Presence (POP) under various log in day campaigns observed by PFRDA.
- Under SBI Life, CIF grew to 46,180 in YTD March, 2018 as against 24,470 in YTD March 2017, reporting an increase of 89%. The Home Loan Insurance penetration increased from 45% to 58%.
- Under SBI General, SP number has increased to 20,646 in YTD March, 2018 as against 14,348 in YTD March, 2017, reported a growth of 44%. The number of Health Insurance policies issued increased by 11% to 7.82 lakh and premium increased by 16% to ₹179.45 crore over March, 2017. In FY2018, net profit earned by SBI General Insurance Co. stood at ₹ 380 crore out of which ₹170 crore seeding commission was earned from Long Term Home (LTH) reinsurance.

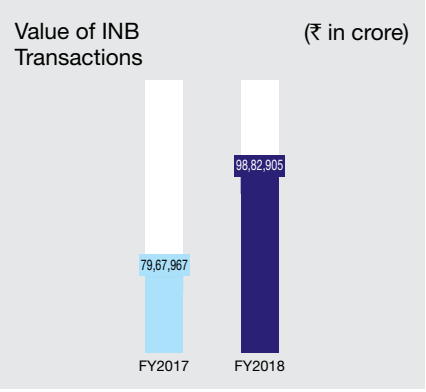
## 12. Internet Banking and e-Commerce

Your Bank's Internet Banking Service brings on board a seamless online experience hosting diverse Banking offerings. Opening and operation of Fixed Deposits/ PPF accounts, Intra/Inter Bank transfer of funds through NEFT/RTGS, submission of Form 15G/15H, Nomination updation facility, foreign international remittances are among the many functionalities, being offered. Some of the services/features launched during the year, that have made Bank's digital platform more robust and customer-friendly, are access to CIBIL score, Aadhaar linking with CIF, purchase of Sovereign Gold Bonds, SMS alerts in Hindi, GSTN integration, submission of 15G/H Form through RINB portal, submission of Financial Follow up Report (FFR-I & FFR- II) by Vyapaar/Vistaar corporate users and creation of e-TDR & e-STDR for amount of ₹ 1 crore and above through CINB. This highly secure and cost-effective channel has processed 159 crore transactions during FY2018, and the addition of new INB users has registered a growth of 35% over the previous year.

To rejuvenate the e-Commerce ecosystem proactive initiatives have been taken for technology partnerships with various Government Departments enabling them to leverage their e-Governance channels like e-Auction, e-Tendering, e-Freight and online collection of tax dues. Over 17,515 merchants have been on-boarded under ASVA model during FY2018. BHIM SBI Pay has been added as one of the options in SBMOPS.




## C. SMALL AND MEDIUM ENTERPRISES

Your Bank is pioneer and market leader in SME financing. With over one million customers, the SME portfolio of ₹ 2,69,875 crore, as on 31st March, 2018 accounts for nearly 13.17% of the Bank's total advances.

Considering the important role being played by SMEs in the Indian economy in terms of their contribution to manufacturing output, exports and employment generation, your Bank has always held SME as an important segment.

Your Bank is committed to providing Simple and Innovative Financial Solutions. Your Bank's approach in driving SME growth rests on the following three pillars:

a) Customer Convenience,

b) Risk Mitigation,

c) Technology based digital offerings.

### 1) Customer Convenience

With a view to building and sustaining the momentum for Transforming India, your Bank has created largest number of touch points in terms of number of branches and other modes, reaching out to public at large, which includes RMSEs (866), RMMEs (775), CSOs (900), SMECs (89), RASMECs (81) and SME Intensive Branches (1,248).

With a view to enhancing Ease of Doing Business to the Small and Micro Enterprises, your Bank modified its existing delivery model for Small & Medium Enterprises Center (SMEC) and created Asset Management Teams (AMT) for providing end to end relationship with the customers for small value loans up to ₹ 50 lakh. The SMECs have also been strengthened in terms of manpower which has resulted in improvement in service.

**Web based loan application and tracking system:** Your Bank is hosting an online loan application and tracking facility for MSME borrowers on the Corporate Website www.sbi.co.in. It is an Intranet-based Credit Proposal Tracking System called Lead Management system (LMS), which allows customers to apply online loan request and receive an acknowledgement in the form of application reference number. The data of customers is then automatically forwarded (through concerned network in Circles) to relationship points for converting these leads into business.

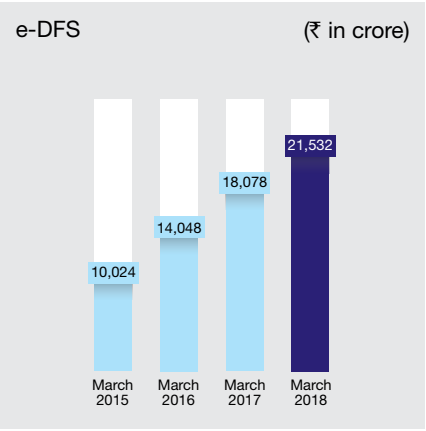
**Participation in Business Conclaves/ Summits:** Your Bank has been actively participating in Business Conclaves and Summits to reach out to entrepreneurs and understand and meet their requirements.

## 2) Risk Mitigation

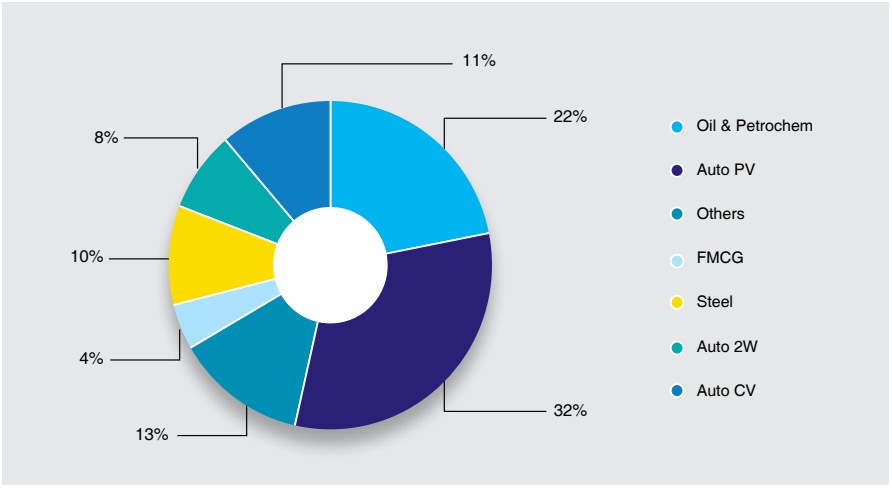
Your Bank has been increasingly shifting focus towards Risk Mitigated Products, which includes Supply Chain finance, Asset Backed Loans, Overdraft against Bank Deposits/Govt. Securities, Bills Discounting facility and CGTMSE covered loans, among others.

**Supply Chain Finance:** Leveraging the state-of-the-art technology and branch network, your Bank is further strengthening its relationship with the Corporate World and has emerged as a major player in Supply Chain Finance.

During the fiscal, your Bank entered into 49 new e-DFS (Electronic Dealer Finance Scheme) and 8 new e-VFS (Electronic Vendor Finance Scheme) tie-ups covering 292 Industrial Majors and 22,406 of their dealers and 12,512 vendors. The number of oil dealers (Petrol Pumps) on e-DFS crossed 13,000 during the last fiscal. There has been 19% YoY growth in e-DFS portfolio.




The market segment wise and sector wise diversification of eDFS portfolio is represented in the pie-chart below:






Shri P. K. Gupta, MD (R&DB), felicitating officials of M/s TATA Motors Ltd. for SBI-TATA Motors Ltd., Tie-up under SBI - Supply Chain Finance (e-DFS & e-VFS)

**Pradhan Mantri Mudra Yojana:** In line with the initiatives of the Government of India, your Bank has laid considerable emphasis on extending credit facilities to eligible units under different variants of Pradhan Mantri Mudra Yojana and has disbursed ₹ 28,556 crore for FY2018 under PMMY against a target of ₹ 28,300 crore.

**Credit Flow to Micro and Small Enterprises under CGTMSE:** Your Bank has been a pioneer in supporting MSMEs and for Micro and Small business. Your Bank is extending collateral free lending up to ₹ 2 crore under guarantee of CGTMSE. SBI has a portfolio of ₹ 12,549 crore under CGTMSE as on 31st March, 2018.

**SME ASSIST:** Introduction of GST is a transformational move by the Government of India. Your Bank conducted GST workshops in 91 modules/centers as a part of knowledge dissemination initiative on GST, covering 4,087 SME borrowers. Town Hall Meetings were also conducted at all the District Headquarters to bring awareness about GST among MSMEs.

Your Bank rolled out a new Product - SME ASSIST during the fiscal to finance pending input credit claims under GST. As on 31st March, 2018, your Bank has funded 431 units with a total portfolio of ₹ 228 crore.

## 3) Digital offerings

Your Bank is leveraging technology in every aspect of the value proposition from sourcing business, designing products, streamlining process, improving delivery to monitoring.

Your Bank has taken several initiatives to build SME portfolio in a risk mitigated manner and has brought about significant changes in (i) Product suite, (ii) Process (iii) Delivery.

**Ecosystem Financing** (Project Shikhar) has been introduced by your Bank to take advantage of growing e-commerce footprint in the economy.

**Cluster Based Funding:** Cluster based approach enables your Bank to deal with well-defined and recognised groups and

to tap the growth potential. Since the units belong to a cluster with same kind of activity, it helps in assessing their needs and monitor the overall portfolio. As on 31st March, 2018, your Bank has helped 441 units under Cluster Finance with total portfolio of ₹ 450 crore.

**Warehouse Receipt Finance:** Your Bank has introduced Warehouse Receipt Financing scheme (WHR) to extend finance to traders/owners of goods/ manufacturers for own processing against Warehouse Receipts. Warehouse receipt is issued by Collateral Managers with whom your Bank has a tie-up (presently NBHC, NCML, Star Agri, Origo). Further, WHR issued by Central Warehousing Corporation (CWC)/State Warehousing Corporation (SWC) is also eligible for WHR finance. The WHR portfolio as on 31st March, 2018 stands at ₹ 5,795 crore.

### Project Vivek

Project Vivek, heralded paradigm shift in your Bank's appraisal system from traditional Balance Sheet based funding to a more objective appraisal system of leveraging cash flow and other information sources. It is a promising initiative taken and launched by your Bank for new Credit Underwriting Engine (CUE) for the SME segment, which brings in objectivity for better risk assessment. It also reduces Turn Around Time (TAT) resulting in better customer experience. As on 31st March, 2018 , a total 13,713 proposals have been processed under Project Vivek.

**Trade Receivables Discounting System (TReDS):** TReDS have been set up for flow of finance to MSMEs. Your Bank was first among all PSBs to register on the TReDS platform RXIL and M1xchange. Your Bank has been actively participating in the online biddings on the platform and has been offering very competitive rates to the benefit of MSMEs.

**Loan Origination Software (LOS-SME) and Loan Life-Cycle Management System (LLMS):** With a view to adopt the uniform standards of credit dispensation and for ensuring quality and preserving corporate memory, LOS & LLMS have been introduced for small and high value loans, respectively.

**Digital Inspection Application (DIA-SME):** This is a Tab and Mobile based application for recording inspection of SME units as a process of digitalisation of pre-sanction/ post sanction processes of SME units. Your Bank also records collateral security, location of the properties and place of business with photograph and geo-coordinates through this Digital application.

## D. RURAL BANKING

### 1. Agri Business

Against the background of the Union Government's goal of doubling farmers' income by 2022, Agriculture and allied activities have got greater focus during the year in your Bank's lending activity. Your Bank serves about 1.35 crore farmer families all over India. It surpassed the Agri credit flow target set by the Government of India during FY2018, as it has done in the past. This is depicted in the table below:

### Flow of Credit to Agriculture Trend

(₹ in crore)

| Year | Target | Disbursement | % Achievement |
|---|---|---|---|
| FY2015 | 84,500 | 86,193 | 102% |
| FY2016 | 89,781 | 1,02,423 | 114% |
| FY2017 | 95,168 | 1,25,270 | 132% |
| FY2018 | 1,05,741 | 1,66,819 | 158% |

In order to ease the flow of credit for Agriculture, your Bank has now raised the limit for renewal of mortgage-free crop loans from ₹ 1 lakh to ₹ 1.5 lakh. It has also introduced a scheme for financing of dairy units under the Mudra scheme with liberalised terms for loans up to ₹ 10 lakh, as allied agricultural activity is a mean of increasing farmers' income.

A new product which is designed to meet the general-purpose needs of farmers against the collateral of property called the Asset Backed Agri Loan (ABAL), picked up momentum during the year and the growth under this product was about 200%, albeit on a lower base. This product has been accepted by customers because of the flexibility it offers.

Your Bank is de-risking its Agri portfolio and supporting farmers at the same time by entering into local level and national level tie-ups with Agri Corporates, wherein the supply chain will ensure cash flows for timely renewal of loan and better incomes for the farmers. Your Bank is also lending under a Cluster-based approach to tap opportunities that revolve around areas and centres which have traditionally been known for activities like shrimp farming, dairy, poultry and higher value horticulture crops like pineapple and mango.

Recognising the contribution of rural India to the nation's economic growth, your Bank has been striving to meet the financial needs of the rural segment through various new channels and services. A pilot project on a hub-and-spoke model for improving turn-around time and the quality of credit appraisals in the Rural and Semi-urban branches was rolled out in over 80 Regions across the country.



Improving Productivity through Soil Testing Programme
Branch : Dalgaon, North-East Circle

As widely reported, the Agriculture sector saw a number of developments with a few States announcing waiver of farm loans in response to demands by the farmers. Your Bank on its own announced two Rinn Samadhan schemes, covering farm sector loans and the internal targets set under both the schemes were achieved.

Keeping in view the large number of customers served by your Bank, it took the lead and organised mass contact programmes on six occasions during the year. Under this initiative, on a pre-fixed day, all Rural and Semi-urban branches of your Bank held informal meetings with farmers to improve customer connect and spread awareness about the Bank's and Government's schemes. It is estimated that at least 1.5 million farmers attended these meets.

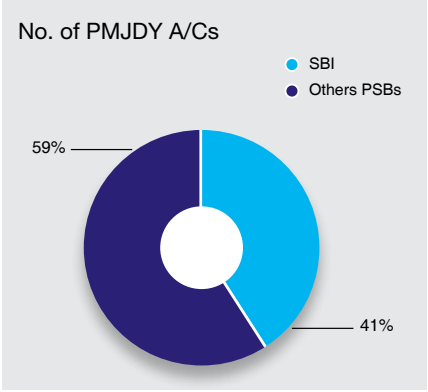
Other important initiatives taken during the year included issuance of 71.66 lakh KCC-ATM-RuPay Cards to Kisan Credit Card (KCC) borrowers for ease and operational convenience. KCC RuPay Cards work seamlessly with ATMs and PoS machines, enabling farmers to purchase their day-to-day farm requirements on 24x7 basis.

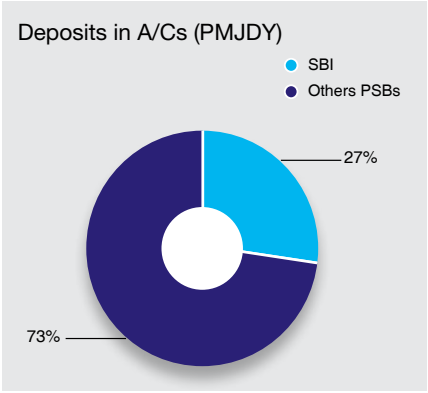
## 2. Financial Inclusion (FI)

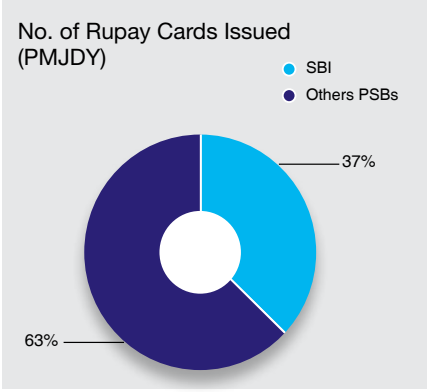
Your Bank realises the role it must play as the largest bank in the country in practicing and promoting financial inclusion activities. The spread of digital banking channels and expansion of Business Correspondents (BC) networks are giving your Bank the impetus to further grow its financial inclusion activities. Thus, to achieve inclusive development and growth, your Bank has worked out several strategies and leveraged technology to expand financial services to the door steps of people with the purpose of bringing the excluded under the ambit of formal banking system.

Your Bank has 58,274 operating Business Correspondents and over 22,400 branches across the country to offer banking services. The Business Correspondent channel has recorded 31.21 crore transactions amounting to ₹ 1,24,930 crore in FY2018, translating to around 1-1.5 million transactions per day. The Business Correspondent channel provides customers with access to various banking products and services, reducing the foot-falls in the branches.

Under the Pradhan Mantri Jan Dhan Yojana (PMJDY), your Bank has paved the way for universal financial access by being a pioneer in implementing the programme. Your Bank has opened more than 10 crore accounts up to 31st March, 2018 and issued 6.62 crore RuPay debit cards to eligible customers. These initiatives taken under financial inclusion are a part of key economic policy agenda of the Government. Over the last decade, your Bank has a major share in providing access to banking services to the excluded in the ecosystem.




To fulfill the needs of Social Security measures, low cost Micro insurance products (PMJJBY, PMSBY) and pension schemes(APY) to the unorganised sector are also provided in a big way, covering over 2 crore of customers. These initiatives are empowering the population to have the benefit of the financial system and move towards a cashless economy.

### a. Imparting Financial Literacy

With the objective of imparting financial literacy and facilitating effective use of financial services, your Bank has set up 336 Financial Literacy Centres (FLCs) across the country. During FY2018, a total of 23,962 financial literacy camps were conducted by these FLCs across the country. As part of the pilot project being implemented by RBI, your Bank has also set up 15 centres for Financial Literacy at Block level, 5 each in the state of Maharashtra, Chhattisgarh and Telangana in association with NGOs identified by RBI.

### b. Rural Self Employment Training Institutes (RSETIs)

Rural Self Employment Training Institutes (RSETIs) play an important role in skill development by imparting comprehensive quality training programme to rural youth. It also facilitates them in setting up of micro enterprises. Your Bank has set up 151 RSETIs spread across 27 States and one Union Territory.

Your Bank RSETIs have trained more than 1 lakh rural youth during FY2018. Over 63% of the candidates trained are women and 83% of the candidates trained belong to non-general categories (SC/ST/OBC/ Minorities). More than 6 lakh candidates have been trained by SBI-RSETIs over a period of seven years of which 67% have been settled, thus building momentum for transforming rural India.

# E. OTHER NEW BUSINESS INITIATIVES

## 1. Payment Solution Vertical

Banking system is witnessing new challenges in its traditional business domain from new digitally enabled entrants. Payment systems, of late, have become the most sought after aspect of banking business on account of the growing penetration of smart phones, e-commerce and launch of a number of innovative products/mobile apps.

**Debit Cards:** With approximately 26 crore actively used Debit Cards as on 31st March, 2018, your Bank continues to lead in Debit Card issuance in the country. SBI has a market share of 32.35% in terms of Debit Card penetration as on 31st March, 2018. In line with the approach of moving towards a digital economy, your Bank has adopted a focused strategy on shifting the usage of Debit Cards by customers from ATM (for cash withdrawals) to PoS/eCom websites by executing regular promotional/activation campaigns in collaboration with leading

e-comm and retailers. Your Bank has successfully launched various innovations and functionalities around Debit Cards like Contactless Debit Cards, Bharat QR, Samsung Pay and Visa Checkout.

In order to increase digital participation with customers, your Bank has also tied up with various institutions like Mumbai Metro, Chennai Metro, IIM Ahmedabad, College of Engineering - Pune and others for launching co-branded Debit Cards/ combo Cards.

Such consistent initiatives towards digitising payment transactions, not only reduce cost of transactions but also help in reducing carbon footprint through lesser use of paper. As a result of these initiatives, your Bank has improved its market share in Debit Card spends from 29.33% as on 31st March, 2017 to 30.40% as on 31st March, 2018.

**State Bank Foreign Travel Cards:** State Bank Foreign Travel Cards (SBFTC) are available on the VISA platform, in eight Foreign currencies namely Japanese Yen, Canadian Dollar, Australian Dollar, Saudi Riyal, Singapore Dollar, US Dollar, Euro and British Pound, providing safety, security and convenience to overseas travellers. SBFTC is also issued as Multicurrency card on MasterCard platform. Initially, it was launched in four currencies viz. US$, GBP, Euro and SGD. During the year, three new currencies viz. AUD, CAD and AED have been added. Your Bank is also aggressively promoting tie-ups with FFMCs (Full Fledged Money Changers).

**Rupee Prepaid Cards:** Prepaid card usage has been growing for purchase of goods and services as well as for funds transfer in India. Your Bank has issued PPIs for ₹ 950.31 crore during FY2018 registering a growth of 122.90% over the previous year.

**Enterprise Wide Loyalty Program - State Bank Rewardz:** To encourage and maximise digital adoption amongst SBI customers and also to attract more customers on SBI platform, your Bank launched Loyalty Rewardz program across seven channels during 2015, which is being extended to 4 more channels including YONO. This will encourage repetitive usage of digital transactions thereby creating digital habit amongst customers. State Bank Rewardz has also been implemented through mobile app, which can be downloaded from the Google Play Store and from App Store in iOS

**Foray into digitalisation of Mass Transit:** The advent in digital technology along with rapid urbanisation and infrastructure development, has given a significant boost to the urban public transportation in India. With a vision to 'Be the Bank of Choice for a Transforming India', your Bank has taken the following steps on its journey of transforming the transit space in India:

(a) Your Bank has successfully implemented the ambitious project of NHAI - National Electronic Toll Collection (NETC). Your Bank is issuing SBI FASTag; working on Radio Frequency Identification technology (RFID) and enables the Customers to pay the toll electronically across all the National Highway Toll plazas.

Through SBI FASTag, customers can pay their toll electronically and can top up/recharge their SBI FASTag wallet online through a dedicated portal by using various modes like Debit Cards, Credit Cards, Internet Banking of any Bank. The customer can also view the history of transactions of their vehicle.

Your Bank has issued more than 2.7 lakh tags to customers. Toll transactions through the SBI FASTag has crossed a mark of 68 lakh and total transaction amount has crossed ₹ 140 crore level in FY2018.

(b) With the aim of digitising micro-payments rapidly, your Bank has participated in various metro and transit projects. Your Bank has been awarded the Nagpur and Noida metro project for implementation of open loop Automatic Fare Collection System based on the qSPARC technology on the RuPay platform.

Your Bank has designed SARVATRA Card in line with the National Common Mobility Card (NCMC) guidelines as envisioned by Ministry of Urban Development (MoUD). This card offers features of a metro travel card on RuPay Prepaid Card, wherein transactions can be conducted offline. Apart from payment of fares in the multi modal transit, this card offers extended usage for retail payments as well as e-commerce.

## 2. Acceptance Infrastructure (Merchant Acquiring Businesses vertical)

Your Bank is playing effective role in building momentum for transforming India through digitalisation of the economy. In sync with the focus of the Government of India to create a less-cash economy, your Bank has expanded digital payment acceptance infrastructure and rolled out new payment acceptance solutions.

Your Bank continues to be the top acquirer in the country in terms of number of terminals with a market share of 20.20% (as per the latest available RBI data as on 28th February, 2018). During the year, your Bank introduced two new digital payment acceptance products - Bharat QR and BHIM-Aadhhar-SBI; and on-boarded 2.02 lakh and 4.97 lakh merchants respectively on these platforms. PoS deployed by your Bank has grown from 5.09 lakh as on 31st March, 2017 to 6.10 lakh as on 31st March, 2018. In total, the number of merchant payment acceptance touch points crossed 1.96 million as on 31st March, 2018.

The value of acquiring transactions has reached almost ₹ 1 trillion with 68% increase on Y-o-Y basis. Your Bank has been successful in digitising sale transactions of retail outlets of oil marketing companies by installing 34,000+ PoS terminals at more than 20,000 retail outlets.

In order to increase penetration of digital merchant payment acceptance infrastructure in semi-urban and rural areas, your Bank has focused on tier V and tier VI centers. As on 31st March, 2018, about 31% of total PoS terminals deployed are in rural and semi urban areas.

In addition to offering basic acquiring services, your Bank is also providing Value Added Services such as:

- DCC-Dynamic Currency Conversion
- EMI facility
- Cash@POS facility for cash dispensation to debit card holders

State Bank of India has collaborated with major Corporates and also with government departments in digitising their operations from cash to digital mode. Your Bank has created a robust payment infrastructure for facilitating digital acceptance, which involved customisation and integration of its systems with those of corporates and Government departments to ensure seamless flow of

digital transactions. Some of the notable integrations have been with the systems of Indian Railways, India Posts and e-GRAS for the Government of Haryana.




## F. GOVERNMENT BUSINESS

Your Bank has traditionally been the preferred and accredited Banker to major Central Government Ministries/ Departments. Commanding the market in Government Business, your Bank has a share of more than 80% in Government Commission. Your Bank is at the forefront in developing e-Solutions for both Central and State Government undertakings. This has facilitated transition of Government Business to the online mode, resulting in greater efficiency and transparency. Your Bank is an active stakeholder in the Government's latest initiatives such as the Government e-Marketplace and is continuously engaged in developing customised technology solutions such as e-Tendering, e-BG and e-Trade to keep pace with the Government's digital initiatives.

(₹ in crore)

| | FY2017 | FY2018 |
|---|---|---|
| Turnover | 49,77,798 | 55,61,295 |
| Commission | 2,879 | 3,050 |

With a view to facilitate e-Governance, digitalisation and bringing in more efficiency and transparency, the following initiatives were implemented during the year:

1. **GSTN:** Your Bank has been designated as the sole banker for refunds of GST with a 30% market share in GST collections.

2. **GeM (Govt. e-Marketplace):** A MoU has been signed with GeM for financial integration of payments to suppliers to facilitate procurement of goods and services through GeM portal.

3. **Indian Railways:** Your Bank was awarded the contract to open Inland LCs against indigenous contracts of supplies and works of Indian Railways for an estimated amount of ₹ 50, 000 crore per annum.

4. **Direct Benefit Transfer (DBT/L):** During FY2018, over 28.26 crore transactions were successfully processed through DBT amounting to ₹ 1,24,881 crore. Your Bank is the sole banker for processing Direct Benefit Transfer of LPG (DBTL). Over 114.39 crore transactions amounting to ₹ 23,076 crore were processed through DBTL.

5. **GCCS:** Your Bank sponsored GCCS 2017 (5th Annual Global Conference on Cyber Space) as a Platinum Sponsor which attracted delegates from over 100 countries.

6. **Bharat ke Veer Portal (BKV):** Your Bank has proudly associated with the BKV portal of Ministry of Home Affairs by enabling payment gateway to collect donations for NoK (Next of Kin) of Martyrs of 8 Para Military Forces.

7. **Migration of Salary/Vendor payments to e-Mode:** Migrated salary/vendor payments of Lok Sabha, 80 CDDOs (Cheque Drawing & Disbursing Officers) of MoUD (Ministry of Urban Development); and made salary payments of 1.84 lakh Indian Air Force personnel.

8. **PoS (Point of Sale) terminals:** Your Bank has provided PoS terminals to the Indian Railways, Post Offices, Passport Seva Kendras and Ministry of External Affairs.

9. **BHIM UPI:** Solution implemented for Passenger Reservation System (PRS) of Indian Railways (Railway reservation counters across India).

10. **e-MRO (Military Receivables Order):** All 31 CDAs/PCDAs (Controller/ Principal Controller of Defence Accounts) have been on-boarded.

11. **e-BG (Bank Guarantee):** Your Bank is the first to integrate with Government e-Marketplace (GeM) for online confirmation of BGs/PBGs for procurement.

12. **e-Tendering:** MoU (Memorandum of Understanding) has been signed with Uttar Pradesh Government for e-Tendering solution of State Government Departments and Autonomous Bodies.



Shri. Rajnish Kumar, Chairman, along with Shri. Rajnath Singh, Union Minister of Home Affairs and Shri. Akshay Kumar (Film Star) at the launch of 'Bharat ke Veer' Portal

13. **RFID FASTag:** MoU signed with Odisha State Transport Corporation to provide SBI FASTag facility for their 470+ buses. A MoU was also signed with South Bengal State Transport Corporation to provide SBI FASTag facility to their 750+ buses.

14. **e-Trade:** PCDA New Delhi has been on-boarded for online opening of LCs. More than 90% of LCs are being routed through the portal of SBI.

15. **Pension Payments:** Your Bank has been administering pension payment to over 53.23 lakh pensioners through the 16 CPPCs (Centralised Pension Processing Centres). The total pension amount disbursed has exceeded ₹ 1,33,475 crore during FY2018. Your Bank has added 2.81 lakh new pension accounts during the year. A number of Pensioner Connect Programmes were held across the country.

16. **Small Savings Schemes:** Your Bank services more than 71.58 lakh PPF and 11.64 lakh Sukanya Samriddhi Accounts, which is the highest among all authorised banks. Over 5.31 lakh new PPF accounts and 3.66 lakh new SSA Accounts were opened during FY2018.

## G. EFFICIENCY AND COST CONTROL

Your Bank has set up Insurance Cell for Insurance of Bank's assets and other risks in order to reduce requirement of Capital under Advanced Measurement Approach (AMA) of Basel-II framework. It has enabled your Bank in procuring Insurance Cover with better wordings/cover in Insurance Policy at competitive pricing. This has also facilitated timely lodgment of claims and improved claim settlement. Request for Quotes/Bids are issued only to those Insurance Companies which have a record of settlement of at least 50% of claims in the last three years.

Your Bank has also introduced an innovative, dedicated customer care centre 'SBI CARE', a customer facing outfit to cater to customer queries and their non-financial banking requirements with opening centres in Mumbai, Hyderabad, Delhi and Chandigarh. SBI CARE centre will handle Account related enquiry, enquiry on all products, updation of KYC, Aadhaar, Mobile, PAN numbers, Cheque Book requests, Account Statement, ATM Card request, ATM Pin generation, Account opening through Digital platform, lodging of complaints etc., and will offer delightful interactive experience to your Bank's customers/ public.

Outsourcing Model of Stationery Management Project is currently rolled out in 9 Circles. The Project was implemented to reduce costs incurred on premises, storage, obsolescence of stationery items, manpower, overheads and transportation costs etc. Your Bank is in the process of rolling out the Project in all Circles in the near future.

Under Scanning and Digitalisation of post LCPC AOFs, out of total stock of 15.89 crore AOFs held in LCPCs as on 31.03.18, your Bank has scanned 15.74 crore AOFs (99.05% completion), images of such 14.73 crore AOFs have been migrated to Bank's centralised (EDMS) server. This will help facilitate digital storage and retrieval of AOFs data for operational purpose.

As a result of these initiatives, Branch premises will be decongested and have more space and better look to offer to the customers for their convenience and more fulfilling experience.

# 2. CORPORATE BANKING GROUP

The Wholesale Banking business ecosystem at your Bank focuses on servicing corporate customers, through customised financial solutions, and is comprised of several teams focused on specific areas to facilitate specialisation and customised product offerings to your Bank's clients.

## A. CORPORATE BANKING

The Corporate Accounts Group (CAG), provides corporate banking services to large corporates and institutions, including state-owned enterprises and caters to customers with total credit exposure in excess of ₹ 5 billion.

It offers fund-based and non-fund-based products, fee and commission-based products and services, deposits, foreign exchange services as well as a range of foreign currency and treasury services, including RBI permitted derivative arrangements provided by the International Banking Group and the Global Markets Group. It also facilitates cash management initiatives, centralised payment solutions, derivatives products, wealth management services, remittance and collection services, online tax payment, end to end payment solutions, cross-selling of a variety of financial products and services offered by other groups in the Bank, including personal banking services, co-branded credit cards and supply chain finance.

### Corporate Accounts

The Corporate Accounts unit focuses on your Bank's prime corporate clients across India. Each client is assigned a dedicated accounts management team led by a relationship manager to coordinate the client's banking requirements. The Corporate Accounts unit aims to leverage its corporate relationships to grow its fund-based, non-fund-based and fee-based products.

Your Bank ensures focused marketing and customer service for its corporate clients. In addition to corporate internet banking facility with multi-level access and authorisation controls, other delivery channels include the Bank's extensive branch network, credit card offerings and electronic payments platforms. The Corporate Account units' services are delivered through the Bank's specialised branches in Mumbai, New Delhi, Chennai, Kolkata, Ahmedabad and Hyderabad.

The Corporate Accounts unit's corporate loan portfolio primarily consists of fund based products (including cash credit, working capital demand loans, bills discounting, export finance, corporate loans and term loans for project and corporate finance) and non-fund based products (including letters of credit, bank guarantees, deferred payment guarantees). Varied investment products like bonds, commercial paper and non-convertible debentures, among others are arranged by the Global Market Group of your Bank to corporate customers.

The total outstanding loans to clients in the Corporate Accounts unit stood at ₹ 3,385.78 billion and ₹ 4,118.97 billion in respect of fund-based products, and ₹ 1,895.99 billion and ₹ 2,172.88 billion in respect of non-fund-based products as of 31st March, 2017 and 31st March, 2018 respectively.

The CAG has been instrumental and a co-participant in various development schemes of the Government aimed towards transforming India through sustainable development within the 15-year road map. Towards achieving this vision, CAG has been actively supporting many Infrastructure projects like Roads and Ports (improving connectivity all over India and also contributing to ease of business); Power (in line with the

Government's Saubhagya Scheme of providing power to all households by March, 2019); Renewable Energy (including wind power, solar roof top and hydro projects, among others for sustainability) and various EPC Projects (to support Government priority projects).



Partners to L&T: Shipbuilding Floating Dock in Chennai

## B. TRANSACTION BANKING UNIT

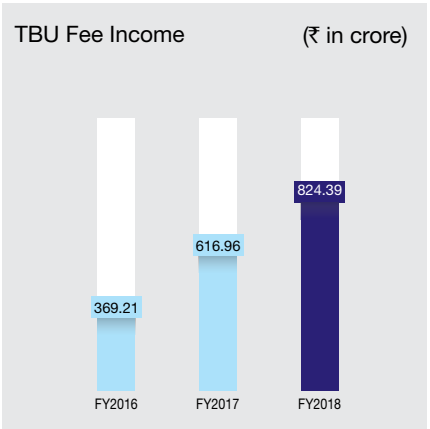
Transaction Banking Unit (TBU), a technology driven platform offers comprehensive transaction related products and solutions to clients. The objectives of TBU are to adopt new technology initiatives catering to bulk transaction requirements of clients along with other value additions like customised MIS, integration with ERP and dedicated single point Client Support Cell, among others. Study and analysis of transaction patterns enables your Bank to develop non-traditional techniques for assessing other Banking requirements like Credit, Fund Management, Cross Selling and other for clients.

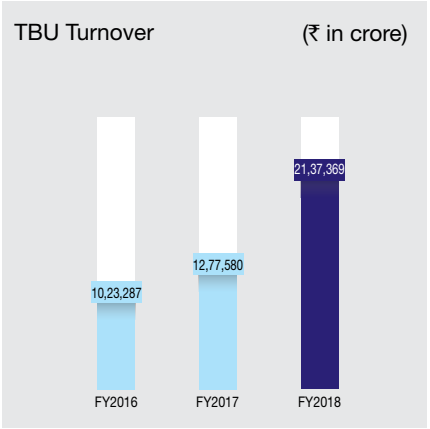
Your Bank offers a wide range of TBU products to Corporates, Mid-Corporates, Government Departments, Financial Institutions viz. NBFCs, Insurance Companies, Banks, Mutual Funds and SME Clients which facilitates their fund management requirements.

By keeping a track on market development, your Bank provides technology based futuristic solutions to clients to keep TBU products updated and ahead of its competitors.

While, Corporate Customers and Government clients (both Central and State Government) continue to be the key focus segment, your Bank has grown thrust to SME sector to increase penetration among existing as well as start-up business.

TBU fee Income increased by 33.62% from ₹ 616.96 crore in FY2017 to ₹ 824.39 crore in FY2018. A 30% growth in fee Income has remained consistent in the last three years. Turnover registered a Y-o-Y increase of 67.30% with transactions amounting to ₹ 21,37,369 crore in FY2018 over ₹12,77,580 crore in FY2017. Your Bank was awarded with "Best Transaction Bank in India" by The Asian Banker for FY2017.




## C. PROJECT FINANCE AND LEASING

The project finance environment presented contrasting pictures of sector-specific challenges where on the one hand sectors like Roads exhibited some signs of revival while on the other hand Power, in particular non-renewable and telecom sectors continued to grapple with the macro-economic issues. The overall sentiments of the promoters and lenders remained subdued owing to the continuously rising number of bad loans and stalled infrastructure projects. There are several new initiatives taken by Government as well as RBI, and if these steps deliver successfully, FY2019 may offer some hope to all the stakeholders.

Your Bank's special business unit Project Finance and Leasing (PFSBU) deals with the appraisal and arrangement of funds for large projects in infrastructure sectors such as power, telecom, roads, ports and airports. It also covers other non-infrastructure projects in sectors like metals, cements, oil & gas, among others, with certain threshold on minimum project cost. PFSBU also provides support to other verticals for vetting their large ticket term loan proposals. In order to strengthen the policy and regulatory framework for financing infrastructure, inputs are also provided to various Ministries of Government of India and the RBI with respect to lenders' views on new policies, Model Concession Agreements and broader issues being faced in infrastructure financing. The role of PFSBU has further expanded in stressed asset management in view of the substantial increase in the number of stressed assets.

During the year, PFSBU in all earned ₹176 crore as fee income, which was a growth of 25% over previous year.

## Project Finance and Leasing Business Performance

(₹ in crore)

| | FY2016 | FY2017 | FY2018 |
|---|---|---|---|
| Project Cost | 77,227 | 83,434 | 81,701 |
| Project Debt | 59,094 | 51,227 | 58,754 |
| Sanctioned Amount | 18,125 | 26,557 | 19,835 |
| Syndication Amount | 18,082 | 5,809 | 11,937 |



Partners to Solar Energy Project

## D. MID CORPORATE BANKING

Your Bank's Mid Corporate Group (MCG) operates through its 14 Regional Offices across Ahmedabad, Bangalore, Chandigarh, Chennai (2), Hyderabad, Indore, Kolkata (2), Mumbai (2), New Delhi (2) and Pune. The MCG has 55 branches as on 31st March, 2018 with 21 branches in metro centres and 34 branches in other urban centres.

### MCG Loan Portfolio (Non-Food Domestic)

(₹ in crore)

| | 31st March, 2018 |
|---|---|
| MCG Loan Portfolio (Non-Food Domestic) | 3,29,772 |

The overall growth of MCG Vertical during the FY2018 was ₹ 9,433 crore, with a Y-o-Y growth rate of 3.20%. During the year, MCG has sanctioned 80 new connections, with aggregate Fund Based exposure of ₹ 21,551 crore, most of which are investment grade assets.

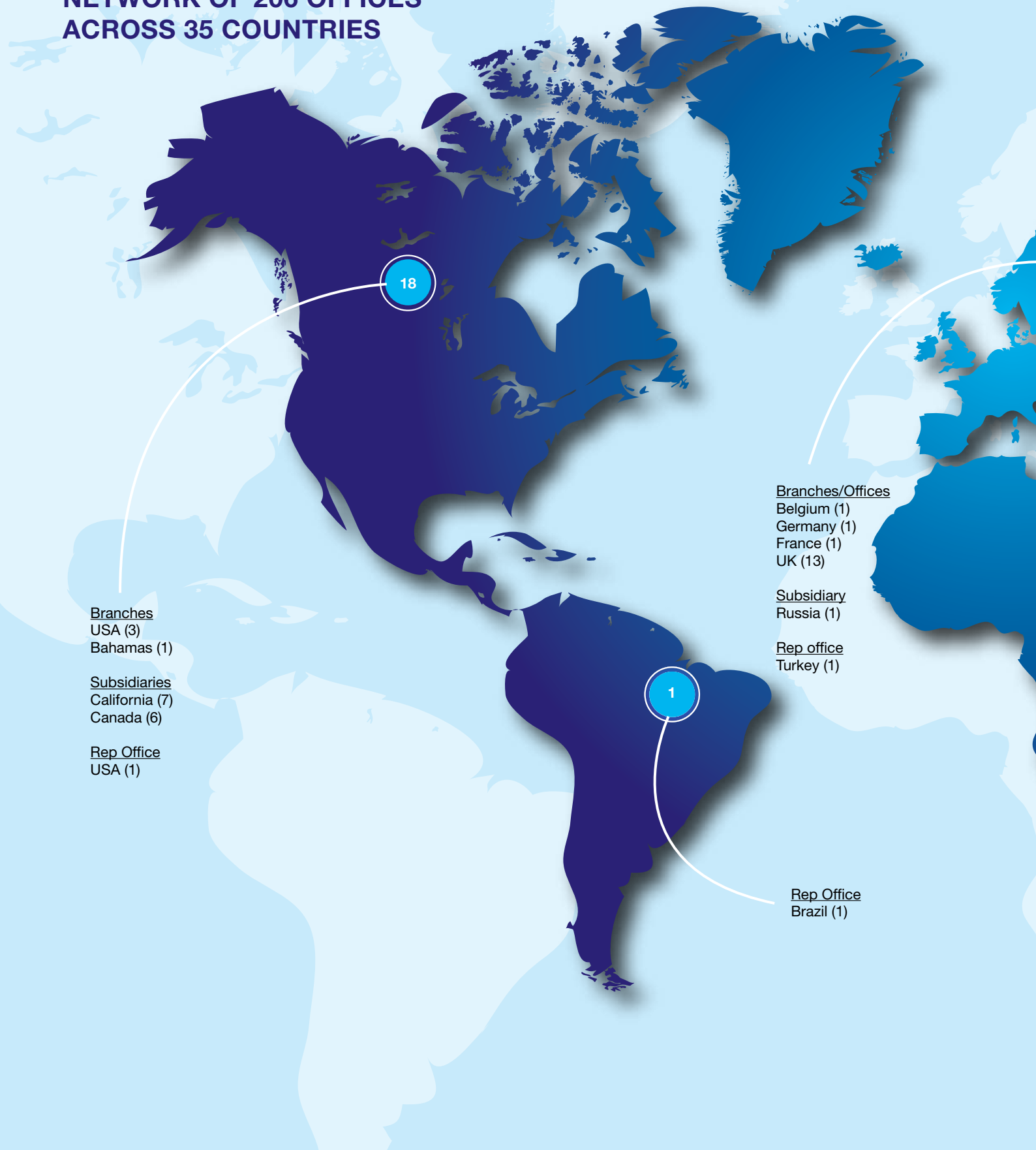
The Trade Finance (LC & BG) turnover volume of the Group improved by 25.96% from ₹ 76,589 crore as on 31st March, 2017 to ₹96,469 crore as on 31st March, 2018. The forex turnover of the group has improved by 6.22% from ₹3,41,837 crore as on 31st March, 2017 to ₹ 3,63,084 crore as on 31st March, 2018.

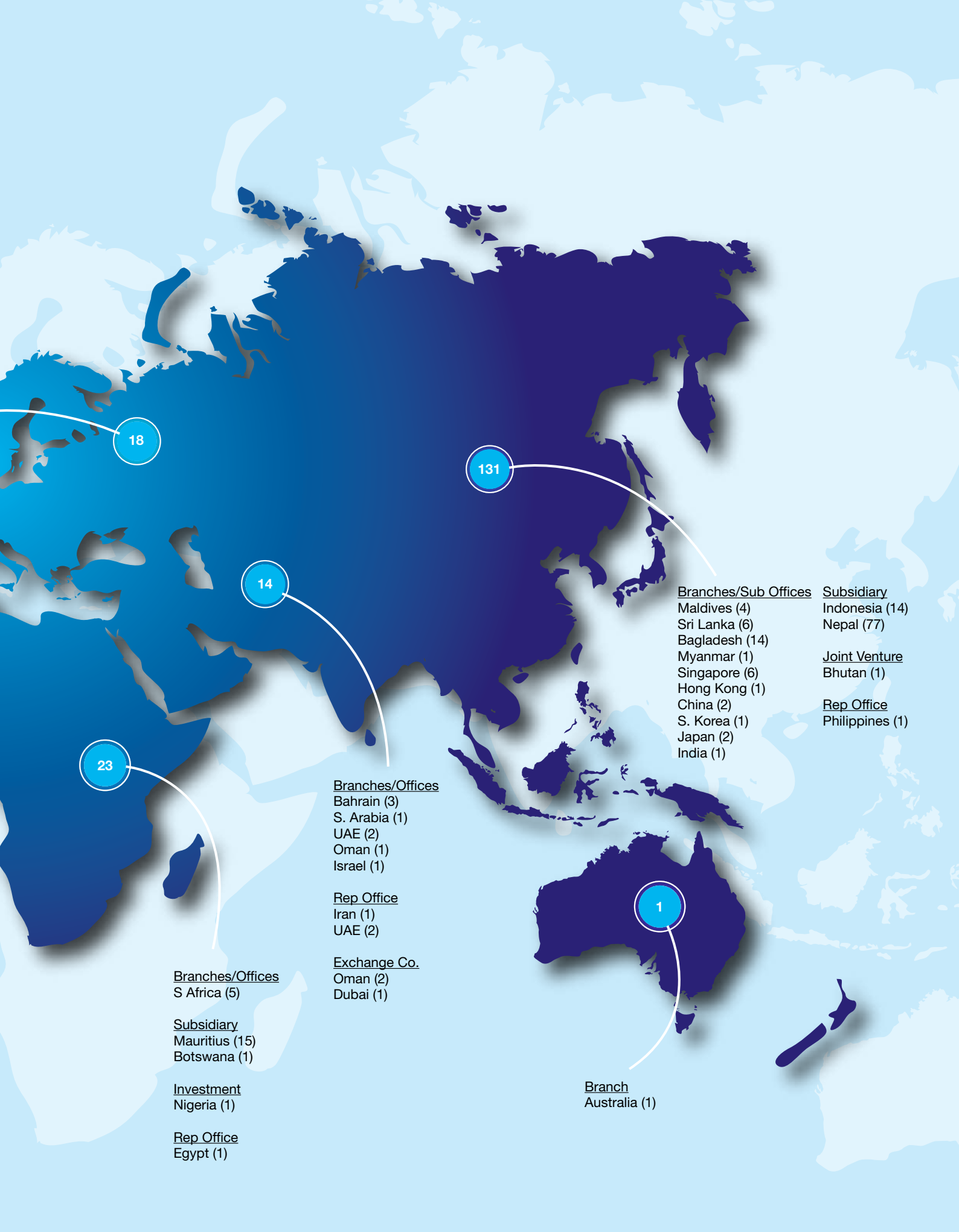
MCG follows the approach of having periodical structured interactions, essentially serving as brain-storming sessions, among the key functionaries in the Group, for better understanding of the portfolio handled by the Group. The exchange of ideas and views in these interactions, among the top executives and the operating officials on the ground, has been useful in the Group's planning for business growth and asset quality management.

The Group continues to partner in growth of its customers in India to expand their activities and provides them support for acquiring assets/companies overseas, including by way of loans to overseas subsidiaries/JVs (backed by Letters of Comfort or Stand-by Letters of Credit).

## E. INTERNATIONAL OPERATIONS

# INTERNATIONAL BANKING NETWORK OF 206 OFFICES ACROSS 35 COUNTRIES






Branches/Sub Offices
Maldives (4)
Sri Lanka (6)
Bagladesh (14)
Myanmar (1)
Singapore (6)
Hong Kong (1)
China (2)
S. Korea (1)
Japan (2)
India (1)

Subsidiary
Indonesia (14)
Nepal (77)

Joint Venture
Bhutan (1)

Rep Office
Philippines (1)

Branches/Offices
Bahrain (3)
S. Arabia (1)
UAE (2)
Oman (1)
Israel (1)

Rep Office
Iran (1)
UAE (2)

Exchange Co.
Oman (2)
Dubai (1)

Branches/Offices
S Africa (5)

Subsidiary
Mauritius (15)
Botswana (1)

Investment
Nigeria (1)

Rep Office
Egypt (1)

Branch
Australia (1)

Your Bank has been an epitome of trust across the length and breadth of the country. It has extended its wings across the globe with financial products for the NRI community, Indian corporates, exporters and importers as well as the local populace and corporates.

Your Bank was the first Indian bank to transcend borders with opening of branch of Bank of Madras in Colombo, Sri Lanka in July, 1864. A branch of Imperial Bank of India at London followed in 1921. SBI has now become a pioneer of International Banking among the Indian Public Sector Banks with its presence across all time zones in 206 offices in 35 countries. These offices are being managed by the International Banking Group of the Bank.

**The breakup of overseas offices of our Bank is as under:**

| | Overseas Offices as on 31.03.2017 | Offices opened during last 12 months | Offices closed during last 12 months | Overseas Offices as on 31.03.2018 |
|---|---|---|---|---|
| Branches /Sub-Offices / Other Offices | 74 | 2 | 4 | 72 |
| Offices of 8 Subsidiaries/JV | 113 | 9 | - | 122 |
| Representative Offices | 5 | 2 | - | 7 |
| Associates / Managed exchange Cos /Investments | 3 | 2 | - | 5 |
| Total | 195 | 15 | 4 | 206 |

During FY2018, the Bank opened 1 new branch viz. Hulhumale in Maldives. Nepal SBI Bank Limited, a subsidiary of SBI has opened 7 new branches during the year. During the same period, Sylhet branch (Bangladesh) and Doha branch (Qatar) were closed. Further, 2 Managed Exchange companies and 2 Representative Offices (Dubai & Abu Dhabi) came into the gamut of SBI on account of merger with Associate Banks.

The International Banking Group of your Bank has a balance sheet size of US$ 59,819 Mio and Net Profit of US$ 206 Mio as on 31st March, 2018. The International Banking arm of the Bank has consistently been a major contributor to the bank's profits, as under:

| Financial Years | 2015 | 2016 | 2017 |
|---|---|---|---|
| Contribution of Foreign Offices to Net Profit of the Bank (Solo) | 24% | 42% | 27% |

The International Banking Group has contributed immensely in transforming the industry landscape of the country. It has positioned itself in the growth trajectory of the economy with its specialised verticals offering their expertise and services on various fronts, thus playing its part in building the momentum for a transforming India in tandem with other drivers which are mentioned as under:

## 1. Credit: Stimulating Growth

Your Bank has facilitated Indian corporates in their growth strategy including Green Field ventures by arranging debt in Foreign Currency.

SBI has financed bilateral loans to the tune of US$ 3.00 billion to Indian corporates and syndicated loans worth US$ 1.60 billion during the year.

Your Bank was awarded Syndicated Loan House of the Year - India by APLMA (Asia Pacific Loan Market Association).

Infrastructure is a key driver of the overall development of Indian economy. The International Banking Group of the Bank has played pivotal role in setting forth the transforming India journey. Coordinated efforts have been made to ensure faster development of the economy by providing Foreign Currency funds at competitive rates to key infrastructure sectors like Telecom, Ports, Fertilizers and Power sector.

**Telecom:** Your Bank is the only Indian Bank to have extended External Commercial Borrowings to one of the leading telecom players.

**Energy - Oil & Natural Gas:** Your Bank has been active in funding overseas acquisition by Oil Exploration and Marketing companies. These acquisitions have significant strategic importance to India, both in terms of augmenting India's energy security amid unstable crude prices by tying up new sources of crude oil as well as enhancing India's stature in the global political and economic arenas.

**Power:** Your Bank has always been leader in providing External Commercial Borrowings to Power sector companies and NBFCs engaged in on-lending to power sector.

**Ports:** With the current emphasis on "Make in India", the proportion of merchandise trade in India's GDP is expected to increase rapidly. Thus, ports would play a vital role in enhancing trade and commerce potential of the country by enhancing their operational efficiency and capacity. With this backdrop and with the intent to have access to cheaper cost of funds, Ministry of Shipping, Government of India has directed all major ports to avail External Commercial Borrowing (ECB) to fund their future capex program. Your Bank was the first among major Banks to support the initiative and meet the foreign currency requirements of Integrated Ports, thus demonstrating its long-term commitment to support country's infrastructure needs.

**Fertiliser:** The fertilizer industry has a major role to play in transforming the Indian farming sector and helping India achieve the goal of self-sufficiency in agricultural production. Your Bank has extended External Commercial Borrowing facility to major fertilizer producers in India that is slated to play a very important role in achieving the GoI's stated target of doubling the income of the farmers in five years.

## 2. Collaborative Partnership and Image Building

DIFC Dubai Branch of your Bank has partnered with Indian Companies in setting up green field projects in Dubai, thereby promoting Indian Entrepreneurship Skills and Technology, providing employment to the local populace and Indian immigrants and contributing to the New Image of India to be reckoned with in the global arena.






GIFT City Branch- Celebrating the milestone of US$ 1 billion business

## 3. Retail & Remittances

Your Bank has been a "window to India for NRIs residing in different parts of the world through its specialised retail and remittances products. As IT infrastructure is the bedrock for improving customer offerings in Retail & remittances segment, a detailed IT strategy was put in place for implementation of IT enablers. The highlights of the year are mentioned hereunder:

- Remittance business strategy was re-imagined by focusing on developing various area specific Payment and remittance corridors, like India to Nepal, Indonesia to India, Korea to India, Bhutan to India remittance corridors. In addition to this, tie ups were made with third party platform for US-India leg and also for launching of App based remittances.
- FEBA was launched at all Subsidiaries & FOs on Finacle platform. Finacle alert server for SMS delivery rolled out in 21 territories.
- InTouch Branches opened at Male, SBI Mauritius & SBI Nepal during the year.
- Digital Village initiative rolled out in Nepal to acquire dominant position in digital sphere in Nepalese financial sector.
- Remittances through ATMs rolled out in Mauritius.
- Mobile banking launched in UK, Mauritius, Maldives, Canada, Nepal and Sri Lanka.
- Online Account opening launched at SBI California.
- Call centre operations of SBIUK relocated to India, resulting in significant cost savings.
- Launched remittance from USA to India through Transfast Remittance LLC, USA.
- Student GIC Scheme launched at SBI Canada, thereby offering ease of entry and banking to Indian students interested in pursuing higher studies in Canada.

**Global Payment & Services:**

Global Payments & Services (GP&S), a unit under International Banking Group (IBG), comprises three branches/offices viz., Global Link Services (GLS), International Services Branch Mumbai (ISBM), and International Services Branch Ernakulam (ISBE). It facilitates online inward remittances from overseas locations to India, Foreign Currency Cheque collection, Opening & Maintenance of Vostro Accounts, Asian Clearing Union (ACU) Transactions and Bank for Foreign Economic Affairs (BFEA) of USSR section.

**Highlights**:

- Tie-up with 62 Exchange Companies, and Six Banks for channelising inward rupee remittances from Middle-East Countries to India.
- Compliance framework strengthened for enhanced post transaction monitoring through AMLOCK related to remittances.
- During FY 2108, GP&S on behalf of domestic branches handled 65,765 Export bills (in US$ and Euro currencies) and 65,232 Foreign Currency cheque collection aggregating to US$ 13,601 Mio.
- During FY2018, GP&S handled 14.03 million online inward remittance transactions amounting to US$ 9,746 Mio, received from various global centres.

## 4. Trade Finance

SBI has been providing a wide portfolio of Trade Services through a varied range of products and services to exporters and importers through an extensive, well equipped branch network that operates in all time zones in India and abroad. Monitored through a focused Department, Global Trade Department (GTD) in International Banking Group (IBG), the Trade Finance forms a significant part of the International Asset portfolio. SBI being one of the top global banks is in a position to arrange low cost Trade finance to Indian Corporates for their imports.

Global Trade Department in IBG contributes immensely in synergizing Forex business flows from Domestic Offices to Foreign Offices by acting as a robust link between them and addressing related gaps. It also endeavors to leverage the Correspondent / Partner Banks relationships for prospective Trade related business.

Recently in Nov'2017, your Bank hosted the 34th Asian Banker Association Annual Conference to reiterate its commitment to provide support to projects that will encourage Trade, Industrial and Investment Co-operation in the Asian region.

SBI is a prominent player in India- Asia Trade corridor and has been recently awarded as **"The Best Trade Finance Bank for the South Asia region"** by Global Trade review, London. This is the second consecutive year SBI is awarded at a regional level. We are already **"The Best Trade Finance Bank – India"** for seven consecutive years in Global Finance.

## 5. Foreign Direct Investment

Your Bank has set up Japan Desk which aims to act as a nodal point for channelising flow of investments between Japan and India through State Bank of India. It provides necessary information / market research / legal support to Japanese companies wanting to incorporate in India. Japanese corporates looking for investment opportunities in India are being facilitated in identifying sectors/industries of interest to them and are provided credible market information. This has facilitated flow of FDI from Japan to India.

SBI has also set up Korea Desk in collaboration with The Korea Development Bank (KDB). Korea Desk in coordination with KDB connects the Korean companies with the opportunities in Indian market. It facilitates Korean companies in setting up new business entities in India. Korea Desk has facilitated acquisition deals.

Under the aegis of Japan Desk and Korea Desk, corporates are provided tailor made credit products and services in a seamless manner for their ease of doing business.

Japan Desk and Korea Desk are unique facilities created in India which have facilitated High Tech companies from Japan & Korea in the area of Automobile, Engineering Goods, Food Processing etc. set up manufacturing facilities in India which helped in creation of employment and also in the mission of Make in India.

## 6. IT Initiatives:

Your Bank as a truly Digital Bank has taken a holistic approach to innovate processes to make them customer centric thereby enabling it to capture and convert data into actionable insights by creating a simple, virtual organisation that appears ubiquitous to every customer, offering tailored products to the likes, needs and preferences.

The initiatives taken at Overseas Offices are:

- Finacle E-Banking Application (FEBA) i.e. Retail INB, Corporate INB and Mobile banking solution Implemented at all overseas offices.
- UK Based Contact Centre has been migrated to Bengaluru (India) thereby extending availability of services to 24x7x365 for UK Customers at much reduced cost.
- Trade Finance Solution-eTrade from Misys Plc. (UK) a back-end Application for 22 Trade Finance Products such as Bank Guarantee, LCs, Buyers Credit, MRPA etc. since implemented at all FOs to support all Trade Finance requirements at Foreign Offices.
- Truly digital sbiINTOUCH facility has been extended from Domestic to Foreign Offices as well. As on date it has been rolled out at 3 countries- Male, Mauritius and Nepal.
- Standalone SWIFT Centers at London and New York have been migrated back to India to ensure better control, oversight and protection against possible cyber threats
- Enterprise level CRM solution is being implemented across all Foreign offices to improve deep understanding of customer needs and behaviour, requiring very little remote support.
- Bank's Digital Banking strategy is continuously reworking to initiate various technologies such as Internet of Everything, Open Banking to enhance the choice, utility and experience, Mobility and Wearable. Your Bank has initiated :

**Enterprise Project Management tool where every IT project is tracked.**

a. Big data analytics to help deliver products on customer preferences and tracking customer stickiness for successful customer retention.

b. Bank has begun using Private Cloud selectively and has plan for Document Management Solution to capture its records digitally.

c. Generation of regulatory and other reports directly from core data under ADF (Automatic Data Flow) for International Banking Statistics (IBS), Bank Exposure and Country Exposure.

Your Bank has always been an integral part of the growth strategy of the Indian economy, and has once again been on the forefront in stimulating growth and facilitating opportunities for building momentum towards a transforming India.

## 3. STRESSED ASSET MANAGEMENT

For the last few years, the entire banking sector has been under stress due to a spurt in the growth of Non-Performing Assets (NPAs). Rising NPA levels and fresh slippages across sectors can be attributed to the following factors:

i. Inadequate pickup in the global economy and negative spill overs from global financial markets.

ii. Less than adequate pick up in domestic growth and declining exports.

iii. Cancellation of coal blocks.

iv. Delay in realisation of receivables due to subdued demand and reduced market confidence, among others.

v. Stress in Steel sector due to volatility in prices of steel; low capacity utilisation and cheap imports from other countries; imposition of trade barriers by countries; and inverted duty structure.

vi. Stress in Power sector due to delayed tariff revisions; issues in environmental clearances and land acquisition; high Aggregate Technical & Commercial (AT&C) losses; and poor financial health of DISCOMS.

vii. Delay in execution of infrastructure projects and related escalation of costs coupled with increase in receivable days and unbilled WIP impacting EBITDA margins, stalled projects, highly leveraged business model and lower than expected equity returns for promoters/ sponsors.

viii. Stress in other major sectors like Textiles, Telecom, Sugar and Aviation, among others.

According to the Financial Stability Report of RBI for December 2017, risks to the Banking sector remained at an elevated level weighed down by further asset quality deterioration. Further, results of macro stress tests for credit risk at system, bank group and sectoral levels (to test the resilience of the Indian banking system against macroeconomic shocks) predict a grim picture under which GNPA ratio of all Scheduled Commercial Banks (SCB) may increase to 10.8% by March 2018, 11.1% by September 2018 and may

further deteriorate if macro-economic situation worsens. Moreover, sensitivity analysis conducted to study the resilience of SCBs with respect to credit, interest rate, equity prices and liquidity risks predicts that a severe credit shock is likely to impact the capital adequacy and profitability of a significant number of banks, mostly PSBs.

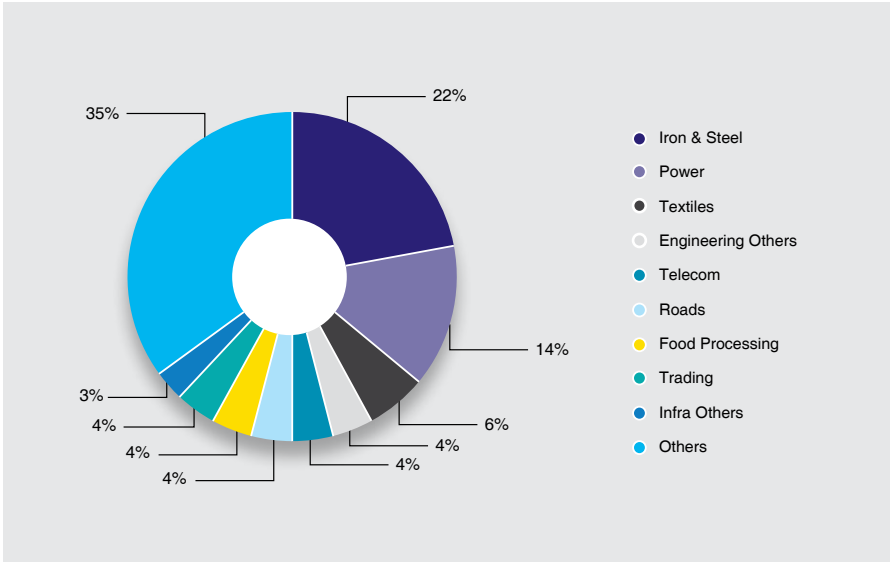
### The movement of NPAs and recovery in written-off accounts during the last four years are furnished below:

(₹ in crore)

| | FY2015 | FY2016 | FY2017 | FY2018 |
|---|---|---|---|---|
| Gross NPA | 56,725 | 98,173 | 177,866 | 223,427 |
| Gross NPA (%) | 4.25% | 6.50% | 9.11% | 10.91% |
| Net NPA (%) | 2.12% | 3.81% | 5.19% | 5.73% |
| Fresh Slippages + Increase in O/s | 29,444 | 64,198 | 115,932 | 100,287 |
| Cash Recoveries / Up-gradations | 13,011 | 6,987 | 32,283 | 14,530 |
| Write-Offs | 21,313 | 15,763 | 27,757 | 40,196 |
| Recoveries in AUCA | 2,318 | 2,859 | 3,963 | 5,333 |
| PCR (%) | 69.13% | 60.69% | 61.53% | 66.17% |

The substantial rise in Gross NPAs is partly due to the merger of erstwhile Associate Banks (e-ABs) and Bhartiya Mahila Bank Ltd. (BMBL) with your Bank, wherein a total of ₹ 65,523 crore of NPAs were added to the portfolio.

### Industry wise distribution of the NPA portfolio is represented as under:

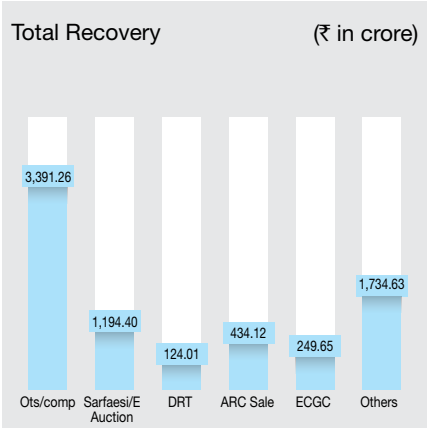



The Government of India in its Reforms Agenda for Responsive and Responsible PSBs has directed creation of a Stressed Assets Management Vertical (SAMV). Your Bank takes immense pride in the fact that SBI has been a pioneer in establishing such a dedicated vertical almost decade and a half ago by establishing Stressed Assets Management Group (SAMG) during FY2005.

In order to give dedicated focus towards resolution of stressed accounts, SAMG has been renamed as Stressed Assets Resolution Group (SARG). SARG continues to work as a dedicated and specialised vertical for efficient resolution of high value NPAs. At present, it is headed by a Deputy Managing Director with three Chief General Managers overseeing the entire effort. SARG has turned into a centre of excellence in resolution of NPA and stressed assets. As on 31st March 2018, SARG has 20 Stressed Assets Management Branches (SAMBs) and 57 Stressed Assets Recovery Branches (SARBs) across the country and covers 26.34% and 73.16% of your Bank's Non-Performing Assets (NPAs) and Advances under Collection Account (AUCA) respectively. Besides initiating hard recovery measures, SARG introduced certain innovative methods and thus gave first mover advantage to your Bank in areas like arranging Mega e-Auction of large number of properties on Pan-India basis, identification of un-encumbered properties of the borrowers/ guarantors and arranging for attachment of properties before judgement. NCLT cell has also been created in SARG to monitor all the cases referred to NCLT for resolution. A total of 232 cases have so far been referred to NCLT, out of which 215 cases have been admitted. Many cases referred to NCLT from the first list of 12 accounts are expected to be resolved by H1, FY2019.

A major portion of the recovery in SARG comes from OTS/Compromise. The vertical also comes up with special OTS schemes (Non-discretionary and Non-discriminatory) from time to time, to give the borrowers one-time opportunity to settle their dues. A dedicated team is also set up to look after the sale of Assets to Asset Reconstruction Companies (ARCs). Stressed assets are sold to these ARCs on Cash and Security Receipts (SR) basis.

### The recovery in NPA and AUCA accounts in SARG through various modes is represented below:




Despite making concerted efforts to expedite recovery and reducing NPAs, your Bank often faces impediments in the form of legal hurdles, unavailability of strategic investors and lack of buyers for properties put up for auction, among others. For legal constraints, your Bank has approached the concerned authorities at appropriate levels and relevant fora like Gyan Sangam, IBA, etc. The Government and RBI have also responded by enacting new laws, issuing new instructions and amending some of the existing ones, wherever required. RBI has recently come

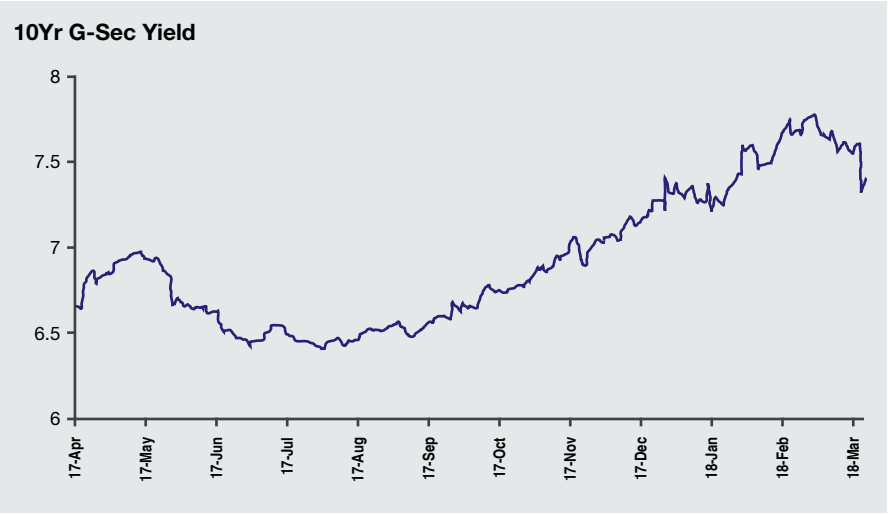
out with a revised framework for resolution of stressed assets, scrapping various restructuring schemes like S4A, SDR, CDR, 5:25 Flexi restructuring. The revised framework sends out a strong message by ending regulatory forbearance and places higher reliance on the NCLT framework for resolution of stressed assets. In fact, enforcement of Insolvency and Bankruptcy Code (IBC) for resolution of Stressed/NPA borrowers has provided Banks with a time bound, transparent and effective mechanism to tackle stressed assets. Some of the large accounts initially referred to NCLT are moving towards resolution. It is reckoned that most of the large value accounts referred to NCLT may undergo resolution, preventing banks from taking up huge haircuts as the going concern value of those accounts shall be realised. As the system evolves with IBC, it may even pave the way for development of a robust secondary market for stressed assets, leading to efficient price discovery and transparent resolution of accounts resulting in unlocking maximum value for your Bank.

## 4. TREASURY OPERATIONS

The Global Markets Group performs the treasury functions of your Bank. It is responsible for ensuring safety, liquidity and yield, besides maintaining statutory reserve requirements. The corpus under management of Global Markets increased by 13.6% Y-o-Y to ₹ 10,26,439 crore, as of 31st March, 2018. Global Market Group also provides foreign exchange services and hedging instruments for risk management to customers and offers portfolio management services to many retirement funds. The year started off with a challenge to complete the merger of treasuries of the five Associate Banks and Bhartiya Mahila Bank Ltd. with SBI's treasury. This was successfully completed and the combined treasury started operations on 3rd April, 2017.

### A. SLR AND NON SLR PORTFOLIO

Your Bank's Global Markets Group is also responsible for managing the Bank's SLR portfolio, as well as liquidity management which includes maintenance of CRR and HQLAs for Liquidity Coverage Ratio (LCR). After an impressive performance in the last two years, this year has proven to be challenging for bond markets due to rising yields. During the year, RBI had cut repo rate by 25 bps to 6% in August, 2017 but has held rates constant since then. The benchmark 10 year (of 6.97% due 2026) paper which was trading at 6.69% on 31st March, 2017, ended the current fiscal year at 7.53% as on 28th March, 2018. The new benchmark (of 6.79% due 2027) paper introduced in May, 2017, fell to a low of 6.41% in July, 2017 (on closing basis), but increased for most of the remaining period and reached a high of 7.95% in March, 2018 before easing off to 7.55% as on 28th March 2018. Due to this sharp rise in yields, your Bank had to increase provisions on investments. The rise in yields was significantly sharper by historical parameters like repo-GSec spread and real interest rates.

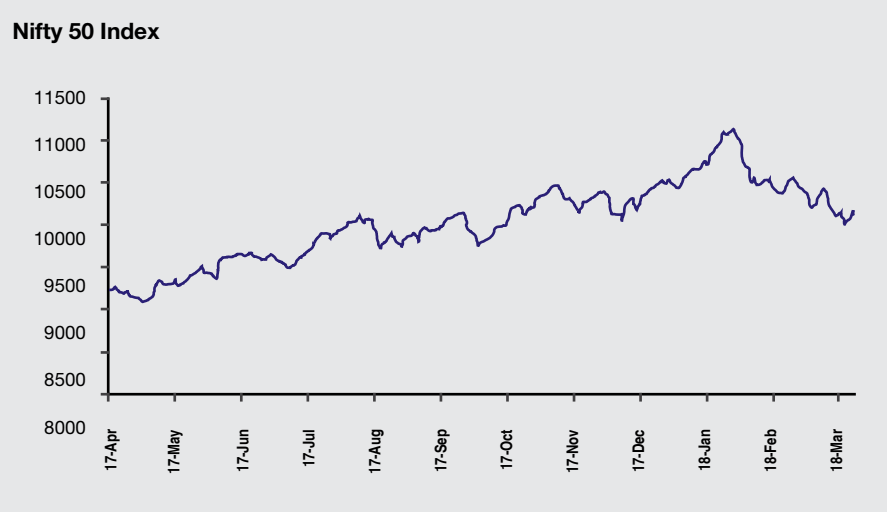



During the year, the net interest income from treasury investments grew 15% Y-o-Y. Global Markets' G-Sec portfolio also increased 22% Y-o-Y, mainly on account of the merger with Associate Banks and Bhartiya Mahila Bank Ltd. on 1st April, 2017.

To improve the portfolio yield and to optimally utilise the surplus liquidity, your Bank has increased its Commercial Paper and Corporate Bond portfolio by around 9% on a Y-o-Y basis.

### B. EQUITY MARKETS

Equity markets continued their rally for most of FY2018. However, post budget, tracking global equity markets, a sharp correction in the markets was seen but Nifty still ended FY2018 with 10.25% gains. Your Bank has managed the equity portfolio using a strategy of actively rebalancing the portfolio based on key events, global and domestic market conditions, quarterly earnings of the companies and their future outlook backed by its research. In addition to the secondary markets, your Bank continues to profitably invest in IPOs to improve the return on the portfolio. A 112% Y-o-Y profit growth has been achieved from equity investments during the year.




## C. FOREX MARKETS

The Global Markets Group also handles the foreign exchange business of your Bank, providing solutions to customers for managing their currency flows and hedging risks through options, swaps and forwards, in addition to providing liquidity to markets. The Group also manages the FCNR(B) deposit corpus of your Bank and provides FCNR(B) loans and Pre & Post shipment Export Finance in foreign currency to its customers.

In order to improve ease of doing business for its customers and to keep pace with the transforming India, your Bank continues to increase the use of IT in its Forex offerings. A new platform for large volume customers, Forex Edge, has been launched during the year. This is in addition to your Bank's earlier platforms, e-Forex and FX-Out, which completes the bouquet of products for forex services. While the Forex Edge platform is for high volume customers, e-Forex is committed towards providing a world class forex solution to medium and small corporate customers, and FX-Out caters to the forex remittances of retail clients without having to route them through a forex authorised branch.

Treasury Marketing Group is the customer engagement arm of Global Markets and plays a pivotal role in marketing of Treasury Products to Institutional and Corporate clients of your Bank. Treasury Marketing Units located across the country, are the face of Global Markets to the customers. They interact with the customers on a daily basis, identify their needs, and coordinate with other business units for pricing, product structuring and delivery.

In May, 2017, your Bank has set up a separate FPI desk for focused attention on FPI/FDI business. Various processes have been put in place to mobilise business from these large investors and the desk has successfully on-boarded 33 counterparties for the fixed income market along with catering to the forex requirements of many large FPI clients. Earlier, in order to improve engagement with other financial sector players including banks and financial institutions, an Interbank Marketing Desk was created under Global Markets Group. This desk is actively building and maintaining mutually beneficial relationships with these clients. Global Markets Group has also augmented its in-house market research team to enhance value added services to your Bank's clients as well as its own investment decisions. Your Bank believes that increased resources dedicated towards building relationships with customers and counterparties, as well as augmenting the scope and quality of its research, will bear rich dividends and help your Bank in maintaining its leadership position well into the future.

### Private Equity / Venture Capital Fund

In this space, the JV set up with Macquarie and IFC in 2008, to manage the US$ 1.2 billion India-focused PE fund, has invested approximately 96% of its total capital commitments. The Fund has invested across eight infrastructure assets namely Telecom Towers, Airport, Thermal Power, Hydro power and NHAI road assets. It is currently in the exit phase and has successfully exited from two road assets.

The Oman India Joint Investment Fund (OIJIF), a JV set up in 2010 in partnership with State General Reserve Fund of Oman, has completed its investments for Fund-I of US$ 100 million. Fund-I has made two full exits and one partial exit. Based on the success of Fund-I, both the partners (SBI and SGRF) decided to launch Fund-II with a target corpus of US$ 300 million. Till date, Fund-II has received commitments of US$ 230 million from sponsors and various domestic financial institutions. Fund-II is currently assessing various opportunities for investing.

During FY2018, your Bank picked up a stake in National e-Repository Ltd. and made an additional equity investment in National e-Governance Services Ltd.

### Portfolio Management Services

Your Bank is the largest retirement benefit fund manager in the country with an impeccable track record. The total AUM as on 31st March 2018 is ₹4,51,237 crore. Your Bank is ranked No. 1 fund manager (out of 3 fund managers) by Coal Mines Provident Fund Organisation and No. 2 fund manager (out of 5 fund managers) by Employees Provident Fund Organisation as per the latest data made available by respective client.

# IV SUPPORT AND CONTROL OPERATIONS

## 1. HUMAN RESOURCES AND TRAINING

### A. HUMAN RESOURCES

Human Capital is the most critical component for your Bank to achieve the Strategic Corporate Goals. Your Bank's HR policy is being constantly reviewed to align with business goals.

Your Bank considers its employees as its core strength and is proud of its performance oriented and meritocratic culture. It cares for the aspirations of its staff members by constantly trying to enrich their lives and job experiences. Your Bank believes that challenges of the future can be overcome only by a committed and dedicated work force. Your Bank's HR vision has been built around the principles of inclusiveness, empowerment and development.

The financial year began with the historic merger of SBI with its five Associate Banks and Bhartiya Mahila Bank Ltd. (BMB). The merger also witnessed the addition of around 71,000 new employees to the existing work force of around 2,00,000 employees. Initiatives introduced by your Bank such as 'SANGAM', helped in smooth on-boarding of employees. The summarised HR Profile of your Bank as on 31st March, 2018 is as under:

| Category | 31st March, 2017 | 31st March, 2018 |
|---|---|---|
| Officers | 81,041 | 1,07,077 |
| Associates | 92,979 | 1,10,348 |
| Subordinate staff & Others | 35,547 | 46,616 |
| **Total** | **2,09,567** | **2,64,041** |

#### 1. Vision, Mission & Value

Your Bank is a pioneer, in the Indian public sector in starting an independent 'Ethics & Business Conduct' Department to weave its ethos in the operational fabric. Your Bank's entire work force is committed to adhere to its newly crafted Vision, Mission and Values.

The entire team at SBI is dedicated towards providing simple, responsive and innovative financial solutions to a transforming India by being the preferred choice for any banking transaction. Your Bank believes in providing world class banking facilities through living daily its values of Service, Transparency, Ethics, Politeness & Sustainability (STEPS) towards creating a differentiated experience of our esteemed customers.

#### 2. Recruitment

Your Bank is focused on developing processes to attract the best talent within the country. It has revamped the recruitment process and developed a stronger employee value proposition to attract the right talent. During FY2018, 2,220 young tech savvy and customer friendly probationary officers, and 600 Specialist Officers were selected through lateral and contractual recruitment process.

#### 3. Manpower Planning

Your Bank has adopted a scientific model for manpower planning to ensure optimal utilisation of its human resources. To foster optimum expertise and deep domain knowledge, your Bank introduced Job Families concept which is being adopted to place right person in the right job. Your Bank has anticipated the need to prepare future leaders of the Bank. Project Saksham is designed to achieve all this in a structured and holistic way. Leadership development will remain the key focus of the HR function.

#### 4. Staff Welfare Measures

Your Bank believes its human resource to be professionally trained with high standards of proficient competence. At the same time your Bank also cares for the employee's personal life. With this motive, your Bank has taken a transformative initiative to promote healthy work-life balance. The Bank is also taking proactive measures to reduce the hardship of the officers by reducing the transfer/posting to its minimum and curtailing it to need based. This new approach will provide the employees a good and healthy work environment encompassing mutual respect and empathy in the work place. The fact that the global job site 'indeed.com' recently named SBI among the Top 3 Best places to work in India validates this cultural transformation.



Shri Rajnish Kumar, Chairman inaugurating 'Sanjeevani' HR Helpline.

Your Bank believes in recognising and rewarding good work done by the employees. It has rolled out the scheme called 'SBI Gems'. Senior officials may award Gems to the junior colleagues across the Bank as a token of appreciation. It enhances the loyalty and motivation of employees for the organisation.

In extension of the various HR best practices to increase employees engagement, your Bank has launched 'SANJEEVANI-SBI HR Helpline'. It is a two-way communication channel between the employees and HR Team through Interactive Voice Response System, to provide quick and meaningful resolution of HR matters. Employees can approach SANJEEVANI through phone, SMS and e-mail.

Your Bank always aims to set examples by adopting best HR practices to make SBI as a model organisation to work for. Your Bank introduced the 'Bereavement Leave' of seven days, to help the employee to cope with loss of a near and dear ones. This leave allows employees to spend time with their families in the hour of crisis and grief.

## 5. Gender Diversity

Gender sensitivity and inclusiveness have always been the corner stone of your Bank's HR policy. Women employees are spread across all levels of hierarchy, as well as geographical spread. Close to 2,400 Branches are being headed by women officers. Out of total work force of 2,64,041, 24% comprises of women employees.

Your Bank maintains a Zero Tolerance Policy against Sexual Harassment at Workplace and has put in place an appropriate mechanism for prevention as well as redressal of complaints of sexual harassment.

### TEAM COMPOSITION

| Year | Women | Men |
|---|---|---|
| FY2017 | 23% | 77% |
| FY2018 | 24% | 76% |

## 6. Reservation Policy

Your Bank meticulously follows the GOI directives on Reservation Policy for SC/ST/OBCs. It has a representation of SC, ST, OBCs and differently-abled persons among all the cadres of its work force. Your Bank believes in having an empathic and caring approach towards all its employees. It has appointed Liaison Officers at Corporate Centre and at all the Local Head Offices of the Bank to redress the grievances of the SC/ST employees on real time basis. Your Bank also conduct the Pre-Recruitment and Pre-Promotion training programmes regularly for SC/ST candidates.

### Representation of SCs,STs,OBCs and Differently Abled as on 31st March, 2018

| Cadre | Total | Representation | | | |
|---|---|---|---|---|---|
| | | SCs | STs | OBCs | DAPs * |
| Officers | 1,07,077 | 18,767 | 8,340 | 17,953 | 1,707 |
| Clerks | 1,10,348 | 18,089 | 9,322 | 26,269 | 2,322 |
| Sub-staff | 46,616 | 11,909 | 2,946 | 10,598 | 290 |
| **Total** | **2,64,041** | **48,765** | **20,608** | **54,820** | **4,319** |

*Differently Abled Persons

## 7. Industrial Relations

Your Bank has a strong focus on industrial relations. Apart from proactively taking measures towards employee welfare, your Bank holds constructive dialogue with Associations and Unions for understanding and addressing the needs of our employees.

## 8. Care for Retired Employees

Your Bank recognises the contribution of its employees who have retired from active service and extends a helping hand whenever required. During the year, your Bank has not only provided financial aid for partially meeting the premium for Medical Insurance but has also set aside funds from the Staff Welfare Fund to provide assistance to the retirees in case of critical illnesses.

## 9. Inculcating Learning Culture

Your Bank emphasises on the importance of skill in its work force and constantly upgrades it through continuous learning process. Your Bank has designed inhouse e-Learning courses for the entire team according to the nature and role of the employee's function. The completion of such courses has been made mandatory by linking them with Annual Appraisal System of the employees.

## B. STRATEGIC TRAINING UNIT

Your Bank has always been a learning organisation. To achieve this objective, over the years, your Bank has developed a robust training system, which caters to all categories of the Bank employees. It gears them not only to meet the present needs, but also enables them to remain ahead of the learning and competitive curve. SBI's training infrastructure in terms of facilities (consisting of six Apex Training Institutes, 54 State Bank Institutes of Learning and Development), content, programmes and trainers is the largest and unparalled in the Indian Banking space.

Your Bank's endeavour is always to ensure a continuous, planned and proactive training process for individual growth and organisational effectiveness. New techniques and methodologies are adopted and imparted on a regular basis to establish a virtuous cycle of teach and learn to enhance quality and efficacy of training. This will also transform employees into knowledge workers and enable them to carry forward the Bank's initiatives towards creating customer delight and enhanced customer experience. Further, in the fast-changing Banking environment, in order to stay relevant, your Bank is continuously grooming all new employees and reskilling the existing ones by adopting world class and prudent techniques in training and development.

### REVAMPING THE 'TRAINING SYSTEM' AND MAKING SBI FUTURE READY

As quality and competence of the workforce is most critical to your Bank's performance and future growth, there is a continuous need to inculcate a culture of self-learning and skill enhancement. Moreover, to enhance the reach of training to more employees in a uniform manner, use of digital technology to transform learning is increasingly being adopted through e-learning, e-Gyanshala and Knowledge Helpline. Mass communication programmes for building employee ownership and internal branding have successfully helped your Bank in the past to overcome challenges, and will also continue to be a part of the new dispensation. With the objective of making the Bank future ready, several new initiatives have been taken, few of them are as follows:

## 1. Resource Optimisation

- **Faculty Selection Process:** The selection process for faculty / trainer has been modified with the objective of selecting officials with passion and flair for teaching, as well as requisite command over the chosen field of subject.
- **Verticalisation of Apex Training Institutes (ATIs) to provide specific domain knowledge:** With Banking becoming increasingly specialised, a need was felt to have institutes which would specialise in providing domain specific quality training in areas of Credit, International Banking, Risk, Marketing, Rural Banking, IT, Leadership and Human Resources, among others. In this backdrop, the Apex Training Institutes have been entrusted to focus on specialised domains. Each ATI will be guided by an Advisory Council comprising of senior officials of your Bank and an eminent external expert to steer the way forward. An Apex Advisory Council for the whole training system has also been formed.
- **Centralised Control of Learning Centres:** The Learning Centres have been renamed as "State Bank Institute of Learning & Development" (SBILD). These ILDs provide short duration role based capsule programs for certifications.

## 2. Capacity Building

- **Taking Classroom to Desktop - e-Gyanshala:** To assist your Bank's operational workforce in their daily functioning, a google like search engine - e-Gyanshala, has been developed for providing real time on-line support through various help documents which can be emailed and printed.
- **E-learning:** To inculcate self-learning, your Bank continues to invest in its e-learning portal to develop e-learning courses on all relevant topics with in-built opportunity of self-assessment and certification through tests.
- **Certification Programmes for Capacity Building:** The banking Industry is witnessing change at an unprecedented and relentless pace. It therefore becomes imperative that your Bank's workforce is abreast of the changes and equipped with latest knowledge and operational guidelines for effectively discharging their duties. Your Bank is the first Bank to roll out this initiative as per RBI directives in all areas, in association with external accredited agencies including Forex Operations (IIBF), Treasury Operations (IIBF), Risk Management (IIBF), Accounts & Audit (NIBM) and Credit Management (Moody's).
- **Launch of Moody's Certification:** With the objective of Capacity Building in the area of Commercial credit, your Bank launched Credit Certification programme in association with Moody's Analytics on 10th October, 2017.
- **Role Based Grade Level Certifications for Employees:** All roles in your Bank are being divided in over 40 major categories and role manuals for certifications have been developed by the ATIs for each of these categories to ensure quality and uniformity. All employees up to Assistant General Manager grade will be required to do role specific certification. This will also ensure that all employees attend at least one training during FY2019.



Shri Rajnish Kumar, Chairman releasing 'Role Guide and Certification Manuals' designed for all roles and each employee upto scale-V

- **Institutional Training for Skill Development:** While the ATIs would be imparting domain specific specialised training programmes related to job families, SBILDs will be providing role-based trainings in a uniform manner across locations.
- **Leadership Development:** Your Bank has set up the new state-of-the-art 'State Bank Institute of Leadership' in Kolkata which has become operational on 23rd September, 2017. Originally named as State Bank Institute of Management, it has been rechristened to focus on Leadership Development in the changing paradigm. SBIL has been launched as a flagship institute for training senior executives in the BFSI sector and envisioned as a centre of global excellence with world class infrastructure. The facility will be used for enhancing the Leadership Skills of senior executives of SBI/BFSI sector in collaboration with reputed institutions (in India and abroad).




State Bank Institute of Leadership, Kolkata

In addition, your Bank is engaging external faculty and subject matter experts apart from its senior executives selected as Guest Faculty. Engaging such external faculty from reputed universities and business schools will not only make participants aware of the best practices in leadership and management across the world, but will also equip them with contemporary managerial and leadership knowledge and skills.

- **National Pool of Trainers:** Your Bank is associated with retired officers, who have domain knowledge, requisite communication skills for imparting knowledge and a flair for teaching.
- **Participants Trained through ATIs/SBILDs:** During FY2018, over 1,93,994 SBI employees have received at least one training (excluding multiple trainings).
- **Agradoot:** This mass communication programme is conducted for all sub-staff members. Under this programme in FY2018, 43,275 subordinate staff, constituting 94% of total subordinate staff (including subordinate staff of e-ABs) were covered.

### 3. Honing Skills Of Leadership

- **Comprehensive Development Plan for Probationary and Trainee Officers:** To ensure proper onboarding of new entrants and imparting of comprehensive training, the training policy for Probationary and Trainee Officers has been revised to facilitate continuous learning.
- **Competency Assessment and 360 degree Feedback for Leadership Development:** A leadership competency framework helps in defining the knowledge and skills required for effective leadership. Your Bank has a predefined leadership competency framework for its top executives detailing the desired competencies and proficiency level for each grade. All TEG officials are being taken through the Assessment Process to identify their developmental areas.

### 4. Marketing of Training

- **Marketing of Training Capacity to other Banks and Undertakings:** Spare capacity at ATIs and SBILDs would get created once our proposed digital and structured training interventions viz. e-Gyanshala, e-learning and Certification programmes are fully implemented. This surplus capacity is proposed to be used for revenue generation from other Banks and undertakings .
- **Marketing of e-lessons:** Your Bank's generic e-lessons, which have a huge demand due to its rich content is also proposed to be marketed to other Banks in India and abroad.

### 5. Research

A dedicated research wing is being set up at SBIL, Kolkata for high end quality research focused on banking and financial services in the areas across management discipline and fintech.

### 6. Transition To Retirement

Your Bank conducts this programme for the senior executives of the Bank on the eve of their retirement. This is to equip and orient them with the change and enable them to lead a happy and satisfying second innings, after having served the Bank for long years.

## 2. INFORMATION TECHNOLOGY

Your Bank is a strong proponent of leveraging information technology to deliver convenience to its customers. Your Bank has been offering innovative and cutting-edge products to its customers with the objective of enabling banking transactions at anytime and from anywhere.

Digitalisation and excellence in operations has been core to your Bank's strategy in providing convenience to customers. It has resulted in a reduction in turnaround time and extended benefits to your Bank's customers.

### A. INTERNET BANKING

Internet Banking solutions cater to the various payments, fund-transfers, e-Tendering, e-Auction and bulk payments related requirements of the Government/ PSUs/ Large and Medium Corporates as well as for Retail Internet Banking (RINB) customers. This channel has enabled more than 159 crore transactions during FY2018.

**Internet Banking Users (No. in lakh)**

| FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
|---|---|---|---|---|---|
| 130 | 177 | 220 | 263 | 327 | 479 |

**Some of the new features launched in Net Banking in FY2018 are as under:**

- ABC E-procurement: White Label e-Tendering Portal integrated with MOPS
- CFMS Andhra Pradesh Integration (SBMOPS, GBSS and RBI for e-Kuber)
- CPWD Integration, Settlement and Refunds
- Payment Integration with GEM (Government e-Market Place)
- PPF Account Nominee display through INB
- e-Mail Alerts for INB transactions-Retail
- MySBIWorld (Integration with Credit Cards, Mutual Funds) for Migration from Electra ACS to Bill Desk ACS for Maestro, Mastercard, and Prepaid card
- Integration with GSTN and reporting of transactions to FRT-TAX Engine on daily basis:
  - Beneficiary addition threshold count increased from 1 to 3 per day for retail customer.
  - Multicity cheque book issue for CA in INB
  - Option of 20 leaves cheque books through INB

### B. ATM

Your Bank is building momentum and embracing change for transforming India through the following initiatives:

- Samsung Pay participation for Token Service - Tap and Go Payment

was introduced. It is secured as Tokenised PAN is stored on mobile.

- INTOUCH Instant Card Issuance Services for SBI Nepal and Mauritius Customers.
- Branches facilitated with Debit Card Management System (DCMS) support functions for addressing customer concerns with respect to debit cards.
- Bank issued over 39.50 crore debit cards with approximately 26 crore actively used debit cards, till 31st March, 2018.

## C. "YONO" (YOU ONLY NEED ONE)

YONO (You Only Need One) is one of the most ambitious, path-breaking, secure digital offering of State Bank of India which was launched on 24th November, 2017.

## D. CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SOLUTION AND PROJECT IMPACT

The entire project consists of seven releases for CRM (covering Sales, Service and marketing modules), development of IMPACT platform, CRM for FOs and implementation of other solutions (MDM, DLP, SAS Analytics, CRM e-Learning Solution etc.)

The key activities completed during the year are as follows:

- Lead modules for retail (PBU, REHBU, SME, Agri, MCS, NRI) and corporate business segments (CAG & MCG) rolled out
- e-CRM Learning tool deployed and integrated with Gyanodaya
- Customer 360 for Retail, CAG and MCG rolled out
- Informatica Master Data Management (MDM) went live with Customer 360; MDM will hold master data of Customer, Geography, Product and Service
- Non-Financial Service (NFS) request module enabled in CRM; 24 different types of service requests can be lodged and tracked through CRM
- Deceased claim settlement request can also be lodged and tracked through CRM
- Complaint Management System went live for 13 FOs
- Data Loss Prevention (DLP) agents deployed in Domestic and Foreign Offices
- Work in progress towards CRM roll out for contact centre and complaint management as part of Service Module
- Automation of Service Request processing envisaged with integration of CBS and CRM and handling of service requests by CPCs in coming months

## E. FINANCIAL INCLUSION & GOVERNMENT SCHEMES (FIGS)

Some of the key developments of FY2018 are as under:

- Development of SAP for Corporate Customers to facilitate acceptance of payment based on Aadhaar Number to Non - Individual / Corporate Merchants like Petroleum Banks, Chain Stores, Malls and Indian Railways.
- Modification in RD, STDR in BC Channel to enable the closure of RD, STDR available at BC Channel.
- Functionality for Referral Code (PF number of staff/ BC Code or Aadhaar Number) Capture from Aadhaar Pay App.
- Customer Enrolment through eKYC for all States except Assam, Meghalaya and Jammu & Kashmir and minor customers under liberalised KYC product.
- Mini ATM, a new service for Mobile seeding introduced for both non-FI and FI customer enabled.
- Mini ATM, a new service for Aadhaar linking through Kiosk for both FI and Non FI customers introduced by using Mini ATM.

## F. CORE BANKING DEVELOPMENT

During the year, your Bank's key developments are as under:

- Exim Enterprise Edition rolled out at Branches for Trade Finance.
- Changes for regulatory compliance like GST, FATCA/CRS, Aadhar Linking to accounts, CKYC introduced to reduce efforts and paperless banking.
- Electoral Bond made available at identified branches.
- Merger activity of Associate Bank with SBI completed successfully. After merger your Bank has around 42.42 crore customer base in over 24,000 branches.

## G. OPERATIONS AND TECHNOLOGY SUPPORT

Post-merger, there was a necessity to rationalise operations and to merge branches/offices located in close proximity to strategic locations within a reasonable time frame so that your Bank may start reaping the benefit of merger.

With this objective, bulk merger of branches was scheduled on various dates, and 1805 branches and 244 admin offices were rationalised. This is expected to reduce operating cost to the tune of ₹ 1,099 crore in a year.

To facilitate geographical distribution of pensioners, your Bank has set up 16 CPPCs at all Local Head Office Locations and one dedicated CPPC for Defence pensioners at Allahabad.

### Various facilities provided to pensioners are as under:

- Submission of Life Certificate at any branch or digitally as per pensioner's convenience
- SMS to pensioners containing details of pension after credit of pension every month
- Pension slips can be generated from any branch, through Internet banking, e-mail, and Samadhaan App
- Helpline facility is available at all CPPCs
- Arrear calculation sheet provided to pensioners after every revision
- For registering complaints, the following can be done:
  - Pensioner can send an SMS "UNHAPPY" to 8008202020
  - Connect with the Bank's Contact Centre at Toll Free No. 1800110009 which is available 24x7
  - Contact Designated Nodal Officer at all LHO Centre

**Some of the key highlights for FY2018 were:**

- Successful revision of pension for Defence pensioners under OROP scheme
- Payment of arrears to Defence pensioners after de-linking of qualifying service
- 7th CPC revision completed for over 38.50 lakh pensioners of various central, state and autonomous body categories
- Successful merger of pension data of Associate Banks comprising over 9.5 lakh pensioners

## H. OPERATIONS AND PAYMENT SYSTEM GROUP

**Prepaid Cards:** Your Bank is leveraging its Prepaid cards solution to provide Automated Fare Collection (AFC) facility to upcoming Metro projects.

**Funds Transfer and Settlement:** The volume (number) of outward fund transfers through NEFT increased by 37.74% to 316.39 million during FY2018 compared to 229.70 million in FY2017. Your Bank has established itself as a leader in NEFT, with a market share of 15.19% as of 31st March, 2018 (as per latest data by RBI). The volume (number) of outward fund transfers through RTGS increased by 46.39% to 16.25 million during FY2018 compared to 11.10 million in FY2017. In RTGS, your Bank maintained a market share on 13.36% as on 31st March, 2018 (as per latest data by RBI).

The volume (number) of messages sent through SWIFT increased by 15.64% to 3.03 million during FY2018 compared to 2.62 million in FY2017.

## I. INNOVATION PROGRAM

Some of the important IT-Innovation projects and activities undertaken by your Bank are as follows:

- **Intrapreneurship Scheme:** Your Bank is encouraging employees to undertake innovative projects in the same way as an Entrepreneur. Your Banks developed 'SBI Intelligent Voice Assistant – SIVA' which is based on Artificial Intelligence (AI), Machine learning (ML) and Natural Language Processing (NLP).
- **Start-up Engagement Program:** Products/solutions from Fin-Tech start-ups which are based on Emerging/ Niche technologies and are useful for the Bank are procured. During the year, 6 startups have been engaged. In some cases, use case evaluation is being undertaken.
- **Hackathons:** During the year, your Bank conducted three end-to-end Hackathons (Idea submission till Working prototype submissions) to secure solutions for YONO, Wealth Management and CMP across themes such as Facial Recognition, Voice based authentication/ chatbot, Signature Recognition, Mandate Registration process automation, Automated real time customer identification using AI/ ML/ Cognitive tech/ IOT/ Beacons and others.

## J. IT SPECIAL PROJECTS III

During the financial year, Quick Photo debit Card facility was made available to all SBI customers for getting their debit Card printed at any of our sbiINTOUCH branches. In addition, sbiINTOUCH branches were launched at three overseas centres of Nepal (Kathmandu), Maldives (Male) and Mauritius, during the financial year.

During FY2018, onboarding facility and OTP through email for NRI customers; and Secure OTP for all transactions have been provided in Wealth Management Application. Further, for better monitoring of performance of SWAYAM Barcode based Passbook printing kiosks at various levels, SWAYAM Transaction and Health Dashboard have been deployed.

Branch Darpan, a web-based application has been made operational in the FY2018, which provides self-assessment for the Branches on various parameters/ aspects of Customer Delight, including infrastructure, ambience, cleanliness, display of notices and subsequent monitoring by Controllers at various levels.

## K. ANALYTICS

The future of Banking business is data driven and SBI with its mammoth database, has potential to reap the benefits.

Some of the major works carried out by Analytics Team during FY2018 are listed below:

### 1. Cost Efficiency

To improve the CIR of the Bank, Analytics Team has completed few projects which are:

- Rationalisation of currency chests
- Cost per transaction across various digital channels
- Performance analysis of SBI POS Machines
- Identification of Mini Currency Administration Cell (Mini-CACs)

### 2. Business Opportunities

- Churn Prediction Model for Current Accounts
- Propensity Model for Loans to (SSBL & Mudra)
- Churn Prediction Model for HNI Customers

### 3. Risk Management

- Identification of Shell companies

### 4. Innovation

- Downtime and reduction via ATM Fault Prediction
- Tweet Classification
- Employee Search Engine
- Collaborative Project with BU to increase Cross-selling Income

## L. BUSINESS INTELLIGENCE

Business Intelligence is core of any business and Business Intelligence Department at GITC also plays a pivotal role. Your Bank's Business Intelligence Department has made data available at right time for business decisions through various reports and dashboards.

For operational convenience and control, a number of new dashboards have been hosted by BID on mobile devices as well as on desktops. Latest BI tools are being procured to improve visualisation and ease of use.

## M. OFFICE365

Office365 provides a productivity suite of applications for the employees of your Bank. All State Bank users were migrated on Office365 platform in the month of September, 2017. This has enabled employees to access the Banks email and other services like one Drive, Skype and others from anywhere, reducing the dependency on office desktop.

The Office365 suite of application has replaced the old email solution in your Bank (EMS) and also provided services like OneDrive for business which solves

the documents sharing problem among employees for better collaboration. Microsoft Teams provides an integrated virtual workplace to the employees, which will increase communication and collaboration among the departments and teams on a single platform.

## N. SOCIAL MEDIA

Your Bank's social media presence was established in November, 2013 and its social media strategy has come a long way in last few years. Your Bank has been consistently ranked number one globally among Top 100 Banks using Social Media by The Financial Brand in their list of 'Power 100 Ranks'.

Taking cue from various interactions on social media, focus has been kept on creating contact of customer's choice, be it tutorial videos on our various digital products, important announcements, security tips for using digital products or tax saving options.

Your Bank's Twitter handle has featured on Brand Equity's Twitter Advertising Index seven times during this financial year. SBI was the first Indian bank to achieve 100 Million views on YouTube and 1.5 million views on Quora. Your Bank has also focused on creating content for the new age professionals present on LinkedIn and is one of the most engaging Indian banks on the platform. This year the official pages on Instagram and Facebook started making use of the 'stories' feature to engage the audience.

## O. COMPLAINT MANAGEMENT DEPARTMENT (GITC)

Complaint Management Department (CMD) at GITC handles customer complaints lodged in Complaint Management System (CMS) and also complaints received through e mails relating to Anytime channels including Debit Card Transactions (ATM/POS/PG); Prepaid Card Transactions (ATM/POS/PG); INB (Corporate & Retail INB) Transactions; Mobile Banking Transactions - SB Anywhere, State Bank Buddy and UPI; AEPS (Debit Card Transactions) and SBI E-pay Transactions.

### The objectives of the department are as follows:

a. To handle and resolve the complaints within prescribed TAT.

b. Analyse the reasons for complaints and suggest remedial measures.

c. Coordination with contact centres of SBI, other bank's complaint handling teams, and NPCI to ensure effective handling of complaints.

## P. IT SPECIAL PROJECT II

Oracle Financial Services Analytical Application (OFSAA): The key metrics which defines the coverage of project consists of the following:

- Consistent and Integrated delivery across 22 modules
- With insights of more than 650 OBIEE reports
- Covering 10 departments in risk and finance
- Covering more than 250 internal stakeholders
- Covering 500 million accounts
- Across 23,500 branches
- Spread over 27 countries
- Through more than 15 sources of data

| **List of IT - Awards received during FY2018** | |
|---|---|
| CII Award for Customer Obsession 2016 | 1. Order of Merit Award for Banking Events.<br>2. Accelerator (BEDA_T+O) |
| Skoch Award | 1. Order of Merit Award for Banking Events Data<br>2. Accelerator(BEDA_T+O) |
| ABF Retail Banking Awards 2017 | Debit Card Initiative of the Year – India |
| IDRBT Banking Technology Excellence Awards for the year FY2017 | 1. Best Bank Award for Use of Technology for Financial Inclusion Among Large Banks<br>2. Best Bank Award for Electronic Payment Systems among Large Banks |
| CIO 100 by IDG | Best CIO |
| CSI | 1. Best CIO of the year<br>2. Best CISO of the year 2017<br>3. Best Bank in terms of Implementations of Cognitive Technologies |
| ASSOCHAM Technology Award | Emerging technology award |
| SKOCH AWARD Technologies for Growth Awards, 2017 | 1. 5 Order of Merit<br>2. 3 Gold<br>3. 2 Platinum<br>4. 1 Best Technology Bank |
| FINNOVITI 2018 | Best Innovative Product Award |
| IBA Banking Technology Conference Awards FY2017 | 1. Best Technology Bank of the Year (Large Category Bank)<br>2. Most Innovative Project using IT (Emotion Tracker)<br>3. Best Financial Inclusion Iinitiatives<br>4. Runner up- Best use of Digital and Channels Tech |
| ET NOW BFSI (Banking Financial Services & Insurance) Awards, 2018 | 1. Banking<br>2. Best CIO (Individual Category) |

# 3. RISK MANAGEMENT

## A. RISK MANAGEMENT OVERVIEW

Risk Management at your Bank includes risk identification, risk assessment, risk measurement and risk mitigation and its main objective is to minimise negative impact on profitability and capital.

Your Bank is exposed to various risks that are an inherent part of any banking business. The major risks are credit risk, market risk, liquidity risk and operational risk which includes IT risk.

Your Bank has policies and procedures in place to measure, assess, monitor and manage these risks systematically across all its portfolios. Your Bank is amongst the leaders to undertake implementation of the Advanced Approaches under Credit, Market and Operational risk. Your Bank has also undertaken the Enterprise and Group Risk Management Projects, which aim to adopt global best practices. The projects are being implemented with support from external consultants.

RBI Guidelines on Basel III Capital Regulations have been implemented and your Bank is adequately capitalised as per the current requirements under Basel III. An independent Risk Governance Structure, in line with international best practices, has been put in place, in the context of separation of duties and ensuring independence of Risk Measurement, Monitoring and Control functions. This framework visualises empowerment of Business Units at the operating level, with technology being the key driver, enabling identification and management of risk at the place of origination. The various risks across Bank and the SBI Group are monitored and reviewed through the Executive Level Committees and the Risk Management Committee of the Board (RMCB) which meets regularly. Risk Management Committees at Operational unit and Business unit level are also in place.

### 1. Credit Risk

Credit Risk is defined as the possibility of losses associated with the diminution in the credit quality of borrowers or counter-parties from outright default or from reduction in portfolio value. Credit Risk emanates from a bank's dealings with an individual, non-corporate, corporate, Bank, financial institution or sovereign.

#### Mitigation Measures

Your Bank has put in strong credit appraisal and risk management frameworks in place for identification, measurement, monitoring and control of the risks in credit exposures. Industrial environment is scanned, researched and analysed in a structured manner by a dedicated team for deciding your Bank's outlook and growth appetite for each of the identified 39 industries/sectors, which constitute about 70% of the Bank's total domestic exposure. Risks in these sectors are monitored continuously and wherever warranted, the industries concerned are reviewed immediately. Impact of events like rise in Crude oil prices, profitability of telecom majors, power sector reforms, RERA implementation, Gems & Jewellery, the upheaval in commodity prices to name a few, were analysed and appropriate responses to these situations were strategised by your Bank to mitigate possible risks. Exposure to sensitive/ stressed sectors like Real Estate/Telecom are reviewed at regular intervals. Sectors like Power, Telecom, Iron & Steel, Textiles, which are going through a challenging phase, are watched continuously and analysis of new developments are shared with the business groups to enable them to make informed credit decisions. Knowledge sharing sessions are conducted for the benefit of the operating staff at various levels.

Credit rating thresholds for each industry are decided on the basis of the outlook.
Your Bank uses various internal Credit Risk Assessment Models and scorecards for assessing borrower wise credit risk. Models for internal credit ratings of the borrowers have been developed in-house. They are reviewed through cycles of comprehensive validation and back testing frameworks.

Your Bank has adopted an IT platform for credit appraisal processes through a Loan Originating Software/Loan Lifecycle Management system (LOS/LLMS). Models developed by the Bank are hosted on these platforms which are interfaced with CIBIL and RBI defaulter's lists.

In order to focus on capital conservation and maximisation of return on capital, your Bank has introduced Risk Based Budgeting (RBB). Risk sensitive return on capital is measured based on Return on Credit Risk Capital (RoCrC). Achievement of the budgeted advances level are subject to scrutiny under the specified levers. Risk Adjusted Return on Capital (RAROC) framework has been implemented from July'2015. The Customer level RAROC calculation has also been digitised. Further, behavioural models for monitoring and scoring the retail borrower performance have been developed and hosted on Credit Risk Data Mart. Your Bank has procured the ORACLE "OFSAA" platform for the Credit Risk Management System and the implementation of the system has been initiated with the shortlisted System Integrator.

Your Bank has put improved mechanism in place to manage Credit Concentration Risk, by way of risk sensitive Internal Prudential Exposure Limits framework for single as well as group borrowers. These limits are fixed on the basis of the internal risk rating of the borrower. This framework is one step ahead of the regulatory prescription of Prudential Exposure norms, which is 'one size fits all' in nature. These exposure norms are monitored regularly at a defined periodicity.

Your Bank conducts Stress Tests every half-year on its Credit portfolio. Stress Scenarios are regularly updated in line with RBI guidelines, industry best practices and changes in macro economic variables.

RBI has allowed your Bank to participate in the parallel run process for Foundation Internal Ratings Based (FIRB) under the Advanced Approaches for Credit Risk. The data under parallel run of FIRB is being submitted to RBI. Models for estimation of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) are hosted in Credit Risk Data mart for computation of IRB capital. Independent Risk Advisory (IRA) launched last year to examine Medium and High value credit proposals, has been further strengthened to increase the coverage.

### 2. Market Risk

Market Risk is the possibility of loss that Bank may suffer on account of change in value of its trading portfolio, on account of market variables such as exchange rate, interest rate and equity price, among others.

#### Mitigation Measures

Your Bank's market risk management consists of identification and measurement of risks, control measures, monitoring and reporting systems.

Market risks are controlled through various risk limits, such as Net Overnight Open Position, Modified Duration, PV01, Stop Loss, Upper Management Action Trigger, Lower Management Action Trigger, Concentration and Exposure Limits.

Your Bank has Asset class wise risk limits for its trading portfolio and monitors the same on an ongoing basis.

Currently, market risk capital is computed under the Standardised Measurement Method (SMM). Your Bank has submitted Letter of Intent to the Reserve Bank of India for migration to Internal Models Approach (IMA) under the Advanced Approaches for market risk.

Value at Risk (VaR) is a tool used for monitoring risk in your Bank's trading portfolio. Enterprise level VaR of the Bank is calculated on a daily basis and also back tested daily. The Stressed VaR for market risk is also computed on a daily basis. The VaR methodology is supplemented by conducting quarterly stress tests of the trading portfolio.

## 3. Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

### Mitigation Measures

Key elements of your Bank's Operational Risk Management Policy, among others, include ongoing review of systems and controls, creation of awareness of operational risk throughout the Bank, timely incident reporting, enhancing operational risk awareness through RAW (Risk Awareness Workshop), improving early warning information through implementation of Key Indicators (comprising of Key Risk Indicators (KRIs), Key Control Indicators (KCIs) and Key Process Indicators (KPI)), the resolution of risk issues by effectively tracking and follow- up of outcomes of assessment, assigning risk ownership, aligning risk management activities with business strategy. All these components ensure better capital management and improve quality of Bank's services/ products/ processes, besides ensuring compliance with regulatory requirements.

RBI has granted In-Principle approval to your Bank (on a solo basis) to migrate to AMA (Advanced Measurement Approach) for computation of operational risk capital charge on Parallel Run basis.

For FY2018, your Bank on a stand-alone basis, had assigned capital for Operational Risk as per Basic Indicator Approach (BIA). Capital charge as per AMA has also been calculated as part of Parallel Run.

Your Bank Celebrated Risk Awareness Day on 1st September. Risk culture is being embedded through training to staff at all levels through e-learning lessons.

## 4. Enterprise Risk

Enterprise Risk Management aims to put in place a comprehensive framework to manage various risks and alignment of risk with strategy at the whole Bank level. It encompasses global best practices such as Risk Appetite, Material Risk Assessment and Risk Aggregation, among others.

### Mitigation Measures

As part of your Bank's vision to transform the role of Risk into a Strategic function, a Board approved Enterprise Risk Management (ERM) Policy is in place.

With an objective of maintaining a sound risk profile, your Bank has developed a Risk Appetite Framework incorporating limits for major risk metrics. For promotion of a strong risk culture in the Bank, Risk Culture Framework is being operationalised in a phased manner.

Your Bank conducts a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) exercise on a yearly basis with respect to adequacy of Capital under normal and stressed conditions. The Pillar 2 risks, such as Liquidity Risk, Interest Rate Risk in Banking Book (IRRBB), Concentration Risk and others along with the Pillar 1 risks such as Credit, Market and Operational risks are covered under ICAAP.

## 5. Group Risk

Group Risk Management aims to put in place standardised risk management processes in Group entities.

### Mitigation Measures

Policies relating to Group Risk Management, Group Liquidity and Contingency Funding Plan (CFP), Arm's Length and Intra Group Transactions and Exposures are in place.

Monitoring of consolidated Prudential Exposures and Group Risk components is also being done regularly. A quarterly analysis of risk-based parameters for Credit Risk, Market Risk, Operational Risk and Liquidity Risk, among others, is presented to the Enterprise & Group Risk Management Committee (EGRMC)/ Risk Management Committee of the Board (RMCB).

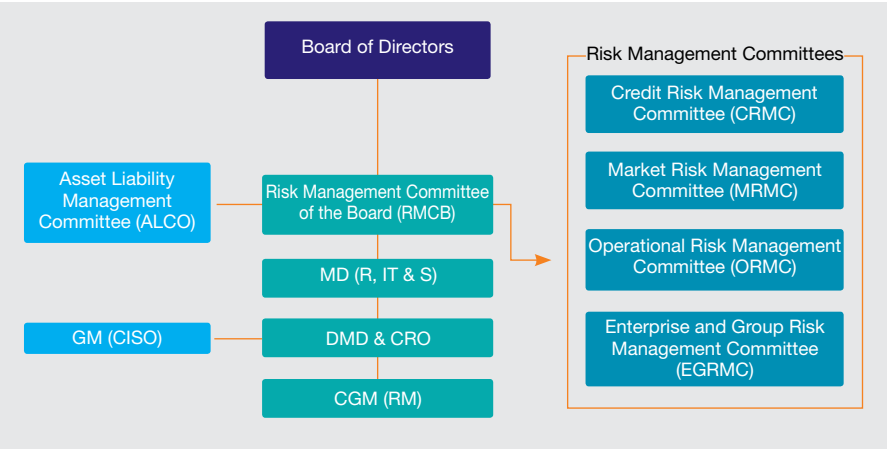
The Group Internal Capital Adequacy Assessment Process (Group ICAAP) document includes an assessment of identified risks by Group entities, internal controls and mitigation measures, and capital assessment, under normal and stressed conditions. All Group entities where SBI has 20% or more stake and management control, including Non-banking entities, carry out the ICAAP exercise and a Group ICAAP Policy is in place to ensure uniformity.

## 6. Basel Implementation

Your Bank has been identified as D-SIB by the Regulator and has to keep additional Common Equity Tier 1 (CET1) 0.60% of RWAs applicable from 1st April, 2016 in a phased manner and it will become fully effective from 1st April, 2019. Your Bank has also started maintaining Capital Conservation Buffer (CCB) in a phased manner and will reach 2.5% by 31st March, 2019.

Your Bank has been declared as the Winner of 'Golden Peacock Award for Risk Management' for the year 2017.

### Risk Management Structure



## B. INTERNAL CONTROL

Your Banks' internal audit function evaluates effectiveness of controls and the adherence to internal processes and procedures. The internal audit function undertakes a comprehensive risk based audit of all operating units of your Bank in line with regulatory guidelines relating to Risk Based Supervision. Internal audit in your Bank is independent, enjoys sufficient standing in the Bank and is headed by a Deputy Managing Director. The Internal Audit (IA) function works under the guidance and supervision of the Audit Committee of the Board.

Keeping pace with rapid digitalisation, your Bank has initiated technology driven interventions, in conducting various audits and moving towards automation in your Bank's audit processes. Some key initiatives include the following:

a) System-based off-site transaction monitoring and Concurrent Audit of business units to ensure continuous monitoring of controls.

b) Early Review of sanctions, to assess quality of loans of ₹50 lakh and above.

c) Web based RFIA (Risk Focused Internal Audit) which is flexible, scalable and expandable with enhanced level of automation.

d) Online self audit by branches, for self-assessment by branches and vetting by controllers.

e) Audit findings are made available on MIS dash board on T+1 basis, to facilitate identification of concerns and monitoring of compliance by Management.

ii. Your Bank has adopted the process of Risk Focused Internal Audit (RFIA), wherein audit prioritisation is decided based on assessment of risk in various activities and businesses conducted by the Bank.

iii. As part of RFIA, IA Department conducts various audit, viz., Credit Audit, Information Systems Audit, Home Office Audit (audit of foreign offices), Concurrent Audit, FEMA Audit, Audit of Outsourced Activities of the Bank, Expenditure Audit and compliance audit. It also undertakes Management Audit of business verticals to assess their strategic effectiveness.

### Risk Focused Internal Audit (RFIA)

IA Department undertakes a critical review of the entire operations of auditee units through RFIA, an adjunct to Risk Based Supervision, as per RBI directives. The domestic branches have been broadly segregated into three groups (Group I, II & III) on the basis of business profile and risk exposures. During FY2018, IAD has audited14,638 domestic branches/BPR entities under the RFIA.

### FEMA Audit

FEMA Audit of branches categorised as authorised dealers is conducted by audit officials, who are well versed with Foreign Exchange Business and FEMA / RBI guidelines. During the FY2018, 430 auditee units were covered, under FEMA Audit.

### Credit Audit

Credit Audit aims at achieving continuous improvement in the quality of Commercial Credit portfolio of the Bank, through critically examining individual large commercial loans with exposures of ₹10 crore and above annually. Critical accounts with exposure of ₹100 crore and above, are reviewed at Half-Yearly intervals. The Credit Audit System also provides feedback to the Business Units, by way of warning signals, about the quality of advance portfolio in the unit and suggests remedial measures.

**Early Review of Sanction (ERS – Large Loans)**
Audit in high value credit area has an off-site review machanism (Early Review of Sanction – Large Loans) of all the pre-sanction and sanction process of individual advances of ₹5 crore and above, within 3-6 months of sanction / enhancement / renewal. ERS has been integrated with Loan processing software for online review, submission of ATR and monitoring by controllers.

**Early Review of Sanction (ERS – Small Loans)** was introduced to review sanctions of more than ₹50 lakh up to ₹ 5 crore, to capture the critical risks in the proposals sanctioned at an early stage and apprise the Controllers of such risks, for mitigation thereof.

### Information System and Cyber Security Audit

All Branches are subjected to Information System (IS) Audit to assess the IT related risks, as part of the periodic audit. IS Audit of centralised IT establishments is carried out by a team of qualified officials/ outside experts. During the FY2018, IS Audits of 86 centralised IT establishments were conducted. In line with the RBI guidelines on ensuring Cyber Security of the IT System of the Bank, we have initiated the process of conducting Cyber Security audit from the yerar 2017-18.

### Foreign Offices Audit – Home Office Audit

During the FY2018, Home Office Audit was carried out at 20 foreign offices. Management Audit was completed at one Representative office and one Subsidiary.

### Concurrent Audit System

Concurrent Audit system is essentially a control process, integral to the establishment of sound internal accounting functions and effective controls. Concurrent Audit covers your Bank's Advances and other risk exposures as prescribed by the regulatory authority. Concurrent Audit System has been revamped by introducing a web-based solution.

### Off-Site Transaction Monitoring System (OTMS)

As part of our initiative towards continuous monitoring of controls, Off-Site Transaction Monitoring System (OTMS), a web based solution, was introduced, to further strengthen the transaction audit, to capture control gaps without much loss of time and take corrective actions. At Present, 37 types of exceptions are being monitored and flagged to the branches for verification by them. The exceptions are periodically reviewed and enlarged, depending upon the need and certain triggers.

### Legal Audit

Legal Audit was conducted, to cover all loan and Mortgage related documents of high value loans of ₹ 5 crore and above. During the FY2018, Legal Audit has been completed in 11,100 accounts.

## Audit of Outsourced Activities

Audit of Outsourced activities is conducted to provide reasonable assurances that adequate systems and procedures are in place to mitigate legal, financial and reputational risks that may arise on account of outsourcing of financial and IT related activities to third parties. During FY2018, 657 audits have been conducted covering 57 activities, which includes ATM services, Corporate BCs, Recovery & Resolution agents, Doorstep banking, Cheque printing etc. Total No. of 537 vendors have been covered during the year.

The Bank has engaged the services of 58,000 individual BCs and CSP under financial inclusion plan, who are being audited and during FY2018, 29,038 such audits were conducted.

## Management Audit

Management Audit covers business verticals, administrative Offices / departments and examines the strategy, processes and risk management practices. It encompasses Corporate Centre establishments / Circle Local Head Offices / Apex Training Institutions and Regional Rural Banks (RRB) sponsored by the Bank. During FY2018, 38 establishments / administrative offices were audited under Management Audit.

## C. COMPLIANCE RISK MANAGEMENT

Your Bank has been ascribing highest level of importance to Compliance Risk Management and has taken a number of initiatives to strengthen compliance function keeping in view the scale and complexities of business operations. Some key initiatives are:

All products, process, policies are vetted from the regulatory compliance perspective before they are approved and operationalized or reviewed.

A Compliance Risk Management Committee, comprising of Senior Executives from Business Verticals and Support functions oversees all compliance related issues. The committee meets regularly and extends necessary guidance to the all concerned in the smooth implementation of Risk Based Supervision (RBS) of RBI and other regulatory matters.

Compliance Testing of RBI's regulations and guidelines is regularly carried out and the testing universe is being expanded to ensure that the control mechanisms are in place to comply with regulatory guidelines.

Compliance culture is crucial for the Bank to manage the compliance risk effectively and is being strengthened through various forms of communication and interactions across the organization. The Bank has also created a pool of trainers capable of handling sessions on compliance.

All of the above will help your Bank in strengthening compliance function.

## D. AML-CFT MEASURES:

In order to mitigate risks arising out of non-compliance of KYC norms, AML/CFT guidelines, your Bank has put in place a Board approved and transparent Know Your Customer (KYC) Policy incorporating therein Bank's framework for customer acceptance, customer identification, monitoring of transactions, Customer Risk categorisation and reporting of transactions to FIU-IND. The Policy has been updated and subsequent changes, as and when notified by RBI, are also being circulated through e-Circular for Branches /Offices for ensuring meticulous compliance of the same by all operating functionaries. A robust system is in place containing a combination of manual as well as system enabled methodology to ensure KYC compliance in the Bank.

Your Bank has allotted Uniform Customer Identification Code (UCIC) to all individual customers as per RBI guidelines. Periodical updation of KYC is undertaken by the bank as per RBI guidelines. E-KYC is made mandatory for account opening to strengthen its AML and KYC procedures.

A number of initiatives have been undertaken to bring greater awareness amongst Bank staff about KYC and AML/CFT compliances. For creating awareness of KYC Compliance e-lessons have been mandatory for all staff members. AML-CFT Day is being observed on 2nd November every year. Pledge has been taken on that day at all branches/processing centres and Administrative Offices. Similary 1st August is observed as KYC Compliance and Fraud Prevention Day.

Your Bank has procured a new Anti-Money Laundering solution (FICO) which is being rolled out in Domestic and Foreign branches and will enable online screening of transactions/SWIFT messages, Risk Scoring and Transaction Monitoring to fully comply with the regulatory requirements in India and respective geographies of Foreign Offices.

# 4. OFFICIAL LANGUAGE

Your Bank took innovative steps to propagate use of official language in reaching out to its 42 crore customers. The key highlights are mentioned below:

### Introduction of Online Rajbhasha Roster

Your Bank has developed and introduced an online Rajbhasha Knowledge Roster for its staff members where they can submit details of their knowledge of Hindi.

### Executives of the Bank pledged to do most of their Correspondence and Internal work in Hindi on 14th of every month

All executives of your Bank pledged to do most of their correspondence and internal work in Hindi on 14th of every month which is being regularly followed by them.

### One day Hindi Workshop at District Headquarters

Your Bank's different Administrative Offices conducted one day Hindi Workshop for staff of their offices and branches starting December, 2017 in the district headquarters spread all over the country.

### Hindi House magazine 'Prayas' bagged GoI Rajbhasha Kirti Prize 2017

Your Bank's Hindi House magazine PRAYAS was accredited with '1st Prize' in 'Rajbhasha Kirti Awards, 2017'. Present Chairman Shri Rajnish Kumar received the prize from Hon'ble President of India. PRAYAS got this prestigious award consecutively for the second time.




Shri Rajnish Kumar, Chairman receiving GOI Rajbhasha Kirti Award 2017 from Shri Ramnath Kovind, Hon'ble President of India.

### "Prayas" awarded First prize by RBI

"Prayaas" the quarterly Hindi house magazine of your bank is honored with First prize in the Hindi-in-house magazine competition organised by the RBI for the year 2016-17.

### Aashirwad Rajbhasha Ratna Award 2017

Renowned literary and cultural organisation 'Aashirwad' recognised your Bank with special award for excellent implementation of Hindi; special award to PRAYAS for excellence in Hindi house magazine category; and Rajbhasha Ratna Award 2017 to your Bank's DMD (H.R.) and CDO for valuable contribution in promoting official language policy.

### Different Administrative Offices of your Bank bagged prizes from GoI

Your Bank's Administrative Offices at Bengaluru, Sambalpur, Tirupati, Guntur, Jammu, Delhi, Vadodara, Jabalpur and Bhubaneswar were also recognised for excellence in implementing official language policy by the Government of India.

## 5. MARKETING AND COMMUNICATIONS

The Marketing & Communications (M&C) department is responsible for your Bank's initiatives for all brand and product marketing and public relations. The primary objective of this department is to optimise your Bank's efforts in promoting its products and services, adopting contemporary marketing approach to get brand prominence among prospective customers as well as to reinforce the brand's image among existing customers. The M&C department's key responsibilities include developing and implementing integrated marketing strategies to address business challenges of different business units divisions of your Bank including Indian and overseas operations. This department comprises of skilled professionals and domain specialists drawn from various relevant fields of media, marketing communications, advertising and public relations.

Your Bank took a giant leap by merging five subsidiaries and Bhartiya Mahila Bank Ltd. with itself. With this mega merger, your Bank also undertook a re-branding exercise. The M&C department, under the guidance of the Bank's senior management undertook the implementation of a brand identity refresh to energise the brand to stay relevant to the youth as well as global audiences. While the legendary SBI monogram has been retained, combining it with the abbreviated SBI word is the key change in the refreshed brand identity. The monogram has been refined for greater clarity. The M&C department played a vital role in the implementation of the new brand identity across the country.

Apart from the re-branding campaign, the M&C department rolled another big campaign 'Home Loan Balance Transfer Campaign'. The department also rolled out integrated campaign merging products for six different festivals. Appropriate media vehicles were used for all these campaigns.

Your Bank launched YONO – India's only comprehensive, omni channel digital platform in November, 2017. The M&C department played a key role in this launch, by way of developing the go-to-market strategy and executing a comprehensive communications plan across multiple media including digital media.

The M&C department developed and rolled out 'The Green Marathon' in collaboration with your Bank's sustainability department. This initiative will raise consciousness among the Bank's staff and public at large. This activity was conducted in six cities in two months.

As a transforming economy, India is witnessing several changes across various aspects. To help build momentum for the Bank's growth, alongside routine marketing activities, promotion of the Bank's various digital initiatives will hold the centre stage. The core responsibility of the department will remain towards maintaining favourable brand perception of SBI among varied cross sections of the country's populace; while playing the role of a catalyst in marketing its products and services by way of appropriate marketing and communications strategy implementation.

It would be the department's continued endeavour to enable business units to strategise and implement cost efficient marketing programs and to enhance your Bank's image among different stakeholders. Your Bank is committed towards enhancing its brand equity and affinity through concerted marketing initiatives.

## 6. VIGILANCE MECHANISM

At your Bank there are three aspects to the vigilance function – Preventive, Punitive and Participative. During this year Vigilance Awareness Week was

observed from 30th October, 2017 to 4th November, 2017, with the theme "My Vision - Corruption Free India". Vigilance Department has taken initiatives for spreading this messages through various channels during the Vigilance Awareness Week, 2017, through Alternate Channels, IVR, Social Media, Gram Sabha by RRBs and Mass pledge at RRB's.

The concept of Whistleblower is another effective tool for Preventive Vigilance. To highlight any malpractices under Whistle Blower Scheme, a portal has been launched by your Bank. Whistle Blower can lodge a complaint online and also monitor the progress made in this regard. There is already a well-defined Whistle Blower policy in our Bank, which acts as a deterrent for the employees to keep themselves away from malicious activities. We keep the secrecy of the whistleblower and give protection to them so that they continue to be an effective tool against wrongdoings without fear.

Branches, where certain lapses of grave nature are observed, are identified and suo-motu investigations are conducted so that possible fraudulent activities could be checked, and remedial measures are undertaken.

During FY2018, a total of 1,266 cases (908 new cases) were taken up for examination, out of which 786 cases have since been concluded.

## 7. ASSET AND LIABILITY MANAGEMENT

Effective Asset and Liability Management (ALM) is vital for sustainable and qualitative growth of banks. It aims to strengthen Balance Sheet Management by constantly reviewing the market conditions, capturing the signals emanating, scanning the regulatory environment and initiating proactive measures for value creation.

The Asset Liability Management Committee (ALCO) of your Bank oversees the Interest Rate and Liquidity Risks, reviews the components of balance sheet and sets up benchmarks for efficient management of these risks and constantly monitors them. ALCO inter alia, reviews the Interest Rate scenarios, pattern of growth of liability products, credit growth, market behaviour, liquidity management and adherence to the regulatory prescriptions. ALCO sets the pricing of the liabilities and reviews at monthly intervals, the Marginal Cost of Funds based Lending Rates (MCLR) in terms of regulatory requirements. Your Bank, a pioneer in introducing global best practices, has transformed the process of Asset & Liability Management and rolled out updated Oracle Financial Services Analytical Application (OFSAA) during the year.

In order to encourage branches to garner stable funds and assess their profitability based on cost of funds, a new model for Funds Transfer Pricing based on daily average balances and dynamic bid/offer curves for pricing loans and deposits raised by branches has been implemented.

The levels of High Quality Liquid Assets (HQLA) and cash outflows are effectively monitored in a highly dynamic environment. As per regulatory requirement, your Bank has started computing LCR on daily basis. Monitoring LCR in significant currency (US$) is also undertaken and reviewed by ALCO.

Studies are conducted at regular intervals to assess the behavioural pattern of non-contractual assets and liabilities, embedded options available to customers, off-balance sheet exposures, impact of probable loan losses and others. The inputs derived therefrom are used for effective management of on-balance sheet and off-balance sheet items.

As part of best Risk Management practices, updated Internal Policies are put in place on 'Deposits', 'Whole Bank Asset and Liability Management', 'Whole Bank Stress Testing of Liquidity and Interest Rate Risks' by introducing the concepts such as 'reverse stress testing'. As part of contingency planning, Contingency Funding Plan (CFP) is in place and reviewed regularly.

Your Bank has adopted the advanced approach for assessing the impact on Earnings at Risk (EaR) and Market Value of Equity (MVE) with pre-defined tolerance limits that determine the risks associated with them and enables the Management to initiate appropriate preventive steps in a likely scenario of erosion in Net Interest Income.

In line with the regulatory requirements, your Bank has evolved Internal Capital Adequacy Assessment Process (ICAAP) with robust methodology, responses and an effective framework.

## 8. ETHICS AND BUSINESS CONDUCT

Banking deals with the trust of the people. Trust calls for the highest level of ethical conduct from the Banking sector. This is the reason for creation of Ethics & Business Control Department at SBI. This department came into operation last year under Chief Ethics Officer, who plays a major role. Ethical conditioning empowers its human resources and helps in distinguishing right from wrong, in a particular situation.

Your Bank firmly believes that ethical character is shaped, reinforced and influenced by the decisions we make every day. In this context, sustained promotion of ethical awareness will give impetus to the overall operating culture and take the Bank to the next level by strengthening its moral muscles. Towards this purpose, best international practices are being learnt, technology being leveraged and ethics being encouraged as a part of regular conversations at different organisational layers; and a normative sense of congruence is being developed across various functions in the Bank.



Synergise & Energise Top Management Summit

Your Bank has already unveiled its New Vision, Mission and Values Statements after a gap of almost 10 years to reflect its contemporary persona as an agile and tech savvy bank.

## 9. CORPORATE SOCIAL RESPONSIBILITY

Your Bank believes that it has a solemn duty to make sustainable social change in the lives of the less fortunate and underprivileged members of the society. Your Bank always places the interest of the common man, especially the most marginalised, at its core. Your Bank earmarked 1% of the previous year's net profit as the budget for CSR spend for the year. Its CSR activities are widespread and deep-rooted and have made true difference in the lives of thousands from the underserved and downtrodden communities. CSR is a continuing commitment of your Bank for developing the quality of life of the community and society as a whole.

### FOCUS AREAS

- Healthcare
- Education
- Sanitation
- Skill Development and Livelihood Creation
- Environment Protection
- Culture, Sports and others

### CSR SPEND DURING FY2018

The CSR spend of the Bank for the FY2018 stood at ₹ 112.96 crore. This is the sixth successive year, where your Bank's CSR spend has crossed the mile stone of ₹ 100.00 crore. The sector wise spend is as under:

### SUPPORTING HEALTHCARE:

National Health Policy, 2017 was approved by the Government in March, 2017 with an objective to achieve highest possible level of good health and well-being. It seeks to achieve universal access to quality health care. However, since long healthcare sector has remained a thrust area for your Bank's CSR activity. Your Bank provides basic infrastructure to improve the conditions of the common man. To deliver quality healthcare to those belonging to underprivileged and economically weaker sections of the society. Your Bank has supported large number of hospitals. The major initiatives of your Bank in health care sector are as under:

**Ambulances and Medical Vans:** Your Bank has donated ₹ 2.88 crore to over 23 charitable organisations for acquiring Ambulances and Medical Vans

**Health Equipment and Surgeries:** Your Bank has donated ₹ 5.33 crore to over 35 charitable organisations/hospitals for acquiring various medical/surgical equipment like Stress Test Machine, Dialysis Machine, BIPAP Ventilators, Digital X-Ray Machines, Artificial limbs, Automated Bio-chemistry Analysers, Surgical Microscopes and Retinal Equipment. This has improved the capacity and potential of the hospitals to serve large number of deprived patients.

**Community Outreach Programmes:** Your Bank organised camps to focus on curative and preventive healthcare for the under privileged rural population. The areas covered are mentioned below:

- Eye check-up
- Cancer detection
- Reproductive healthcare check-up
- Basic health check-up (Blood Pressure, HB and others)
- Diabetes check up
- Mammography for women
- Cataract operations

### SUPPORTING EDUCATION

Your Bank always strives to support education of weaker social group in remote, unreachable and underdeveloped area. The areas covered are given below:

- Donated computers and printers to various schools
- Provided water filters for access to clean drinking water
- Provided toilets to the schools
- Persons with Disabilities (PwDs) were given vocational training
- Donated ₹ 82 lakh for providing school buses/vehicles for transportation facilities to underprivileged children

### DRINKING WATER AND SANITATION

Your Bank is committed to the Government's mission of "Swachh Bharat" and has undertaken several initiatives across the country including building toilet blocks; providing sanitary napkin vending machines and incinerators, dumper bins and dust bins, among others. Also, provision of drinking water (R.O.) and toilets in schools is being made.

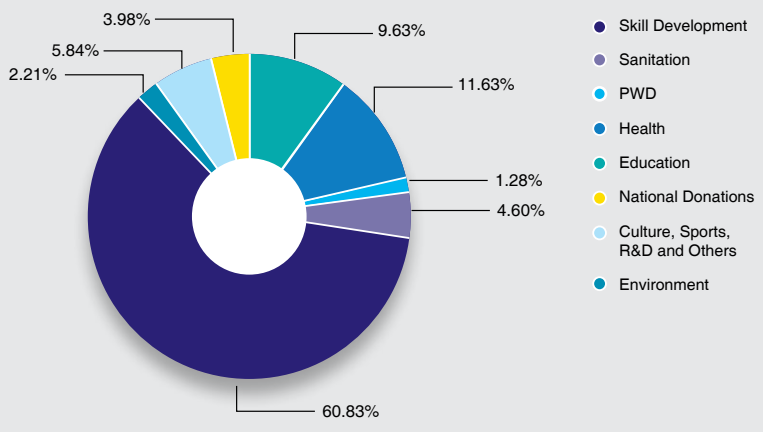
### ENVIRONMENT AND SUSTAINABILITY

Your Bank is committed to environment protection and contributes positively to reduce the carbon footprint. Responsible interaction with environment to avoid depletion and degeneration of natural resources and maintain long term quality of the environment is a priority for your Bank.

Your Bank has contributed ₹ 2.05 crore towards the following:

- Acquiring solar power plant, solar water heater and solar street lamps
- Tree plantations
- Maintenance of parks and gardens
- Donating battery operated vehicles

**Focus Area Spend (%)**



## SBI CHILDREN'S WELFARE FUND

Your Bank constituted SBI Children's welfare Fund as a Trust in 1983, which extends grants to Educational Institutions engaged in the welfare of underprivileged children like orphans, destitute, and physically challenged. The corpus of the fund is made by the staff members and matching contribution is provided by your Bank. During FY2018, your Bank has donated ₹ 98 lakh to various educational institutes all across the country.

## SKILL DEVELOPMENT INITIATIVES AND LIVELIHOOD CREATION

**Rural Self Employment Training Institutes (RSETIs):** India is one of the youngest nation in the world with more than 54% of its population below 25 years of age. Employability of the growing young demography is one of the important factors in the economic development of the country. The skill development initiatives support the supply of trained manpower.

Your Bank has set up 151 Rural Self Employment Training Institutes (RSETIs) across the country as institution to help mitigate the unemployment and underemployment problem among youth in the country.

Your Bank has contributed ₹ 9.03 crore for construction of 9 RSETI buildings. The recurring expenditure for skill development programs for youth was ₹ 47.52 crore at 151 RSETIs of your Bank across the country.



Shri Rajnish Kumar, Chairman handing over replica of key to Sewa Samarpan Sansthan,Varanasi



Donation of Stiching & Sewing Machines to Mehar Baba Charitable Trust, Chandigarh



# V. SUBSIDIARIES

As a part of mission to provide the entire gamut of financial services across India, the State Bank Group, through its various subsidiaries, provides a whole range of financial services, including Life Insurance, Merchant Banking, Trustee Business, Mutual Funds, Credit Card, Factoring, Security Trading, Pension Fund Management, Custodial Services, General Insurance (Non Life Insurance) and Primary Dealership in the Money Market.

**Non- Banking Subsidiaries:**

(₹ crore)

| Sr. No | Name of the Subsidiary Company | Ownership (SBI interest) | % of Ownership | Net Profit (Losses) for FY2018 |
|---|---|---|---|---|
| 1 | SBI Capital Markets Ltd. (Consolidated) | 58.03 | 100.00 | 327.32 |
| 2 | SBI DFHI Ltd. | 131.52 | *69.04 | 32.07 |
| 3 | SBI Mutual Fund Trustee Company Pvt Ltd. | 0.10 | 100.00 | 3.83 |
| 4 | SBI Global Factors Ltd. | 137.79 | 86.18 | (3.24) |
| 5 | SBI Pension Funds Pvt. Ltd. | 18.00 | *60.00 | 1.39 |

*Group holding of SBI is 100% in SBI Pension Funds Pvt. Ltd. (SBI 60%, SBI MF and SBI Capital Markets 20% each) and in SBI DFHI State Bank holding is 72.17% (SBI 69.04%, after merger of Associate Banks and SBI Capital Markets 3.13%).

**Non- Banking Subsidiaries: Joint Ventures**

(₹ crore)

| Sr. No | Name of the Subsidiary Company | Ownership (SBI interest) | % of Ownership | Net Profit (Losses) for FY2018 |
|---|---|---|---|---|
| 1 | SBI Funds Management Pvt. Ltd. | 31.50 | 63 | 331 |
| 2 | SBI Cards & Payment Services Pvt. Ltd. | 581 | 74 | 363 |
| 3 | SBI Life Insurance Company Ltd. | 621.00 | 62.10 | 1150 |
| 4 | SBI-SG Global Securities Services Pvt. Ltd. | 52.00 | 65 | 26 |
| 5 | SBI General Insurance Company Ltd. | 159.47 | 74 | 396 |
| 6 | SBI Business Process Mgt. Services Pvt. Ltd.* | 17.46 | 74 | 66 |

* Name of "GE Capital Business Process Mgt. Services Pvt. Ltd." has been changed to "SBI Business Process Mgt. Services Pvt. Ltd."

## 1. SBI CAPITAL MARKETS LIMITED (SBICAP)

SBICAPs is India's leading investment banker, offering entire bouquet of investment banking and corporate advisory services to varied client base across three product groups – Infrastructure, Equity Capital Markets and Debt Capital Markets. These services include Project Advisory, Loan Syndication, Structured Debt Placement, Mergers & Acquisitions, Private Equity, Restructuring Advisory, Stressed Assets Resolution, IPO, FPO, Rights Issues, Debt and Hybrid Capital raising.

On a standalone basis, SBICAPs posted a PBT of ₹ 349.35 crore during FY2018 as against ₹ 312.57 crore during the FY2017 and a PAT of ₹ 244.64 crore for FY2018 against ₹ 217.95 crore in FY2017. On a consolidated basis it has posted a profit of ₹ 327.32 crore as against ₹ 251.80 crore in the previous year.

SBICAPS declared dividend at 225% during FY2018 as against 200% in FY2017.

### A. SBICAP SECURITIES LIMITED (SSL)

SSL, a wholly owned subsidiary of SBI Capital Markets Limited, besides offering equity broking services to retail and institutional clients both in cash as well as in Futures and Options segments, is also engaged in sales and distribution of other financial products like Mutual Funds, Tax Free Bonds, Home Loan, Auto Loan, Tractor Loan, among others.

SSL has over 100 branches and offers Demat, e-broking, e-IPO and e-MF services to both retail and institutional clients. SSL currently has more than 15 lakh clients. The Company has booked gross revenue of ₹ 357.56 crore during FY2018 as against ₹ 250.35 crore in FY2017.

### B. SBICAP VENTURES LIMITED (SVL)

SVL is a wholly owned subsidiary of SBI Capital Markets Limited. DFID (Department for International Development) has joined hands with the SBI group to set up the "Neev Fund" which is being managed by SBICAP Ventures Limited. SVL is acting as the Asset Management Company.

The Neev Fund had its Initial close on 10th April, 2015 and current corpus of the Fund is ₹469.39 crore. Fund will be invested in Infrastructure sectors such as renewable energy, water and sanitation, agricultural supply chain in 8 identified states of India (Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh and West Bengal). SVL has started earning Management Fees.

### C. SBICAP (UK) LIMITED (SUL)

SUL is a wholly owned subsidiary of SBI Capital Markets Limited. SUL is positioning itself as a relationship outfit for SBI Capital Markets Limited in UK and Europe. Relationships are the business products of SBICAP.

### D. SBICAP (SINGAPORE) LIMITED (SSGL)

SSGL, is a wholly owned subsidiary of SBI Capital Markets Limited. SSGL commenced business from December 2012. Relationships are being built with FIIs, Financial Institutions, Law Firms, Accounting Firms, etc. to market the business products of SBICAP. It has been specialising in marketing of Foreign Currency Bonds and securing clients for SBICAP SEC.

### E. SBICAP TRUSTEE CO. LIMITED (STCL)

SBICAP Trustee Co Limited (STCL), is a wholly owned subsidiary of SBI Capital Markets Limited. STCL commenced security trustee business with effect from 1st August, 2008. STCL posted Net Profit of ₹11.90 crore during FY2018 as against ₹11.68 crore during FY2017. STCL successfully launched an Online Will Creation service for the individuals in the name of 'My Will Service Online'. It also launched its 'Trustee Enterprise Management System' – an integrated system to address all the trustee related operations and thus has become the first and only Trustee Company in India to have full automation across all trustee related operations.

## 2. SBI DFHI LIMITED (SBI DFHI)

SBI DFHI Limited is one of the largest standalone Primary Dealers (PD) with a pan India presence. As a Primary Dealer (PD) it is mandated to support the book building process in primary auctions and provide depth and liquidity to secondary markets in G-Sec. Besides Government securities, it also deals in money market instruments, non G-Sec debt instruments, etc. As a PD, its business activities are regulated by RBI.

SBI group holds 72.17% share in the Company. The Company posted Net Profit of ₹32.07 crore in the FY2018 as against ₹176.44 crore in the FY2017. Total balance sheet size was ₹5,659.46 crore as on 31st March 2018 as against ₹3,187.70 crore as on 31st March 2017.

## 3. SBI CARDS & PAYMENTS SERVICES PRIVATE LIMITED (SBICPSL)

SBI Cards and Payment Services Private Limited is a joint venture between State Bank of India and the Carlyle Group wherein SBI holds 74% stake and CA Rover Holdings (An affiliate of Carlyle) holds 26% stake. SBICPSL is a NBFC and is in the business of issuing credit cards in India. During the year, SBI increased its stake in the company from 60% to 74% by buying out shares from exiting partner GE Capital.

During the FY2018, the Company's Card base has grown by 37% YoY with total number of credit cards reaching to a level of 62.58 lakh as at 31st March 2018. The Spends on card witnessed a YoY growth of 73% to reach a level of ₹79,808 crore for the same period. The company is positioned at Rank #2 with 16.75% Spends Share and 16.42% Cards base as per RBI report for Mar'18 (Previous Year 13.06% in terms of Spends and 15.34% in terms of Cards base as per RBI report for March'17) The company delivered Profit after Tax of ₹363 crore for the FY17-18 (PBT of ₹ 776 crore). This includes one off adverse impact of ₹ 219.9 crore due to change in accounting policy. Excluding the one off PBT has grown by ~30% YoY.

During the period the Company received many awards which includes:

- SBI Unnati Card wins of SKOCH Financial Inclusion Award at the 48th SKOCH Summit
- Corporate Card Team has been awarded by VISA for becoming "No. 1 Commercial Card Issuer" for VISA India
- SBI Card awarded with 'Best Data Quality Award' in NBFC category by CIBIL

## 4. SBI BUSINESS PROCESS AND MANAGEMENT SERVICES PRIVATE LIMITED (SBIBPMSL)

(Formerly GE Capital Business Process and Management Services Pvt Ltd)

SBIBPMSL is a joint venture between State Bank of India and the Carlyle Group, wherein SBI holds 74% stake and CA Rover Holdings (An affiliate of Carlyle) holds 26% stake. SBIBPMSL provides back end services and solutions to SBICPSL. During the year, SBI increased its stake in the company from 40% to 74% by buying out shares from exiting partner GE Capital.

During the FY2018, the Company generated PAT of ₹66 crore at a YoY growth rate of 41%.

During FY2018, the Company undertook following key initiatives:

- Bharat QR launched on Mobile Application to enable transactions through mobile application
- Instant Payment Credit functionalities made available when online payment done through 3rd party
- New features like Card full statement and one click Loan, Flexi-pay booking are now available on MOBILE Application
- Digital for Customers – SBI mobile app "#1 rated Mobile App

## 5. SBI LIFE INSURANCE COMPANY LIMITED (SBI LIFE)

SBI Life Insurance is a joint venture between State Bank of India (SBI) and BNP Paribas Cardif S. A. During the year ended 31st March, 2018, Initial Public Offer of 120,000,000 equity shares of face value of ₹10 each of the Company at Offer Price of ₹700 per equity shares aggregating to ₹8,388.73 crore (net of employee discount) through an Offer for Sale by State Bank of India and BNP Paribas Cardif S.A. of 80,000,000 equity shares and 40,000,000 equity shares, respectively was completed. The equity shares of the Company were listed on National Stock Exchange Limited ('NSE') and Bombay Stock Exchange Limited ('BSE') on 3rd October, 2017.

SBI owns 62.1% of the total capital and BNP Paribas Cardif S. A. holds 22%, while remaining 15.9% share is held by public. SBI Life has a unique multi–distribution model encompassing vibrant Bancassurance, Retail Agency, Institutional Alliances and Corporate Solutions distribution channels.

The Company has proven its market leadership in FY2018 with number 1 position in Individual New Business Premium among private insurers.

The company witnessed a 30% growth in Retail New Business Premium (NBP) vis-à-vis the private industry growth of 26%. The market share of SBI Life Retail New Business Premium (NBP) among all private players as on 31st March, 2018 is 21.8% vis-a-vis 20.7% for last year.

SBI Life witnessed a PAT of ₹1,150 crore in FY2018 against ₹955 crore in FY2017. AUM of the Company recorded a growth of 19% at ₹116,261 crore as on 31st March, 2018 as compared to ₹97,737 crore as on 31st March, 2017.

Leveraging wider reach achieved through its network of 825 offices, SBI Life has systematically brought large rural areas under insurance. The Company has sold 24% of total policies in this segment in FY2018. A total of 649,599 lives covered by the company are from the underprivileged social sector.

Awards and recognitions received during the year include:

1. Brand of the Year 2016-17 Award in the Insurance Category by WCRC.
2. Ranked #1 (in a jointly held spot) in Customer loyalty in the Life Insurance Category in a survey conducted across more than 15 key cities in India, according to Kantar – IMRB Survey 2017.
3. Won the "DSCI Excellence Awards 2017" under category "Best Practices for Insurance Sector" for the year 2017, by the Jury under the Chairmanship of Mr. Pramod Bhasin, Founder & Non Executive, Vice Chairman of Genpact.
4. Awarded 'India's Leading insurance Company – Life' (Private sector) at the Dun & Bradstreet BFSI Summit 2018'.
5. Adjudged as one of the 'Most Trusted Brand, 2017' for the Seventh consecutive year by The Economic Times Brand Equity - Nielsen survey.

## 6. SBI FUNDS MANAGEMENT PRIVATE LIMITED (SBIFMPL)

SBIFMPL, the Asset Management Company of SBI Mutual Fund, is the 5th largest Fund House in terms of Average "Assets Under Management" and a leading player in the market with over 7.8 million investors. SBIFMPL is the largest ETF manager in India with over 50% market share in fast growing ETF market. SBIFMPL posted a PAT of ₹331.03 crore during the year ended Mar 2018 as against ₹224.32 crore earned during the year ended March 2017. During the current year, SBI MF crossed the historic milestone of INR 2 Trillion AUM mark. The average "Assets Under Management" (AUM) of the Company during the quarter ended March 2018 were ₹2,17,649 crore with a market share of 9.44% as against the average assets under management of ₹1,57,025 crore with a market share of 8.58% during the quarter ended March, 2017. The Company has a fully owned foreign subsidiary viz. SBI Funds Management (International) Private Limited, which is based at Mauritius and manages Off- shore Fund. SBIFMPL also provides Portfolio management services (PMS) and Alternative Investment Funds (AIF). During the year the Company's gross sales through digital platforms crossed ₹10,000 crore.

## 7. SBI GLOBAL FACTORS LIMITED (SBIGFL)

SBIPFPL has been appointed as the SBIGFL is a leading provider of factoring services for domestic and international trade. SBI holds 86.18% share in the Company. The Company's services are especially suitable for MSME clients for freeing up resources locked in book debts. By virtue of its membership of Factors Chain International (FCI), the Company is able to ameliorate credit risk from export receivables under the 2 factor model.

The Company reported a PBT of ₹2.08 crore during the year ended FY2018 (PY – PBT ₹3.25 crore) & PAT (Loss) of ₹3.24 crore (PY – PAT ₹1.01 crore). Turnover for 12 months ended FY2018 is ₹3,555 crore as compared to turnover of ₹3,047 crore in previous year (i.e. an increase of 17%). FIU as on 31st March 2018 is ₹1,276 crore as compared to ₹1,059 crore as on 31st March 2017. Turnover in EF under 2 Factor Model for 12 months ended FY2018 is equivalent to EUR 59 Mio (PY EUR 42 mio). In INR terms, the EF turnover touched ₹452 crore for 12 months ended FY2018, as against ₹321 crore in previous year, i.e. an increase of 41%.

## 8. SBI PENSION FUNDS PRIVATE LIMITED (SBIPFPL)

SBIPFPL has been appointed as the Pension Fund Managers (PFM) along with 8 others to manage the pension corpus under National Pension System (NPS). SBIPFPL is one of the three PFM appointed by the Pension Fund Regulatory & Development Authority (PFRDA) for management of Pension Funds under the NPS for Central Government (except Armed Forces) and State Government employees and one of eight PFM appointed for management of Pension Funds under the Private Sector. The total Assets Under Management

(AUM) of the company as on 31st March, 2018 was ₹89,283 crore (YoY growth of 34%) against ₹66,723 crore on 31st March, 2017.

The Company maintained lead position amongst Pension Fund Managers in terms of AUM in both Government and Private Sectors. The overall AUM market share in Private Sector was 58%, while in the Government Sector it was 35%.

The Company was adjudged winner in the "Pension Fund House Category" by Outlook Money for the year 2017. Awards by Outlook money have been adjudged to the Company for 3rd consecutive year in a row.

## 9. SBI GENERAL INSURANCE COMPANY LIMITED (SBIGIC)

SBIGIC is a joint venture between State Bank of India and IAG Australia in which SBI holds 74% stake. The cornerstone of the Company's growth aspiration is focussed on the Banca channel whilst developing other channels and products that meet business objectives and drive profitable growth. The Company has entered in to strategic tie-ups with three large car manufactures to drive growth in the Motor portfolio.

Gross Written Premium (GWP) stood at ₹3,553 crore for FY2017-18. In the seven years of operation, for the first time in FY2017 SBIG had achieved profit, to the tune of ₹396 crore. The Company recorded 36.1% growth in GWP YoY against an industry growth of 17.5% including crop whereas excluding Crop SBIGIC recorded growth of 24.0% against Industry growth of 17.1% for FY2017-18. SBIGIC has grown by 124.8% in Crop Insurance in FY2017-18 by participating in the PMFBY schemes and extending our geographies. The Overall market share among all general insurance companies stands at 2.35% and 5.42% among private insurers. The Company's market ranking is 14th in the industry and 9th among the private players in FY2017-18. SBIGIC occupies 2nd position in "Personal Accident" among private insurers & 4th position in the industry in FY2018. The company ranks 3rd in "Fire" among private insurers and 7th position in the industry in FY2018. Share of health business decreased marginally from 14.3% to 13.4%. However, there is a growth to the tune of 27.1% for FY2018 against Industry growth of 22.4%.

SBI General wins the ET Best BFSI Brands Award 2018. The ISO 27001:2013 certification awarded to SBI General for its Information Security practices. SBI General Insurance was awarded the Bancassurance Leader award in the 7th edition of Insurance awards organised by Fintelekt.

## 10. SBI SG GLOBAL SECURITIES SERVICES PRIVATE LIMITED (SBI-SG)

SBI-SG, a joint venture between State Bank of India and Societe Generale with 65% holding by SBI. The Company was set up to offer high quality custody and fund administration services to complete the bouquet of financial services offered by the SBI Group. SBI-SG commenced commercial operations in 2010. The Company's Net Profit was ₹26.03 crore in FY2018 as against ₹11.74 crore in FY2017. Accumulated profit is ₹45 crore.

Average Assets Under Custody in March 2018 rose to ₹4,82,435 crore from ₹3,27,158 crore as in March 2017, while the Average Assets Under Administration were at ₹2,54,089 crore in March 2018 as against ₹1,83,779 crore in March 2017.

SBI-SG has been rated as one of the leading custodians in India in the Global Custodian magazine's Agent Banks and Emerging Markets Survey 2017.

SBI-SG has been rated #1 custodian in India in the Global Investor/ISF Sub-Custody survey for 2017.

## 11. SBI INFRA MANAGEMENT SOLUTIONS PVT. LTD.

SBI Infra Management Solutions Private Limited, incorporated on 17th June, 2016, is engaged in providing real estate management services to State Bank of India.

The Company commenced its pilot operations w.e.f. 8th March, 2017 at six centres in India i.e. Greater Mumbai and Navi Mumbai, Twin City Ahmadabad and Gandhinagar, Greater Chennai, Kolkata Metropolitan area, Greater Hyderabad and Delhi NCR for some benchmark value. The Company is at present efficiently handling more than 60 projects of construction/ interior/retrofitting/ purchasing/leasing etc.

After successful run of pilot projects, the Company has extended all the activities related to premises and estate irrespective of value of all the six circles (situated at aforesaid six centres) and corporate centre establishment from January 2018. The Company is also likely to expand its operations further on pan India basis by the mid of financial year 2018-19.

## 12. SBI FOUNDATION

SBI Foundation was established by State Bank of India in 2015 as a Section VIII company under Companies Act (2013) to undertake the CSR activities of SBI and its subsidiaries in a planned and focused manner.

SBI Foundation aims to give back to the society by working towards the socio-economic well-being of the marginalised and vulnerable communities. Your Bank is actively working towards impacting people on a grassroots level across PAN India with a vision to provide 'Service Beyond Banking'.

SBI Foundation is presently working on various projects and many initiatives has been taken to build a momentum for a transforming India by creating an inclusive development paradigm, that serves all Indians without any discrimination on the basis of regional, linguistic, caste, creed, religious or other barriers.

The CSR budget for FY2018 was ₹20 crore, the grant received was ₹25.71 crore (including grant received from subsidiaries). SBI Foundation sanctioned 28 proposals amounting to ₹49.53 crore. The total disbursement during the year stood at ₹ 27.18 crore.

The CSR activities are undertaken in the following focus areas:

## A. HEALTHCARE

The vast majority of rural population is deprived of basic medical facilities due to lack of healthcare infrastructure in various parts of the country. SBI Foundation is committed to contribute positively to United Nation's Sustainable Development Goals (SDGs)-Goal#3: Good Health and Well Being by bringing about positive changes in the lives of underprivileged sections of society by providing free access to quality healthcare.

To contribute towards improve the health scenario, your Bank has undertaken the following CSR projects through SBI Foundation.

a. **Sishu Rakhsha:** A project to curtail infant mortality rate by providing complete screening facilities and immediate treatment to the infants.

b. **SBI Life:** An initiative to prevent and control of Thalassemia diseases by facilitating Thalassemia tests to the public.

c. **Cancer Care:** A project which aims to prevent and control of Breast and Cervical Cancer among women.

d. **SBI Darpan:** This project works on mitigating damages of Sickle Cell Anaemia diseases.

e. **SBI Umeed:** The objective of the program is to curtail maternal, infant mortality and morbidity in expecting mothers and their infants by providing the preventive care information through mobile call facilities.

f. **SBI Eye care:** This initiative aims to provide free cataract surgeries in the underprivileged rural areas of India.

## B. EDUCATION

Education is one of the most powerful and proven vehicle to bring transformational change in the development landscape. Education plays a vital role in improving the standard of life of an individual and is viewed as an effective tool for bringing social economic changes. Scarcity of resources and lack of infrastructure are the major hindrances in the education sector in India. SBI Foundation is committed to contribute positively to United Nation's Sustainable Development Goals (SDGs) Goal#4: Quality Education. Through SBI Foundation, your Banks has initiated various projects as mentioned below:

a. **Gyanshala:** This is a middle school education project for urban slum children (Grade IV to Grade VIII) to provide them quality education as other privileged children receive in their schools.

b. **Beti Padhao Kendras:** Under this initiative, Beti Padhao centres were started with an aim to provide basic education (up to Grade V) to girl children in remote rural areas.

c. **SBI Udaan:** This project works towards quality education along with Arts, Crafts and Sports development for children in slums and remote areas.

d. **Shiksha Sahay:** This project supports tribal school for maintaining the quality education and other basic needs.

## C. ENVIRONMENT AND SUSTAINABILITY

Your Bank is committed to environment protection and contribution to reduce the carbon footprint.

a. **Waste to gold:** A project that aims to motivate and develop the skills of vulnerable youth to address waste management in the city; and develop small sustainable businesses for their livelihood as well.

b. **SBI Corbett:** Under this project, SBI Foundation is providing villages a sustainable waste management system and conducting trainings of SHG Workers to provide awareness in nearby schools and hotels.

## D. ARTS, CULTURE, HERITAGE AND OTHERS

To achieve the dual goal of preservation of culture & heritage and contribute to 'The Swachh Iconic Places', SBI Foundation has started two projects under this category as mentioned below:

a) **Swachh Iconic CSMT:** This initiative aims for conservation and restoration of south and east façade of the heritage building at Chhatrapati Shivaji Maharaj Terminus Mumbai (A UNESCO World Heritage Site).

b) **SBI Eklavya:** SBI Foundation is providing basic sports facility to the children under ashram schools of Marathwada region of Maharashtra.

## E. DISABILITY

The vision is to enable the Persons with Disabilities (PwDs) to avail better livelihood opportunities by market linked training and jobs in the organised sector. Therefore, to support the PwDs your Bank has started the following projects:

a. **Project Parivarthan:** The initiative aims to make inclusive employment of the underprivileged and PwDs the norm in companies by providing them market-oriented trainings.

b. **Project SBI Shravan Shakti:** Under this initiative, your Bank has facilitated fitment of Cochlear Implants to hearing impaired children.

c. **Project Swabhiman:** This project aims to provide job linked training to PwDs by establishing and running skill centres.

### Flagship Programs

**SBI Youth for India Fellowship program:** SBI Youth for India (YFI) is a Fellowship program initiated, funded and managed by the SBI Foundation in partnership with reputed NGOs. It provides a framework for India's best young minds to join hands with rural communities, empathise with their struggles and connect with their aspirations

Under the initiative, SBI Foundation has partnered with the reputed NGOs, engaged in development work in rural

areas, to deploy the youth enrolling for the fellowship, for conceiving and working on innovative projects. YFI has an alumni base of 184 passionate change makers, 60% of Alumni are associated with the development sector after the fellowship.

**Centre of Excellence for PwDs (CoE):** Majority of persons with disabilities can lead a better quality of life if they have equal opportunities and effective access to rehabilitation measures. There has been an increasing recognition of abilities of persons with disabilities and emphasis on mainstreaming them in the society based on their capabilities. It was conceptualised with a goal to be a centralised support centre for persons with disabilities.

CoE primarily works on empowering PwDs through skill enhancement to make significant and measurable improvement that enables individuals to enjoy a more productive and satisfying life by optimising their cognitive, physical, social and vocational functioning.

CoE has conducted five inclusive training programs for employees with disabilities and their trainers. Seven public sector Banks participated in the training program. CoE has also signed MoUs with Bank of Baroda and Union Bank of India for institutionalisation of inclusion and empowerment of employees with disabilities. CoE has set up skilling centres in various cities for placement linked skill development of PwDs.

**SBI Gram Seva:** India resides in its villages, and for the holistic development of the villages, SBI Foundation has adopted 10 Gram panchayats covering 50 of villages in 6 states of India.

### The objectives of the flagship program are:

a. To link and leverage the specific government schemes/services to villages (families)

b. To lay emphasis on digitalisation and create awareness about online service (including online banking)

c. Improve the basic infrastructure of villages (set up computer labs, community rooms and others)

d. Encourage Panchayat/Village self-governance and create environment for participatory efforts by the people for rural asset creation and community development.

e. Integrated village development is aimed to promote education for all, environment protection, livelihood development, digitalisation in Gram Panchayat, skill development and improvement of preventive and primary health care in villages.

## Awards and Accolades

SBI Foundation has won seven national level awards during the year for its CSR initiatives.

| Name of the Award | Category |
|---|---|
| Golden Globe Tiger Award for Excellence & Leadership in CSR | Best CSR Practices |
| Golden Globe Tiger Award for Excellence & Leadership in CSR | Innovation in CSR |
| Golden Globe Tiger Award for Excellence & Leadership in CSR | CSR Leadership Award |
| ET Now presents CSR Leadership Awards | Best CSR Practices |
| ET Now presents CSR Leadership Awards | Innovation in CSR |
| ET Now presents CSR Leadership Awards | Promoting Employment for the Disabled |
| Bureaucracy Today CSR Excellence Awards | Care of Senior Citizens |
| FICCI CSR Awards | Appreciation Plaque in the Health Category |

# VI. RESPONSIBILITY STATEMENT

## The Board of Directors hereby states:

i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii. that they have selected such accounting policies and applied them consistently and made judgements and estimates as are reasonable and prudent, so as to give a true and fair view of the state of affairs of your Bank as on the 31st March 2018, and of the profit and loss of Your Bank for the year ended on that date;

iii. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Banking Regulation Act, 1949 and State Bank of India Act, 1955 for safeguarding the assets of your Bank and preventing and detecting frauds and other irregularities;

iv. that they have prepared the annual accounts on a going concern basis;

v. that the internal financial controls had been laid down, to be followed by your Bank and that such internal financial controls are adequate and were operating effectively; and

vi. that proper system had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

# VII. ACKNOWLEDGEMENT

During the year, Shri M. D. Mallya and Shri Deepak I. Amin retired from the Board w.e.f. 25th June 2017, consequent upon completion of their term. Shri Sanjiv Malhotra was reappointed as Independent Director u/s 19(c) of the SBI Act w.e.f. 26th June 2017 on the Board. Shri Bhaskar Pramanik, Shri Basant Seth and Shri Pravin Kutumbe were elected by the Shareholders as Directors on the Board u/s 19(c) of the SBI Act w.e.f. 26th June 2017. Smt. Anjuly Chib Duggal retired from the Board w.e.f. 31st August 2017 consequent upon her retirement as Secretary, Department of Financial Services and Shri Rajiv Kumar was nominated as GOI Nominee Director in her place w.e.f. 12th September 2017.

Smt. Arundhati Bhattacharya, Chairman retired on completion of her tenure on 6th October 2017 and Shri Rajnish Kumar was appointed as Chairman in her place w.e.f. 7th October 2017.

Dr. Purnima Gupta has been nominated by GOI as Director u/s 19(d) of the SBI Act w.e.f. 1st February 2018. Shri Pravin Kutumbe resigned from the Board w.e.f. 8th March 2018 consequent upon his appointment as Whole-Time Member in IRDA.

The Directors place on record their appreciation for the contributions made by the outgoing Chairman, Smt. Arundhati Bhattacharya and Directors, namely, Shri M. D. Mallya, Shri Deepak I. Amin, Smt. Anjuly Chib Duggal and Shri Pravin Kutumbe, to the deliberations of the Board. The Directors welcome the new Chairman, Shri Rajnish Kumar and Directors, Shri Bhaskar Pramanik, Shri Basant Seth, Shri Rajiv Kumar and Dr. Purnima Gupta on the Board.

The Directors also express their gratitude for the guidance and co-operation received from the Government of India, RBI, SEBI, IRDA and other government and regulatory agencies.

The Directors also thank all the valued clients, shareholders, banks and financial institutions, stock exchanges, rating agencies and other stakeholders for their patronage and support, and take this opportunity to express their appreciation for the dedicated and committed team of employees of the Bank.

For and on behalf of the
Central Board of Directors

Chairman

Date: 22nd May, 2018

# Corporate Governance

## THE BANK'S PHILOSOPHY ON CODE OF GOVERNANCE

State Bank of India is committed to the best practices in the area of Corporate Governance, in letter and in spirit. The Bank believes that good Corporate Governance is much more than complying with legal and regulatory requirements. Good governance facilitates effective management and control of business, enables the Bank to maintain a high level of business ethics and to optimise the value for all its stakeholders. The objectives can be summarised as:

- To protect and enhance shareholder value.
- To protect the interest of all other stakeholders such as customers, employees and society at large.
- To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.
- To ensure accountability for performance and customer service and to achieve excellence at all levels.
- To provide corporate leadership of highest standard for others to emulate.

## THE BANK IS COMMITTED TO:

- Ensuring that the Bank's Board of Directors meets regularly, provides effective leadership and insights in business and functional matters and monitors Bank's performance.
- Establishing a framework of strategic control and continuously reviewing its efficacy.
- Establishing clearly documented and transparent management processes for policy development, implementation and review, decision-making, monitoring, control and reporting.
- Providing free access to the Board to all relevant information, advices and resources as are necessary to enable it to carry out its role effectively.
- Ensuring that the Chairman has the responsibility for all aspects of executive management and is accountable to the Board for the ultimate performance of the Bank and implementation of the policies laid down by the Board. The role of the Chairman and the Board of Directors are also guided by the SBI Act, 1955 with all relevant amendments.
- Ensuring that a senior executive is made responsible in respect of compliance issues with all applicable statutes, regulations and other procedures, policies as laid down by the GOI/RBI and other regulators and the Board, and reports deviations, if any.

The Bank has complied with the provisions of Corporate Governance as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with the Stock Exchanges except where the provisions of these regulations are not in conformity with SBI Act, 1955 and the directives issued by RBI/GOI. A report on the implementation of these provisions of Corporate Governance in the Bank is furnished below:

## CENTRAL BOARD: ROLE AND COMPOSITION

State Bank of India was formed in 1955 by an Act of the Parliament, i.e., The State Bank of India Act, 1955 (Act). A Central Board of Directors was constituted according to the Act.

The Bank's Central Board draws its powers from and carries out its functions in compliance with the provisions of SBI Act & Regulations 1955. Its major roles include, among others,

- Overseeing the risk profile of the Bank;
- Monitoring the integrity of its business and control mechanisms;
- Ensuring expert management, and
- Maximising the interests of its stakeholders.

The Central Board is headed by the Chairman, appointed under section 19(a) of SBI Act; four Managing Directors are also appointed members of the Board under section 19(b) of SBI Act. The Chairman and Managing Directors are Whole Time Directors. As on 31st March 2018, there were eight other directors on the Board who are eminent professionals representing Technology, Accountancy, Finance, Economics and Academics. The composition of the Central Board, as on 31st March 2018, was as under:

- Chairman appointed by the Central Government in consultation with the RBI u/s 19(a)
- three Managing Directors, appointed by the Central Government in consultation with the RBI u/s 19(b)
- three directors, elected by the Shareholders under Section 19(c),
- three directors, nominated by the Central Government under Section 19(d),
- one director (official from the Govt. of India), nominated by the Central Government under Section 19(e), and
- one director (official from the Reserve Bank of India), nominated by the Central Government under Section 19(f) on the recommendations of the RBI.

The composition of the Board complies with provisions laid down in Regulation 17(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. There is no inter-se relationship between Directors.

A brief resume of each of the Non-Executive Directors is given in Annexure I. Particulars of the directorships/ memberships held by all the Directors in various Boards/Committees are given in Annexure II and the details of their Shareholding in the Bank are mentioned in Annexure III.

## MEETINGS OF THE CENTRAL BOARD

The Bank's Central Board has to meet a minimum of six times in a year. During the year 2017-18, thirteen Central Board Meetings were held. The dates of the meetings and attendance of the directors are as under:

## Dates & Attendance of Directors at Board Meetings during 2017-18

**No. of Meetings held** : 13

**Dates of the Meetings** : 26.04.2017, 19.05.2017, 27.06.2017, 26.07.2017, 11.08.2017, 27.09.2017, 25.10.2017, 10.11.2017, 27.12.2017, 31.01.2018, 09.02.2018, 28.02.2018 and 21.03.2018

| Name of the Director | No. of Meetings held after nomination/ election /during incumbency | No. of Meetings attended |
|---|---|---|
| Smt. Arundhati Bhattacharya, Chairman (upto 06.10.2017) | 06 | 06 |
| Shri Rajnish Kumar, Chairman (w.e.f. 07.10.2017) | 07 | 07 |
| Shri Rajnish Kumar, MD – NBG (upto 06.10.2017) | 06 | 06 |
| Shri B. Sriram, MD – C&GB | 13 | 13 |
| Shri P. K. Gupta, MD – R&DB | 13 | 13 |
| Shri Dinesh Kumar Khara, MD – R,IT&S | 13 | 12 |
| Shri Sanjiv Malhotra | 13 | 10 |
| Shri M. D. Mallya (upto 25.06.2017) | 02 | 02 |
| Shri Deepak I. Amin (upto 25.06.2017) | 02 | 02 |
| Shri Bhaskar Pramanik (w.e.f. 26.06.2017) | 11 | 10 |
| Shri Basant Seth (w.e.f. 26.06.2017) | 11 | 10 |
| Shri Pravin Kutumbe (w.e.f. 26.06.2017 to 08.03.2018) | 10 | 07 |
| Dr. Girish K. Ahuja | 13 | 07 |
| Dr. Pushpendra Rai | 13 | 12 |
| Dr. Purnima Gupta (w.e.f. 01.02.2018) | 03 | 03 |
| Ms. Anjuly Chib Duggal (upto 31.08.2017) | 05 | 01 |
| Shri Rajiv Kumar (w.e.f. 12.09.2017) | 08 | 00 |
| Shri Chandan Sinha | 13 | 07 |

## EXECUTIVE COMMITTEE OF THE CENTRAL BOARD

The Executive Committee of the Central Board (ECCB) is constituted in terms of Section 30 of the SBI Act, 1955. The State Bank of India General Regulations (46 & 47) provide that, subject to the general or special directions of the Central Board, ECCB may deal with any matter within the competence of the Central Board. ECCB consists of the Chairman, the Managing Directors, the Director nominated under Section 19(f) of the SBI Act (Reserve Bank of India nominee), and all or any of the other Directors who are normally residents, or may, for the time being, be present at any place within India where the meeting is held. The ECCB meetings are held once every week. The details of attendance of ECCB Meetings during the year 2017-18 are as under:

## Attendance of Directors at ECCB Meetings during 2017-18

**No. of Meetings held** : 52

| S. No. | Directors | No. of Meetings held after nomination/ election/ during incumbency | No. of Meetings attended |
|---|---|---|---|
| 1 | Smt. Arundhati Bhattacharya, Chairman (upto 06.10.2017) | 27 | 24 |
| 2 | Shri Rajnish Kumar, Chairman (w.e.f. 07.10.2017) | 25 | 24 |
| 3 | Shri Rajnish Kumar, MD – NBG (upto 06.10.2017) | 27 | 23 |
| 4 | Shri B. Sriram, MD – C&GB | 52 | 43 |
| 5 | Shri P. K. Gupta, MD – R&DB | 52 | 45 |
| 6 | Shri Dinesh Kumar Khara, MD – R,IT&S | 52 | 51 |
| 7 | Shri Sanjiv Malhotra | 52 | 38 |
| 8 | Shri M.D. Mallya (upto 25.06.2017) | 12 | 08 |
| 9 | Shri Deepak I. Amin (upto 25.06.2017) | 12 | 09 |
| 10 | Shri Pravin Kutumbe (w.e.f. 26.06.2017 to 08.03.2018) | 49 | 24 |
| 11 | Shri Chandan Sinha | 52 | 30 |
| Directors who are normally not residents of the place of Meetings but were present on the day at the place where the meeting was held / participated through Video-conferencing: | | | |
| 12 | Shri Bhaskar Pramanik (w.e.f. 26.06.2017) | 32 | 32 |
| 13 | Shri Basant Seth (w.e.f. 26.06.2017) | 26 | 26 |
| 14 | Dr. Girish K. Ahuja | 01 | 01 |
| 15 | Dr. Pushpendra Rai | 28 | 28 |
| 16 | Dr. Purnima Gupta (w.e.f. 01.02.2018) | 01 | 01 |

## OTHER BOARD LEVEL COMMITTEES:

In terms of the provisions of SBI Act and General Regulations, 1955 and Govt./ RBI/SEBI guidelines, the Central Board has constituted other eleven Board Level Committees viz. Audit Committee of the Board, Risk Management Committee of the Board, Stakeholders Relationship Committee, Special Committee of the Board for Monitoring of Large Value Frauds, Customer Service Committee of the Board, IT Strategy Committee, Corporate Social Responsibility Committee, Remuneration Committee of the Board, Board Committee to Monitor Recovery, Committee to Review the Identification of Wilful Defaulters/Non-Co-operative Borrowers and Nomination Committee of the Board. These Committees provide effective professional support in Board Oversight in key areas like Audit & Accounts, Risk Management, resolution of Shareholders'/Investors' grievances, Fraud Review and Control, Review of customer service and redressal of customer grievances, Technology Management, Corporate Social Responsibilities, Payment of Incentives to Executive Directors, Oversight on Recovery of Loans and Advances, Review of identification of Wilful Defaulters/Non Co-operative Borrowers and arrive at the 'fit and proper' status of candidates filing nominations for election as Directors. While the Remuneration Committee approves payment of incentives to Whole Time Directors, based on Govt. of India guidelines and meets as and when required, the other Committees meet periodically, once in a quarter generally, to deliberate on policy issues and/or review domain performance, as per the calendar of reviews approved by the Central Board. The Committees also call external specialists, besides drawing upon the services of top executives from the Bank, as and when needed. The Nomination Committee is constituted, to carry out necessary due diligence and arrive at the 'fit and proper' status of candidates filing nominations for election as Directors by shareholders and meets as and when required. The minutes and proceedings containing brief reports on the discussions held at the meetings of the Committees are placed before the Central Board.

## AUDIT COMMITTEE OF THE BOARD

The Audit Committee of the Board (ACB) was constituted on 27th July 1994 and last re-constituted on the 21st March 2018. The ACB functions as per RBI guidelines and complies with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to the extent that they do not violate the directives/guidelines issued by RBI.

## FUNCTIONS OF ACB

(a) ACB provides direction as also oversees the operation of the total audit function in the Bank. Total audit function implies the organisation, operationalisation and quality control of internal audit and inspection within the Bank and follow-up on the statutory/external audit, compliance of RBI inspection. It also appoints Statutory Auditors of the Bank and reviews their performance from time to time.

(b) ACB reviews the Bank's financial, Risk Management, IS Audit Policies and Accounting Policies/Systems of the Bank to ensure greater transparency.

(c) ACB reviews the internal inspection/ audit plan and functions in the Bank – the system, its quality and effectiveness in terms of follow-up. It also, especially, focuses on the follow up of :

- KYC-AML guidelines;
- Major areas of housekeeping;
- Compliance of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

(d) It obtains and reviews reports from the Compliance Department in the Bank.

(e) ACB follows up on all the issues raised in RBI's Risk Based Supervision under Section 35 of Banking Regulation Act, 1949 and Long Form Audit Reports of the Statutory Auditors and other Internal Audit Reports. It interacts with the external auditors before the finalisation of the annual/ quarterly financial accounts and reports. A formal 'Audit Charter' or 'Terms of Reference' of the Audit Committee has been approved by the Central Board and a calendar of Reviews to be submitted to the Audit Committee is also in place, which is updated periodically, the last revision effected from 18th December 2014.

## COMPOSITION & ATTENDANCE DURING 2017-18

The ACB has seven members of the Board of Directors as on 31.03.2018, including two whole time Directors, two official Directors (nominees of GOI and RBI) and three non-official, non-executive Directors. Meetings of the ACB are chaired by a Non-Official, Non-Executive Director (Chartered Accountant). The constitution and quorum requirements, as per RBI guidelines, are complied with meticulously. During the year, thirteen meetings of ACB were held to review the various matters connected with the internal control, systems and procedures and other aspects as required in terms of RBI guidelines.

### Dates of Meetings of ACB held & Attendance of Directors during 2017-18

**No. of Meetings held** : 13

**Dates of the Meetings** : 20.04.2017, 25.04.2017, 18.05.2017, 14.06.2017, 26.07.2017, 10.08.2017, 14.09.2017, 18.10.2017, 09.11.2017, 12.12.2017, 03.01.2018, 09.02.2018 and 14.03.2018

| Name of the Director | No. of Meetings held after nomination / election / during tenure | No. of Meetings attended |
|---|---|---|
| Dr. Girish K. Ahuja – Chairman of the Committee | 13 | 12 |
| Shri B. Sriram, MD – C&GB | 13 | 11 |
| Shri P. K. Gupta, MD – R&DB (upto 06.10.2017) | 07 | 07 |
| Shri Dinesh Kumar Khara, MD – R,IT&S (w.e.f. 07.10.2017) | 06 | 06 |
| Shri M. D. Mallya (upto 25.06.2017) | 04 | 02 |
| Shri Deepak I. Amin (upto 25.06.2017) | 04 | 04 |
| Shri Bhaskar Pramanik (w.e.f. 26.06.2017) | 09 | 08 |
| Shri Basant Seth (w.e.f. 26.06.2017) | 09 | 08 |
| Shri Pravin Kutumbe (w.e.f. 26.06.2017 to 08.03.2018) | 08 | 04 |
| Ms. Anjuly Chib Duggal (upto 31.08.2017) | 06 | 00 |
| Shri Rajiv Kumar (w.e.f. 12.09.2017) | 07 | 00 |
| Shri Chandan Sinha | 13 | 09 |

## RISK MANAGEMENT COMMITTEE OF THE BOARD

The Risk Management Committee of the Board (RMCB) was constituted on the 23rd March 2004, to oversee the policy and strategy for integrated risk management relating to credit risk, market risk and operational risk. The Committee was last reconstituted on the 21st March 2018 and has, six members. The Non-executive Director is the Chairman of the Committee. RMCB meets a minimum of four times a year, once in each quarter. During 2017-18, four meetings of the RMCB were held.

### Dates of Meetings of RMCB held & Attendance of Directors during 2017-18

**No. of Meetings held** : 4

**Dates of the Meetings** : 21.06.2017, 18.09.2017, 20.12.2017 and 31.03.2018

| Name of the Director | No. of Meetings held after nomination / election / during tenure | No. of Meetings attended |
|---|---|---|
| Shri Sanjiv Malhotra - Chairman of the Committee (w.e.f. 21.03.2018) | 01 | 01 |
| Shri Sanjiv Malhotra, Member (upto 20.03.2018) | 03 | 02 |
| Shri B. Sriram, MD-C&GB, Chairman (upto 20.03. 2018) | 03 | 02 |
| Shri B. Sriram, MD-C&GB, Member (w.e.f. 21.03. 2018) | 01 | 01 |
| Shri P. K. Gupta, MD – R&DB (upto 06.10.2017) | 02 | 02 |
| Shri Dinesh Kumar Khara, MD – R, IT&S (w.e.f. 07.10.2017) | 02 | 02 |
| Shri M.D. Mallya (upto 25.06.2017) | 01 | 00 |
| Shri Deepak I. Amin (upto 25.06.2017) | 01 | 01 |
| Dr. Pushpendra Rai | 04 | 04 |
| Shri Bhaskar Pramanik (w.e.f. 26.06.2017) | 03 | 02 |
| Shri Basant Seth (w.e.f. 26.06.2017) | 03 | 03 |
| Shri Pravin Kutumbe (w.e.f. 26.06.2017 to 08.03.2018) | 02 | 02 |

## STAKEHOLDERS RELATIONSHIP COMMITTEE

In pursuance of Regulation 20 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Stakeholders Relationship Committee (SRC) [earlier known as Shareholders'/ Investors' Grievance Committee of the Board (SIGCB), formed on the 30th January 2001] was formed to look into the redressal of Shareholders' and Investors' complaints regarding transfer of shares, non-receipt of annual report, non-receipt of interest on bonds/declared dividends, etc. The Committee was last reconstituted on 21st March 2018 and has, six members and is chaired by a Non-Executive Director. The composition of the Committee and its role complies with the SEBI Regulations. The Committee met four times during 2017-18 and reviewed the position of complaints.

### Dates of Meetings of SRC held & Attendance of Directors during 2017-18

**No. of Meetings held** : 4

**Dates of the Meetings** : 13.04.2017, 10.07.2017, 11.10.2017 and 17.01.2018

| Name of the Director | No. of Meetings held after nomination / election / during tenure | No. of Meetings attended |
|---|---|---|
| Shri M. D. Mallya – Chairman of the Committee (upto 25.06.2017) | 01 | 01 |
| Shri Pravin Kutumbe – Chairman of the Committee (w.e.f 26.06.2017 and upto 20.03.2018) | 03 | 03 |
| Dr. Pushpendra Rai, Chairman of the Committee (w.e.f. 21.03.2018) | 00 | 00 |
| Dr. Pushpendra Rai, Member (upto 20.03.2018) | 04 | 04 |
| Shri Rajnish Kumar, MD – NBG (upto 06.10.2017) | 02 | 02 |
| Shri P. K. Gupta, MD – R&DB (w.e.f. 07.10.2017) | 02 | 02 |
| Shri Dinesh Kumar Khara, MD – R,IT&S | 04 | 04 |
| Shri Sanjiv Malhotra | 04 | 03 |
| Shri Deepak I. Amin (upto 25.06.2017) | 01 | 01 |
| Dr. Girish K. Ahuja | 04 | 01 |
| Dr. Purmina Gupta (w.e.f. 21.03.018) | 00 | 00 |

Number of shareholders' complaints received so far (during the year): 603
Number not solved to the satisfaction of shareholders: (To be furnished by Shares & Bonds): Nil
Number of Pending Complaints: (Complaints which are sub-judice): Nil
Name and designation of Compliance officer: Shri Sanjay Abhyankar, Vice President Compliance (Company Secretary)

## SPECIAL COMMITTEE OF THE BOARD FOR MONITORING OF LARGE VALUE FRAUDS

The Special Committee of the Board for monitoring of Large Value Frauds (SCBMF) was constituted on the 29th March 2004. The major functions of the Committee are to monitor and review all large value frauds with a view to identifying systemic lacunae, if any, reasons for delay in detection and reporting, if any, monitoring progress of CBI/Police investigation, recovery position, ensuring that staff accountability exercise is completed quickly, reviewing the efficacy of remedial action taken to prevent recurrence of frauds and putting in place suitable preventive measures. The Committee was last reconstituted on the 21st March 2018 and has, eight members and is chaired by a Non-Executive Director. The Committee met four times during 2017-18:

### Dates of Meetings of (SCBMF) held & Attendance of Directors during 2017-18

**No. of Meetings held** : 4

**Dates of the Meetings** : 30.05.2017, 18.08.2017, 16.11.2017 and 28.02.2018

| Name of the Director | No. of Meetings held after nomination / election / during tenure | No. of Meetings attended |
|---|---|---|
| Shri Rajnish Kumar, MD-NBG, Chairman of the Committee (upto 06.10.2017) | 02 | 02 |
| Shri P. K. Gupta, MD – R&DB , Chairman of the Committee (w.e.f. 07.10.2017 to 20.03.2018) | 02 | 02 |
| Shri P. K. Gupta, MD – R&DB , Member (upto 06.10.2017) | 02 | 01 |
| Shri Basant Seth, Chairman of the Committee (w.e.f. 21.03.2018) | 00 | 00 |
| Shri Basant Seth, Member (w.e.f. 27.06.2017 to 20.03.2018) | 03 | 03 |
| Shri Dinesh Kumar Khara, MD – R,IT&S (w.e.f. 25.10.2017) | 02 | 01 |
| Shri Dinesh Kumar Khara, MD – R,IT&S (Alternate Member) | 01 | 01 |
| Shri B. Sriram, MD - C&GB (Alternate Member) | 01 | 01 |
| Shri Sanjiv Malhotra | 04 | 04 |
| Shri M.D. Mallya (upto 25.06.2017) | 01 | 00 |
| Shri Deepak I. Amin (upto 25.06.2017) | 01 | 00 |
| Shri Bhaskar Pramanik (w.e.f. 27.06.2017) | 03 | 03 |
| Shri Pravin Kutumbe (w.e.f. 27.06.2017 to 08.03.2018) | 03 | 01 |
| Dr. Girish K. Ahuja | 04 | 04 |
| Dr. Pushpendra Rai | 04 | 03 |

## CUSTOMER SERVICE COMMITTEE OF THE BOARD

The Customer Service Committee of the Board (CSCB) was constituted on the 26th August 2004, to bring about ongoing improvements on a continuous basis in the quality of customer service provided by the Bank. The Committee was last reconstituted on the 21st March 2018 and has, eight members and is chaired by a Non-Executive Director. During the year 2017-18, four meetings of the Committee were held.

### Dates of Meetings of CSCB held & Attendance of Directors during 2017-18

**No. of Meetings held** : 4

**Dates of the Meetings** : 11.05.2017, 03.08.2017, 01.11.2017 and 14.02.2018

| Name of the Director | No. of Meetings held after nomination / election / during tenure | No. of meetings Attended |
|---|---|---|
| Shri B. Sriram, MD - C&GB, Chairman of the Committee (upto 20.03.2018) | 04 | 04 |
| Dr. Pushpendra Rai, Chairman of the Committee (w.e.f. 21.03.2018) | 00 | 00 |
| Shri Rajnish Kumar, MD-NBG (upto 06.10.2017) | 02 | 02 |
| Shri. P. K. Gupta, MD - R&DB (w.e.f. 25.10.2017) | 02 | 01 |
| Shri Dinesh Kumar Khara, MD - R,IT&S (Alternate Member) | 01 | 01 |
| Shri Sanjiv Malhotra | 04 | 03 |
| Shri M.D. Mallya (upto 25.06.2017) | 01 | 00 |
| Shri Deepak I. Amin (upto 25.06.2017) | 01 | 01 |
| Shri Bhaskar Pramanik (w.e.f. 27.06.2017) | 03 | 02 |
| Shri Basant Seth (w.e.f. 27.06.2017) | 03 | 03 |
| Dr. Girish K Ahuja (w.e.f. 27.06.2017) | 03 | 02 |
| Dr. Pushpendra Rai | 04 | 04 |
| Dr. Purnima Gupta (w.e.f. 21.03.2018) | 00 | 00 |

## IT STRATEGY COMMITTEE OF THE BOARD

With a view to tracking the progress of the Bank's IT initiatives, the Bank's Central Board constituted a Technology Committee of the Board on 26th August 2004. The Technology Committee has been renamed as IT Strategy Committee of the Board w.e.f. 24th October 2011. The Committee has played a strategic role in the Bank's technology domain. The Committee is entrusted with the following roles and responsibilities:

(i) approving IT strategy and policy documents, ensuring that the management has put an effective strategic planning process in place;

(ii) ensuring that the IT Organisational structure complements the business model and its direction;

(iii) ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

(iv) evaluating effectiveness of management's monitoring of IT risks and overseeing the aggregate funding of IT at the Bank level; and

(v) reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value).

The Committee was last reconstituted on the 21st March 2018 with six members and is chaired by a Non-Executive Director. The Committee met six times during 2017-18.

### Dates of Meetings of ITSC held & Attendance of Directors during 2017-18

**No. of Meetings held** : 6

**Dates of the Meetings** : 03.05.2017, 24.08.2017, 04.10.2017, 22.11.2017, 22.02.2018 and 22.03.2018

| Name of the Director | No. of Meetings held after nomination / election / during tenure | No. of Meetings attended |
|---|---|---|
| Shri Deepak I. Amin, Chairman of the Committee (upto 25.06.2017) | 01 | 01 |
| Shri Bhaskar Pramanik, Chairman of the Committee (w.e.f. 27.06.2017) | 05 | 05 |
| Shri B. Sriram , MD - C&GB | 06 | 04 |
| Shri P. K. Gupta MD – R&DB (upto 24.10.2017) | 03 | 01 |
| Shri P. K. Gupta MD – R&DB, Alternate Member | 01 | 01 |
| Shri Dinesh Kumar Khara MD-R, IT&S (w.e.f. 25.10.2017) | 03 | 03 |
| Shri Dinesh Kumar Khara, MD-R, IT&S Alternate Member | 01 | 01 |
| Shri Sanjiv Malhotra | 06 | 01 |
| Shri M.D. Mallya (upto 25.06.2017) | 01 | 00 |
| Shri Pravin Kutumbe (w.e.f. 27.06.2017 to 08.03.2018) | 04 | 03 |
| Dr. Pushpendra Rai | 06 | 05 |
| Dr. Purnima Gupta (w.e.f. 21.03.2018) | 00 | 00 |

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee (CSRC) was constituted on the 24th September 2014 as a measure of good corporate governance to review the activities undertaken by Bank under Corporate Social Responsibility Policy. The Committee was last reconstituted on the 21st March 2018 and has, seven members. The Senior Managing Director on the Committee is the Chairman. During the year 2017-18, four meetings of the Committee were held.

### Dates of Meetings of CSRC held & Attendance of Directors during 2017-18

**No. of Meetings held** : 4

**Dates of the Meetings** : 13.04.2017, 26.07.2017, 11.10.2017 and 17.01.2018

| Name of the Director | No. of Meetings held after nomination / election / during tenure | No. of meetings Attended |
|---|---|---|
| Shri Rajnish Kumar, MD-NBG, Chairman of the Committee (upto 06.10.2017) | 02 | 02 |
| Shri P. K. Gupta, MD - R&DB, Chairman of the Committee (w.e.f. 25.10.2017) | 01 | 01 |
| Shri P. K. Gupta, MD - R&DB, Alternate Member | 01 | 01 |
| Shri Dinesh Kumar Khara, MD - R,IT&S | 04 | 04 |
| Shri Sanjiv Malhotra | 04 | 04 |
| Shri M.D. Mallya (upto 25.06.2017) | 01 | 00 |
| Shri Deepak I. Amin (upto 25.06.2017) | 01 | 01 |
| Shri Bhaskar Pramanik (w.e.f. 27.06.2017) | 03 | 03 |
| Shri Basant Seth (w.e.f. 27.06.2017) | 03 | 02 |
| Shri Pravin Kutumbe (w.e.f. 27.06.2017 to 08.03.2018)) | 03 | 03 |
| Dr. Pushpendra Rai | 04 | 03 |
| Dr. Purnima Gupta (w.e.f. 21.03.2018) | 00 | 00 |

## REMUNERATION COMMITTEE OF THE BOARD

The Remuneration Committee was constituted on 22nd March 2007, for evaluating the performance of Whole Time Directors of the Bank in connection with the payment of incentives, as per the scheme advised by Government of India in March 2007. The Committee was last reconstituted on 21st March 2018. The Committee has four members consisting of (i) the Government Nominee Director, (ii) the RBI Nominee Director and (iii) two non-executive Directors - Shri Basant Seth and Dr. Girish K. Ahuja. The Committee scrutinizes and recommends payment of incentives to Whole Time Directors.

## BOARD COMMITTEE TO MONITOR RECOVERY

In terms of Govt. of India advices, a Board Committee to Monitor Recovery was constituted by the Central Board at its meeting held on 20th December 2012 for oversight on Recovery of Loans and Advances. The Committee was last reconstituted on 21st March 2018 has six members consisting of Chairman, four Managing Directors and the Govt. Nominee Director. The Committee met five times during the year and reviewed the NPA management and large NPA accounts of the Bank.

## REVIEW COMMITTEE FOR IDENTIFICATION OF WILFUL DEFAULTERS/ NON-CO-OPERATIVE BORROWERS

The Committee was constituted by the Central Board in terms of RBI instructions. The Managing Director - C&GB is the Chairman of this Committee and any two independent Directors as members.

The role of this Committee is to review the Order of the "Committee for Identification of Wilful Defaulters/Non-Co-operative Borrowers" (a Committee comprising Dy. Managing Director and Senior Executives of the Bank to examine the facts and record the fact of the Borrower being a Wilful Defaulter/Non-Co-operative Borrower) and confirm the same for the Order to be considered final.

The Committee met four times during the year 2017-18

## NOMINATION COMMITTEE OF THE BOARD:

In terms of RBI guidelines, the Bank constitutes a Nomination Committee comprising of three independent Directors, as and when required, to carry out necessary due diligence and arrive at the 'fit and proper' status of candidates filing nominations for election as Directors by shareholders.

The Committee was last reconstituted on 25.04.2018.

## LOCAL BOARDS

In terms of the provisions of SBI Act and General Regulations 1955, at every centre where the Bank has a Local Head Office (LHO), Local Boards/Committees of Local Boards are functional. The Local Boards exercise such powers and perform such other functions and duties delegated to them by the Central Board. As on 31st March 2018, Local Boards at three LHOs and Committees of the Local Boards at the remaining thirteen LHOs were functional. The Minutes and Proceedings of the meetings of Local Boards/Committees of Local Boards are placed before the Central Board.

## SITTING FEES

The remuneration of the Whole Time Directors and the Sitting Fees paid to the Non-Executive Directors for attending the meetings of the Board/Committees of the Board are as prescribed by GOI from time to time. No remuneration, other than the Sitting Fees for attending Board and/or its Committee meetings, is paid to Non-Executive Directors. With effect from 20th July 2015, Sitting Fees of ₹ 20,000/- is paid for attending the Meetings of the Central Board and ₹ 10,000/- for attending the meetings of Other Board level Committees. Details of Sitting fees paid during the year 2017-18 are placed in Annexure-IV.

## COMPLIANCE WITH BANK'S CODE OF CONDUCT

The Directors on the Bank's Central Board and Senior Management have affirmed compliance with the Bank's Code of Conduct for the financial year 2017-18. Declaration to this effect signed by the Chairman is placed in Annexure-V. The Code of Conduct is posted on the Bank's website.

## DEVELOPMENTS DURING THE YEAR

1. The Bank has successfully completed the election of Directors for appointment of four Shareholder Directors u/s 19(c) of the SBI Act in June 2017. On-Boarding programmes for newly elected Directors were arranged during this year. It included, inter alia, the organization structures, Overview of various business groups and Associates & Subsidiaries of the Bank, IT Developments, IT Security, HR and Training Etc.

2. **Performance Evaluation of the Board:** With an objective to continuously improve Board's governance, your Bank had engaged a reputed external consulting organization, which assisted in laying down parameters for performance evaluation of Directors, Chairman, Board Level Committees and Central Board as a whole and also assisted in facilitating the overall evaluation process. The parameters of evaluation and the overall process was aligned to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and new SEBI Guidance Note on Board Evaluation, 2017. The performances of the Non-Executive Directors of the Central Board, Chairman and Central Board as a whole were evaluated at the separate meeting of the Independent Directors of the Central Board held on March 21, 2018. The Performance Evaluation of Independent Directors and Board Level Committees were also carried out by the Central Board.

   The evaluation process validated the Board of Directors' confidence in the governance values of the Bank, the synergy that exists amongst the Board of Directors and the collaboration between the Chairman, the Board and the Management.

3. Looking to the varied demands being increasingly placed on the Boards of Banks in terms of governance and key role played by our Bank in the economy, a Strategy Workshop (7th January to 9th January 2018) "Rann Neeti" was organised at Jaipur to keep the Board members and the Senior Management of the Bank abreast with the latest trend in

the industry and to decide on the way forward. A blend of brain storming sessions on various topics viz. HR Challenges for building an effective organisations, Building of a robust Corporate asset book, optimizing Balance Sheet allocation with focus on Return on Assets & Profitability, IT Security, Strategy for Growth of International Banking Footprint, Value Creation by Subsidiaries and Customer centricity as key to sustainable growth were presented in the Workshop. The Board during the workshop laid down certain strategies and set goals for Business Growth and Key financial parameters and each individual Business Group had to come up with monitorable action plans with specific targets. The detailed Action Plan with specific timelines and the progress report thereafter giving the status of implementation of the various strategic initiatives shall be put up to the Central Board.

4. In an effort to keep the Directors abreast with better understanding in the areas of Corporate Governance, Risk Management, Information Security, Insolvency & Bankruptcy Code 2016, etc., the Bank took the following initiatives during the year :

(i) Four Non-Executive Directors participated at Programme for Non Executive Directors on the Boards of Commercial Banks and Financial Institutions from 23rd to 24th October 2017, organised by Centre for Advances Financial Research and Learning (CAFRAL) at Mumbai. The programme objective was to bring in awareness and understanding among Non-executive Directors about recent Regulatory Developments, Capital Requirements, Risk Management, Compliance, Business Strategy, Governance issues etc.

(ii) As a part of Bank's continuing efforts to strengthen Corporate Governance practices, an interactions of Shri Ajay Tyagi, Chairman SEBI with the Central Board was arranged during the Meeting of the Central Board on 27.12.2017.

(iii) A presentation on Risk Culture Assessment Framework was made before the Board of Directors by M/s. Ernst & Young at Central Board Meeting on 31.01.2018. The presentation covered various areas viz. objective and benefits of having a risk culture assessment in the Bank, four dimensions of risk culture, etc.

(iv) With a view to keeping the Directors abreast on various developments taken place in Insolvency & Bankruptcy Code 2016, a presentation was made to the Central Board by M/s. Shardul Amarchand Mangaldas & Co. on 28.02.2018.

(v) A presentation on the Information Security related Awareness was arranged for the Board of Directors through an industry expert in Digital Forensics in Central Board Meeting dated 21.03.2018.

## Salary and Allowances paid to the Chairman and Managing Directors in 2017-18

| NAME | BASIC | DA | ARREAR | Others | Total |
|---|---|---|---|---|---|
| **Chairman:** | | | | | |
| Smt. Arundhati Bhattacharya (upto 06.10.2017) | 1393548.39 | 76427.42 | 0.00 | 0.00 | 1469975.81 |
| Shri Rajnish Kumar (w.e.f. 07.10.2017) | 1348625.81 | 73968.29 | 0.00 | 3000.00 | 1425594.10 |
| **Managing Directors** | | | | | |
| Shri B. Sriram | 2614800.00 | 137277.00 | 0.00 | 22000.00 | 2774077.00 |
| Shri Rajnish Kumar (upto 06.10.2017) | 1307400.00 | 65370.00 | 0.00 | 5000.00 | 1377770.00 |
| Shri P. K. Gupta | 2464800.00 | 129402.00 | 0.00 | 14000.00 | 2608202.00 |
| Shri Dinesh Kumar Khara | 2464800.00 | 129402.00 | 0.00 | 2000.00 | 2596202.00 |

## ATTENDANCE AT THE ANNUAL GENERAL MEETING

The last Annual General Meeting (AGM) for the year 2016-17, held on 27th June, 2017, was attended by 8 Directors, viz, Smt. Arundhati Bhattacharya, Shri B. Sriram, Shri Rajnish Kumar, Shri P. K. Gupta, Shri Dinesh Kumar Khara, Dr. Pushpendra Rai, Shri Basant Seth and Shri Pravin Hari Kutumbe. AGM (2015-16) was held on 30th June, 2016 and AGM (2014-15) was held on 2nd July, 2015.

### Disclosure

1. The Bank has not entered into any materially significant related party transactions with its Promoters, Directors or Management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of the Bank at large.

2. The Bank has complied with applicable rules and regulations prescribed by stock exchanges, SEBI, RBI or any other statutory authority relating to the capital markets during the last three years. No penalties or strictures have been imposed by them on the Bank.

3. The Whistle Blower Policy of the Bank is based on the norms of Government of India resolution on Public Interest Disclosure & Protection of Informer (PIDPI). The Policy is an internal reporting mechanism available to all staff of the Bank to act as a 'Whistle Blower' to expose any unethical, corrupt practice of their co-workers, seniors/ superiors in the Bank. However, PIDPI complaint as applicable to customers are dealt with in line with Government of India guidelines 2004, which designated Central Vigilance Commission for dealing with complaints.

4. Policy on materiality of related party transactions and policy for determining 'material' subsidiaries are available on the bank's website-www.sbi.co.in under link corporate governance-policies.

5. The Bank has complied with the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C , D and E of Schedule V to the extent that the requirements of the Clause do not violate the provisions of State Bank of India act 1955, the rules and regulations made there under and guidelines or directives issued by the Reserve Bank of India.

## MEANS OF COMMUNICATION

The Bank strongly believes that all stakeholders should have access to complete information on its activities, performance and product initiatives. Annual, half-yearly and quarterly results of the Bank for the year 2017-18 were published in the leading newspapers of the country. The results were also displayed on the Bank's website www. sbi.co.in. The Annual Report is sent to all shareholders of the Bank. The Bank's website displays, interalia, official news releases of the Bank, the Bank's Annual Reports, Half-yearly and quarterly results and details of various product offerings. Every year, after the annual / half-yearly / quarterly results are declared, a Press- meet is held on the same day, in which the Chairman makes a presentation and answers the queries of the media. This is followed by another meeting to which a number of investment analysts are invited. Details of the Bank's performance are discussed with the analysts in the meeting. After declaring quarterly results, press notifications are issued.

### General Shareholder Information

| | | |
|---|---|---|
| The Annual General Meeting of the Shareholders | : | Date: 28.06.2018, Time 03.00 p.m. Venue: Y. B. Chavan Centre, Mumbai |
| Financial Calendar | : | 01.04.2017 to 31.03.2018 |
| Listing of securities on Stock Exchanges | : | BSE Limited Mumbai and National Stock Exchange, Mumbai. GDRs listed on London Stock Exchange (LSE). Listing fees have been paid upto date to all Stock exchanges, including LSE. |
| Stock Code/CUSIP | : | Stock Code 500112 (BSE) SBIN (NSE) CUSIP US 856552203 (LSE) |
| Share Transfer System | : | Share transfers in Physical form are processed and returned to the shareholders within stipulated time. Quarterly Share transfer audit and reconciliation of Share Capital audit are regularly carried out by an independent Company Secretary. |
| Registrar and Transfer Agent (Existing) | : | M/s Datamatics Business Solutions -Limited (up to 30.06.2018) |
| Unit Address | : | Plot B-5, MIDC Part B, Cross Lane, Marol, Andheri (E), Mumbai 400 093. |
| Board Phone Numbers | : | 022-6671 2001 to 10 (between 10 a.m. to 1.00 p.m. and 2 p.m. to 6.00 p.m.) |
| Direct Numbers | : | 022-6671 2198 / 6671 2199 |
| E-mail address | : | sbi_dbsl@datamaticsbpm.com |
| Fax | : | (022) 6671 2204 |
| Registrar and Transfer Agent **(New)** | | M/s Alankit Assignments Ltd. (w.e.f. 01.07.2018) |
| Unit Address with effect from 01 July, 2018 | | R. R. House Ideal Industrial Estate, Opp. New Empire Mills, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013. India |
| Phone Numbers | | (022) 4348 1300 / 4348 1221 www.alankit.com |
| E-mail address | | **sbi.igr@alankit.com** |
| Address for Correspondence | : | SBI, Shares & Bonds Department, Corporate Centre, 14th Floor, State Bank Bhavan, Madame Cama Road, Nariman Point, Mumbai 400 021. |
| Telephone Numbers | : | (022) 2274 0841 to 2274 0848 |
| Fax | : | (022) 2285 5348 |
| E-mail Address | : | gm.snb@sbi.co.in / investor.complaints@sbi.co.in |
| Name of the debenture trustees with full contact details (Capital Instruments issued in INR) | : | IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai-400 001 Fax Number: 91-22-6631 1776 |

**e-Initiative:** In accordance with SEBI Regulation, we are issuing annual report in electronic form to those shareholders whose e-mail addresses are available.

### Investors' Care

To meet various requirements of the investors regarding their holdings, the Bank has a full-fledged Department - Shares & Bonds Department - at Mumbai. The investors' grievances, whether received at the Bank's offices or at the office of the registrar and transfer agents, are redressed expeditiously and monitored at the Top Management level.

### Capital Augmentation during FY2018

a) During the previous financial year, the Bank received application money of ₹14,999,99,99,859.00 (Rupees Fourteen thousand nine hundred ninety nine crore ninety nine lacs ninety nine thousand eight hundred and fifty nine only) including share premium of ₹14,947,78,06,648.75 (Fourteen thousand nine hundred forty seven crore seventy eight lacs six thousand six hundred forty eight and seventy five paisa only) by way of Qualified Institutional Placement (QIP) against issue of 52,21,93,211 equity shares of Re.1 each. The equity shares were allotted on 12.06.2017.

b) During the previous financial year, the Bank received application money of ₹5,40,600.00 (Rupees Five lacs forty thousand six hundred only) including share premium of ₹ 5,37,200 (Five lacs thirty seven thousand two hundred only) by way of issue of 3400 shares of Re.1 each kept in abeyance. The equity shares were allotted on 01.11.2017.

c) During the previous financial year, the Bank received application money of ₹8799,99,99,938.00 (Rupees Eight thousand seven hundred ninety nine crore ninety nine lacs ninety nine thousand nine hundred thirty eight only) including share premium amount of ₹8770,74,66,227.00

(Rupees Eight thousand seven hundred seventy crore seventy four lacs sixty six thousand two hundred twenty seven only) from Government of India against Preferential Issue of 29,25,33,741 equity shares of Re.1 each to GoI. The equity shares were allotted during the last financial year on 27.03.2018.

## Outstanding Global Depository Receipts (GDR)

At the time of issue of GDRs in 1996, two-way fungibility was not permitted by the Government/RBI, i.e., if the holder of GDR desired to obtain the underlying equity shares of the Indian Company then such GDR was to be converted into shares of the Indian Company, but not vice versa. Later, two-way fungibility of ADRs/GDRs was permitted by the Government of India/ RBI. The Bank has permitted two-way fungibility to the Bank's GDR programme.

The Bank had 1,26,24,898 GDRs as on 31st March 2018 representing 12,62,48,980 shares.

## Unclaimed Shares

| Category of shareholder | No. of Shareholders | Outstanding Shares |
|---|---|---|
| No. of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the beginning of the year | 1006 | 242270 |
| Add- No. of e-SBBJ shareholders and the outstanding shares lying in the Unclaimed Suspense account at the beginning of the year | 144 | 17122 |
| Total | 1150 | 259392 |
| No.of Shareholders,who approached the issuer for transfer of shares from the unclaimed suspense account during the year | 8 | 1450 |
| No.of Shareholders, whom shares were transferred from the unclaimed suspense account during the year | 8 | 1450 |
| Aggregate No. of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year | 1142 | 257942 |

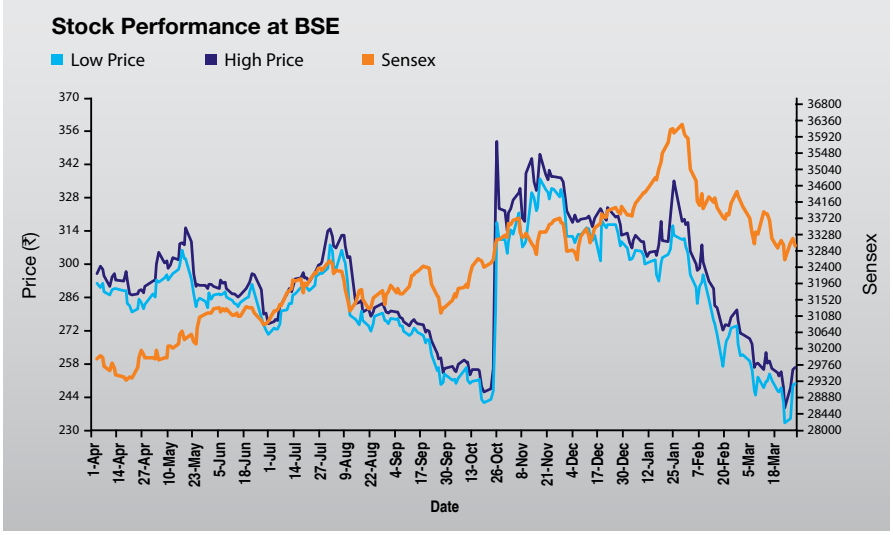
The voting rights on such unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

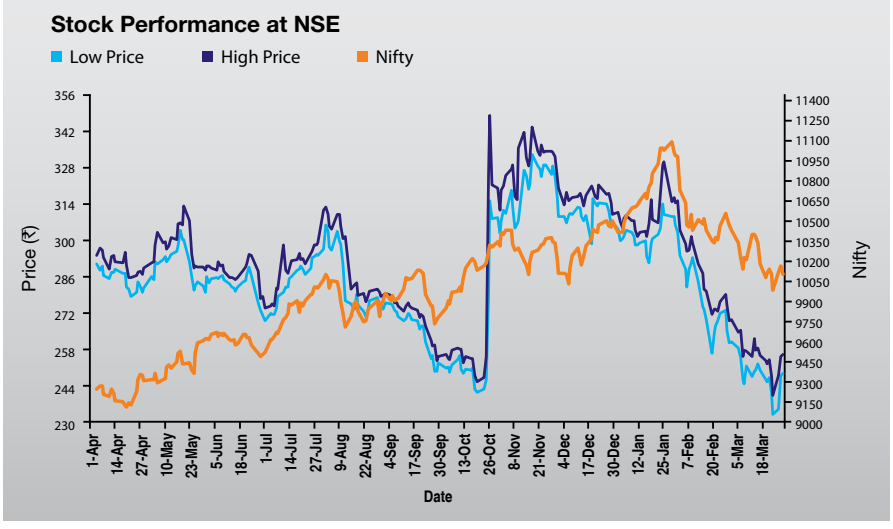
## Dividend History/Dividend Distribution Policy

The Dividend Distribution Policy is in place. The same is available on the Bank's website www.sbi.co.in under link Corporate Governance>>>>>>Policies.

## Share Price Movement

The movement of the share price and the BSE Sensex NSE Nifty is presented in the following tables. The market capitalisation of the Bank's shares had a weightage of 3.74% in BSE Sensex and 2.38% in NSE Nifty as on 31st March 2018.



## Table: Market Price Data (Closing Price)

| Months | BSE (INR) | | NSE (INR) | | LSE (GDR) US$ | |
|---|---|---|---|---|---|---|
| | High | Low | High | Low | High | Low |
| Apr-17 | 296.70 | 281.95 | 297.35 | 282.05 | 46.35 | 43.50 |
| May-17 | 308.15 | 283.15 | 308.00 | 283.15 | 48.35 | 44.25 |
| Jun-17 | 294.55 | 272.55 | 294.50 | 272.45 | 45.20 | 42.20 |
| Jul-17 | 312.55 | 273.00 | 312.50 | 273.00 | 48.40 | 42.00 |
| Aug-17 | 311.10 | 274.10 | 311.20 | 273.90 | 48.35 | 42.30 |
| Sep-17 | 277.80 | 250.45 | 277.85 | 250.40 | 43.30 | 38.25 |
| Oct-17 | 324.70 | 242.50 | 324.90 | 242.75 | 49.20 | 37.35 |
| Nov-17 | 337.40 | 309.75 | 337.50 | 309.55 | 51.80 | 47.70 |
| Dec-17 | 319.85 | 308.30 | 319.85 | 308.40 | 49.60 | 48.10 |
| Jan-18 | 329.50 | 296.15 | 329.90 | 296.15 | 51.60 | 46.30 |
| Feb-18 | 305.55 | 267.65 | 306.05 | 267.60 | 47.75 | 40.65 |
| Mar-18 | 263.80 | 234.60 | 263.50 | 234.80 | 40.65 | 36.35 |

Book value per share ₹199.00

## Shareholding Pattern as on 31st March 2018

| Sr.No. | Description | % to Total |
|---|---|---|
| 1 | President of India | 58.03 |
| 2 | Non-residents (FIIs/OCBs/NRIs/GDRs) | 12.63 |
| 3 | Mutual Funds & UTI | 10.82 |
| 4 | Private Corporate Bodies | 1.42 |
| 5 | Banks/ FIs/ Insurance Cos., etc. | 11.01 |
| 6 | Others (including Resident Individuals) | 6.09 |
| **Total** | | **100.00** |

## Top Ten Shareholders as on 31st March 2018

| Sr. No. | Name | % of Shares in Total Equity |
|---|---|---|
| 1 | President of India | 58.03 |
| 2 | Life Insurance Corporation of India - (financial institutions) | 9.84 |
| 3 | HDFC Trustee Company Limited (Mutual Fund) | 3.19 |
| 4 | ICICI Prudential Balanced Fund (Mutual Fund) | 2.21 |
| 5 | Reliance Capital Trustee Co. Limited (Mutual Fund) | 1.44 |
| 6 | The Bank of New York Mellon (As Depository To Our GDR) | 1.42 |
| 7 | SBI Magnum Balanced Fund (Mutual Fund) | 1.30 |
| 8 | Euro Pacific Growth Fund | 1.10 |
| 9 | Franklin Templeton Mutual Fund ( Mutual Fund) | 0.64 |
| 10 | Government Pension Fund Global (FII) | 0.63 |

**Dematerialization of Shares and Liquidity:** Bank's equity shares are compulsorily traded in the electronic form.
As on 31st March 2018, 882,72,05,476 shares representing 98.91% of total equity capital were held in electronic form.

| Description | No. Share Holders | No. Shares | Shares % |
|---|---|---|---|
| NSDL | 877745 | 3477425729 | 38.97 |
| CDSL | 511991 | 5349779747 | 59.94 |
| Physical | 229120 | 97382058 | 1.09 |
| **Total** | **1618856** | **8924587534** | **100.00** |

## Distribution Schedule As on 31st March, 2018 (Face value of ₹ 1 each)

| Range No. of Shares | Total Holders | % to Total Holders | Total Holdings in ₹ | % to Total Capital |
|---|---|---|---|---|
| 1-5000 | 1611369 | 99.538 | 430,847,070 | 4.828 |
| 5001-10000 | 3888 | 0.240 | 27,600,696 | 0.309 |
| 10001-20000 | 1515 | 0.094 | 21,133,498 | 0.237 |
| 20001-30000 | 452 | 0.028 | 11,156,968 | 0.125 |
| 30001-40000 | 228 | 0.014 | 7,985,670 | 0.089 |
| 40001-50000 | 141 | 0.009 | 6,428,058 | 0.072 |
| 50001-100000 | 305 | 0.019 | 22,293,291 | 0.250 |
| 100001-ABOVE | 958 | 0.058 | 8,397,142,283 | 94.090 |
| **TOTAL** | **1,618,856** | **100.00** | **8,924,587,534** | **100.000** |

## Commodity price risk or foreign exchange risk and hedging activities

The Bank currently deals in over-the-counter (OTC) interest rate and currency derivatives as also in Interest Rate Futures and exchange traded currency derivatives. Interest rate derivatives dealt by the Bank are rupee interest rate swaps, foreign currency interest rate swaps, forward rate agreements, cap, floor and collars. Currency derivatives dealt by the Bank are currency swaps, rupee dollar options and cross-currency options. The products are offered to the Bank's customers to hedge their exposures and the Bank also enters into derivative contracts to cover off such exposures. Derivatives are used by the Bank both for trading as well as hedging balance sheet items. The bank also runs option position in US$/INR, which is managed through various types of loss limits and Greek limits.

Derivative transactions carry market risk i.e. the probable loss the Bank may incur as a result of adverse movements in interest rates/exchange rates and credit risk i.e. the probable loss the Bank may incur if the counterparties fail to meet their obligations. The Bank's "Policy for Derivatives" approved by the Board prescribes the market risk parameters (Greek limits, Loss limits, cut-loss triggers, open position limits, duration, modified duration, PV01, etc.) as well as customer eligibility criteria (credit rating, tenure of relationship, limits and customer appropriateness & suitability policy (CAS) etc.) for entering into derivative transactions. Credit risk is controlled by entering into derivative transactions only with counterparties satisfying the criteria prescribed in the Policy. Appropriate limits are set for the counterparties taking into account their ability to honor obligations and the Bank enters into ISDA agreement with each counterparty.

Derivative deals are entered into with only those interbank participants for whom counterparty exposure limits are sanctioned. Similarly, derivative deals are entered into with only those corporates for whom credit exposure limits are sanctioned. Collateral requirements are part of credit sanction process.

The Asset Liability Management Committee (ALCO) of the Bank oversees efficient management of these risks. The Bank's Market Risk Management Department (MRMD) identifies, measures, monitors market risk associated with derivative transactions, assists ALCO in controlling and managing these risks and reports compliance with policy prescriptions to the Risk Management Committee of the Board (RMCB) at regular intervals.

The accounting policy for derivatives has been drawn up in accordance with the RBI guidelines, the details of which are presented under Schedule 17: Principal Accounting Policies (PAP) for the FY2018.

# ANNEXURE I

## Brief Resumes of the Non-Executive Directors on the Board as on 31st March 2018

### Shri Sanjiv Malhotra

(Date of Birth: 1st October 1951)
Shri Malhotra is a Director re-elected by the Shareholders u/s 19 (c) of the SBI Act w.e.f. 26th June 2017 for a period of 3 years. He is a Chartered Account and has more than 40 years of Global Banking and Finance experience in senior positions in Risk Management, Corporate and Investment Banking, Consumer Finance and Micro Enterprise lending, Private Equity.

### Shri Bhaskar Pramanik

(Date of Birth: 20th March 1951)
Shri Pramanik is a Director elected by the Shareholders u/s 19(c) of the SBI Act w.e.f. 26th June 2017 for a period of 3 years. He is an engineering graduate from IIT Kanpur. Shri Pramanik has more than 45 years of experience in the Indian IT industry. Before joining the Board of the Bank, he served as Chairman for Microsoft in India. He was also working with Oracle and Sun Microsystems as Managing Director.

### Shri Basant Seth

(Date of Birth: 16th February 1952)
Shri Seth is a Director elected by the Shareholders u/s 19(c) of the SBI Act w.e.f. 26th June 2017 for a period of 3 years. He is a Chartered Accountant and has more than 40 years of experience in Banking and Finance including financing of Micro, Small and Medium Enterprises, Corporate Governance and Administrative matters. He was a Central Information Commissioner before joining the Board of the Bank. He was Chairman & Managing Director of Syndicate Bank. He has also served in senior positions in SIDBI and Bank of India.

### Dr. Girish Kumar Ahuja

(Date of Birth : 29th May 1946)
Dr. Girish Kumar Ahuja is a Director nominated by the Central Government u/s 19(d) of the SBI Act, w.e.f. 28th January 2016, for a period of three years. Dr. Ahuja is a Chartered Accountant and academician having 46 yrs of consultancy experience in international and domestic taxation, joint ventures, etc. He has expert knowledge in Direct Taxes with Doctorate in Financial Sector Reforms - Capital Market Efficiency and Portfolio Investment.

### Dr. Pushpendra Rai

(Date of Birth : 02nd June 1953 )
Dr. Pushpendra Rai is a Director nominated by the Central Government u/s 19(d) of the SBI Act, w.e.f. 28th January 2016, for a period of three years. He has about 38 years of professional experience in national and international institutions.

As a member of the Indian Administrative Service for more than 21 years, he was responsible for formulating policy; preparing the program and budget; determining implementation strategies; monitoring implementation; and evaluating staff performance for a diverse set of institutions like rural and industrial development agencies, power generation and distribution departments, petroleum companies and intellectual property offices. He has also worked as the National Project Director - UNDP/World Intellectual Property Organisation (WIPO); Member, Governing Council, National Institute of Design; Member Secretary, Foreign Investment Promotion Council; Executive Director, National Renewal Fund; National Negotiator at WTO/WIPO; and Secretary General, Quality Council of India.

Subsequently, Dr. Rai worked at the World Intellectual Property Organization, Geneva (UN), for 16 years, handling assignments like extending technical cooperation, promoting the economic aspects of IP and asset creation; leading the Development Agenda process; and heading the Regional Office for Asia Pacific at Singapore.

Dr. Rai has a Ph.D. from IIT, Delhi; postgraduate degrees from Harvard University and the University of Lucknow and has lectured extensively in various parts of the world.

### Dr. Purnima Gupta

(Date of Birth: 20th November 1949)
Dr. Purnima Gupta is a Director nominated by Central Government u/s 19(d) of the SBI Act w.e.f. 1st February 2018 for a period of 3 years. She is a professor of Mathematics from Delhi University. She has done her Ph.D in Mathematics from University of Delhi and is a Gold Medalist in both B.Sc. (Mathematics) and M.A. (Mathematics). Her main contribution have been in the theory of Domination in Graph and hyper graphs, Graphodial Covers and Partition Graphs.

### Shri Rajiv Kumar

(Date of Birth: 19th February 1960)
Shri Rajiv Kumar is a Director, nominated by the Central Government, u/s 19(e) of SBI Act w.e.f. 12th September 2017. Shri Rajiv Kumar is Secretary, Financial Services, Ministry of Finance, Govt. of India.

### Shri Chandan Sinha

(Date of Birth: 15th August 1957)
Shri Chandan Sinha is a Director, nominated by the Central Government, u/s 19(f) of SBI Act w.e.f. 28th September 2016. Shri Chandan Sinha is an additional Director, in CAFRAL, Mumbai.

# ANNEXURE II

Details of Directorship in the listed entities & Chairmanships/Membership in Audit/Stakeholders Committee(s) held by the Directors of the Bank/Other Listed Companies as on 31.03.2018 in due compliance with Regulation 26(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

| S. No. | Name of Director | Occupation & Address | Date of Appointment in the current term / Cessation | Number of listed Companies including in Bank |
|---|---|---|---|---|
| 1. | Shri Rajnish Kumar | Chairman<br>No.5, Dunedin,<br>J.M.Mehta Road,<br>Mumbai – 400 006 | 07.10.2017 /<br>06.10.2020 | Chairman : 02 |
| 2. | Shri B. Sriram | Managing Director<br>M-2, Kinnellan Towers, 100A,<br>Napean Sea Road, Mumbai – 400 006 | 17.07.2014 /<br>30.09.2018 | Director : 01<br>Committee Member : 01 |
| 3. | Shri P. K. Gupta | Managing Director<br>M-1, Kinellan Towers, 100A,<br>Napean Sea Road, Mumbai – 400 006 | 01.11.2015 /<br>31.03.2020 | Director : 02<br>Committee Member : 01 |
| 4. | Shri Dinesh Kumar Khara | Managing Director<br>D-11, Kinnellan Towers, 100A,<br>Napean Sea Road, Mumbai – 400 006 | 09.08.2016 /<br>08.08.2019 | Director : 02<br>Committee Member : 04 |
| 5. | Shri Sanjiv Malhotra | Chartered Accountant<br>6, Motabhoy Mansion,<br>130, Maharishi Karve Marg,<br>Churchgate, Mumbai – 400 020 | 26.06.2017 /<br>25.06.2020 | Director : 01<br>Committee Member : 01 |
| 6. | Shri Bhaskar Pramanik | IT Professional<br>01-PHE, Skycourt,<br>Laburnum, Sushant Lok,<br>Sector 28, Gurgaon - 122002 | 26.06.2017 /<br>25.06.2020 | Director : 02<br>Chairman of Committee:01<br>Committee Member : 02 |
| 7. | Shri Basant Seth | Chartered Accountant<br>Flat No. 304, Kalpana Tower,<br>3/16, Vishnupuri, Kanpur - 208002 | 26.06.2017 /<br>25.06.2020 | Director : 02<br>Committee Member :02 |
| 8. | Dr. Girish K. Ahuja | Chartered Accountant,<br>M/s.G.K.Ahuja & Co.,<br>E-6A, LGF, Kailash Colony,<br>New Delhi 110 048 | 28.01.2016 /<br>27.01.2019 | Director : 02<br>Chairman of Committee:02<br>Committee Member : 03 |
| 9. | Dr. Pushpendra Rai | Development Specialist,<br>(former National & International civil servant), 50, Paschimi Marg,<br>Vasant Vihar, New Delhi-110 057 | 28.01.2016 /<br>27.01.2019 | Director : 01<br>Committee Member :01 |
| 10. | Dr. Purnima Gupta | Academics - Mathematics<br>A-1/2 Panchsheel Enclave<br>New Delhi - 110017 | 01.02.2018 /<br>31.01.2021 | Director : 01<br>Committee Member :01 |
| 11. | Shri Rajiv Kumar<br>GOI Nominee | Secretary, (Financial Services)<br>Ministry of Finance, Government of India (Banking Division),<br>Jeevan Deep Bldg., Parliament Street,<br>New Delhi - 110 001 | 12.09.2017 /<br>till further order | Director : 01<br>Committee Member :01 |
| 12. | Shri Chandan Sinha<br>Reserve Bank of India Nominee | Additional Director<br>CAFRAL, Reserve Bank of India,<br>C-8, 8th Floor, Bandra- Kurla Complex<br>Bandra (E),<br>Mumbai – 400051. | 28.09.2016 /<br>till further order | Director : 01<br>Committee Member :01 |

# ANNEXURE-IIA

Total Number of Memberships/Chairmanships held by the Directors on the Boards / Board-level Committees of the Bank/Other Companies as on 31.03.2018

## 1. Shri Rajnish Kumar

| S. No. | Name of the Company/Name of the Concern/Society | Member/Director/ Chairman | Name of the Committee |
|---|---|---|---|
| 1 | State Bank of India | Chairman | Executive Committee of the Central Board - Chairman<br>Board Committee to Monitor Recovery - Chairman |
| 2 | SBI Life Insurance Company Ltd. | Chairman | |
| 3 | SBI General Insurance Company Ltd. | Chairman | |
| 4 | SBI Foundation | Chairman | |
| 5 | SBI Capital Markets Ltd. | Chairman | |
| 6 | SBI Cards & Payment Services Pvt. Ltd. | Chairman | |
| 7 | Export-Import Bank of India | Director | |
| 8 | Institute of Banking Personnel Selection | Member, Governing Board | |
| 9 | NIBM, Pune | NIBM Governing Board - Member | NIBM Finance Committee – Chairman<br>NIBM Standing Committee – Member |
| 10 | Indian Bank's Association | Deputy Chairman, Managing Committee | |
| 11 | Khadi & Village Industries Commission | Member | |
| 12 | Indian Institute of Banking & Finance | Member, Governing Council | |

## 2. Shri B. Sriram

| S. No. | Name of the Company/Name of the Concern/Society | Director | Name(s) of the Committee(s) Chairman/Member |
|---|---|---|---|
| 1 | State Bank of India | Managing Director | Executive Committee of the Central Board - Member<br>Audit Committee of the Board – Member<br>Risk Management Committee of the Board – Member<br>Board Committee to Monitor Recovery – Member<br>IT Strategy Committee of the Board – Member<br>Customer Service Committee of the Board – Member<br>Committee to Review the Identification of Wilful Defaulters / Non Co-Operative Borrowers - Chairman |
| 2 | SBI DFHI Ltd. | Director | |
| 3 | SBI Global Factors Ltd. | Director | |

## 3. Shri P. K. Gupta

| S. No. | Name of the Company/Name of the Concern/Society | Director | Name(s) of the Committee(s) Chairman/Member |
|---|---|---|---|
| 1 | State Bank of India | Managing Director | Executive Committee of the Central Board - Member<br>Special Committee of the Board for Monitoring of Large Value Frauds – Member<br>Customer Service Committee of the Board – Member<br>Stakeholders Relationship Committee – Member<br>Board Committee to Monitor Recovery – Member<br>Corporate Social Responsibility Committee – Member |
| 2 | SBI Foundation | Director | Executive Committee of SBI Foundation – Member<br>CSR Committee – Member |
| 3 | SBI Life Insurance Company Ltd. | Director | - |
| 4 | SBI General Insurance Co. Ltd. | Director | Risk Management Committee - Member<br>Policyholders Protection Committee - Member<br>Investment Committee - Member<br>Corporate Social Responsibility Committee - Member<br>Technology Committee - Member<br>Bancassurance Committee - Member |
| 5 | National Co-operative Development Corporation | Member | General Council of NCDC – Member |

## 4. Shri Dinesh Kumar Khara

| S. No. | Name of the Company/Name of the Concern/Society | Director | Name(s) of the Committee(s) Chairman/Member |
|---|---|---|---|
| 1 | State Bank of India | Managing Director | Executive Committee of the Central Board – Member<br>Stakeholders Relationship Committee – Member<br>Special Committee of the Board for Monitoring of Large Value Frauds – Member<br>Audit Committee of the Board – Member<br>Risk Management Committee of the Board – Member<br>IT Strategy Committee of the Board – Member<br>Board Committee to Monitor Recovery – Member<br>Corporate Social Responsibility Committee – Member |
| 2 | SBI Capital Markets Ltd. | Director | Audit Committee of the Board – Member<br>Committee of Directors – Chairman<br>HR Committee – Member<br>Nomination & Remuneration Committee – Member<br>Risk Management Committee – Member<br>Corporate Social Responsibility - Member |
| 3 | SBICAP Securities Pvt. Ltd. | Director | Risk Management Committee – Member<br>Corporate Social Responsibility - Member |
| 4 | SBICAP Ventures Ltd. | Director | |
| 5 | SBICAP (U.K.) Ltd. | Director | |
| 6 | SBI Cap Singapore Ltd. | Director | |
| 7 | SBI DFHI Limited | Director | Audit Committee of the Board – Member<br>Nomination & Remuneration Committee – Member<br>HR Committee – Member<br>Risk Management Committee – Member<br>Corporate Social Responsibility - Member |
| 8 | SBI General Insurance Company Ltd. | Director | Banc assurance Committee – Member<br>Audit Committee – Member<br>Investment Committee – Member<br>Policyholder Protection Committee – Member<br>Risk Management Committee – Member<br>Nomination & Remuneration Committee – Member<br>Technology Committee – Member<br>Corporate Social Responsibility Committee - Member |
| 9 | SBI Global Factors Ltd. | Director | Audit Committee of the Board – Member<br>Nomination & Remuneration Committee - Member |

| | | | |
|---|---|---|---|
| 10 | SBI Life Insurance Co. Ltd. | Director | Audit Committee – Member<br>Risk Management Committee – Member<br>Investment Committee – Member<br>Corporate Social Responsibility Committee - Member<br>Policyholder Protection Committee – Member<br>Nomination & Remuneration Committee – Member<br>Board with Profit Committee – Member<br>Stakeholders Relationship Committee – Member |
| 11 | SBI Funds Management Pvt. Ltd. | Director | HR Sub-Committee - Member |
| 12 | SBI Pension Funds Pvt. Ltd. | Director | Audit Committee of the Board - Member |
| 13 | SBI Cards & Payment Service Pvt. Ltd. | Director | Advisory Committee - Member |
| 14 | SBI Foundation | Director | Executive Committee - Member |
| 15 | SBI Infra Management Pvt. Ltd. | Director | - |

## 5. Shri Sanjiv Malhotra

| S. No. | Name of the Company/Name of the Concern/Society | Director | Name(s) of the Committee(s) Chairman/Member |
|---|---|---|---|
| 1 | State Bank of India | Director | Executive Committee of the Central Board - Member<br>Risk Management Committee of the Board – Chairman<br>IT Strategy Committee of the Board – Member<br>Special Committee of the Board for Monitoring of Large Value Frauds – Member<br>Customer Service Committee of the Board – Member<br>Corporate Social Responsibility Committee – Member<br>Stakeholders Relationship Committee – Member |
| 2. | Kotak AMC | Director | - |
| 3 | Fair First Insurance Ltd. (Sri Lanka) | Director | - |

## 6. Shri Bhaskar Pramanik

| S. No. | Name of the Company/Name of the Concern/Society | | Name(s) of the Committee(s) Chairman/Member |
|---|---|---|---|
| 1 | State Bank of India | Director | Audit Committee of the Board – Member<br>Stakeholders Relationship Committee – Member<br>Risk Management Committee of the Board – Member<br>IT Strategy Committee of the Board – Chairman<br>Special Committee of the Board for Monitoring of Large Value Frauds – Member<br>Customer Service Committee of the Board – Member<br>Remuneration Committee of the Board – Member<br>Corporate Social Responsibility Committee - Member |
| 2 | Sankya Infotech | Director | Audit Committee of the Board - Chairman<br>Nomination & Remuneration Committee – Member<br>Stakeholders Relationship Committee – Member |
| 3 | TCNS Clothing Co. | Director | Technology Committee – Chairman<br>Audit Committee – Member<br>CSR Committee - Member |

## 7. Shri Basant Seth

| S. No. | Name of the Company/Name of the Concern/Society | Director | Name(s) of the Committee(s)Chairman/Member |
|---|---|---|---|
| 1 | State Bank of India | Director | Audit Committee of the Board - Member<br>Risk Management Committee of the Board – Member<br>IT Strategy Committee of the Board – Member<br>Special Committee of the Board for Monitoring of Large Value Frauds – Chairman<br>Customer Service Committee of the Board – Member<br>Remuneration Committee of the Board – Member<br>Corporate Social Responsibility Committee – Member |
| 2 | Roto Pumps Ltd | Director | Audit Committee – Member<br>Nomination & Remuneration Committee - Member |
| 3 | Accounts Score India Pvt. Ltd | Director | - |

## 8. Dr. Girish Kumar Ahuja

| S. No. | Name of the Company/Name of the Concern/Society | Director | Name(s) of the Committee(s) Chairman/Member |
|---|---|---|---|
| 1 | State Bank of India | Director | Audit Committee of the Board – Chairman<br>Special Committee of the Board for Monitoring of Large Value Frauds – Member<br>Stakeholders Relationship Committee – Member<br>Nomination Committee of the Board – Chairman<br>Customer Service Committee of the Board – Member<br>Remuneration Committee of the Board - Member |
| 2 | Flair Publications P. Ltd | Director | - |
| 3 | Amber Enterprise India Ltd | Director | Audit Committee – Chairman<br>Nomination & Remuneration Committee - Member |
| 4 | PICL (India) Pvt. Ltd. | Director | Audit Committee – Chairman<br>Nomination & Remuneration Committee - Member |

## 9. Dr. Pushpendra Rai

| S. No. | Name of the Company/Name of the Concern/Society | Director | Name(s) of the Committee(s) Chairman/Member |
|---|---|---|---|
| 1 | State Bank of India | Director | Risk Management Committee of the Board – Member<br>IT Strategy Committee – Member<br>Special Committee of the Board for Monitoring of Large Value Frauds – Member<br>Customer Service Committee of the Board - Chairman<br>Stakeholders Relationship Committee - Chairman<br>Corporate Social Responsibility Committee - Member<br>Nomination Committee of the Board - Member |

### 10. Dr. Purnima Gupta

| S. No. | Name of the Company/Name of the Concern/Society | Director | Name(s) of the Committee(s) Chairman/Member |
|---|---|---|---|
| 1 | State Bank of India | Director | IT Strategy Committee – Member<br>Customer Service Committee of the Board – Member<br>Stakeholders Relationship Committee – Member<br>Corporate Social Responsibility Committee - Member |

### 11. Shri Rajiv Kumar

| S. No. | Name of the Company/Name of the Concern/Society | Director | Name(s) of the Committee(s) Chairman/Member |
|---|---|---|---|
| 1 | State Bank of India | Director | Audit Committee of the Board - Member<br>Board Committee to Monitor Recovery – Member<br>Remuneration Committee of the Board - Member |
| 2 | Reserve Bank of India | Director | |

### 12. Shri Chandan Sinha

| S. No. | Name of the Company/Name of the Concern/Society | Director | Name(s) of the Committee(s) Chairman/Member |
|---|---|---|---|
| 1 | State Bank of India | Director | Executive Committee of the Central Board - Member<br>Audit Committee of the Board – Member<br>Remuneration Committee of the Board – Member<br>Nomination Committee of the Board - Member |

(Note : Executive Committee of the Central Board consists of all or any of the other Directors who are normally residents, or may, for the time being, be present at any place within India where the ECCB meeting is held as per regulation 46 of SBI General Regulations.)

## ANNEXURE – III

### Details of shareholding of Directors on the Bank's Central Board as on 31/03/2018

| S. No. | Name of Director | No. of Shares |
|---|---|---|
| 1. | Shri Rajnish Kumar | 0 |
| 2. | Shri B. Sriram | 500 |
| 3. | Shri P. K. Gupta | 4900 |
| 4. | Shri Dinesh Kumar Khara | 3100 |
| 5. | Shri Sanjiv Malhotra | 8800 |
| 6. | Shri Bhaskar Pramanik | 15,000 |
| 7. | Shri Basant Seth | 5000 |
| 8. | Dr. Girish K. Ahuja | 2000 |
| 9. | Dr. Pushpendra Rai | 0 |
| 10. | Dr. Purnima Gupta | 0 |
| 11. | Shri Rajiv Kumar | 0 |
| 12. | Shri Chandan Sinha | 500 |

## ANNEXURE IV

### Details of Sitting Fees paid to Directors for attending Meetings of the Central Board and Board-Level Committees during 2017-18

| S. No. | Name of Director | Meetings of Central Board (₹) | Meetings of Other Board Level Committees (₹) | Total (₹) |
|---|---|---|---|---|
| 1 | Shri Sanjiv Malhotra | 200000 | 590000 | 790000 |
| 2 | Shri M.D. Mallya | 40000 | 110000 | 150000 |
| 3 | Shri Deepak I. Amin | 40000 | 190000 | 230000 |
| 4 | Shri Bhaskar Pramanik | 200000 | 580000 | 780000 |
| 5 | Shri Basant Seth | 200000 | 470000 | 670000 |
| 6 | Shri Pravin Kutumbe | 140000 | 400000 | 540000 |
| 7 | Dr. Girish K. Ahuja | 140000 | 220000 | 360000 |
| 8 | Dr. Pushpendra Rai | 240000 | 550000 | 790000 |
| 9 | Dr. Purnima Gupta | 60000 | 20000 | 80000 |
| 10 | Shri Chandan Sinha | 120000 | 390000 | 510000 |

## ANNEXURE V

### AFFIRMATION OF COMPLIANCE WITH THE BANK'S CODE OF CONDUCT (2017-18)

I declare that all Board Members and Senior Management have affirmed compliance with the Bank's Code of Conduct for the Financial Year 2017-18.

RAJNISH KUMAR
CHAIRMAN

### DISCRETIONARY REQUIREMENTS
### (Regulation 27 of SEBI Listing Regulations, 2015)

1. **The Board** - The requirement is in case of Non-Executive Chairman. As the Bank has an Executive Chairman this information is not applicable.
2. **Shareholders Rights** - Bank publishes its half yearly financial results in the newspapers having nationwide circulation. The half- yearly financial result and significant events are uploaded on the Bank's website. The Bank, however, does not send the half-yearly results to each household of shareholders.
3. **Modified Opinion(s) in audit report** – The disclosure is required in case of Audit Qualification/Modified Opinion. The Audit Reports with unmodified opinion was furnished to the Stock Exchanges at the time of submission of the audited financial results.
4. **Separate post of chairperson and chief executive officer** - The appointment of the Chairman and the four Managing Directors is as per the provisions of the SBI Act, 1955.
5. **Reporting of Internal Auditor** - The Internal Auditor (Deputy Managing Director Inspection & Management Audit) reports directly to the Audit Committee of the Board.

# Auditors' Certificate on Corporate Governance

To
The Members,
**State Bank of India**

We, Varma & Varma, Chartered Accountants (Firm's Registration No.: 004532S), as Statutory Auditors of **STATE BANK OF INDIA** ("the Bank"), having its Corporate Centre at State Bank Bhavan, Madame Cama Road, Mumbai, Maharashtra 400 021, have examined the compliance of conditions of Corporate Governance by the Bank, for the year ended on 31st March, 2018, as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st April, 2017 to 31st March, 2018.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Corporate Governance, issued by the Institute of Chartered Accountants of India, and was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has, in all material aspects complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

For and on behalf of
**VARMA & VARMA**
Chartered Accountants
Firm Registration No: 004532S

**P R PRASANNA VARMA**
Partner
Membership No: 025854

Place : Mumbai,
Date : 22nd May, 2018

# Business Responsibility Report

**About the Business Responsibility Report:**

Business Responsibility Report of the Bank, is published on an annual basis since FY2012-13.

Regulation 34(2)(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular No. CIR/CFD/CMD/10/2015 dated 4th November, 2015 mandates the inclusion of Business Responsibility Report (BRR) as part of the Annual Report for Top 500 listed entities based on market capitalization (calculated as on March 31 of every financial year) at BSE and NSE. The Bank's Sustainability Report which contains the Business Responsibility Report for the financial year ended 31st March, 2018 has been hosted on the Bank's website www.sbi.co.in under the link Investors Relations. Any shareholder interested in obtaining a physical copy of the same may write to the Bank (email Id: gm.snb@sbi.co.in and postal address: General Manager, Shares & Bonds Department, State Bank of India, Corporate Centre, State Bank Bhavan, Madame Cama Road, Mumbai - 400 021)












Bank's novel Sustainability initiative "SBI Green Marathon" got kick started at Mumbai on 04th February, 2018. Hon'ble Chairman, Shri Rajnish Kumar flagged off the event. Approx. 4000 individuals participated in the Marathon, which included Bank Staff and General Public.

# State Bank of India

## Balance Sheet as on 31st March, 2018

(000s omitted)

| | Schedule No. | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| **CAPITAL AND LIABILITIES** | | | |
| Capital | 1 | 892,45,88 | 797,35,04 |
| Reserves & Surplus | 2 | 218236,10,15 | 187488,71,22 |
| Deposits | 3 | 2706343,28,50 | 2044751,39,47 |
| Borrowings | 4 | 362142,07,45 | 317693,65,83 |
| Other Liabilities and Provisions | 5 | 167138,07,68 | 155235,18,85 |
| **TOTAL** | | **3454751,99,66** | **2705966,30,41** |
| **ASSETS** | | | |
| Cash and Balances with Reserve Bank of India | 6 | 150397,18,14 | 127997,61,77 |
| Balances with Banks and money at call and short notice | 7 | 41501,46,05 | 43974,03,21 |
| Investments | 8 | 1060986,71,50 | 765989,63,09 |
| Advances | 9 | 1934880,18,91 | 1571078,38,11 |
| Fixed Assets | 10 | 39992,25,11 | 42918,91,79 |
| Other Assets | 11 | 226994,19,95 | 154007,72,44 |
| **TOTAL** | | **3454751,99,66** | **2705966,30,41** |
| Contingent Liabilities | 12 | 1162020,69,30 | 1046440,93,19 |
| Bills for Collection | - | 74027,90,24 | 65640,42,04 |
| Significant Accounting Policies | 17 | | |
| Notes to Accounts | 18 | | |

Schedules referred to above form an integral part of the Balance sheet

**Signed by:**

**Shri Dinesh Kumar Khara**
Managing Director
(Risk, IT & Subsidiaries)

**Shri P. K. Gupta**
Managing Director
(Retail & Digital Banking)

**Shri B. Sriram**
Managing Director
(Corporate & Global Banking)

**Directors:**
Dr. Purnima Gupta
Shri Sanjiv Malhotra
Shri Basant Seth
Dr. Girish Kumar Ahuja
Shri Chandan Sinha
Dr. Pushpendra Rai
Shri Bhaskar Pramanik

**Shri Rajnish Kumar**
Chairman

**Place: Mumbai**
**Date: 22nd May, 2018**

In terms of our report of even date

**For VARMA & VARMA**
Chartered Accountants

**P R PRASANNA VARMA**
**Partner :** M. No.025854
**Firm Regn.** No. 004532 S

**For GSA & ASSOCIATES**
Chartered Accountants

**SUNIL AGGARWAL**
**Partner:** M. No.083899
**Firm Regn.** No. 000257 N

**For AMIT RAY & CO.**
Chartered Accountants

**BASUDEB BANERJEE**
**Partner :** M. No.070468
**Firm Regn.** No. 000483 C

**For RAO & KUMAR**
Chartered Accountants

**K. CH. S. GURU PRASAD**
**Partner :** M. No.215652
**Firm Regn.** No. 003089 S

**For CHATURVEDI & SHAH**
Chartered Accountants

**VITESH D. GANDHI**
**Partner :** M. No. 110248
**Firm Regn.** No. 101720 W

**For MANUBHAI & SHAH LLP**
Chartered Accountants

**HITESH M. POMAL**
**Partner :** M. No.106137
**Firm Regn.** No.106041W/W100136

**For CHATTERJEE & CO.**
Chartered Accountants

**R N BASU**
**Partner:** M. No. 050430
**Firm Regn.** No. 302114 E

**For S L CHHAJED & CO.**
Chartered Accountants

**ABHAY CHHAJED**
**Partner :** M. No. 079662
**Firm Regn.** No. 000709 C

**For BRAHMAYYA & CO.**
Chartered Accountants

**K. JITENDRA KUMAR**
**Partner :** M. No. 201825
**Firm Regn.** No. 000511 S

**For S K MITTAL & CO.**
Chartered Accountants

**S. K. MITTAL**
**Partner :** M. No. 008506
**Firm Regn.** No. 001135 N

**For M BHASKARA RAO & CO.**
Chartered Accountants

**M V RAMANA MURTHY**
**Partner :** M. No. 206439
**Firm Regn.** No. 000459 S

**For BANSAL & CO LLP**
Chartered Accountants

**R.C. PANDEY**
**Partner :** M. No. 070811
**Firm Regn.** No. 001113N/N500079

**For MITTAL GUPTA & CO.**
Chartered Accountants

**AKSHAY KUMAR GUPTA**
**Partner :** M. No. 070744
**Firm Regn.** No. 001874 C

**For RAY & RAY**
Chartered Accountants

**ABHIJIT NEOGI**
**Partner:** M. No. 61380
**Firm Regn.** No. 301072 E

Place : Mumbai
Date : 22nd May, 2018

# Schedules

## Schedule 1 - Capital

(000s omitted)

| | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|
| **Authorised Capital :**<br>5000,00,00,000 shares of ₹ 1 each<br>(Previous Year 5000,00,00,000 shares of ₹ 1 each) | 5000,00,00 | 5000,00,00 |
| **Issued Capital :**<br>892,54,05,164 equity shares of ₹ 1 each<br>(Previous Year 797,43,25,472 equity shares of ₹ 1 each) | 892,54,05 | 797,43,25 |
| **Subscribed and Paid-up Capital :**<br>892,45,87,534 equity shares of ₹ 1 each<br>(Previous Year 797,35,04,442 equity shares of ₹ 1 each)<br>[The above includes 12,62,48,980 equity shares of ₹ 1 each (Previous Year 12,70,16,300 equity shares of ₹ 1 each) represented by 1,26,24,898 (Previous Year 1,27,01,630) Global Depository Receipts] | 892,45,88 | 797,35,04 |
| **TOTAL** | **892,45,88** | **797,35,04** |

## Schedule 2 - Reserves & Surplus

(000s omitted)

| | | | As on 31.03.2018 (Current Year) ₹ | | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|---|---|
| **I.** | **Statutory Reserves** | | | | |
| | Opening Balance | 53969,83,67 | | 50824,60,59 | |
| | Additions during the year | 11367,14,70 | | 3145,23,08 | |
| | Deductions during the year | - | | - | |
| | | | 65336,98,37 | | 53969,83,67 |
| **II.** | **Capital Reserves** | | | | |
| | Opening Balance | 3688,17,59 | | 2194,78,95 | |
| | Additions during the year | 5703,48,29 | | 1493,38,64 | |
| | Deductions during the year | - | | - | |
| | | | 9391,65,88 | | 3688,17,59 |
| **III.** | **Share Premium** | | | | |
| | Opening Balance | 55423,23,36 | | 49769,47,71 | |
| | Additions during the year | 23718,58,11 | | 5659,92,72 | |
| | Deductions during the year | 17,59,96 | | 6,17,07 | |
| | | | 79124,21,51 | | 55423,23,36 |
| **IV.** | **Foreign Currency Translation Reserve** | | | | |
| | Opening Balance | 4428,63,94 | | 6056,24,72 | |
| | Additions during the year | 1482,65,84 | | - | |
| | Deductions during the year | 190,71,05 | | 1627,60,78 | |
| | | | 5720,58,73 | | 4428,63,94 |

(000s omitted)

| | | As on 31.03.2018 (Current Year) ₹ | | As on 31.03.2017 (Previous Year) ₹ | |
|---|---|---|---|---|---|
| **V.** | **Revenue and Other Reserves*** | | | | |
| | Opening Balance | 38392,85,99 | | 34652,72,18 | |
| | Additions during the year | 14888,94,48 | | 3740,13,81 | |
| | Deductions during the year | 4388,56,60 | | - | |
| | | | 48893,23,87 | | 38392,85,99 |
| **VI.** | **Revaluation Reserve** | | | | |
| | Opening Balance | 31585,64,99 | | - | |
| | Additions during the year | 4670,63,97 | | 31895,24,17 | |
| | Deductions during the year | 11408,30,31 | | 309,59,18 | |
| | | | 24847,98,65 | | 31585,64,99 |
| **VII.** | **Balance of Profit and Loss Account** | | (15078,56,86) | | 31,68 |
| | * Note: Revenue and Other Reserves include<br>(i) ₹ 5,00,00 thousand (Previous Year ₹ 5,00,00 thousand) of Integration and Development Fund (maintained under Section 36 of the State Bank of India Act, 1955)<br>(ii) Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 ₹ 13421,76,76 thousand (Previous Year ₹ 10177,67,23 thousand)<br>(iii) Investment Reserves Current Year Nil (Previous Year ₹ 1082,97,82 thousand) | | | | |
| **TOTAL** | | | **218236,10,15** | | **187488,71,22** |

Additions during the year includes receipt from erstwhile ABs and BMBL on acquisition

## Schedule 3 - Deposits

(000s omitted)

| | | | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|---|
| **A.** | **I.** | **Demand Deposits** | | |
| | | (i) From Banks | 5326,82,76 | 5507,43,88 |
| | | (ii) From Others | 184847,05,92 | 146913,66,68 |
| | **II.** | **Savings Bank Deposits** | 1013774,47,09 | 758961,38,54 |
| | **III.** | **Term Deposits** | | |
| | | (i) From Banks | 15218,78,64 | 19561,05,68 |
| | | (ii) From Others | 1487176,14,09 | 1113807,84,69 |
| **TOTAL** | | | **2706343,28,50** | **2044751,39,47** |
| **B** | **I.** | **Deposits of Branches in India** | 2599393,43,21 | 1953300,08,27 |
| | **II.** | **Deposits of Branches outside India** | 106949,85,29 | 91451,31,20 |
| **TOTAL** | | | **2706343,28,50** | **2044751,39,47** |

## Schedule 4 - Borrowings

(000s omitted)

| | | | As on 31.03.2018 (Current Year) ₹ | | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|---|---|
| **I.** | **Borrowings in India** | | | | |
| (i) | Reserve Bank of India | | 94252,00,00 | | 5000,00,00 |
| (ii) | Other Banks | | 1603,85,43 | | 1475,00,00 |
| (iii) | Other Institutions and Agencies | | 2411,83,26 | | 69489,26,76 |
| (iv) | Capital Instruments : | | | | |
| | a. Innovative Perpetual Debt Instruments (IPDI) | 11835,00,00 | | 9265,00,00 | |
| | b. Subordinated Debt | 32540,83,80 | | 32406,33,80 | |
| | | | 44375,83,80 | | 41671,33,80 |
| **TOTAL** | | | **142643,52,49** | | **117635,60,56** |
| **II.** | **Borrowings outside India** | | | | |
| (i) | Borrowings and Refinance outside India | | 217543,29,96 | | 194059,42,77 |
| (ii) | Capital Instruments : | | | | |
| | Innovative Perpetual Debt Instruments (IPDI) | | 1955,25,00 | | 5998,62,50 |
| **TOTAL** | | | **219498,54,96** | | **200058,05,27** |
| **GRAND TOTAL** | | | **362142,07,45** | | **317693,65,83** |
| Secured Borrowings included in I & II above | | | **106637,02,05** | | **77576,26,94** |

## Schedule 5 - Other Liabilities & Provisions

(000s omitted)

| | | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Bills payable | 26617,74,90 | 26666,84,28 |
| II. | Inter-office adjustments (Net) | 40734,57,50 | 35645,54,15 |
| III. | Interest accrued | 16279,62,96 | 13080,91,99 |
| IV. | Deferred Tax Liabilities (Net) | 2,80,59 | 2989,77,14 |
| V. | Others (including provisions)* | 83503,31,73 | 76852,11,29 |
| | * Includes prudential provision for Standard Assets ₹ 12499,46,35 thousand (Previous Year ₹ 13678,23,56 thousand) | | |
| **TOTAL** | | **167138,07,68** | **155235,18,85** |

## Schedule 6 - Cash and Balances with Reserve Bank of India

(000s omitted)

| | | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Cash in hand (including foreign currency notes and gold) | 15472,42,20 | 12030,31,17 |
| II. | Balance with Reserve Bank of India | | |
| (i) | In Current Account | 134924,75,94 | 115967,30,60 |
| (ii) | In Other Accounts | - | - |
| **TOTAL** | | **150397,18,14** | **127997,61,77** |

## Schedule 7 - Balances with Banks and Money at Call & Short Notice

(000s omitted)

| | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|
| **I. In India** | | |
| (i) Balances with banks | | |
| (a) In Current Accounts | 48,59,90 | 190,86,27 |
| (b) In Other Deposit Accounts | - | - |
| (ii) Money at call and short notice | | |
| (a) With banks | 1614,44,26 | 6743,00,00 |
| (b) With other institutions | - | - |
| **TOTAL** | **1663,04,16** | **6933,86,27** |
| **II. Outside India** | | |
| (i) In Current Accounts | 28528,09,13 | 22807,45,51 |
| (ii) In Other Deposit Accounts | 1226,43,94 | 4454,77,98 |
| (iii) Money at call and short notice | 10083,88,82 | 9777,93,45 |
| **TOTAL** | **39838,41,89** | **37040,16,94** |
| **GRAND TOTAL (I and II)** | **41501,46,05** | **43974,03,21** |

## Schedule 8 - Investments

(000s omitted)

| | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|
| **I. Investments in India in :** | | |
| (i) Government Securities | 848395,84,44 | 575238,70,65 |
| (ii) Other approved securities | - | - |
| (iii) Shares | 10516,69,01 | 5445,69,97 |
| (iv) Debentures and Bonds | 77962,93,46 | 59847,40,25 |
| (v) Subsidiaries and/or Joint Ventures (including Associates) | 5077,97,43 | 11363,45,35 |
| (vi) Others (Units of Mutual Funds, Commercial Papers etc.) | 72882,56,59 | 72363,63,94 |
| **TOTAL** | **1014836,00,93** | **724258,90,16** |
| **II. Investments outside India in :** | | |
| (i) Government Securities (including local authorities) | 10520,45,85 | 8821,01,82 |
| (ii) Subsidiary and/or Joint Ventures abroad | 2712,22,30 | 2643,75,00 |
| (iii) Other Investments (Shares, Debentures etc.) | 32918,02,42 | 30265,96,11 |
| **TOTAL** | **46150,70,57** | **41730,72,93** |
| **GRAND TOTAL (I and II)** | **1060986,71,50** | **765989,63,09** |
| **III. Investments in India :** | | |
| (i) Gross Value of Investments | 1026438,36,91 | 725421,41,68 |
| (ii) Less: Aggregate of Provisions / Depreciation | 11602,35,98 | 1162,51,52 |
| (iii) Net Investments (vide I above) **TOTAL** | **1014836,00,93** | **724258,90,16** |
| **IV. Investments outside India :** | | |
| (i) Gross Value of Investments | 46658,94,18 | 41815,76,58 |
| (ii) Less: Aggregate of Provisions / Depreciation | 508,23,61 | 85,03,65 |
| (iii) Net Investments (vide II above) **TOTAL** | **46150,70,57** | **41730,72,93** |
| **GRAND TOTAL (III and IV)** | **1060986,71,50** | **765989,63,09** |

## Schedule 9 - Advances

(000s omitted)

| | | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| A. | I. Bills purchased and discounted | 67613,55,55 | 73997,86,42 |
| | II. Cash credits, overdrafts and loans repayable on demand | 746252,38,11 | 605016,33,99 |
| | III. Term loans | 1121014,25,25 | 892064,17,70 |
| **TOTAL** | | **1934880,18,91** | **1571078,38,11** |
| B. | I. Secured by tangible assets (includes advances against Book Debts) | 1505988,72,17 | 1206185,33,70 |
| | II. Covered by Bank/ Government Guarantees | 68651,16,60 | 82006,91,83 |
| | III. Unsecured | 360240,30,14 | 282886,12,58 |
| **TOTAL** | | **1934880,18,91** | **1571078,38,11** |
| C. | I. Advances in India | | |
| | (i) Priority Sector | 448358,95,60 | 341257,50,06 |
| | (ii) Public Sector | 161939,24,46 | 121630,62,69 |
| | (iii) Banks | 2845,19,97 | 1404,44,69 |
| | (iv) Others | 1023464,39,00 | 823349,18,79 |
| **TOTAL** | | **1636607,79,03** | **1287641,76,23** |
| | II. Advances outside India | | |
| | (i) Due from banks | 77109,63,56 | 87802,75,38 |
| | (ii) Due from others | | |
| | (a) Bills purchased and discounted | 14539,04,35 | 11672,61,58 |
| | (b) Syndicated loans | 120685,86,16 | 101077,74,18 |
| | (c) Others | 85937,85,81 | 82883,50,74 |
| **TOTAL** | | **298272,39,88** | **283436,61,88** |
| **GRAND TOTAL [C (I) and C (II)]** | | **1934880,18,91** | **1571078,38,11** |

## Schedule 10 - Fixed Assets

(000s omitted)

| | | | As on 31.03.2018 (Current Year) ₹ | | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|---|---|
| **I.** | **Premises (including Revalued Premises)** | | | | |
| | At cost as on 31st March of the preceding year | 35961,29,86 | | 3634,58,00 | |
| | Additions: | | | | |
| | - during the year | 1056,24,24 | | 435,79,61 | |
| | - for Revaluation | 4477,39,82 | | 31895,24,17 | |
| | Deductions during the year | 11293,40,10 | | 4,31,92 | |
| | Depreciation to date: | | | | |
| | - on cost | 614,08,31 | | 579,15,77 | |
| | - on Revaluation | 308,66,78 | | 309,59,18 | |
| | | | 29278,78,73 | | 35072,54,91 |
| **II.** | **Other Fixed Assets (including furniture and fixtures)** | | | | |
| | At cost as on 31st March of the preceding year | 21856,35,33 | | 19551,20,04 | |
| | Additions during the year | 9232,65,68 | | 2708,13,72 | |
| | Deductions during the year | 974,10,05 | | 402,98,43 | |
| | Depreciation to date | 20192,98,49 | | 14583,91,16 | |
| | | | 9921,92,47 | | 7272,44,17 |

(000s omitted)

| | | | As on 31.03.2018 (Current Year) ₹ | | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|---|---|
| **III.** | **Leased Assets** | | | | |
| | At cost as on 31st March of the preceding year | - | | - | |
| | Additions during the year | - | | - | |
| | Deductions during the year | - | | - | |
| | Depreciation to date including provision | - | | - | |
| | | | - | | - |
| **IV.** | **Assets under Construction (Including Premises)** | | 791,53,91 | | 573,92,71 |
| **TOTAL (I, II, III & IV)** | | | **39992,25,11** | | **42918,91,79** |

Additions during the year includes receipt from erstwhile ABs and BMBL on acquisition

## Schedule 11 - Other Assets

(000s omitted)

| | | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Inter-Office adjustments (net) | - | - |
| II. | Interest accrued | 25714,46,61 | 18658,87,85 |
| III. | Tax paid in advance / tax deducted at source | 17546,11,08 | 8814,18,05 |
| IV. | Deferred Tax Assets (Net) | 11368,79,19 | 427,90,49 |
| V. | Stationery and Stamps | 107,05,92 | 90,80,91 |
| VI. | Non-banking assets acquired in satisfaction of claims | 4,64,72 | 3,91,00 |
| VII. | Others* | 172253,12,43 | 126012,04,14 |
| | *Includes Deposits placed with NABARD/SIDBI/NHB amounting to ₹ 95643,16,91 thousand (Previous Year ₹ 59407,22,13 thousand) | | |
| **TOTAL** | | **226994,19,95** | **154007,72,44** |

## Schedule 12 - Contingent Liabilities

(000s omitted)

| | | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Claims against the bank not acknowledged as debts | 35153,03,00 | 28971,02,14 |
| II. | Liability for partly paid investments / Venture Funds | 619,44,30 | 599,95,40 |
| III. | Liability on account of outstanding forward exchange contracts | 644102,45,28 | 572601,53,62 |
| IV. | Guarantees given on behalf of constituents | | |
| | (a) In India | 148866,54,48 | 131207,73,38 |
| | (b) Outside India | 67469,26,89 | 71152,10,81 |
| V. | Acceptances, endorsements and other obligations | 121238,94,74 | 100059,57,31 |
| VI. | Other items for which the bank is contingently liable* | 144571,00,61 | 141849,00,53 |
| | *Includes Derivatives ₹ 141154,40,39 thousand (Previous Year ₹ 139669,75,58 thousand) | | |
| **TOTAL** | | **1162020,69,30** | **1046440,93,19** |

# State Bank of India

## Profit and Loss Account for the year ended 31st March, 2018

(000s omitted)

| | | Schedule No. | Year ended 31.03.2018 (Current Year) ₹ | Year ended 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|---|
| I. | **INCOME** | | | |
| | Interest earned | 13 | 220499,31,56 | 175518,24,04 |
| | Other Income | 14 | 44600,68,71 | 35460,92,75 |
| | **TOTAL** | | **265100,00,27** | **210979,16,79** |
| II. | **EXPENDITURE** | | | |
| | Interest expended | 15 | 145645,60,00 | 113658,50,34 |
| | Operating expenses | 16 | 59943,44,64 | 46472,76,94 |
| | Provisions and contingencies | | 66058,41,00 | 40363,79,25 |
| | **TOTAL** | | **271647,45,64** | **200495,06,53** |
| III. | **PROFIT** | | | |
| | Net Profit/ (Loss) for the year | | (6547,45,37) | 10484,10,26 |
| | Add: Profit brought forward | | 31,68 | 31,68 |
| | Loss of eABs & BMB on amalgamation | | (6407,68,97) | - |
| | **TOTAL** | | **(12954,82,66)** | **10484,41,94** |
| IV. | **APPROPRIATIONS** | | | |
| | Transfer to Statutory Reserve | | - | 3145,23,08 |
| | Transfer to Capital Reserve | | 3288,87,88 | 1493,38,64 |
| | Transfer to Revenue and other Reserves | | (1165,13,68) | 3430,54,64 |
| | Dividend for the current year | | - | 2108,56,29 |
| | Tax on Dividend for the Current year | | - | 306,37,61 |
| | Balance carried over to Balance Sheet | | (15078,56,86) | 31,68 |
| | **TOTAL** | | **(12954,82,66)** | **10484,41,94** |
| | Basic Earnings per Share | | ₹-7.67 | ₹ 13.43 |
| | Diluted Earnings per Share | | ₹-7.67 | ₹ 13.43 |
| | Significant Accounting Policies | 17 | | |
| | Notes to Accounts | 18 | | |

The schedules referred to above form an integral part of the Profit & Loss Account.

**Signed by:**

**Shri Dinesh Kumar Khara**
Managing Director
(Risk, IT & Subsidiaries)

**Shri P. K. Gupta**
Managing Director
(Retail & Digital Banking)

**Shri B. Sriram**
Managing Director
(Corporate & Global Banking)

**Directors:**
Dr. Purnima Gupta
Shri Sanjiv Malhotra
Shri Basant Seth
Dr. Girish Kumar Ahuja
Shri Chandan Sinha
Dr. Pushpendra Rai
Shri Bhaskar Pramanik

**Shri Rajnish Kumar**
Chairman

**Place: Mumbai**
**Date: 22nd May, 2018**

In terms of our report of even date

**For VARMA & VARMA**
Chartered Accountants

**P R PRASANNA VARMA**
**Partner :** M. No.025854
**Firm Regn.** No. 004532 S

**For GSA & ASSOCIATES**
Chartered Accountants

**SUNIL AGGARWAL**
**Partner:** M. No.083899
**Firm Regn.** No. 000257 N

**For AMIT RAY & CO.**
Chartered Accountants

**BASUDEB BANERJEE**
**Partner :** M. No.070468
**Firm Regn.** No. 000483 C

**For RAO & KUMAR**
Chartered Accountants

**K. CH. S. GURU PRASAD**
**Partner :** M. No.215652
**Firm Regn.** No. 003089 S

**For CHATURVEDI & SHAH**
Chartered Accountants

**VITESH D. GANDHI**
**Partner :** M. No. 110248
**Firm Regn.** No. 101720 W

**For MANUBHAI & SHAH LLP**
Chartered Accountants

**HITESH M. POMAL**
**Partner :** M. No.106137
**Firm Regn.** No.106041W/W100136

**For CHATTERJEE & CO.**
Chartered Accountants

**R N BASU**
**Partner:** M. No. 050430
**Firm Regn.** No. 302114 E

**For S L CHHAJED & CO.**
Chartered Accountants

**ABHAY CHHAJED**
**Partner :** M. No. 079662
**Firm Regn.** No. 000709 C

**For BRAHMAYYA & CO.**
Chartered Accountants

**K. JITENDRA KUMAR**
**Partner :** M. No. 201825
**Firm Regn.** No. 000511 S

**For S K MITTAL & CO.**
Chartered Accountants

**S. K. MITTAL**
**Partner :** M. No. 008506
**Firm Regn.** No. 001135 N

**For M BHASKARA RAO & CO.**
Chartered Accountants

**M V RAMANA MURTHY**
**Partner :** M. No. 206439
**Firm Regn.** No. 000459 S

**For BANSAL & CO LLP**
Chartered Accountants

**R.C. PANDEY**
**Partner :** M. No. 070811
**Firm Regn.** No. 001113N/N500079

**For MITTAL GUPTA & CO.**
Chartered Accountants

**AKSHAY KUMAR GUPTA**
**Partner :** M. No. 070744
**Firm Regn.** No. 001874 C

**For RAY & RAY**
Chartered Accountants

**ABHIJIT NEOGI**
**Partner:** M. No. 61380
**Firm Regn.** No. 301072 E

Place : Mumbai
Date : 22nd May, 2018

## Schedule 13 - Interest Earned

(000s omitted)

| | | Year ended 31.03.2018 (Current Year) ₹ | Year ended 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Interest / discount on advances / bills | 141363,16,78 | 119510,00,30 |
| II. | Income on investments | 70337,61,67 | 48205,30,54 |
| III. | Interest on balances with Reserve Bank of India and other inter-bank funds | 2249,99,69 | 1753,46,71 |
| IV. | Others | 6548,53,42 | 6049,46,49 |
| **TOTAL** | | **220499,31,56** | **175518,24,04** |

## Schedule 14 - Other Income

(000s omitted)

| | | Year ended 31.03.2018 (Current Year) ₹ | Year ended 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Commission, exchange and brokerage | 22996,80,04 | 16276,57,34 |
| II. | Profit / (Loss) on sale of investments (Net)[1] | 13423,34,83 | 10749,61,95 |
| III. | Profit / (Loss) on revaluation of investments (Net) | (1120,61,02) | - |
| IV. | Profit / (Loss) on sale of land, building and other assets (Net) | (30,03,00) | (37,05,48) |
| V. | Profit / (Loss) on exchange transactions (Net) | 2484,59,52 | 2388,44,90 |
| VI. | Income earned by way of dividends, etc., from subsidiaries/ companies and/ or joint ventures abroad/ in India | 448,51,70 | 688,35,40 |
| VII. | Income from finance lease | - | - |
| VIII. | Miscellaneous Income [2] | 6398,06,64 | 5394,98,64 |
| **TOTAL** | | **44600,68,71** | **35460,92,75** |

[1] Profit/ (Loss) on sale of investments (Net) includes exceptional item of ₹ 5436.17 crore (Previous year nil).

[2] Miscellaneous Income includes Recoveries made in write-off accounts ₹ 5333.20 crore (Previous year ₹ 3476.94 crore).

## Schedule 15 - Interest Expended

(000s omitted)

| | | Year ended 31.03.2018 (Current Year) ₹ | Year ended 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Interest on deposits | 135725,70,41 | 105598,75,22 |
| II. | Interest on Reserve Bank of India/ Inter-bank borrowings | 5312,42,79 | 3837,46,97 |
| III. | Others | 4607,46,80 | 4222,28,15 |
| **TOTAL** | | **145645,60,00** | **113658,50,34** |

## Schedule 16 - Operating Expenses

(000s omitted)

| | | Year ended 31.03.2018 (Current Year) ₹ | Year ended 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Payments to and provisions for employees | 33178,67,95 | 26489,28,01 |
| II. | Rent, taxes and lighting | 5140,43,15 | 3956,86,26 |
| III. | Printing & Stationery | 518,13,63 | 411,17,79 |
| IV. | Advertisement and publicity | 358,32,54 | 281,13,58 |
| V. | Depreciation on Bank's property | 2919,46,63 | 2293,30,95 |
| VI. | Directors' fees, allowances and expenses | 61,93 | 86,12 |
| VII. | Auditors' fees and expenses (including branch auditors' fees and expenses) | 289,18,07 | 216,10,88 |
| VIII. | Law charges | 199,03,48 | 189,56,07 |
| IX. | Postages, Telegrams, Telephones, etc. | 867,03,65 | 759,95,19 |
| X. | Repairs and maintenance | 826,93,29 | 639,75,29 |
| XI. | Insurance | 2759,88,05 | 1929,23,12 |
| XII. | Other expenditure | 12885,72,27 | 9305,53,68 |
| **TOTAL** | | **59943,44,64** | **46472,76,94** |

## Schedule 17- Significant Accounting Policies:

**A. Basis of Preparation:**

The Bank's financial statements are prepared under the historical cost convention, on the accrual basis of accounting on going concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/ guidelines prescribed by the Reserve Bank of India (RBI), Banking Regulation Act, 1949, Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), and the practices prevalent in the banking industry in India.

**B. Use of Estimates:**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**C. Significant Accounting Policies:**

**1. Revenue recognition:**

1.1 Income and expenditure are accounted on accrual basis, except otherwise stated. As regards Bank's foreign offices, income and expenditure are recognised as per the local laws of the country in which the respective foreign office is located.

1.2 Interest/ Discount income is recognised in the Profit and Loss Account as it accrues except: (i) income from Non-Performing Assets (NPAs), comprising of advances, leases and investments, which is recognised upon realisation, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities), (ii) overdue interest on investments and bills discounted, (iii) Income on Rupee Derivatives designated as "Trading", which are accounted on realisation.

1.3 Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, the profit on sale of investments in the "Held to Maturity" category is appropriated (net of applicable taxes and amount required to be transferred to statutory reserve) to "Capital Reserve Account".

1.4 Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding in the lease, over the primary lease period. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease as per Accounting Standard 19 –"Leases" issued by ICAI. The lease rentals are apportioned between principal and finance income based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of finance leases. The principal amount is utilized for reduction in balance of net investment in lease and finance income is reported as interest income.

1.5 Income (other than interest) on investments in "Held to Maturity (HTM)" category acquired at a discount to the face value, is recognised as follows :

a. On Interest bearing securities, it is recognised only at the time of sale/ redemption.

b. On zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

1.6 Dividend income is recognised when the right to receive the dividend is established.

1.7 Commission on LC/ BG, Deferred Payment Guarantee, Government Business, ATM interchange fee & "Upfront fee on restructured account" are recognised on accrual basis proportionately for the period. All other commission and fee income are recognised on their realisation.

1.8 One time Insurance Premium paid under Special Home Loan Scheme (December 2008 to June 2009) is amortised over average loan period of 15 years.

1.9 Brokerage, Commission etc. paid/ incurred in connection with issue of Bonds/ Deposits are amortized over the tenure of the related Bonds/ Deposits and the expenses incurred in connection with the issue are charged upfront.

1.10 The sale of NPA is accounted as per guidelines prescribed by RBI :

i. When the bank sells its financial assets to Securitisation Company (SC)/ Reconstruction Company (RC), the same is removed from the books.

ii. If the sale is at a price below the net book value (NBV) (i.e. book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale.

iii. If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received, as permitted by the RBI.

**2. Investments:**

The transactions in all securities are recorded on "Settlement Date".

2.1 **Classification:**

Investments are classified into three categories, viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) as per RBI Guidelines

2.2 **Basis of classification:**

i. Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".

ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".

iii. Investments, which are not classified in the above two categories, are classified as "Available for Sale (AFS)".

iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

v. Investments in subsidiaries, joint ventures and associates are classified as HTM.

2.3 **Valuation:**

i. In determining the acquisition cost of an investment:

(a) Brokerage/commission received on subscriptions is reduced from the cost.

(b) Brokerage, Commission, Securities Transaction Tax (STT) etc., paid in connection with acquisition of investments are expensed upfront and excluded from cost.

(c) Broken period interest paid / received on debt instruments is treated as interest expense/ income and is excluded from cost/ sale consideration.

(d) Cost is determined on the weighted average cost method for investments under AFS and HFT category and on FIFO basis (first in first out) for investments under HTM category.

ii. Transfer of securities from HFT/AFS category to HTM category is carried out at the lower of acquisition cost/book value/market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. However, transfer of securities from HTM category to AFS category is carried out on acquisition price/book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

iii. Treasury Bills and Commercial Papers are valued at carrying cost.

iv. Held to Maturity category: a) Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period of remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head "interest on investments". b) Investments in subsidiaries, joint ventures and associates (both in India and abroad) are valued at historical cost. A provision is made for diminution, other than temporary, for each investment individually. c) Investments in Regional Rural Banks are valued at carrying cost (i.e. book value).

v. **Available for Sale and Held for Trading categories:** Investments held under AFS and HFT categories are individually revalued at the market price or fair value determined as per Regulatory guidelines, and only the net depreciation of each group for each category (viz. (i) Government securities (ii) Other Approved Securities (iii) Shares (iv) Bonds and Debentures (v) Subsidiaries and Joint Ventures; and (vi) others) is provided for and net appreciation, is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

vi. In case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognised at lower of: (i) Net Book Value (NBV) (i.e. book value less provisions held) of the financial asset; and (ii) Redemption value of SR. SRs issued by an SC/ ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ ARC, is reckoned for valuation of such investments.

vii. Investments are classified as performing and non-performing, based on the guidelines issued by the RBI in the case of domestic offices and respective regulators in the case of foreign offices. Investments of domestic offices become non-performing where:

(a) Interest/ installment (including maturity proceeds) is due and remains unpaid for more than 90 days.

(b) In the case of equity shares, in the event the investment in the shares of any company is valued at ₹ 1 per company on account of the non availability of the latest balance sheet, those equity shares would be reckoned as NPI.

(c) If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.

(d) The above would apply mutatis-mutandis to Preference Shares where the fixed dividend is not paid.

(e) The investments in debentures/ bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.

(f) In respect of foreign offices, provisions for NPIs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

viii. Accounting for Repo/ Reverse Repo transactions (other than transactions under the Liquidity Adjustment Facility (LAF) with the RBI):

(a) The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such

movement of securities is reflected using the Repo/ Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/ income, as the case may be. Balance in Repo Account is classified under Schedule 4 (Borrowings) and balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at Call & Short Notice).

(b) Interest expended/ earned on Securities purchased/ sold under LAF with RBI is accounted for as expenditure/ revenue.

ix. Market repurchase and reverse repurchase transactions as well as the transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as Borrowings and Lending transactions in accordance with the extant RBI guidelines.

**3. Loans/ Advances and Provisions thereon:**

3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/ directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

i. In respect of term loans, interest and/ or instalment of principal remains overdue for a period of more than 90 days;

ii. In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e. if the outstanding balance exceeds the sanctioned limit/ drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance sheet, or if the credits are not adequate to cover the interest debited during the same period;

iii. In respect of bills purchased/ discounted, the bill remains overdue for a period of more than 90 days;

iv. In respect of agricultural advances: (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

3.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

i. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.

ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.

iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

3.3 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Substandard Assets:

i. A general provision of 15% on the total outstanding;

ii. Additional provision of 10% for exposures which are unsecured ab-initio (i.e. where realisable value of security is not more than 10 percent ab-initio);

iii. Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available - 20%.

Doubtful Assets:

- Secured portion:

| | | |
|---|---|---|
| i. | Upto one year – | 25% |
| ii. | One to three years – | 40% |
| iii. | More than three years – | 100% |

- Unsecured portion 100%

Loss Assets: 100%

3.4 In respect of foreign offices, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

3.5 Advances are net of specific loan loss provisions, unrealised interest, ECGC claims received and bills rediscounted.

3.6 For restructured/ rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loans/ advances before and after restructuring is provided for, in addition to provision for the respective loans/ advances. The Provision for Diminution in Fair Value (DFV) and interest sacrifice, if any, arising out of the above, is reduced from advances.

3.7 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

3.8 Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.

3.9 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

3.10 Appropriation of recoveries in NPAs (not out of fresh/ additional credit facilities sanctioned to the borrower concerned) towards principal or interest due as per the Bank's extant instructions is done in accordance with the following priority:

a. Charges

b. Unrealized Interest / Interest

c. Principal

**4. Floating Provisions:**

The Bank has a policy for creation and utilisation of floating provisions separately for advances, investments and general purposes. The quantum of floating provisions to be created is assessed at the end of the financial year. The floating provisions are utilised only for contingencies under extraordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

**5. Provision for Country Exposure:**

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorised into seven risk categories, namely, insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the head "Other liabilities & Provisions – Others".

**6. Derivatives:**

6.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, cross currency interest rate swaps and forward rate agreements in order to hedge on-balance sheet/ off-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of the underlying assets and accounted in accordance with the principles of hedge accounting.

6.2 Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying assets/ liabilities are also marked to market.

6.3 Except as mentioned above, all other derivative contracts are marked to market as per the Generally Accepted Accounting Practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss Account in the period of change. Any receivable under derivative contracts, which remain overdue for more than 90 days, are reversed through Profit and Loss Account to "Suspense Account Crystallised Receivables". In cases where the derivative contracts provide for more settlement in future and if the derivative contract is not terminated on the overdue receivables remaining unpaid for 90 days, the positive MTM pertaining to future receivables is also reversed from Profit and Loss Account to "Suspense Account - Positive MTM".

6.4 Option premium paid or received is recorded in Profit and Loss Account at the expiry of the option. The balance in the premium received on options sold and premium paid on options bought is considered to arrive at Mark-to-Market value for forex Over-the-Counter (OTC) options.

6.5 Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

**7. Fixed Assets, Depreciation and Amortisation:**

7.1 Fixed Assets are carried at cost less accumulated depreciation/ amortisation.

7.2 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure(s) incurred on the assets put to use are capitalised only when it increases the future benefits from such assets or their functioning capability.

7.3 The rates of depreciation and method of charging depreciation in respect of domestic operations are as under:

| Sr. No. | Description of Fixed Assets | Method of charging depreciation | Depreciation/ amortisation rate |
|---|---|---|---|
| 1 | Computers | Straight Line Method | 33.33% every year |
| 2 | Computer Software forming an integral part of the Computer hardware | Straight Line Method | 33.33% every year |
| 3 | Computer Software which does not form an integral part of Computer hardware and cost of Software Development | Straight Line Method | 33.33% every year |
| 4 | Automated Teller Machine/ Cash Deposit Machine/ Coin Dispenser/ Coin Vending Machine | Straight Line Method | 20.00% every year |
| 5 | Server | Straight Line Method | 25.00% every year |
| 6 | Network Equipment | Straight Line Method | 20.00% every year |
| 7 | Other fixed assets | Straight Line Method | On the basis of estimated useful life of the assets<br>Estimated useful life of major group of Fixed Assets are as under:<br>Premises 60 Years<br>Vehicles 05 Years<br>Safe Deposit Lockers 20 Years<br>Furniture & Fixtures 10 Years |

7.4 In respect of assets acquired during the year (for domestic operations), depreciation is charged on proportionate basis for the number of days the assets have been put to use during the year.

7.5 Assets costing less than ₹ 1,000 each are charged off in the year of purchase.

7.6 In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease and the lease rent is charged in the respective year(s).

7.7 In respect of assets given on lease by the Bank on or before 31st March, 2001, the value of the assets given on lease is disclosed as Leased Assets under Fixed Assets, and the difference between the annual lease charge (capital recovery) and the depreciation is taken to Lease Equalisation Account.

7.8 In respect of fixed assets held at foreign offices, depreciation is provided as per the regulations / norms of the respective countries.

7.9 The Bank considers only immovable assets for revaluation. Properties acquired during the last three years are not revalued. Valuation of the revalued assets is done at every three years thereafter.

7.10 The increase in Net Book Value of the asset due to revaluation is credited to the Revaluation Reserve Account without routing through the profit and loss statement. The depreciation provided on the increase in the Net Book Value is recouped from Revaluation Reserve.

7.11 The Revalued Assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

**8. Leases:**

The asset classification and provisioning norms applicable to advances, as laid down in Para 3 above, are applied to financial leases also.

**9. Impairment of Assets:**

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future Net Discounted Cash Flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

**10. Effect of changes in the foreign exchange rate:**

**10.1 Foreign Currency Transactions**

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Foreign currency monetary items are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing (spot/ forward) rates.

iii. Foreign currency non-monetary items, which are carried at historical cost, are reported using the exchange rate on the date of the transaction.

iv. Contingent liabilities denominated in foreign currency are reported using the FEDAI closing spot rates.

v. Outstanding foreign exchange spot and forward contracts held for trading are revalued at the exchange rates notified by FEDAI for specified maturities, and the resulting Profit or Loss is recognised in the Profit and Loss account.

vi. Foreign exchange forward contracts which are not intended for trading and are outstanding on the Balance Sheet date, are re-valued at the closing spot rate. The premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

vii. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised as income or as expense in the period in which they arise.

viii. Gains/ Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/ losses are recognised in the Profit and Loss Account.

**10.2 Foreign Operations:**

Foreign Branches of the Bank and Offshore Banking Units (OBU) have been classified as Non-integral Operations and Representative Offices have been classified as Integral Operations.

**a. Non-integral Operations:**

i. Both monetary and non-monetary foreign currency assets and liabilities including contingent liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

ii. Income and expenditure of non-integral foreign operations are translated at quarterly average closing rates notified by FEDAI.

iii. Exchange differences arising on investment in non-integral foreign operations are accumulated in Foreign Currency Translation Reserve until the disposal of the investment.

iv. The Assets and Liabilities of foreign offices in foreign currency (other than local currency of the foreign offices) are translated into local currency using spot rates applicable to that country on the Balance Sheet date.

**b. Integral Operations:**

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Monetary foreign currency assets and liabilities of integral foreign operations are translated at closing (Spot/ Forward) exchange rates notified by FEDAI at the Balance Sheet date and the resulting Profit/ Loss is included in the Profit and Loss Account. Contingent Liabilities are translated at Spot rate.

iii. Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate on the date of the transaction.

**11. Employee Benefits:**

**11.1 Short Term Employee Benefits:**

The undiscounted amounts of short-term employee benefits, such as medical benefits which are expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

**11.2 Long Term Employee Benefits:**

**i. Defined Benefit Plans:**

a. The Bank operates a Provident Fund scheme. All eligible employees are entitled to receive benefits under the Bank's Provident Fund scheme. The Bank contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are remitted to a Trust established for this purpose and are charged to Profit and Loss Account. The Bank recognizes such annual contributions as an expense in the year to which it relates. Shortfall, if any, is provided for on the basis of actuarial valuation.

b. The Bank operates Gratuity and Pension schemes which are defined benefit plans.

i) The Bank provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, or on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to the cap prescribed by the Statutory Authorities. Vesting occurs upon completion of five years of service. The Bank makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually.

ii) The Bank provides for pension to all eligible employees. The benefit is in the form of monthly payments as per rules to vested employees on retirement or on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The Bank makes monthly contribution to the Pension Fund at 10% of salary in terms of SBI Pension Fund Rules. The pension liability is reckoned based on an independent actuarial valuation carried out annually and Bank makes such additional contributions periodically to the Fund as may be required to secure payment of the benefits under the pension regulations.

c. The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains/ losses are immediately recognised in the Profit and Loss Account and are not deferred.

**ii. Defined Contribution Plan:**

The Bank operates a New Pension Scheme (NPS) for all officers/ employees joining the Bank on or after 1st August, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing SBI Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions are retained as deposits in the Bank and earn interest at the same rate as that of the current account of Provident Fund balance. The Bank recognizes such annual contributions and interest as an expense in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

**iii. Other Long Term Employee benefits:**

a. All eligible employees of the Bank are eligible for compensated absences, silver jubilee award, leave travel concession, retirement award and resettlement allowance. The costs of such long term employee benefits are internally funded by the Bank.

b. The cost of providing other long term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. Past service cost is immediately recognised in the Profit and Loss Account and is not deferred.

11.3 Employee benefits relating to employees employed at foreign offices are valued and accounted for as per the respective local laws/ regulations.

**12. Taxes on income:**

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgment as to whether their realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

**13. Earnings per Share:**

13.1 The Bank reports basic and diluted earnings per share in accordance with AS 20 –"Earnings per Share" issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

13.2 Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

**14. Provisions, Contingent Liabilities and Contingent Assets:**

14.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

14.2 No provision is recognised for:

i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

ii. any present obligation that arises from past events but is not recognised because:

a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b. a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

14.3 Provision for reward points in relation to the debit card holders of the Bank is being provided for on actuarial estimates.

14.4 Contingent Assets are not recognised in the financial statements.

**15. Bullion Transactions:**

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified under commission income. The Bank also accepts deposits and lends gold, which is treated as deposits/ advances as the case may be with the interest paid/ received classified as interest expense/ income. Gold Deposits, Metal Loan Advances and closing Gold Balances are valued at available Market Rate as on the date of Balance Sheet.

**16. Special Reserves:**

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961. The Board of Directors of the Bank have passed a resolution approving creation of the reserve and confirming that it has no intention to make withdrawal from the Special Reserve.

**17. Share Issue Expenses:**

Share issue expenses are charged to the Share Premium Account.

## Schedule 18

## NOTES TO ACCOUNTS

### 18.1 Capital

### 1. Capital Ratio

**AS PER BASEL II**

(Amount in ₹ crore)

| Sr. No. | Items | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| (i) | Common Equity Tier 1 Capital Ratio (%) | N.A. | |
| (ii) | Tier 1 Capital Ratio (%) | 10.02% | 10.27% |
| (iii) | Tier 2 Capital Ratio (%) | 2.72% | 3.29% |
| (iv) | Total Capital Ratio (%) | 12.74% | 13.56% |

**AS PER BASEL III**

| Sr. No. | Items | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| (i) | Common Equity Tier 1 Capital Ratio (%) | 9.68% | 9.82% |
| (ii) | Tier 1 Capital Ratio (%) | 10.36% | 10.35% |
| (iii) | Tier 2 Capital Ratio (%) | 2.24% | 2.76% |
| (iv) | Total Capital Ratio (%) | 12.60% | 13.11% |
| (v) | Percentage of the Shareholding of Government of India | 58.03% | 61.23% |
| (vi) | Number of Shares held by Government of India | 517,89,88,645 | 488,23,62,052 |
| (vii) | Amount of Equity Capital raised | 23,813.69 | 5,681.00 |
| (viii) | Amount of Additional Tier 1(AT 1) capital raised of which | | |
| | a) PNCPS: | Nil | Nil |
| | b) PDI: | 2,000.00 | 9,045.50 |
| (ix) | Amount of Tier 2 capital raised of which | | |
| | a) Debt Capital Instruments: | Nil | Nil |
| | b) Preference Share Capital Instruments: | Nil | Nil |
| | {Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)} | | |

a) RBI vide circular No. DBR.No.BP.BC.83/21.06.201/2015-16 dated 1st March, 2016, has given discretion to banks to consider Revaluation Reserve, Foreign Currency Translation Reserve and Deferred Tax Asset for purposes of computation of Capital Adequacy as CET– 1 capital ratio. The Bank has exercised the option in the above computation.

b) Further, in compliance with the RBI instructions, the Bank has reversed the effect of revaluation reserve of Bank's leasehold properties amounting to ₹ 11,210.94 crore made in previous year. Consequential effect in computation of CET – 1 capital ratio has been made as on 31st March, 2018.

### 2. Share Capital

a) During the year, on acquisition of associate banks (ABs) and BMBL, the Bank has issued equity shares to the eligible shareholders of erstwhile State Bank of Bikaner and Jaipur (SBBJ), State Bank of Mysore (SBM), State Bank of Travancore (SBT) and Bharatiya Mahila Bank Ltd (BMBL) as per the swap ratio decided by Government of India. Accordingly, the Bank has issued 13,63,52,740 equity shares of face value of ₹ 1 each as consideration (4,88,54,308 shares to shareholders of SBBJ, 1,05,58,379 shares to the shareholders of SBM, 3,27,08,543 shares to the shareholders of SBT and 4,42,31,510 shares to Government of India as shareholder of BMBL) on 01.04.2017.

b) The Bank received application money of ₹ 15,000.00 crore including share premium of ₹ 14,947.78 crore by way of Qualified Institutional Placement (QIP) against issue of 52,21,93,211 equity shares of ₹ 1 each. The equity shares were allotted on 12.06.2017.

c) The Bank received application money of ₹ 0.05 crore including share premium of ₹ 0.05 crore by way of the issue of 3,400 equity shares of ₹ 1 each kept in abeyance. The equity shares kept in abeyance were allotted on 01.11.2017.

d) The Bank received application money of ₹ 8,800.00 crore (Previous Year ₹ 5,681.00 crore) including share premium amount of ₹ 8,770.75 crore (Previous Year ₹ 5,659.93 crore) from Government of India against Preferential Issue of 29,25,33,741 equity shares (Previous Year 21,07,27,400) of ₹ 1 each to Government of India. The equity shares were allotted on 27.03.2018. These shares were credited to demat account (CDSL) of Government of India on 03.04.2018 and listed at NSE on 02.04.2018 and BSE on 03.04.2018.

e) Expenses in relation to the issue of shares: ₹ 17.60 crore (Previous Year ₹ 6.17 crore) is debited to Share Premium Account.

**3. Innovative Perpetual Debt Instruments (IPDI)**

The details of IPDI issued which qualify for Hybrid Tier I Capital and outstanding are as under:

**A. Foreign**

(₹ in crore)

| Particulars | Date of Issue | Tenor | Amount | Equivalent ₹ as on 31st March, 2018 | Equivalent ₹ as on 31st March, 2017 |
|---|---|---|---|---|---|
| Bond issued under the MTN Programme - 12th series * | 15.02.2007 | Perpetual Non call 10.25 years | US$ 400 million | - | 2,594.00 |
| Bond issued under the MTN Programme - 14th series # | 26.06.2007 | Perpetual Non call 10 yrs 1day | US$ 225 million | - | 1,459.13 |
| Additional Tier 1 (AT1) Bond issued under MTN Programme 29th series | 22.09.2016 | Perpetual Non Call 5 years | US$ 300 million | 1,955.25 | 1,945.50 |
| **Total** | | | | **1,955.25** | **5,998.63** |

* Bank exercised call option on 15.05.2017
# Bank exercised call option on 27.06.2017
These bonds have been listed in Singapore stock exchange (SGX – Bonds Board).

**B. Domestic**

(₹ in crore)

| Sr. No. | Nature of Bonds | Principal Amount | Date of Issue | Rate of Interest % p.a. |
|---|---|---|---|---|
| 1. | SBI Non Convertible Perpetual Bonds 2009-10 (Tier I) Series I | 1,000.00 | 14.08.2009 | 9.10 |
| 2. | e-SBM Tier -I | 100.00 | 25.11.2009 | 9.10 |
| 3. | e-SBP Tier -I Series I | 300.00 | 18.01.2010 | 9.15 |
| 4. | SBI Non Convertible Perpetual Bonds 2009-10 (Tier I) Series II | 1,000.00 | 27.01.2010 | 9.05 |
| 5. | e-SBH Tier -I Series XII | 135.00 | 24.02.2010 | 9.20 |
| 6. | e-SBH Tier -I Series XIII | 200.00 | 20.09.2010 | 9.05 |
| 7. | SBI Non Convertible Perpetual Bonds 2016 Unsecured Basel III AT 1 | 2,100.00 | 06.09.2016 | 9.00 |
| 8. | SBI Non Convertible Perpetual Bonds 2016 Unsecured Basel III AT 1 Series II | 2,500.00 | 27.09.2016 | 8.75 |
| 9. | SBI Non Convertible Perpetual Bonds 2016 Unsecured Basel III AT 1 Series III | 2,500.00 | 25.10.2016 | 8.39 |
| 10. | SBI Non Convertible Perpetual Bonds Unsecured Basel III AT 1 Series IV | 2,000.00 | 02.08.2017 | 8.15 |
| | **TOTAL** | **11,835.00*** | | |

*Includes ₹ 2,000 crore raised during the F.Y. 2009-10, of which ₹ 550 crore invested by SBI Employee Pension Fund, not reckoned for the purpose of Tier I Capital as per RBI instructions.

**4. Subordinated Debts**

The bonds are unsecured, long term, non–convertible and are redeemable at par. The details of outstanding subordinate debts are as under:-

(₹ in crore)

| Sr. No. | Nature of Bonds | Principal Amount | Date of Issue /Date of Redemption | Rate of Interest % P.A. | Maturity Period In Months |
|---|---|---|---|---|---|
| 1 | SBI Non Convertible (Private placement) Bonds 2008-09 (IV) (Lower Tier II) | 1,000.00 | 06.03.2009 06.06.2018 | 8.95 | 111 |
| 2 | SBI Non Convertible (Private placement) Bonds 2008-09(II) (Lower Tier II) | 1,500.00 | 29.12.2008 29.06.2018 | 8.40 | 114 |
| 3 | e-SBBJ Lower Tier II (Series VI) | 500.00 | 20.03.2012 20.03.2022 | 9.02 | 120 |
| 4 | SBI Non Convertible (Private placement) Bonds 2008-09 (I) (Upper Tier II) | 2,500.00 | 19.12.2008 19.12.2023 | 8.90 | 180 |
| 5 | SBI Non Convertible (Private placement) Bonds 2013-14 ( Tier II) | 2,000.00 | 02.01.2014 02.01.2024 | 9.69 | 120 |
| 6 | SBI Non Convertible (Private placement) Bonds 2008-09 (III) (Upper Tier II) | 2,000.00 | 02.03.2009 02.03.2024 | 9.15 | 180 |
| 7 | SBI Non Convertible (Private placement) Bonds 2008-09 (V) (Upper Tier II) | 1,000.00 | 06.03.2009 06.03.2024 | 9.15 | 180 |
| 8 | e- SBP Upper Tier II (Series VI) | 150.00 | 13.03.2009 13.03.2024 | 9.15 | 180 |
| 9 | SBI Non Convertible (Private placement) Bonds 2004-05 SBIN (SERIES VII)(Upper Tier II) | 250.00 | 24.03.2009 24.03.2024 | 9.17 | 180 |
| 10 | e-SBH Upper Tier II (Series IX) | 325.00 | 05.06.2009 05.06.2024 | 8.39 | 180 |
| 11 | e- SBH Upper Tier II (Series X) | 450.00 | 21.08.2009 21.08.2024 | 8.50 | 180 |
| 12 | e -SBH Upper Tier II (Series XI) | 475.00 | 08.09.2009 08.09.2024 | 8.60 | 180 |
| 13 | e-SBM Tier II Basel III compliant | 500.00 | 17.12.2014 17.12.2024 | 8.55 | 120 |
| 14 | e -SBP Tier II Basel III compliant (Series I) | 950.00 | 22.01.2015 22.01.2025 | 8.29 | 120 |
| 15 | e- SBBJ Tier II | 200.00 | 20.03.2015 | 8.30 | 120 |

| Sr. No. | Nature of Bonds | Principal Amount | Date of Issue /Date of Redemption | Rate of Interest % P.A. | Maturity Period In Months |
|---|---|---|---|---|---|
| | Basel III compliant | | 20.03.2025 | | |
| 16 | e -SBH Tier II | 393.00 | 31.03.2015 | 8.32 | 120 |
| | Basel III compliant (Series XIV) | | 31.03.2025 | | |
| 17 | SBI Non Convertible | 866.92 | 04.11.2010 | 9.50 | 180 |
| | (Public issue) Bonds 2010 (Series II) (Lower Tier II) | | 04.11.2025 | | |
| 18 | SBI Non Convertible, Unsecured | 4,000.00 | 23.12.2015 | 8.33 | 120 |
| | (Private Placement), Basel III compliant Tier II Bonds 2015-16 (Series I) | | 23.12.2025 | | |
| 19 | e -SBH Tier II | 500.00 | 30.12.2015 | 8.40 | 120 |
| | Basel III compliant (Series XV) | | 30.12.2025 | | |
| 20 | e-SBM Tier II | 300.00 | 31.12.2015 | 8.40 | 120 |
| | Basel III compliant | | 31.12.2025 | | |
| 21 | e-SBM Tier II | 200.00 | 18.01.2016 | 8.45 | 120 |
| | Basel III compliant | | 18.01.2026 | | |
| 22 | e -SBH Tier II | 200.00 | 08.02.2016 | 8.45 | 120 |
| | Basel III compliant (Series XVI) | | 08.02.2026 | | |
| 23 | SBI Non Convertible, Unsecured | 3,000.00 | 18.02.2016 | 8.45 | 120 |
| | (Private Placement), Basel III compliant Tier 2 Bonds 2015-16 (Series II) | | 18.02.2026 | | |
| 24 | SBI Non Convertible | 3,937.60 | 16.03.2011 | 9.95 | 180 |
| | (Public issue) Bonds 2011 Retail (Series IV) (Lower Tier II) | | 16.03.2026 | | |
| 25 | SBI Non Convertible | 828.32 | 16.03.2011 | 9.45 | 180 |
| | (Public issue) Bonds 2011 Non Retail (Series IV) (Lower Tier II) | | 16.03.2026 | | |
| 26 | SBI Non Convertible, Unsecured | 3,000.00 | 18.03.2016 | 8.45 | 120 |
| | (Private Placement), Basel III compliant Tier II Bonds 2015-16 (Series III) | | 18.03.2026 | | |
| 27 | SBI Non Convertible, Unsecured | 500.00 | 21.03.2016 | 8.45 | 120 |
| | (Private Placement), Basel III compliant Tier II Bonds 2015-16 (Series IV) | | 21.03.2026 | | |
| 28 | e- SBT Tier II | 515.00 | 30.03.2016 | 8.45 | 120 |
| | Basel III compliant (Series I) | | 30.03.2026 | | |
| 29 | e- SBT Upper Tier II | 500.00 | 26.03.2012 | 9.25 | 180 |
| | (Series III) | | 26.03.2027 | | |
| | **TOTAL** | **32,540.84** | | | |

**18.2. Investments**

1. The Details of investments and the movement of provisions held towards depreciation on investments of the Bank are given below:

(₹ in crore)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| 1. Value of Investments | | |
| i) Gross value of Investments | | |
| (a) In India | 10,26,438.37 | 7,25,421.42 |
| (b) Outside India | 46,658.94 | 41,815.77 |
| ii) Provision for Depreciation | | |
| (a) In India | 9,698.21 | 557.72 |
| (b) Outside India | 508.24 | 85.04 |
| iii) Liability on Interest Capitalised on Restructured Accounts (LICRA) | 1,904.15 | 604.80 |
| iv) Net value of Investments | | |
| (a) In India | 10,14,836.01 | 7,24,258.90 |
| (b) Outside India | 46,150.70 | 41,730.73 |
| 2. Movement in provisions held towards depreciation on investments | | |
| i) Balance at the beginning of the year | 642.76 | 354.10 |
| ii) Add: Provisions made during the year including receipt from erstwhile ABs and BMBL on acquisition | 9,959.55 | 552.48 |
| iii) Less: Provision utilised during the year | 16.51 | - |
| iv) Less/(Add): Foreign Exchange revaluation adjustment | (5.65) | 9.73 |
| v) Less: Write off/Write back of excess provision during the year. | 385.00 | 254.09 |
| vi) Balance at the end of the year | 10,206.45 | 642.76 |

Notes:

a. Securities amounting to ₹ 40,992.04 crore (Previous Year ₹ 18,676.03 crore) are kept as margin with Clearing Corporation of India Limited (CCIL)/ NSCCL/MCX/ NSEIL/ BSE towards Securities Settlement.

b. During the year, the Bank infused additional capital in its subsidiaries and associates viz. i) SBI Foundation ₹ 3.00 crore, ii) Nepal SBI Bank Ltd. ₹ 68.47 crore and after infusion there is no change in Bank's stake. Further, the Bank has increased its stake in SBI Cards & Payments Services Private Ltd. from 60% to 74% (purchased 109,899,999 shares of ₹ 10 per share by investing ₹ 887.26 crore) and in GE Capital Business Process Management Ltd. from 40% to 74% (purchased 8,024,342 shares of ₹ 10 per share by investing ₹ 264.07 crore).

c. During the year, the Bank has sold its stake in the following subsidiaries & associates:

- 8,00,00,000 equity shares of SBI Life Insurance Company Ltd. at a profit of ₹ 5,436.17 crore. Thus the Bank's stake has reduced from 70.10% to 62.10%.
- 22,00,000 equity shares of The Clearing Corporation of India Ltd. at a profit of ₹ 140.80 crore. Thus the Bank stake has reduced from 21.20% to 16.80%.
- 19,11,974 equity shares of SBI DFHI Ltd. in a buy back offer at a profit of ₹ 62.93 crore and there is no change in stake holding after buy back offer.

d. Post-acquisition of erstwhile domestic banking subsidiaries (DBS), following RRBs of the erstwhile DBS have become RRBs of the Bank:

- Kaveri Grameena Bank
- Malwa Gramin Bank
- Rajasthan Marudhara Gramin Bank
- Telangana Grameena Bank

2. RBI Circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 grants banks an option to spread provisioning on mark to market losses on investments held in AFS and HFT for the quarters ended December 31, 2017 and March 31, 2018. The circular states that the provisioning for each of these quarters may be spread equally over up to four quarters, commencing with the quarter in which the loss was incurred. The Bank has recognized the entire net mark to market loss on investments in the respective quarters and has not availed the said option.

**3. Repo Transactions including Liquidity Adjustment Facility (LAF) (in face value terms)**

The details of securities sold and purchased under repos and reverse repos including LAF during the year are given below:

(₹ in crore)

| Particulars | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Balance as on 31st March 2018 |
|---|---|---|---|---|
| **Securities sold under Repos** | | | | |
| i. Government Securities | - | 94,252.00 | 11,859.64 | 94,252.00 |
| | (-) | (99,581.36) | (6,673.82) | (74,235.72) |
| ii. Corporate Debt Securities | - | 7,614.78 | 1,849.22 | 7,613.71 |
| | (2,106.15) | (7,251.52) | (3,779.10) | (2,786.85) |
| **Securities purchased under Reverse Repos** | | | | |
| i. Government Securities | - | 83,636.62 | 26,858.19 | 138.94 |
| | (55.40) | (1,02,342.25) | (21,178.52) | (6,055.45) |
| ii. Corporate Debt Securities | - | 581.22 | 573.73 | 574.07 |
| | (571.45) | (590.18) | (581.28) | (573.39) |

(Figures in brackets are for Previous Year)

**4. Non-SLR Investment Portfolio**

**a) Issuer composition of Non SLR Investments**

The issuer composition of Non-SLR investments of the Bank is given below:

( ₹ in crore)

| Sr. No. | Issuer | Amount | Extent of Private Placement | Extent of "Below Investment Grade" Securities * | Extent of "Unrated" Securities * | Extent of "Unlisted" Securities * |
|---|---|---|---|---|---|---|
| i | PSUs | 49,524.49 | 25,424.36 | 414.14 | - | - |
| | | (47,224.95) | (34,926.02) | (836.32) | (462.77) | (762.76) |
| ii | FIs | 72,183.66 | 66,780.93 | - | - | 250.00 |
| | | (58,179.05) | (49,893.49) | (-) | (-) | (200.00 ) |
| iii | Banks | 16,540.91 | 1,927.73 | 1,988.79 | 23.62 | 23.62 |
| | | (21,201.42) | (8,494.71) | (1,331.60) | (23.62) | (2,373.63) |
| iv | Private Corporates | 48,275.25 | 36,182.49 | 528.49 | 481.94 | 24.70 |
| | | (35,054.91) | (23,111.85) | (1,156.49) | (658.82) | (164.21) |
| v | Subsidiaries / Joint Ventures ** | 7,793.06 | - | - | - | - |
| | | (14,010.07) | (-) | (-) | (-) | (-) |
| vi | Others | 24,304.13 | - | 991.02 | 60.07 | - |
| | | (16,328.08) | ( -) | (974.89) | (848.03) | ( -) |
| vii | Less: Provision held towards depreciation including LICRA | 6,030.63 | - | - | - | - |
| | | (1,247.56) | ( -) | (-0.92) | ( -) | ( -) |
| | **Total** | **2,12,590.87** | **1,30,315.51** | **3,922.44** | **565.63** | **298.32** |
| | | **(1,90,750.92)** | **(1,16,426.07)** | **(4,300.22)** | **(1,993.24)** | **(3,500.60)** |

(Figures in brackets are for Previous Year)

* Investments in Equity, Equity Oriented Mutual Funds, Venture Capital, Rated Assets Backed Securities, Central and State Government Securities and ARCIL are not segregated under these categories as these are exempt from rating/listing guidelines.

** Investments in Subsidiaries/Joint Ventures have not been segregated into various categories as these are not covered under relevant RBI Guidelines.

**b) Non Performing Non-SLR Investments**

(₹ in crore)

| Particulars | Current Year | Previous Year |
|---|---|---|
| **Opening Balance** | 447.54 | 146.24 |
| Additions during the year including receipt from erstwhile ABs and BMBL on acquisition | 4,250.77 | 348.37 |
| Reductions during the year | 103.06 | 47.07 |
| **Closing balance** | 4,595.25 | 447.54 |
| **Total provisions held** | **2,452.30** | **227.85** |

**5. Sales And Transfers Of Securities To/From HTM Category**

The value of sales and transfers of securities to/from HTM Category does not exceed 5% of the book value of investment held in HTM category at the beginning of the year.

**6. Disclosure of Investment in Security Receipts (SRs)**

(₹ in crore)

| | Particulars | SRs Issued within Past 5 Years | SRs issued more than 5 years ago but within past 8 Years | SRs issued more than 8 Years ago | Total |
|---|---|---|---|---|---|
| i. | Book value of SRs Backed by NPAs sold by the bank as underlying | 10,447.81 | - | 41.72 | 10,489.53 |
| | Provision held against (i) | 125.30 | - | 41.72 | 167.02 |
| ii. | Book value of SRs Backed by NPAs sold by Other banks / financial institutions / non-banking Financial companies as Underlying | 12.15 | 4.26 | - | 16.41 |
| | Provision held against (ii) | - | - | - | - |
| | **Total (i) + (ii)** | **10,459.96** | **4.26** | **41.72** | **10,505.94** |

**7. Details of Investments in Security Receipts against NPAs sold to Securitisation Company (SC) / Reconstruction Company (RC)**

(₹ in crore)

| Particulars | Backed by NPAs sold by the bank as underlying | | Backed by the NPAs sold by other banks/ financial institutions / non-banking financial companies as underlying | | Total | |
|---|---|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Book Value of Investments in Security Receipts as on 31st March, 2018 | 10,489.53 | 5,544.08 | 16.41 | 22.65 | 10,505.94 | 5,566.73 |
| Book Value of Investments in Security Receipts made during the year | 5,214.56 | 281.89 | - | - | 5,214.56 | 281.89 |

**18.3. Derivatives**

**A. Forward Rate Agreements (FRA) / Interest Rate Swaps (IRS)**

(₹ in crore)

| Sr No | Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| i) | The notional principal of swap agreements# | 3,60,705.72 | 1,42,250.44 |
| ii) | Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements | 904.42 | 835.56 |
| iii) | Collateral required by the Bank upon entering into swaps | Nil | Nil |
| iv) | Concentration of credit risk arising from the swaps | Not significant | Not significant |
| v) | The fair value of the swap book | (-) 555.68 | 51.70 |

# IRS/FRA amounting to ₹ 2,988.82 crore (Previous Year ₹ 9,299.54 crore) entered with the Bank's own foreign offices are not shown here as they are for hedging of FCNB corpus and hence not marked to market.

Nature and terms of forward rate agreements and interest rate swaps as on 31st March, 2018 are given below:

(₹ in crore)

| Instrument | Nature | Nos | Notional Principal | Benchmark | Terms |
|---|---|---|---|---|---|
| IRS | Hedging | 261 | 10,714.00 | LIBOR | Fixed Receivable Vs Floating Payable |
| IRS | Hedging | 113 | 1,534.88 | OTHERS | Fixed Receivable Vs Pay Float |
| IRS | Hedging | 65 | 34,194.87 | LIBOR | Fixed Receivable / Floating Payable |
| IRS | Hedging | 30 | 2,688.53 | LIBOR | Floating Receivable / Fixed Payable |
| IRS | Trading | 143 | 26,403.00 | LIBOR | Fixed Payable Vs Floating Receivable |
| IRS | Trading | 151 | 27,320.00 | LIBOR | Floating Payable Vs Fixed Receivable |
| IRS | Trading | 1789 | 1,20,068.00 | MIBOR | Fixed Payable Vs Floating Receivable |
| IRS | Trading | 1900 | 1,22,473.92 | MIBOR | Floating Payable Vs Fixed Receivable |
| IRS | Trading | 41 | 1,525.00 | MIFOR | Fixed Payable Vs Floating Receivable |
| IRS | Trading | 40 | 1,475.00 | MIFOR | Floating Payable Vs Fixed Receivable |
| IRS | Trading | 38 | 7,823.41 | LIBOR | Fixed Receivable / Floating Payable |
| IRS | Trading | 35 | 4,485.11 | LIBOR | Floating Receivable / Fixed Payable |
| | **Total** | | **3,60,705.72** | | |

**B. Exchange Traded Interest Rate Derivatives**

(₹ in crore)

| Sr. No | Particulars | Current Year | Previous Year |
|---|---|---|---|
| 1 | Notional principal amount of exchange traded interest rate derivatives undertaken during the year | | |
| | a. Interest Rate Futures | Nil | Nil |
| | b. 10 Year Government of India Securities | 54,611.66 | 7,819.64 |
| 2 | Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2018 | | |
| | a. Interest Rate Futures | Nil | Nil |
| | b. 10 Year Government of India Securities | Nil | 538.76 |
| 3 | Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" | N.A. | N.A. |
| 4 | Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective". | N.A. | N.A. |

**C. Risk Exposure in Derivatives**

**(A) Qualitative Risk Exposure**

i. The Bank currently deals in over-the-counter (OTC) interest rate and currency derivatives as also in Interest Rate Futures and Exchange Traded Currency Derivatives. Interest Rate Derivatives dealt by the Bank are rupee interest rate swaps, foreign currency interest rate swaps and forward rate agreements, cap, floor and collars. Currency derivatives dealt by the Bank are currency swaps, rupee dollar options and cross-currency options. The products are offered to the Bank's customers to hedge their exposures and the Bank also enters into derivatives contracts to cover off such exposures. Derivatives are used by the Bank both for trading as well as hedging balance sheet items. The Bank also runs option position in US$/INR, which is managed through various types of loss limits and Greek limits.

ii. Derivative transactions carry market risk i.e. the probable loss the Bank may incur as a result of adverse movements in interest rates/exchange rates and credit risk i.e. the probable loss the Bank may incur if the counterparties fail to meet their obligations. The Bank's "Policy for Derivatives" approved by the Board prescribes the market risk parameters (Greek limits, Loss Limits, cut-loss triggers, open position limits, duration, modified duration, PV01 etc.) as well as customer eligibility criteria (credit rating, tenure of relationship, limits and customer appropriateness and suitability of policy (CAS) etc.) for entering into derivative transactions. Credit risk is controlled by entering into derivative transactions only with counterparties satisfying the criteria prescribed in the Policy. Appropriate limits are set for the counterparties taking into account their ability to honour obligations and the Bank enters into ISDA agreement with each counterparty.

iii. The Asset Liability Management Committee (ALCO) of the Bank oversees efficient management of these risks. The Bank's Market Risk Management Department (MRMD) identifies, measures, monitors market risk associated with derivative transactions, assists ALCO in controlling and managing these risks and reports compliance with policy

prescriptions to the Risk Management Committee of the Board (RMCB) at regular intervals.

iv. The accounting policy for derivatives has been drawn-up in accordance with RBI guidelines, the details of which are presented under Schedule 17: Significant Accounting Policies (SAP) for the financial year 2017-18.

v. Interest Rate Swaps are mainly used at Foreign Offices for hedging of the assets and liabilities.

vi. Apart from hedging swaps, swaps at Foreign Offices consist of back to back swaps done at our Foreign Offices which are done mainly for hedging of FCNR deposits at Global Markets, Kolkata.

vii. Majority of the swaps were done with First class counterparty banks.

viii. Derivative transactions comprise of swaps which are disclosed as contingent liabilities. The swaps are categorised as trading or hedging.

ix. Derivative deals are entered into with only those interbank participants for whom counterparty exposure limits are sanctioned. Similarly, derivative deals entered into with only those corporates for whom credit exposure limit is sanctioned. Collateral requirements for derivative transactions are laid down as a part of credit sanction terms on a case by case basis. Such collateral requirements are determined based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

**(B) Quantitative Risk Exposure**

(₹ in crore)

| Particulars | Currency Derivatives | | Interest Rate Derivatives | |
|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year |
| (I) Derivatives | | | | |
| (Notional Principal Amount) | | | | |
| (a) For hedging | 20,605.24 @ | 6,968.86 @ | 49,193.30 # | 53,721.17 # |
| (b) For trading * | 6,16,447.95 | 2,02,472.85 | 3,11,512.42 | 88,529.27 |
| (II) Marked to Market Positions | | | | |
| (a) Asset | 5,716.35 | 4,675.49 | 592.99 | 574.79 |
| (b) Liability | 5,218.09 | 1,285.33 | 1,152.54 | 565.10 |
| (III) Credit Exposure | 21,749.61 | 7,428.09 | 4,160.44 | 2,286.34 |
| (IV) Likely impact of one percentage change in interest rate (100* PV01) | | | | |
| (a) on hedging derivatives | -0.14 | -0.25 | -3.14 | -7.60 |
| (b) on trading derivatives | 0.98 | 0.97 | 11.62 | 46.52 |
| (V) Maximum and Minimum of 100* PV 01 observed during the year | | | | |
| (a) on hedging -- | | | | |
| Maximum | - | - | 2.81 | 2.87 |
| Minimum | -0.04 | -0.04 | - | -0.64 |
| (b) on trading – | | | | |
| Maximum | 1.18 | 1.03 | 0.76 | 0.77 |
| Minimum | - | 0.04 | - | -0.11 |

@ The swaps amounting to ₹ 2,870.26 crore (Previous Year ₹ 4,988.14 crore) entered with the Bank's own foreign offices are not shown here as they are for hedging of FCNB corpus and hence not marked to market.
# IRS/FRA amounting to ₹ 2,988.82 crore (Previous Year ₹ 9,299.54 crore) entered with the Bank's own Foreign offices are not shown here as they are for hedging of FCNB corpus and hence not marked to market.
* The forward contract deals with our own Foreign Offices are not included. Currency Derivatives ₹ Nil (Previous Year ₹ Nil) and Interest Rate Derivatives ₹ Nil (Previous Year ₹ Nil)

1. The outstanding notional amount of derivatives done between Global Markets Unit and International Banking Group as on 31st March, 2018 amounted to ₹ 5,859.08 crore (Previous Year ₹ 7,571.57 crore) and the derivatives done between SBI Foreign Offices as on 31st March, 2018 amounted to ₹ 12,056.81 crore (Previous Year ₹ 16,955.57 crore).

2. The outstanding notional amount of interest rate derivatives which are not marked –to-market (MTM) where the underlying Assets/ Liabilities are not marked to market as on 31st March, 2018 amounted to ₹ 45,442.82 crore (Previous Year ₹ 53,675.54 crore).

**18.4. Asset Quality**

**a) Non-Performing Assets**

(₹ in crore)

| | Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| I) | Net NPAs to Net Advances (%) | 5.73% | 3.71% |
| II) | Movement of NPAs (Gross) | | |
| | (a) Opening balance | 1,12,342.99 | 98,172.80 |
| | (b) Additions (Fresh NPAs) during the year including receipt from erstwhile ABs and BMBL on acquisition | 1,60,303.65 | 39,071.38 |
| | Sub-total (i) | 2,72,646.64 | 1,37,244.18 |
| | Less: | | |
| | (c) Reductions due to up gradations during the year | 4,746.09 | 3,436.91 |
| | (d) Reductions due to recoveries (Excluding recoveries made from upgraded accounts) | 4,277.67 | 894.48 |
| | (e) Technical/ Prudential Write-offs | 4,537.11 | Nil |
| | (f) Reductions due to Write-offs during the year | 35,658.31 | 20,569.80 |
| | Sub-total (ii) | 49,219.18 | 24,901.19 |
| | (g) Closing balance (i-ii) | 2,23,427.46 | 1,12,342.99 |
| III) | Movement of Net NPAs | | |
| | (a) Opening balance | 58,277.38 | 55,807.02 |
| | (b) Additions during the year including receipt from erstwhile ABs and BMBL on acquisition | 61,478.47 | 3,238.02 |
| | (c) Reductions during the year | 8,901.15 | 767.66 |
| | (d) Closing balance | 1,10,854.70 | 58,277.38 |
| IV) | Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| | (a) Opening balance | 54,065.61 | 42,365.78 |
| | (b) Provisions made during the year including receipt from erstwhile ABs and BMBL on acquisition | 98,825.17 | 35,833.35 |
| | (c) Write-off / write-back of excess provisions | 40,318.02 | 24,133.52 |
| | (d) Closing balance | 1,12,572.76 | 54,065.61 |

Opening and closing balances of provision for NPAs include ECGC claims received and held pending adjustment of ₹ 1.97 crore (Previous Year ₹ 67.27 crore) and ₹ 8.72 crore (Previous Year ₹ 1.97 crore) respectively.

b) The disclosures relating to the divergence for the financial year 2016-17 in respect of provisions made by the bank against non-performing assets (excluding provisions made against standard assets) mandated in circular No. DBR.BP.BC.No.63/21.04.018/2016-17 dated 18th April 2017 issued by RBI is as under:

₹ in crore

| Sr. No | Particulars | Amount |
|---|---|---|
| 1 | Gross NPAs as on 31 March, 2017, as reported by the Bank | 1,12,342.99 |
| 2 | Gross NPAs as on 31 March, 2017, as assessed by RBI | 1,35,582.12 |
| 3 | Divergence in Gross NPAs (2-1) | 23,239.13 |
| 4 | Net NPAs as on 31 March, 2017, as reported by the Bank | 58,277.38 |
| 5 | Net NPAs as on 31 March, 2017, as assessed by RBI | 75,795.85 |
| 6 | Divergence in Net NPAs (5-4) | 17,518.47 |
| 7 | Provisions for NPAs as on 31 March, 2017, as reported by the Bank | 54,065.61 |
| 8 | Provisions for NPAs as on 31 March, 2017, as assessed by RBI | 59,786.27 |
| 9 | Divergence in provisioning (8-7) * | 5,720.66 |
| 10 | Reported Net Profit after Tax (PAT) for the year ended March 31, 2017 | 10,484.10 |
| 11 | Adjusted (notional) Net Profit after Tax (PAT) for the year ended 31 March, 2017 after taking into account the divergence in provisioning | 6,743.25 |

* The net current impact of the afore-mentioned retrospective slippages due to divergences noted by RBI has been duly reflected in the results for the year ended 31st March, 2018.

**c) Restructured Accounts** (₹ in crore)

| Sr. No. | Type of Restructuring | | Under CDR Mechanism (1) | | | | | Under SME Debt Restructuring Mechanism (2) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Asset Classification | | Standard | Sub Standard | Doubtful | Loss | Total | Standard | Sub Standard | Doubtful | Loss | Total |
| | Particulars | | | | | | | | | | | |
| 1 | Restructured Accounts as on April 1, 2017 (Opening position) | No. of Borrowers | 28<br>(62) | -<br>(3) | 68<br>(74) | 4<br>(3) | 100<br>(142) | 81<br>(186) | 25<br>(46) | 128<br>(123) | 19<br>(11) | 253<br>(366) |
| | | Amount outstanding | 7,711.79<br>(14186.03) | -<br>(219.43) | 17,030.68<br>(14045.42) | 82.59<br>(236.23) | 24,825.06<br>(28687.11) | 5,640.63<br>(1746.93) | 204.06<br>(444.99) | 2,464.71<br>(2148.54) | 6.88<br>(31.56) | 8,316.28<br>(4372.02) |
| | | Provision thereon | 327.32<br>(779.15) | -<br>(13.64) | 360.74<br>(411.89) | 0.94<br>(0.94) | 689.01<br>(1205.62) | 21.94<br>(49.49) | 10.65<br>(18.24) | 113.98<br>(104.21) | -<br>(-) | 146.57<br>(171.95) |
| 2 | Fresh Restructuring during the current FY including receipt from erstwhile ABs and BMBL on acquisition | No. of Borrowers | 23<br>(-) | 4<br>(-) | 18<br>(3) | 6<br>(-) | 51<br>(3) | 288<br>(-) | 436<br>(3) | 2,066<br>(9) | 288<br>(-) | 3,078<br>(12) |
| | | Amount outstanding | 3,453.35<br>(64.19) | 220.71<br>(23.18) | 8,499.62<br>(236.82) | 186.82<br>(-) | 12,360.50<br>(324.18) | 83.44<br>(5135.02) | 188.53<br>(51.01) | 189.35<br>(138.13) | 5.34<br>(-) | 466.66<br>(5324.16) |
| | | Provision thereon | 192.47<br>(0.36) | 20.86<br>(0.19) | 15.30<br>(-) | 0.03<br>(-) | 228.66<br>(0.55) | 27.69<br>(0.20) | 3.80<br>(0.33) | 3.94<br>(2.98) | 0.39<br>(-) | 35.82<br>(3.51) |
| 3 | Up gradation to restructured standard category during current FY | No. of Borrowers | 1<br>(2) | -<br>(-1) | -1<br>(-1) | -<br>(-) | -<br>(-) | 1<br>(1) | -<br>(-) | -1<br>(-1) | -<br>(-) | -<br>(-) |
| | | Amount outstanding | 443.42<br>(478.88) | -<br>(-79.13) | -443.42<br>(-399.76) | -<br>(-) | -<br>(-) | -<br>(20.89) | -<br>(-17.31) | -<br>(-3.58) | -<br>(-) | -<br>(-) |
| | | Provision thereon | 6.33<br>(37.06) | -<br>(-0.42) | -6.33<br>(-36.64) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) |
| 4 | Restructured Standard Advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY | No. of Borrowers | -11<br>(-17) | | | | -11<br>(-17) | -43<br>(-50) | | | | -43<br>(-50) |
| | | Amount outstanding | -5,389.94<br>(-1063.82) | | | | -5,389.94<br>(-1063.82) | -5,318.42<br>(-271.96) | | | | -5,318.42<br>(-271.96) |
| | | Provision thereon | -209.29<br>(-18.74) | | | | -209.29<br>(-18.74) | -1.80<br>(-2.20) | | | | -1.80<br>(-2.20) |
| 5 | Downgradations of restructured accounts during current FY | No. of Borrowers | -13<br>(-16) | -<br>(-2) | 11<br>(15) | 2<br>(3) | -<br>(-) | -6<br>(-25) | 5<br>(-3) | -3<br>(18) | 4<br>(10) | -<br>(-) |
| | | Amount outstanding | -3,336.83<br>(-4942.66) | 303.58<br>(-163.48) | 2,747.62<br>(4860.65) | 285.63<br>(245.50) | -<br>(-) | -235.87<br>(-164.71) | 125.95<br>(-54.54) | 108.16<br>(206.59) | 1.76<br>(12.66) | -<br>(-) |
| | | Provision thereon | -36.14<br>(-288.33) | 7.65<br>(-13.41) | 28.03<br>(289.39) | 0.47<br>(12.35) | -<br>(-) | -12.02<br>(-8.79) | 12.02<br>(1.45) | -<br>(7.34) | -<br>(-) | -<br>(-) |
| 6 | Write-offs of restructured accounts during current FY | No. of Borrowers | -20<br>(-3) | -1<br>(-) | -31<br>(-23) | -4<br>(-2) | -56<br>(-28) | -273<br>(-31) | -297<br>(-21) | -2,019<br>(-21) | -293<br>(-2) | -2,882<br>(-75) |
| | | Amount outstanding | -2,274.02<br>(-1010.82) | -143.78<br>(-) | -11,993.72<br>(-1712.45) | -306.20<br>(-399.14) | -14,717.72<br>(-3122.42) | -94.19<br>(-825.52) | -140.70<br>(-220.09) | -202.42<br>(-24.96) | -7.16<br>(-37.34) | -444.47<br>(-1107.94) |
| | | Provision thereon | -273.63<br>(-182.17) | -0.34<br>(-) | -291.54<br>(-303.90) | -1.44<br>(-12.35) | -566.95<br>(-498.42) | -17.58<br>(-16.77) | 0.38<br>(-9.37) | -2.51<br>(-0.55) | -<br>(-) | -19.71<br>(-26.69) |
| 7 | Total Restructured Accounts as on 31st March, 2018 (Closing Position) | No. of Borrowers | 8<br>(28) | 3<br>(-) | 65<br>(68) | 8<br>(4) | 84<br>(100) | 48<br>(81) | 169<br>(25) | 171<br>(128) | 18<br>(19) | 406<br>(253) |
| | | Amount outstanding | 607.77<br>(7711.79) | 380.51<br>(-) | 15,840.78<br>(17030.68) | 248.84<br>(82.59) | 17,077.90<br>(24825.06) | 75.59<br>(5640.65) | 377.84<br>(204.06) | 2,559.80<br>(2464.71) | 6.82<br>(6.88) | 3,020.05<br>(8316.28) |
| | | Provision thereon | 7.06<br>(327.32) | 28.17<br>(-) | 106.20<br>(360.74) | -<br>(0.94) | 141.43<br>(689.01) | 18.23<br>(21.94) | 26.85<br>(10.65) | 115.41<br>(113.98) | 0.39<br>(-) | 160.88<br>(146.58) |

| Sr. No. | Type of Restructuring / Asset Classification / Particulars | | Others (3) | | | | | TOTAL ( 1 + 2 + 3 ) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Standard | Sub Standard | Doubtful | Loss | Total | Standard | Sub Standard | Doubtful | Loss | Total |
| 1 | Restructured Accounts as on April 1, 2017 (Opening position) | No. of Borrowers | 100<br>(301) | 206<br>(520) | 1,990<br>(2336) | 49<br>(90) | 2,345<br>(3247) | 209<br>(549) | 231<br>(569) | 2,186<br>(2427) | 72<br>(104) | 2,698<br>(3649) |
| | | Amount outstanding | 23,281.14<br>(23122.42) | 2,714.14<br>(578.73) | 6,774.45<br>(9210.75) | 30.56<br>(146.17) | 32,800.30<br>(33058.07) | 36,633.56<br>(39178.48) | 2,918.20<br>(1254.11) | 26,269.85<br>(25470.39) | 120.03<br>(424.81) | 65,941.64<br>(66327.79) |
| | | Provision thereon | 242.27<br>(403.03) | 28.14<br>(7.13) | 174.82<br>(30.54) | -<br>(0.03) | 445.23<br>(440.73) | 591.54<br>(1232.45) | 38.79<br>(38.97) | 649.55<br>(603.00) | 0.94<br>(0.98) | 1,280.82<br>(1875.40) |
| 2 | Fresh Restructuring during the current FY including receipt from erstwhile ABs and BMBL on acquisition | No. of Borrowers | 30,726<br>(7) | 6,219<br>(130) | 235<br>(63) | 20<br>(5) | 37,200<br>(205) | 31,037<br>(7) | 6,659<br>(133) | 2,319<br>(75) | 314<br>(5) | 40,329<br>(220) |
| | | Amount outstanding | 8,757.80<br>(11674.54) | 3,097.75<br>(646.34) | 9,145.22<br>(2029.00) | 121.52<br>(6.35) | 21,122.29<br>(14356.24) | 12,294.58<br>(16873.75) | 3,506.99<br>(720.53) | 17,834.19<br>(2403.95) | 313.68<br>(6.35) | 33,949.44<br>(20004.58) |
| | | Provision thereon | 236.33<br>(22.76) | 25.15<br>(1.05) | 93.70<br>(25.60) | 4.23<br>(-) | 359.41<br>(49.41) | 456.49<br>(23.32) | 49.80<br>(1.57) | 112.94<br>(28.58) | 4.66<br>(-) | 623.89<br>(53.47) |
| 3 | Upgradation to restructured standard category during current FY | No. of Borrowers | 5<br>(2) | -3<br>(2) | -2<br>(6) | -<br>(-10) | -<br>(-) | 7<br>(5) | -3<br>(1) | -4<br>(4) | -<br>(-10) | -<br>(-) |
| | | Amount outstanding | 656.33<br>(129.73) | -605.65<br>(0.03) | -50.68<br>(-129.45) | -<br>(-0.31) | -<br>(-) | 1,099.75<br>(629.50) | -605.65<br>(-96.41) | -494.10<br>(-532.78) | -<br>(-0.31) | -<br>(-) |
| | | Provision thereon | 3.99<br>(0.96) | -1.04<br>0.00 | -2.95<br>(-0.96) | -<br>(-) | -<br>(-) | 10.32<br>(38.02) | -1.04<br>(-0.42) | -9.28<br>(-37.6) | -<br>(-) | -<br>(-) |
| 4 | Restructured Standard Advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY | No. of Borrowers | -38<br>(-19) | | | | -38<br>(-19) | -92<br>(-86) | | | | -92<br>(-86) |
| | | Amount outstanding | -2,716.15<br>(-1747) | | | | -2,716.15<br>(-1747) | -13,424.50<br>(-3082.78) | | | | -13,424.50<br>(-3082.78) |
| | | Provision thereon | -14.83<br>(-20.25) | | | | -14.83<br>(-20.25) | -225.93<br>(-41.19) | | | | -225.93<br>(-41.19) |
| 5 | Downgradations of restructured accounts during current FY | No. of Borrowers | -50<br>(-87) | -222<br>(-222) | 249<br>(290) | 23<br>(19) | -<br>(-) | -69<br>(-128) | -217<br>(-227) | 257<br>(323) | 29<br>(32) | -<br>(-) |
| | | Amount outstanding | -21,997.58<br>(-3698.54) | 456.27<br>(1631.73) | 20,388.99<br>(1752.57) | 1,152.33<br>(314.24) | -<br>(-) | -25,570.29<br>(-8805.91) | 885.80<br>(1413.70) | 23,244.77<br>(6819.81) | 1,439.72<br>(572.40) | -<br>(-) |
| | | Provision thereon | -133.95<br>(-102.40) | 52.17<br>(23.63) | 81.52<br>(78.77) | 0.26<br>(-) | -<br>(-) | -182.12<br>(-399.52) | 71.84<br>(11.67) | 109.55<br>(375.50) | 0.73<br>(12.35) | -<br>(-) |
| 6 | Write-offs of restructured accounts during current FY | No. of Borrowers | -30,383<br>(-104) | -5,865<br>(-224) | -1,378<br>(-705) | -47<br>(-55) | -37,673<br>(-1088) | -30,676<br>(-138) | -6,163<br>(-245) | -3,428<br>(-643) | -344<br>(-59) | -40,611<br>(-1085) |
| | | Amount outstanding | -3,801.80<br>(-6200.01) | -1,728.55<br>(-142.69) | -6,626.80<br>(-6088.43) | -338.00<br>(-435.90) | -12,495.16<br>(-12867.01) | -6,170.02<br>(-8159.48) | -2,013.03<br>(-373.73) | -18,822.94<br>(-7891.51) | -651.36<br>(-883.23) | -27,657.35<br>(-17307.95) |
| | | Provision thereon | -248.70<br>(-61.83) | -24.28<br>(-3.67) | -176.47<br>(-40.87) | -3.85<br>(-0.03) | -453.30<br>(-24.66) | -539.91<br>(-261.54) | -24.24<br>(-12.99) | -470.52<br>(-319.94) | -5.30<br>(-12.39) | -1,039.97<br>(-606.86) |
| 7 | Total Restructured Accounts as on 31st March, 2018 (Closing Position) | No. of Borrowers | 360<br>(100) | 335<br>(206) | 1,094<br>(1990) | 45<br>(49) | 1,834<br>(2345) | 416<br>(209) | 507<br>(231) | 1,330<br>(2186) | 71<br>(72) | 2,324<br>(2698) |
| | | Amount outstanding | 4,179.74<br>(23281.14) | 3,933.96<br>(2714.14) | 29,631.18<br>(6774.45) | 966.41<br>(30.56) | 38,711.28<br>(32800.30) | 4,863.08<br>(36633.56) | 4,692.31<br>(2918.20) | 48,031.77<br>(26269.85) | 1,222.07<br>(120.03) | 58,809.23<br>(65941.64) |
| | | Provision thereon | 85.11<br>(242.27) | 80.14<br>(28.14) | 170.62<br>(174.82) | 0.64<br>(-) | 336.51<br>(445.23) | 110.39<br>(591.54) | 135.15<br>(38.79) | 392.24<br>(649.55) | 1.03<br>(0.94) | 638.81<br>(1280.82) |

**Note:**

1. Increase in outstanding of ₹ 11,165.38 crore (Previous Year ₹ 1,922.73 crore) included in Fresh Additions
2. Closure of ₹ 10,935.28 crore (Previous Year ₹ 10,070.48 crore) and decrease in Outstanding of ₹ 9,266.34 crore (Previous Year ₹ 2,090.33 crore) is included in Write off.
3. Total Column does not include standard assets moved out of higher provisioning.

**d) Details of Technical Write-offs and the recoveries made thereon:**

(₹ in crore)

| Sr No | Particulars | Current Year | Previous Year |
|---|---|---|---|
| i | Opening balance of Technical/ Prudential written-off accounts as at April 1 | Nil | Nil |
| ii | Add: Technical/Prudential write-offs during the year including receipt from erstwhile ABs and BMBL on acquisition | 12,926.65 | Nil |
| iii | Sub-total (A) | 12,926.65 | Nil |
| iv | Less: Recoveries made/ Actual written off from previously technical/prudential written-off accounts during the year (B) | 8,389.54 | Nil |
| v | Closing balance as at March 31 (A-B) | 4,537.11 | Nil |

**e) Details of financial assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction**

(₹ in crore)

| Sr No | Particulars | Current Year | Previous Year |
|---|---|---|---|
| i | No. of Accounts | 32 | 38 |
| ii | Aggregate value (net of provisions) of accounts sold to SC/RC | 964.72 | 503.91 |
| iii | Aggregate consideration* | 1,304.36 | 516.52 |
| iv | Additional consideration realized in respect of accounts transferred in earlier years | - | - |
| v | Aggregate gain /(loss) over net book value # | 339.64 | 12.61 |

* SRs received as part of considerations have been recognised at lower of Net book Value/ Face Value as per RBI Guidelines.
# Includes amount of ₹ Nil (Previous Year ₹ 0.54 crore) credited to charges/ (interest) account.

**f) Excess Provision reversed to Profit & Loss Account on account of Sale of NPAs to Securitisation Company (SC) / Reconstruction Company (RC)**

(₹ in crore)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Excess Provision reversed to P&L Account in case of Sale of NPAs | - | 5.23 |

**g) Details of non-performing financial assets purchased**

₹ in crore

| Sr No | Particulars | Current Year | Previous Year |
|---|---|---|---|
| 1) | (a) No. of Accounts purchased during the year | Nil | Nil |
| | (b) Aggregate outstanding | Nil | Nil |
| 2) | (a) Of these, number of accounts restructured during the year | Nil | Nil |
| | (b) Aggregate outstanding | Nil | Nil |

**h) Details of non-performing financial assets sold**

(₹ in crore)

| Sr No | Particulars | Current Year | Previous Year |
|---|---|---|---|
| 1) | No. of Accounts sold | 16 | 31 |
| 2) | Aggregate outstanding | 1,323.69 | 938.63 |
| 3) | Aggregate consideration received | 1,057.73 | 487.76 |

**i) Provision on Standard Assets:**

(₹ in crore)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Provision towards Standard Assets | 12,499.46 | 13,678.24 |

**j) Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)**

(₹ in crore)

| No. of accounts where SDR has been invoked | Amount outstanding as on 31st March, 2018 | | Amount outstanding as on 31st March, 2018 with respect to accounts where conversion of debt to equity is pending | | Amount outstanding as on 31st March, 2018 with respect to accounts where conversion of debt to equity has taken place | |
|---|---|---|---|---|---|---|
| Classified as | Standard | NPA | Standard | NPA | Standard | NPA |
| Nil | Nil | Nil | Nil | Nil | Nil | Nil |

**k) Disclosures on Flexible Structuring of Existing Loans**

(₹ in crore)

| Period | No of Borrowers taken up for flexibly Structuring | Amount of Loans taken up for flexible structuring | | Exposure weighted average duration of loans taken up for flexible structuring | |
|---|---|---|---|---|---|
| | | Classified as Standard | Classified as NPA | Before applying flexible structuring (Yrs) | After applying flexible structuring (Yrs) |
| Previous Year | 6 | 3,230.38 | - | 4.43 yrs | 8.66 yrs |
| Current Year | 2 | 1,254.32 | - | 3.55 yrs | 9.67 yrs |

**l) Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)**

(₹ in crore)

| No. of accounts where banks have decided to effect change in ownership | Outstanding as on the reporting date | | Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending | | Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place | | Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity | |
|---|---|---|---|---|---|---|---|---|
| Classified as | Standard | NPA | Standard | NPA | Standard | NPA | Standard | NPA |
| Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

**m) Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)**

(₹ in crore )

| No. of project loan accounts where banks have decided to effect change in ownership | Amount outstanding as on 31st March, 2018 | | |
|---|---|---|---|
| | Classified as standard | Classified as Standard Restructured | Classified as NPA |
| Nil | Nil | Nil | Nil |

**n) Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31.03.2018.**

(₹ in crore )

| Accounts where S4A has been applied | | Aggregate amount outstanding | Amount outstanding | | Provision held |
|---|---|---|---|---|---|
| Asset Classification | Number of Accounts | | In Part A | In Part B | |
| Standard Accounts | 7 | 6,111.29 | 3,669.15 | 2,644.31 | 1,401.28 |
| NPAs | 4 | 1,786.57 | 701.22 | 1,085.35 | 674.42 |

**18.5. Business Ratios**

| Particulars | Current Year | Previous Year |
|---|---|---|
| i. Interest Income as a percentage to Working Funds | 6.37% | 6.86% |
| ii. Non-interest income as a percentage to Working Funds | 1.29% | 1.39% |
| iii Operating Profit as a percentage to Working Funds | 1.72% | 1.99% |
| iv. Return on Assets* | (-) 0.19% | 0.41% |
| v. Business (Deposits plus advances) per employee (₹ in crore) | 16.70 | 16.24 |
| vi. Profit per employee (₹ in thousands) | (-) 243.33 | 511.10 |

* (on net-assets basis)

**18.6. Asset Liability Management: Maturity pattern of certain items of assets and liabilities as at 31st March, 2018**

(₹ in crore)

| | Day1 | 2-7 Days | 8-14 Days | 15 to 30 days | Over 31 days and upto 2 months | Over 2 months and upto 3 months | Over 3 months & upto 6 months | Over 6 months & upto 1 Year | Over 1 Year & upto 3 years | Over 3 Years & upto 5 years | Over 5 Years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Deposits | 18,801.34 | 62,884.68 | 36,410.72 | 59,039.39 | 1,02,902.64 | 95,934.27 | 2,68,120.10 | 5,02,239.16 | 5,05,095.20 | 2,82,468.59 | 7,72,447.20 | 27,06,343.29 |
| | (24,697.20) | (38,065.95) | (25,980.69) | (42,544.33) | (59,304.31) | (62,862.54) | (1,77,889.82) | (3,50,586.32) | (4,57,630.51) | (2,04,524.39) | (6,00,665.33) | (20,44,751.39) |
| Advances | 9,505.35 | 22,201.83 | 23,146.72 | 96,137.66 | 47,241.42 | 61,224.31 | 1,17,078.25 | 2,73,529.68 | 2,87,544.39 | 2,47,962.40 | 7,49,308.18 | 19,34,880.19 |
| | (88,220.08) | (11,902.42) | (10,735.41) | (24,246.23) | (26,857.91) | (33,575.28) | (25,110.19) | (34,647.16) | (5,73,668.96) | (1,30,137.82) | (6,11,976.92) | (15,71,078.38) |
| Investments | 79.71 | 1,753.94 | 7,824.29 | 7,044.03 | 41,927.02 | 29,445.22 | 33,385.93 | 55,415.07 | 1,64,722.92 | 1,74,516.31 | 544,872.27 | 10,60,986.71 |
| | (0.11) | (2,467.87) | (3,533.97) | (9,420.60) | (20,303.63) | (23,030.42) | (65,709.50) | (47,135.41) | (1,00,108.55) | (1,09,188.92) | (3,85,090.65) | (7,65,989.63) |
| Borrowings | 217.95 | 84,918.90 | 38,244.45 | 19,866.70 | 23,856.81 | 23,304.46 | 25,422.91 | 30,492.51 | 44,182.98 | 23,658.96 | 47,975.44 | 3,62,142.07 |
| | (5,668.32) | (87,457.90) | (8,903.41) | (18,284.39) | (23,097.43) | (24,040.18) | (37,371.23) | (13,169.80) | (20,431.03) | (23,590.79) | (55,679.18) | (3,17,693.66) |
| Foreign Currency Assets # | 2,410.92 | 2,875.52 | 3,525.69 | 22,501.88 | 13,481.32 | 17,334.18 | 31,977.62 | 40,927.39 | 1,45,715.96 | 74,935.97 | 37,041.66 | 3,92,728.11 |
| | (80,272.16) | (1,328.79) | (3,953.60) | (8,351.58) | (9,722.94) | (9,768.94) | (12,432.10) | (32,353.90) | (63,954.10) | (67,312.64) | (40,758.58) | (3,30,209.33) |
| Foreign Currency Liabilities $ | 877.05 | 22,146.51 | 10,534.83 | 23,488.39 | 31,245.24 | 31,360.75 | 39,865.36 | 63,595.71 | 73,874.40 | 39,418.43 | 28,029.95 | 3,64,436.62 |
| | (30,639.24) | (12,268.81) | (10,316.45) | (21,500.13) | (28,558.95) | (30,283.69) | (51,784.89) | (35,556.34) | (46,971.60) | (34,795.54) | (18,202.56) | (3,20,878.20) |

# Foreign Currency Assets and Liabilities represent advances and investments (net of provision thereof)
$ Foreign Currency Liabilities represent borrowings and deposits.

(Figures in brackets are as at 31st March, 2017)

### 18.7. Exposures

The Bank is lending to sectors, which are sensitive to asset price fluctuations.

**a) Real Estate Sector**

(₹ in crore )

| | Particulars | Current Year | Previous Year |
|---|---|---|---|
| **I** | **Direct exposure** | | |
| | i) Residential Mortgages | 3,03,188.55 | 2,51,386.94 |
| | Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. | 3,03,188.55 | 2,51,386.94 |
| | Of which (i) Individual housing loans up to ₹ 28 lacs in Metropolitan centres (Population >= 10 lacs) and ₹ 20 lacs in other centres for purchase/construction of dwelling unit per family. | 1,26,359.38 | 1,06,094.23 |
| | ii) Commercial Real Estate | | |
| | Lending secured by mortgages on Commercial Real Estates (office building, retail space, multi purpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) Exposures would also include non fund based (NFB) limits. | 82,807.89 | 36,915.86 |
| | iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures: | 266.05 | 214.69 |
| | a) Residential | 266.05 | 214.69 |
| | b) Commercial Real Estate | - | - |
| **II** | **Indirect Exposure** | | |
| | Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | 87,233.16 | 70,703.93 |
| | **Total Exposure to Real Estate Sector** | **4,73,495.65** | **3,59,221.42** |

**b) Capital Market**

(₹ in crore )

| | Particulars | Current Year | Previous Year |
|---|---|---|---|
| 1) | Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt. | 8,471.07 | 4,357.59 |
| 2) | Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds. | 31.47 | 5.78 |
| 3) | Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security. | 1,084.72 | 15,236.39 |
| 4) | Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances. | 12,187.75 | 668.52 |
| 5) | Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers | 200.15 | 0.17 |
| 6) | Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources. | 3.36 | 410.19 |
| 7) | Bridge loans to companies against expected equity flows/issues. | Nil | Nil |
| 8) | Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds. | Nil | Nil |
| 9) | Financing to stockbrokers for margin trading. | 215.00 | 245.00 |
| 10) | Exposures to Venture Capital Funds (both registered and unregistered) | 1,948.56 | 1,879.93 |
| | **Total Exposure to Capital Market** | **24,142.08** | **22,803.57** |

**c) Risk Category wise Country Exposure**

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The country exposure (net funded) of the Bank for any country does not exceed 1% of its total assets except on USA, hence provision for the country exposure on USA has been made.

(₹ in crore )

| Risk Category | Net Funded Exposure | | Provision held | |
|---|---|---|---|---|
| | As at 31st March, 2018 | As at 31st March, 2017 | As at 31st March, 2018 | As at 31st March, 2017 |
| Insignificant | 96,534.70 | 75,637.24 | 111.18 | 116.04 |
| Very Low | 53,321.64 | 53,117.01 | Nil | Nil |
| Low | 11,110.42 | 3,834.73 | Nil | Nil |
| Medium | 13,480.60 | 10,844.54 | Nil | Nil |
| High | 4,246.28 | 8,823.27 | Nil | Nil |
| Very High | 8,082.38 | 4,954.18 | Nil | Nil |
| Restricted | 3,964.32 | 4,124.84 | Nil | Nil |
| **Total** | **1,90,740.34** | **1,61,335.81** | **111.18** | **116.04** |

**d) Single Borrower and Group Borrower exposure limits exceeded by the Bank**

The Bank had taken single borrower exposure & Group Borrower exposure within the prudential limit prescribed by RBI.

**e) Unsecured Advances**

(₹ in crore)

| Sr No | Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| a) | Total Unsecured Advances of the bank | 3,60,240.30 | 2,82,886.13 |
| i) | Of which amount of advances outstanding against charge over intangible securities such as rights, licences, authority etc. | Nil | 277.42 |
| ii) | The estimated value of such intangible securities (as in (i) above). | Nil | 277.42 |

**18.8. Miscellaneous**

**a. Disclosure of Penalties**

Monetary Authority of Singapore (MAS) levied a penalty of ₹ 2.99 crore (Singapore Dollar 6,00,000) on Singapore branch for breach of section 27 B (2) of the MAS Act.

Reserve Bank of India levied a penalty of ₹ 0.40 crore on the Bank for non-compliance with the directions issued by RBI on detection and impounding of counterfeit notes.

Previous year: Central Bank of Oman levied penalty of ₹ 0.13 crore (Omani Riyal 8000) on Muscat branch for non compliance to some of the provisions of Banking Law 2000 & circulars of Central Bank of Oman.

**b. Penalty for Bouncing of SGL forms**

No penalty has been levied on the Bank for bouncing of SGL Forms.

**18.9. Disclosure Requirements as per the Accounting Standards**

**a) Accounting Standard – 5 "Net Profit or Loss for the period, Prior Period items and Changes in Accounting Policies"**

The Bank changed its accounting policy with respect to booking of commission earned on issuance of Letter of Credit and Bank Guarantees, other than on Deferred Payment Guarantees w. e. f. April 1, 2017. Now these are being recognized over the period of LC/BG, instead of on realisation basis done earlier.

The impact of the change in policy, as compared to previous practice has resulted in lower income under this head to the extent of ₹ 1,203.60 crore for the year ended on 31st March, 2018.

**b) Accounting Standard – 15 "Employee Benefits"**

**i. Defined Benefit Plans**

**1. Employee's Pension Plan and Gratuity Plan**

The following table sets out the status of the Defined Benefit Pension Plan and Gratuity Plan as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

| Particulars | Pension Plans | | Gratuity Plan | |
|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year |
| **Change in the present value of the defined benefit obligation** | | | | |
| Opening defined benefit obligation at 1st April, 2017 | 67,824.90 | 59,151.41 | 7,291.02 | 7,332.14 |
| Current Service Cost | 978.19 | 715.64 | 286.07 | 151.08 |
| Interest Cost | 6,248.32 | 4,767.60 | 713.71 | 576.31 |
| Past Service Cost (Vested Benefit) | - | 1,200.00 | 3,610.00 | - |
| Liability transferred In/ Acquisitions | 16,045.22 | - | 2,526.13 | - |
| Actuarial losses (gains) | 3,338.70 | 6,525.61 | (18.74) | 227.95 |
| Benefits paid | (4,190.42) | (2,175.52) | (1,535.59) | (996.46) |
| Direct Payment by Bank | (2,458.35) | (2,359.84) | - | - |
| Closing defined benefit obligation at 31st March, 2018 | 87,786.56 | 67,824.90 | 12,872.60 | 7,291.02 |
| **Change in Plan Assets** | | | | |
| Opening fair value of Plan Assets as at 1st April, 2017 | 64,560.42 | 53,410.37 | 7,281.18 | 6,879.77 |
| Expected Return on Plan Assets | 5,908.09 | 4,304.88 | 709.95 | 540.75 |
| Contributions by employer | 4,363.79 | 6,771.00 | 226.90 | 674.78 |
| Assets transferred In/Acquisitions | 14,742.79 | - | 2,484.28 | - |
| Expected Contributions by the employees | - | 3.09 | - | - |
| Benefits Paid | (4,190.42) | (2,175.52) | (1,535.59) | (996.46) |
| Actuarial Gains / (Loss) on plan Assets | (135.07) | 2,246.60 | (25.96) | 182.34 |
| Closing fair value of plan assets as at 31st March, 2018 | 85,249.60 | 64,560.42 | 9,140.76 | 7,281.18 |
| **Reconciliation of present value of the obligation and fair value of the plan assets** | | | | |
| Present Value of Funded obligation at 31st March, 2018 | 87,786.56 | 67,824.90 | 12,872.60 | 7,291.02 |
| Fair Value of Plan assets at 31st March, 2018 | 85,249.60 | 64,560.42 | 9,140.76 | 7,281.18 |
| Deficit/(Surplus) | 2,536.96 | 3,264.48 | 3,731.84 | 9.84 |
| Unrecognised Past Service Cost (Vested) Closing Balance | - | - | (2,707.50) | - |
| Unrecognised Transitional Liability Closing Balance | - | - | - | - |
| Net Liability/(Asset) | 2,536.96 | 3,264.48 | 1,024.34 | 9.84 |
| **Amount Recognised in the Balance Sheet** | | | | |
| Liabilities | 87,786.56 | 67,824.90 | 12,872.60 | 7,291.02 |
| Assets | 85,249.60 | 64,560.42 | 9,140.76 | 7,281.18 |
| Net Liability / (Asset) recognised in Balance Sheet | 2,536.96 | 3,264.48 | 3,731.84 | 9.84 |
| Unrecognised Past Service Cost (Vested) Closing Balance | - | - | (2,707.50) | - |
| Unrecognised Transitional Liability Closing Balance | - | - | - | - |
| Net Liability/(Asset) | 2,536.96 | 3,264.48 | 1,024.34 | 9.84 |
| **Net Cost recognised in the Profit and Loss account** | | | | |
| Current Service Cost | 978.19 | 715.64 | 286.07 | 151.08 |
| Interest Cost | 6,248.32 | 4,767.60 | 713.71 | 576.31 |

| Particulars | Pension Plans | | Gratuity Plan | |
|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year |
| Expected return on plan assets | (5,908.09) | (4,304.88) | (709.95) | (540.75) |
| Expected Contributions by the employees | - | (3.09) | - | - |
| Past Service Cost (Amortised) Recognised | - | - | - | - |
| Past Service Cost (Vested Benefit) Recognised | - | 1,200.00 | 902.50 | - |
| Net actuarial losses (Gain) recognised during the year | 3,473.77 | 4,279.01 | 7.22 | 45.61 |
| Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees" | 4,792.19 | 6,654.28 | 1,199.55 | 232.25 |
| **Reconciliation of expected return and actual return on Plan Assets** | , | | | |
| Expected Return on Plan Assets | 5,908.09 | 4,304.88 | 709.95 | 540.75 |
| Actuarial Gain/ (loss) on Plan Assets | (135.07) | 2,246.60 | (25.96) | 182.34 |
| Actual Return on Plan Assets | 5,773.02 | 6,551.48 | 683.99 | 723.09 |
| **Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet** | | | | |
| Opening Net Liability/ (Asset) as at 1st April, 2017 | 3,264.48 | 5,741.04 | 9.84 | 452.37 |
| Expenses as recognised in Profit and Loss account | 4,792.19 | 6,654.28 | 1,199.55 | 232.25 |
| Paid by Bank Directly | (2,458.35) | (2,359.84) | - | - |
| Debited to Other Provision | - | - | - | - |
| Recognised in Reserve | - | - | - | - |
| Net Liability/ (Asset) transferred in | 1,302.43 | - | 41.85 | - |
| Employer's Contribution | (4,363.79) | (6,771.00) | (226.90) | (674.78) |
| Net liability/(Asset) recognised in Balance Sheet | 2,536.96 | 3,264.48 | 1,024.34 | 9.84 |

**Investments under Plan Assets of Pension Fund & Gratuity Fund as on 31st March, 2018 are as follows:**

| | Pension Fund | Gratuity Fund |
|---|---|---|
| **Category of Assets** | **% of Plan Assets** | **% of Plan Assets** |
| Central Govt. Securities | 24.57% | 21.39% |
| State Govt. Securities | 30.32% | 24.69% |
| Debt Securities, Money Market Securities and Bank Deposits | 30.55% | 14.91% |
| Mutual Funds | 2.49% | 2.28% |
| Insurer Managed Funds | 2.19% | 29.29% |
| Others | 9.88% | 7.44% |
| Total | 100.00% | 100.00% |

**Principal actuarial assumptions**

| Particulars | Pension Plans | | Gratuity Plan | |
|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year |
| Discount Rate | 7.76% | 7.45% | 7.78% | 7.27% |
| Expected Rate of return on Plan Asset | 7.76% | 7.45% | 7.78% | 7.27% |
| Salary Escalation | 5.00% | 5.00% | 5.00% | 5.00% |
| Attrition Rate | 2.00% | 2.00% | 2.00% | 2.00% |
| Mortality Table | IALM (2006-08) ULTIMATE | IALM (2006-08) ULTIMATE | IALM (2006-08) ULTIMATE | IALM (2006-08) ULTIMATE |

**Surplus/ Deficit in the Plan**

**Gratuity Plan**

(₹ in crore)

| Amount recognized in the Balance Sheet | Year ended 31-03-2014 | Year ended 31-03-2015 | Year ended 31-03-2016 | Year ended 31-03-2017 | Year ended 31-03-2018 |
|---|---|---|---|---|---|
| Liability at the end of the year | 6,838.07 | 7,182.35 | 7,332.14 | 7,291.02 | 12,872.60 |
| Fair value of Plan Assets at the end of the year | 7,090.59 | 7,110.25 | 6,879.77 | 7,281.18 | 9,140.76 |
| Difference | (252.52) | 72.10 | 452.37 | 9.84 | 3,731.84 |
| Unrecognised Past Service Cost | - | - | - | - | 2,707.50 |
| Unrecognised Transition Liability | - | - | - | - | - |
| Amount Recognized in the Balance Sheet | (252.52) | 72.10 | 452.37 | 9.84 | 1,024.34 |

**Experience adjustment**

(₹ in crore)

| Amount recognized in the Balance Sheet | Year ended 31-03-2014 | Year ended 31-03-2015 | Year ended 31-03-2016 | Year ended 31-03-2017 | Year ended 31-03-2018 |
|---|---|---|---|---|---|
| On Plan Liability (Gain) /Loss | 210.19 | (24.69) | 326.09 | 10.62 | 399.62 |
| On Plan Asset (Loss) /Gain | 23.87 | 106.04 | (43.09) | 182.34 | (25.96) |

**Surplus/Deficit in the plan**

**Pension**

(₹ in crore)

| Amount recognized in the Balance Sheet | Year ended 31-03-2014 | Year ended 31-03-2015 | Year ended 31-03-2016 | Year ended 31-03-2017 | Year ended 31-03-2018 |
|---|---|---|---|---|---|
| Liability at the end of the year | 45,236.99 | 51,616.04 | 59,151.41 | 67,824.90 | 87,786.56 |
| Fair value of Plan Assets at the end of the year | 42,277.01 | 49,387.97 | 53,410.37 | 64,560.42 | 85,249.60 |
| Difference | 2,959.98 | 2,228.07 | 5,741.04 | 3,264.48 | 2,536.96 |
| Unrecognised Past Service Cost | - | - | - | - | - |
| Unrecognised Transition Liability | - | - | - | - | - |
| Amount Recognized in the Balance Sheet | 2,959.98 | 2,228.07 | 5,741.04 | 3,264.48 | 2,536.96 |

**Experience adjustment**

| | | | | | |
|---|---|---|---|---|---|
| On Plan Liability (Gain) /Loss | 7,709.67 | 1,732.86 | 5,502.35 | 3,007.59 | 4,439.54 |
| On Plan Asset (Loss) /Gain | 335.40 | 2,285.87 | (162.93) | 2,246.60 | (135.07) |

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible. The said estimates and assumptions have been relied upon by the auditors.

Consequent upon amendment in Payment of Gratuity Act 1972 and revision in gratuity ceiling from ₹ 10.00 Lakh to ₹ 20.00 lakh, the additional liability works out to ₹ 3,610.00 crore. RBI has vide letter No. DBR.BP.9730/21.04.018/2017-18 dated 27th April 2018 advised that banks, may at their discretion, spread the expenditure involved over four quarters beginning from the quarter ended 31st March, 2018. They have also advised that the enhanced gratuity related unamortized expenditure would not be reduced from Tier I capital.

Accordingly, out of the total additional liability of ₹ 3,610.00 crore, an amount of ₹ 902.50 crore have been charged to the Profit & Loss Account for the year ended 31st March, 2018 and the remaining unamortized liability of ₹ 2,707.50 crore shall be provided over next three quarters i.e. from June'18 quarter to December'18 quarter.

**2. Employees' Provident Fund**

Actuarial valuation carried out in respect of interest shortfall in the Provident Fund Trust of the Bank, as per Deterministic Approach shows "Nil" liability, hence no provision is made in F.Y. 2017-18.

The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

| | Provident Fund | |
|---|---|---|
| **Particulars** | **Current Year** | **Previous Year** |
| **Change in the present value of the defined benefit obligation** | | |
| Opening defined benefit obligation at 1st April, 2017 | 25,921.96 | 25,159.70 |
| Current Service Cost | 942.85 | 811.36 |
| Interest Cost | 2,428.48 | 2,177.60 |
| Employee Contribution (including VPF) | 1,357.28 | 1,031.10 |
| Liability Transferred In | 3,309.05 | - |
| Actuarial losses/(gains) | 25.56 | - |
| Benefits paid | (4,050.55) | (3,257.80) |
| Closing defined benefit obligation at 31st March, 2018 | 29,934.63 | 25,921.96 |
| **Change in Plan Assets** | | |
| Opening fair value of Plan Assets as at 1st April, 2017 | 26,915.23 | 25,985.32 |
| Expected Return on Plan Assets | 2,428.48 | 2,177.60 |
| Contributions | 2,300.13 | 1,842.46 |
| Transferred from other Companies | 3,723.65 | - |
| Benefits Paid | (4,050.55) | (3,257.80) |
| Actuarial Gains / (Loss) on plan Assets | 185.55 | 167.65 |
| Closing fair value of plan assets as at 31st March, 2018 | 31,502.49 | 26,915.23 |
| **Reconciliation of present value of the obligation and fair value of the plan assets** | | |
| Present Value of Funded obligation at 31st March, 2018 | 29,934.63 | 25,921.96 |
| Fair Value of Plan assets at 31st March, 2018 | 31,502.49 | 26,915.23 |
| Deficit/(Surplus) | (1,567.86) | (993.27) |
| **Net Asset not recognised in Balance Sheet** | 1,567.86 | 993.27 |
| Net Cost recognised in the Profit and Loss account | | |
| Current Service Cost | 942.85 | 811.36 |
| Interest Cost | 2,428.48 | 2,177.60 |
| Expected return on plan assets | (2,428.48) | (2,177.60) |
| Interest shortfall reversed | - | - |
| Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees" | 942.85 | 811.36 |
| **Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet** | - | - |
| Opening Net Liability as at 1st April, 2017 | - | - |
| Expense as above | 942.85 | 811.36 |
| Employer's Contribution | (942.85) | (811.36) |
| Net Liability/(Asset) Recognized In the Balance Sheet | - | - |

**Investments under Plan Assets of Provident Fund as on 31st March, 2018 are as follows:**

| **Category of Assets** | **Provident Fund** |
|---|---|
| | **% of Plan Assets** |
| Central Govt. Securities | 37.02% |
| State Govt. Securities | 23.04% |
| Debt Securities, Money Market Securities and Bank Deposits | 32.73% |
| Insurer Managed Funds | 1.62% |
| Others | 5.59% |
| Total | 100.00% |

**Principal actuarial assumptions**

| | Provident Fund | |
|---|---|---|
| **Particulars** | **Current Year** | **Previous Year** |
| Discount Rate | 7.78% | 7.27% |
| Guaranteed Return | 8.65% | 8.80% |
| Attrition Rate | 2.00% | 2.00% |
| Salary Escalation | 5.00% | 5.00% |
| Mortality Table | IALM (2006-08) ULTIMATE | IALM (2006-08) ULTIMATE |

There is a guaranteed return applicable to liability under SBI Employees Provident Fund which shall not be lower of either:

(a) one half percent above the average standard rate (adjusted up or down to the interest one quarter per cent) quoted by the bank for new deposits fixed for twelve months in the preceding year (ending on the preceding the 31st day of March); or

(b) three percent per annum, subject to approval of Executive Committee.

**ii. Defined Contribution Plan:**

The Bank has a Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and

employees joining the Bank on or after August 1, 2010. The Scheme is managed by NPS Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y. 2017-18, the Bank has contributed ₹ 390.00 crore (Previous Year ₹ 218.15 crore).

**iii. Long Term Employee Benefits (Unfunded Obligation):**

**(A) Accumulating Compensated Absences (Privilege Leave)**

The following table sets out the status of Accumulating Compensated Absences (Privilege Leave) as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

| | Accumulating Compensated Absences (Privilege Leave) | |
|---|---|---|
| **Particulars** | **Current Year** | **Previous Year** |
| **Change in the present value of the defined benefit obligation** | | |
| Opening defined benefit obligation at 1st April, 2017 | 4,754.10 | 4,375.49 |
| Current Service Cost | 208.26 | 212.74 |
| Interest Cost | 432.03 | 343.91 |
| Liability transferred In/ Acquisitions | 1,188.49 | - |
| Actuarial losses/(gains) | 593.08 | 397.82 |
| Benefits paid | (933.78) | (575.86) |
| Closing defined benefit obligation at 31st March, 2018 | 6,242.18 | 4,754.10 |
| **Net Cost recognised in the Profit and Loss account** | | |
| Current Service Cost | 208.26 | 212.74 |
| Interest Cost | 432.03 | 343.91 |
| Actuarial (Gain)/ Losses | 593.08 | 397.82 |
| Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees" | 1,233.37 | 954.47 |
| **Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet** | | |
| Opening Net Liability as at 1st April, 2017 | 4,754.10 | 4,375.49 |
| Expense as above | 1,233.37 | 954.47 |
| Net Liability/ (Asset) transferred in | 1,188.49 | - |
| Employer's Contribution | - | - |
| Benefit paid directly by the Employer | (933.78) | (575.86) |
| Net Liability/(Asset) Recognized In the Balance Sheet | 6,242.18 | 4,754.10 |

**Principal actuarial assumptions**

| Particulars | Current Year | Previous Year |
|---|---|---|
| Discount Rate | 7.78% | 7.27% |
| Salary Escalation | 5.00% | 5.00% |
| Attrition Rate | 2.00% | 2.00% |
| Mortality Table | IALM (2006-08) ULTIMATE | IALM (2006-08) ULTIMATE |

**(B) Other Long Term Employee Benefits**

Amount of ₹ (-) 63.95 crore (Previous Year ₹ 46.94 crore) is (written back) / provided towards Other Long Term Employee Benefits as per the actuarial valuation by the independent Actuary appointed by the Bank and is included under the head "Payments to and Provisions for Employees" in Profit and Loss Account.

Details of Provisions made for various Other Long Term Employee Benefits during the year:

(₹ in crore)

| Sr No | Long Term Employee Benefits | Current Year | Previous Year |
|---|---|---|---|
| 1 | Leave Travel and Home Travel Concession (Encashment/Availment) | (10.88) | 15.10 |
| 2 | Sick Leave | - | - |
| 3 | Silver Jubilee Award | (27.87) | 30.64 |
| 4 | Resettlement Expenses on Superannuation | (13.23) | (0.25) |
| 5 | Casual Leave | - | - |
| 6 | Retirement Award | (11.97) | 1.45 |
| | **Total** | **(63.95)** | **46.94** |

**Principal actuarial assumptions**

| Particulars | Current Year | Previous Year |
|---|---|---|
| Discount Rate | 7.78% | 7.27% |
| Salary Escalation | 5.00% | 5.00% |
| Attrition Rate | 2.00% | 2.00% |
| Mortality Table | **IALM (2006-08) ULTIMATE** | **IALM (2006-08) ULTIMATE** |

**c) Accounting Standard – 17 "Segment Reporting"**

**1. Segment Identification**

**I. Primary (Business Segment)**

The following are the primary segments of the Bank:-

- Treasury
- Corporate / Wholesale Banking
- Retail Banking
- Other Banking Business

The present accounting and information system of the Bank does not support capturing and extraction of the data in respect of the above segments separately. However, based on the present internal, organisational and management reporting structure and the nature of their risk and returns, the data on the primary segments have been computed as under:

**i. Treasury –**

The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

**ii. Corporate / Wholesale Banking –**

The Corporate / Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Mid Corporate Accounts Group and Stressed Assets Resolution Group. These include providing loans and transaction services to corporate and institutional clients and further include non-treasury operations of foreign offices.

**iii. Retail Banking –**

The Retail Banking Segment comprises of branches in National Banking Group, which primarily includes Personal Banking activities including lending activities to corporate customers having banking relations with branches in the National Banking Group. This segment also includes agency business and ATMs.

**iv. Other Banking business –**

Segments not classified under (i) to (iii) above are classified under this primary segment.

**II. Secondary (Geographical Segment)**

i) Domestic Operations - Branches/Offices having operations in India

ii) Foreign Operations - Branches/Offices having operations outside India and offshore Banking units having operations in India

**III. Pricing of Inter-segmental Transfers**

The Retail Banking segment is the primary resource mobilising unit. The Corporate/Wholesale Banking and Treasury segments are recipient of funds from Retail Banking. Market related Funds Transfer Pricing (MRFTP) is followed under which a separate unit called Funding Centre has been created. The Funding Centre notionally buys funds that the business units raise in the form of deposits or borrowings and notionally sell funds to business units engaged in creating assets.

**IV. Allocation of Expenses, Assets and Liabilities**

Expenses incurred at Corporate Centre establishments directly attributable either to Corporate / Wholesale and Retail Banking Operations or to Treasury Operations segment, are allocated accordingly. Expenses not directly attributable are allocated on the basis of the ratio of number of employees in each segment/ratio of directly attributable expenses.

The Bank has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated.

**2. Segment Information**

**Part A: Primary (Business Segments)**

(₹ in crore)

| Business Segment | Treasury | Corporate / Wholesale Banking | Retail Banking | Other Banking Operations | Total |
|---|---|---|---|---|---|
| Revenue (before exceptional items) # | 82,020.76 | 63,280.84 | 1,11,809.55 | - | 2,57,111.15 |
| | (63,551.80) | (60,676.63) | (84,411.17) | (-) | (2,08,639.60) |
| Unallocated Revenue # | | | | | 2,552.68 |
| | | | | | (2339.57) |
| Total Revenue | | | | | 2,59,663.83 |
| | | | | | (2,10,979.17) |
| Result (before exceptional items) # | 48.05 | - 38,498.98 | 19,412.16 | - | - 19,038.77 |
| | (14,043.57) | (-18,192.09) | (20,864.26) | (-) | (16,715.74) |
| Add: Exceptional Items | 5,436.17 | | | | 5,436.17 |
| | (-) | | | | (-) |
| Result (after exceptional items) # | 5,484.22 | - 38,498.98 | 19,412.16 | - | - 13,602.60 |
| | (14,043.57) | (-18,192.09) | (20,864.26) | (-) | (16,715.74) |

| Business Segment | Treasury | Corporate / Wholesale Banking | Retail Banking | Other Banking Operations | Total |
|---|---|---|---|---|---|
| Unallocated Income(+) / Expenses( -) - net # | | | | | -1,925.64 |
| | | | | | (-1860.58) |
| Profit before tax # | | | | | - 15,528.24 |
| | | | | | (14,855.16) |
| Tax # | | | | | - 8,980.79 |
| | | | | | (4,371.06) |
| Extraordinary Profit # | | | | | Nil |
| | | | | | Nil |
| Net Profit # | | | | | - 6,547.45 |
| | | | | | (10,484.10) |
| Other Information: | | | | | |
| Segment Assets * | 10,89,553.51 | 10,11,026.98 | 13,22,851.33 | - | 34,23,431.82 |
| | (8,04,449.56) | (9,31,293.68) | (9,54,597.65) | (-) | (26,90,340.89) |
| Unallocated Assets * | | | | | 31,320.18 |
| | | | | | (15,625.41) |
| Total Assets* | | | | | 34,54,752.00 |
| | | | | | (27,05,966.30) |
| Segment Liabilities * | 8,19,731.87 | 10,48,664.62 | 13,11,134.57 | - | 31,79,531.06 |
| | (6,08,747.16) | (8,44,527.74) | (9,97,848.30) | (-) | (24,51,123.20) |
| Unallocated Liabilities* | | | | | 56,092.38 |
| | | | | | (66,557.04) |
| Total Liabilities * | | | | | 32,35,623.44 |
| | | | | | (25,17,680.24) |

(Figures in brackets are for previous year)

**Part B: Secondary (Geographic Segments)**

(₹ in crore)

| | Domestic | | Foreign | | Total | |
|---|---|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Revenue (before exceptional items) # | 2,48,361.36 | 2,00,296.31 | 11,302.47 | 10,682.86 | 2,59,663.83 | 2,10,979.17 |
| Net Profit# | - 7,891.83 | 7,637.52 | 1,344.38 | 2,846.58 | - 6,547.45 | 10,484.10 |
| Assets * | 30,69,761.21 | 23,45,534.83 | 3,84,990.79 | 3,60,431.47 | 34,54,752.00 | 27,05,966.30 |
| Liabilities* | 28,50,632.65 | 21,57,248.77 | 3,84,990.79 | 3,60,431.47 | 32,35,623.44 | 25,17,680.24 |

# For the year ended 31st March, 2018
* As at 31st March, 2018

**d) Accounting Standard – 18 "Related Party Disclosures"**

**1. Related Parties**

**A. SUBSIDIARIES**

**i. FOREIGN BANKING SUBSIDIARIES**

1. Commercial Indo Bank LLC, Moscow
2. Bank SBI Botswana Limited
3. SBI Canada Bank
4. State Bank of India (California)
5. State Bank of India (UK) Limited
6. SBI (Mauritius) Ltd.
7. PT Bank SBI Indonesia
8. Nepal SBI Bank Ltd.

**ii. DOMESTIC NON-BANKING SUBSIDIARIES**

1. SBI Capital Markets Ltd.
2. SBICAP Securities Ltd.
3. SBICAP Trustee Company Ltd.
4. SBICAP Ventures Ltd.
5. SBI DFHI Ltd.
6. SBI Global Factors Ltd.
7. SBI Infra Management Solutions Pvt. Ltd.
8. SBI Mutual Fund Trustee Company Pvt. Ltd.
9. SBI Payment Services Pvt. Ltd.
10. SBI Pension Funds Pvt. Ltd.
11. SBI Life Insurance Company Ltd.
12. SBI General Insurance Company Ltd.
13. SBI Cards and Payment Services Pvt. Ltd.
14. SBI Business Process Management Services Pvt. Ltd. (formerly known as GE Capital Business Process Management Services Pvt. Ltd) w.e.f. 15.12.2017
15. SBI – SG Global Securities Services Pvt. Ltd.
16. SBI Funds Management Pvt. Ltd.
17. SBI Foundation

**iii. FOREIGN NON-BANKING SUBSIDIARIES**

1. SBICAP (Singapore) Ltd.
2. SBICAP (UK) Ltd.
3. SBI Funds Management (International) Pvt. Ltd.
4. State Bank of India Servicos Limitada
5. Nepal SBI Merchant Banking Limited

**B. JOINTLY CONTROLLED ENTITIES**

1. C-Edge Technologies Ltd.
2. GE Capital Business Process Management Services Pvt. Ltd (upto 14.12.2017)
3. SBI Macquarie Infrastructure Management Pvt. Ltd.
4. SBI Macquarie Infrastructure Trustee Pvt. Ltd.
5. Macquarie SBI Infrastructure Management Pte. Ltd.
6. Macquarie SBI Infrastructure Trustee Ltd.
7. Oman India Joint Investment Fund – Management Company Pvt. Ltd.
8. Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.
9. Jio Payments Bank Ltd.

**C. ASSOCIATES**

**i. Regional Rural Banks**

1. Andhra Pradesh Grameena Vikas Bank
2. Arunachal Pradesh Rural Bank
3. Chhattisgarh Rajya Gramin Bank
4. Ellaquai Dehati Bank
5. Langpi Dehangi Rural Bank
6. Madhyanchal Gramin Bank
7. Meghalaya Rural Bank
8. Mizoram Rural Bank
9. Nagaland Rural Bank
10. Purvanchal Bank
11. Saurashtra Gramin Bank
12. Utkal Grameen Bank
13. Uttarakhand Gramin Bank
14. Vananchal Gramin Bank
15. Rajasthan Marudhara Gramin Bank
16. Telangana Grameena Bank
17. Kaveri Grameena Bank
18. Malwa Gramin Bank

**ii. Others**

1. SBI Home Finance Ltd.(under liquidation)
2. The Clearing Corporation of India Ltd.
3. Bank of Bhutan Ltd.

**D. Key Management Personnel of the Bank**

1. Shri Rajnish Kumar, Chairman (w.e.f. 07.10.2017)
2. Smt Arundhati Bhattacharya, Chairman (up to 06.10.2017)
3. Shri Rajnish Kumar, Managing Director (National Banking Group) (up to 06.10.2017)
4. Shri P. K. Gupta, Managing Director (Retail & Digital Banking)
5. Shri Dinesh Kumar Khara, Managing Director (Risk, IT & Subsidiaries)
6. Shri B. Sriram, Managing Director (Corporate & Global Banking)

**2. Parties with whom transactions were entered into during the year**

No disclosure is required in respect of related parties, which are "State-controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

**3. Transactions and Balances**

(₹ in crore)

| Particulars | Associates/ Joint Ventures | Key Management Personnel & their relatives | Total |
|---|---|---|---|
| **Outstanding as at 31st March** | | | |
| Borrowings | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| Deposit | 44.22 | Nil | 44.22 |
| | (14.91) | (Nil) | (14.91) |
| Other Liabilities | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| Balance with Banks | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| Advance | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| Investment | 67.66 | Nil | 67.66 |
| | (81.15) | (Nil) | (81.15) |
| Non-fund commitments (LCs/BGs) | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| **Maximum outstanding during the year** | | | |
| Borrowings | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| Deposit | 205.68 | Nil | 205.68 |
| | (29.17) | (Nil) | (29.17) |
| Other Liabilities | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| Balance with Banks | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| Advance | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| Investment | 77.10 | Nil | 77.10 |
| | (81.15) | (Nil) | (81.15) |
| Non-fund commitments (LCs/BGs) | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| **During the year ended 31st March** | | | |
| Interest Income | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| Interest expenditure | 0.09 | Nil | 0.09 |
| | (0.18) | (Nil) | (0.18) |
| Income earned by way of dividend | 29.24 | Nil | 29.24 |
| | (33.83) | (Nil) | (33.83) |
| Other Income | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| Other expenditure | 7.66 | Nil | 7.66 |
| | (Nil) | (Nil) | (Nil) |
| Profit/(Loss) on sale of land/ building and other assets | Nil | Nil | Nil |
| | (Nil) | (Nil) | (Nil) |
| Management contracts | Nil | 2.05 | 2.05 |
| | (Nil) | (1.39) | (1.39) |

Figures in brackets are for Previous Year.

There are no materially significant related party transactions during the year.

**e) Accounting Standard – 19 "Leases"**

Premises taken on operating lease are given below:

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the Bank.

(i) Liability for Premises taken on Non-Cancellable operating lease are given below

(₹ in crore)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Not later than 1 year | 163.35 | 282.78 |
| Later than 1 year and not later than 5 years | 535.88 | 1,145.19 |
| Later than 5 years | 246.15 | 303.09 |
| **Total** | **945.38** | **1,731.06** |

(ii) Amount of lease payments recognised in the P&L Account for operating leases is ₹ 3,244.23 crore (₹ 2,582.72 crore)

**f) Accounting Standard -20 "Earnings per Share"**

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share". "Basic earnings" per share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year.

(₹ in crore)

| Particulars Basic and diluted | Current Year | Previous Year |
|---|---|---|
| Number of Equity Shares outstanding at the beginning of the year | 797,35,04,442 | 776,27,77,042 |
| Number of Equity Shares issued during the year | 95,10,83,092 | 21,07,27,400 |
| Number of Equity Shares outstanding at the end of the year | 892,45,87,534 | 797,35,04,442 |
| Weighted average number of equity shares used in computing basic earnings per share | 853,30,51,135 | 780,37,67,851 |
| Weighted average number of shares used in computing diluted earnings per share | 853,30,51,135 | 780,37,67,851 |
| Net profit / (loss) (₹ in crore ) | (6,547.45) | 10,484.10 |
| Basic earnings per share (₹) | (7.67) | 13.43 |
| Diluted earnings per share (₹) | (7.67) | 13.43 |
| Nominal value per share (₹) | 1 | 1 |

**g) Accounting Standard – 22 "Accounting for Taxes on Income"**

**a. Current Tax :-**

During the year the Bank has debited to Profit & Loss Account ₹ 673.54 crore (Previous Year ₹ 4,165.83 crore) on account of current tax. The Current Tax in India has been calculated in accordance with the provisions of Income Tax Act 1961 after taking appropriate relief for taxes paid in foreign jurisdictions.

**b. Deferred Tax :-**

During the year, ₹ 9,654.33 crore has been credited to Profit and Loss Account (Previous Year ₹ 337.78 crore debited) on account of deferred tax.

The Bank has a net DTA of ₹ 11,365.99 crore (Previous Year net DTL of ₹ 2,561.87 crore), which comprises of DTL of ₹ 2.80 crore (Previous Year ₹ 2989.77 crore) included under 'Other Liabilities and Provisions' and Deferred Tax Assets (DTA) of ₹ 11,368.79 crore (Previous Year ₹ 427.90 crore) included under 'Other Assets'. The major components of DTA and DTL is given below:

(₹ in crore)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Deferred Tax Assets (DTA)** | | |
| Provision for long term employee Benefits | 3,454.26 | 2,332.20 |
| Provision for advances $ | 4,197.64 | 2,564.22 |
| Provision for Other Assets/ Other Liability | 743.57 | 724.65 |
| Amortisation of Discount | - | 2.26 |
| On Accumulated losses (including erstwhile ABs) | 13,862.05 | - |
| On account of Foreign Offices | 317.04 | 427.91 |
| **Total** | **22,574.56** | **6,051.24** |
| **Deferred Tax Liabilities (DTL)** | | |
| Depreciation on Fixed Assets | 83.36 | 219.73 |
| Interest accrued but not due on Securities | 6,315.01 | 4,305.62 |
| Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961 | 4,690.10 | 3,522.29 |
| On account of Foreign Offices | 2.80 | 2.19 |
| On Foreign Currency Translation Reserve | 117.30 | 563.28 |
| **Total** | **11,208.57** | **8,613.11** |
| **Net Deferred Tax Assets/ (Liabilities)** | **11,365.99** | **(2,561.87)** |

$ During the year, the Bank has recognized Deferred Tax Asset, on provision for standard assets as per IRAC norms, amounting to ₹ 2,461.40 crore which was hitherto not considered for Deferred Tax Asset with consequential effect on the results for the year.

**h) Accounting Standard – 27 "Financial Reporting of interests in Joint Ventures"**

Investments include ₹ 67.66 crore (Previous Year ₹ 78.17 crore) representing Bank's interest in the following jointly controlled entities

| Sr. No | Name of the Company | Amount ₹ in crore | Country of Residence | Holding % |
|---|---|---|---|---|
| 1 | C - Edge Technologies Ltd. | 4.90 (4.90) | India | 49% |
| 2 | SBI Macquarie Infrastructure Management Pvt. Ltd. | 18.57 (18.57) | India | 45% |

| Sr. No | Name of the Company | Amount ₹ in crore | Country of Residence | Holding % |
|---|---|---|---|---|
| 3 | SBI Macquarie Infrastructure Trustee Pvt. Ltd. | 0.03 (0.03) | India | 45% |
| 4 | Maquarie SBI Infrastructure Management Pte. Ltd. | 2.25 (2.25) | Singapore | 45% |
| 5 | Macquarie SBI Infrastructure Trustee Ltd. # | - (1.07) | Bermuda | 45% |
| 6 | Oman India Joint Investment Fund – Management Company Pvt. Ltd. | 2.30 (2.30) | India | 50% |
| 7 | Oman India Joint Investment Fund – Trustee Company Pvt. Ltd. | 0.01 (0.01) | India | 50% |
| 8 | Jio Payments Bank | 39.60 (39.60) | India | 30% |

# Indirect holding through Maquarie SBI Infra Management Pte. Ltd., against which the company has made 100% provision on investments made upto 31st March, 2017.
(Figures in brackets relate to previous year)

During the year the Bank increased its stake from 40% to 74% in GE Capital Business Process Management Ltd.. Consequent to increase, it became subsidiary of the Bank from Jointly controlled entity.

As required by AS 27, the aggregate amount of the assets, liabilities, income, expenses, contingent liabilities and commitments related to the Bank's interests in jointly controlled entities are disclosed as under:

(₹ in crore)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Liabilities** | | |
| Capital & Reserves | 153.26 | 230.72 |
| Deposits | - | - |
| Borrowings | 0.60 | 9.93 |
| Other Liabilities & Provisions | 53.57 | 118.74 |
| **Total** | **207.43** | **359.39** |
| **Assets** | | |
| Cash and Balances with RBI | 0.02 | 0.02 |
| Balances with Banks and money at call and short notice | 68.86 | 139.84 |
| Investments | 49.47 | 54.65 |
| Advances | - | - |
| Fixed Assets | 8.91 | 44.68 |
| Other Assets | 80.17 | 120.20 |
| **Total** | **207.43** | **359.39** |
| Capital Commitments | - | - |
| Other Contingent Liabilities | 1.28 | 1.52 |
| **Income** | | |
| Interest earned | 4.13 | 9.14 |
| Other income | 184.18 | 366.32 |
| **Total** | **188.31** | **375.46** |
| **Expenditure** | | |
| Interest expended | 0.23 | 0.71 |
| Operating expenses | 119.34 | 299.69 |
| Provisions & contingencies | 20.24 | 23.91 |
| **Total** | **139.81** | **324.31** |
| **Profit** | **48.50** | **51.15** |

**i) Accounting Standards – 28 "Impairment of Assets"**

In the opinion of the Bank's Management, there is no indication of impairment to the assets during the year to which Accounting Standard 28 – "Impairment of Assets" applies.

**j) Accounting Standard – 29 "Provisions, Contingent Liabilities and Contingent Assets"**

**Description of Contingent liabilities:**

| Sr. No. | Particulars | Brief Description |
|---|---|---|
| 1 | Claims against the Bank not acknowledged as debts | The Bank is a party to various proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows. The Bank is also a party to various taxation matters in respect of which appeals are pending. |
| 2 | Liability on partly paid-up investments/ Venture Funds | This item represents amounts remaining unpaid towards liability for partly paid investments. This also includes undrawn commitments for Venture Capital Funds. |
| 3 | Liability on account of outstanding forward exchange contracts | The Bank enters into foreign exchange contracts in its normal course of business to exchange currencies at a pre-fixed price at a future date. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. The notional amounts are recorded as Contingent Liabilities. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the interbank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower. |

| | | |
|---|---|---|
| 4 | Guarantees given on behalf of constituents, acceptances, endorsements and other obligations | As a part of its commercial Banking activities, the Bank issues documentary credits and guarantees on behalf of its customers. Documentary credits enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfil its financial or performance obligations. |
| 5 | Other items for which the Bank is contingently liable. | The Bank enters into currency options, forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts. Further, these also include estimated amount of contracts remaining to be executed on capital account and not provided for, letter of comforts issued by the Bank on behalf of Associates & Subsidiaries, Bank's Liability under Depositors Education and Awareness Fund A/c and other sundry contingent liabilities. |

The Contingent Liabilities mentioned above are dependent upon the outcome of Court/ arbitration/out of Court settlements, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, as the case may be.

**k) Movement of provisions against Contingent Liabilities**

(₹ in crore)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Opening balance | 423.34 | 401.10 |
| Additions during the year including receipt from erstwhile ABs and BMBL on acquisition | 705.60 | 98.27 |
| Amount utilised during the year | 227.64 | 2.10 |
| Unused amount reversed during the year | 398.14 | 73.93 |
| Closing balance | 503.16 | 423.34 |

**18.10. Additional Disclosures**

**1. Provisions and Contingencies**

(₹ in crore)

| Break up of "Provisions and Contingencies" shown under head Expenditure in Profit and loss account | Current Year | Previous Year |
|---|---|---|
| Provision for Taxation | | |
| - Current Tax | 673.54 | 4,165.83 |
| - Deferred Tax | -9,654.33 | 337.78 |
| - Write Back of Income Tax | - | -132.54 |
| Provision for Depreciation on Investments | 8,087.58 | 298.39 |
| Provision on Non-Performing Assets | 71,374.22 | 32,905.63 |
| Provision on Restructured Assets | -693.99 | -658.94 |
| Provision on Standard Assets | -3,603.66 | 2,499.64 |
| Other Provisions | -124.95 | 948.00 |
| **Total** | **66,058.41** | **40,363.79** |

**2. Floating Provisions**

(₹ in crore)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Opening Balance | 25.14 | 25.14 |
| Addition during the year including receipt from erstwhile ABs and BMBL on acquisition | 168.61 | - |
| Draw down during the year | - | - |
| **Closing Balance** | **193.75** | **25.14** |

**3. Draw down from Reserves**

During the year, no draw down has been made from reserves.

**4. Status of complaints**

**A. Customer complaints (including complaints relating to ATM transactions)**

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| No. of complaints pending at the beginning of the year | 46,282 | 15,335 |
| No. of complaints received during the year including receipt from erstwhile ABs and BMBL on acquisition | 21,59,700 | 14,68,471 |
| No. of complaints redressed during the year | 21,26,723 | 14,37,524 |
| No. of complaints pending at the end of the year | 79,259 | 46,282 |

Does not include complaints redressed within one working day.

**B. Awards passed by the Banking Ombudsman**

| Particulars | Current Year | Previous Year |
|---|---|---|
| No. of unimplemented Awards at the beginning of the year | 3 | - |
| No. of Awards passed by the Banking Ombudsman during the year | 78 | 42 |
| No. of Awards implemented during the year | 73 | 39 |
| No. of unimplemented Awards at the end of the year | 8 | 3 |

**5. Payment to Micro, Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006**

There has been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small & Medium Enterprises.

**6. Letter of Comfort**

The Bank has not issued any letter of comfort which are not recorded as contingent liabilities during the year ended 31st March, 2018 and 31st March, 2017.

**7. Provisioning Coverage Ratio (PCR):**

The Provisioning to Gross Non-Performing Assets ratio of the Bank as on 31st March, 2018 is 66.17 % (Previous Year 65.95%).

**8. Fees/remuneration received in respect of the Bancassurance Business**

(₹ in crore)

| Name of the Company | Current Year | Previous Year |
|---|---|---|
| SBI Life Insurance Co. Ltd. | 714.75 | 491.55 |
| SBI General Insurance Co. Ltd. | 212.57 | 107.20 |
| NTUC and Manu Life Financial Limited | 1.05 | 0.86 |
| Tokio Marine and ACE | 0.32 | 0.05 |
| Unit Trust | 0.26 | 0.04 |
| AIA Singapore | 0.07 | 0.14 |
| **TOTAL** | **929.02** | **599.84** |

**9. Concentration of Deposits, Advances, Exposures & NPAs (computed as per directions of RBI)**

**a) Concentration of Deposits**

(₹ in crore)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Total Deposits of twenty largest depositors | 1,19,585.93 | 1,24,740.17 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank | 4.42% | 6.10% |

**b) Concentration of Advances**

(₹ in crore)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Total Advances to twenty largest borrowers | 1,95,211.00 | 1,82,031.00 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the Bank | 7.91% | 11.19% |

**c) Concentration of Exposures**

(₹ in crore)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Total Exposure to twenty largest borrowers/ customers | 3,65,809.00 | 3,98,050.00 |
| Percentage of Exposures to twenty largest barrowers/ customers to Total Exposure of the Bank on borrowers/ customers | 12.11% | 14.67% |

**d) Concentration of NPAs**

(₹ in crore)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Total Exposure to top four NPA accounts | 38,239.70 | 21,901.53 |

**10. Sector –wise Advances**

(₹ in crore)

| Sr. No. | Sector | Current Year | | | Previous year | | |
|---|---|---|---|---|---|---|---|
| | | Outstanding Total Advances | Gross NPAs | Percentage of Gross NPAs to Total Advances in that sector | Outstanding Total Advances | Gross NPAs | Percentage of Gross NPAs to Total Advances in that sector |
| **A** | **Priority Sector** | | | | | | |
| 1 | Agriculture & allied activities | 188,502.88 | 20,964.77 | 11.12 | 1,30,231.77 | 7,354.64 | 5.65 |
| 2 | Industry (Micro & Small, Medium and Large) | 99,386.61 | 16,020.84 | 16.12 | 78,050.67 | 11,536.03 | 14.78 |
| 3 | Services | 74,363.81 | 7,339.66 | 9.87 | 53,723.75 | 2,378.55 | 4.43 |
| 4 | Personal Loans | 104,507.85 | 3,332.33 | 3.19 | 89,888.59 | 972.64 | 1.08 |
| | Sub-total (A) | 466,761.15 | 47,657.60 | 10.21 | 3,51,894.78 | 22,241.86 | 6.32 |
| **B** | **Non Priority Sector** | | | | | | |
| 1 | Agriculture & allied activities | 3,753.61 | 301.93 | 8.04 | 2,692.79 | 99.26 | 3.69 |
| 2 | Industry (Micro & Small, Medium and Large) | 906,557.34 | 162,784.99 | 17.96 | 7,89,932.27 | 82,086.39 | 10.39 |
| 3 | Services | 220,925.77 | 9,264.85 | 4.19 | 1,70,032.85 | 6,704.73 | 3.94 |
| 4 | Personal Loans | 450,389.43 | 3,418.09 | 0.76 | 3,12,724.85 | 1,210.75 | 0.39 |
| | Sub-total (B) | 1,581,626.15 | 175,769.86 | 11.11 | 12,75,382.76 | 90,101.13 | 7.06 |
| **C** | **Total (A+B)** | **2,048,387.30** | **223,427.46** | **10.91** | **16,27,277.54** | **1,12,342.99** | **6.90** |

**11. Overseas Assets, NPAs and Revenue**

(₹ in crore)

| Sr. No. | Particulars | Current Year | Previous Year |
|---|---|---|---|
| 1 | Total Assets | 3,84,990.79 | 3,60,431.47 |
| 2 | Total NPAs (Gross) | 7,199.29 | 6,794.16 |
| 3 | Total Revenue | 11,302.47 | 10,682.86 |

**12. Off-balance Sheet SPVs sponsored**

| | Name of the SPV Sponsored | |
|---|---|---|
| | Domestic | Overseas |
| Current Year | NIL | NIL |
| Previous Year | NIL | NIL |

## 13. Disclosure relating to Securitisation

(₹ in crore)

| Sr. No. | Particulars | Current Year | | Previous Year | |
|---|---|---|---|---|---|
| | | Number | Amount | Number | Amount |
| 1. | No. of the SPVs sponsored by the Bank for securitization transactions | Nil | Nil | Nil | Nil |
| 2. | Total amount of securitized assets as per the books of the SPVs sponsored by the bank | Nil | Nil | Nil | Nil |
| 3. | Total amount of exposures retained by the bank to comply with MMR as on the date of balance sheet<br>a) Off-balance sheet exposures<br>i. First Loss<br>ii. Others<br>b) On-balance sheet exposures<br>i. First Loss<br>ii. Others | Nil | Nil | Nil | Nil |
| 4. | Amount of exposures to securitisation transactions other than MMR<br>a) Off-balance sheet exposures<br>i. Exposures to own securitisations<br>1. First Loss<br>2. Others<br>ii. Exposures to third party securitisations<br>1. First Loss<br>2. Others<br>b) On-balance sheet exposures<br>i. Exposures to own securitisations<br>1. First Loss<br>2. Others<br>ii. Exposures to third party securitisations<br>1. First Loss<br>2. Others | Nil | Nil | Nil | Nil |

## 14. Credit Default Swaps

(₹ in crore)

| Sr. No. | Particulars | Current Year | | Previous Year | |
|---|---|---|---|---|---|
| | | As Protection Buyer | As Protection Seller | As Protection Buyer | As Protection Seller |
| 1. | No. of transactions during the year<br>a) of which transactions that are/may be physically settled<br>b) cash settled | Nil | Nil | Nil | Nil |
| 2. | Amount of protection bought / sold during the year<br>a) of which transactions which are/ may be physically settled<br>b) cash settled | Nil | Nil | Nil | Nil |
| 3. | No. of transactions where credit event payment was received / made during the year<br>a) pertaining to current year's transactions<br>b) pertaining to previous year(s)' transactions | Nil | Nil | Nil | Nil |
| 4. | Net income/ profit (expenditure/ loss) in respect of CDS transactions during year-to-date:<br>a) premium paid / received<br>b) Credit event payments:<br>• made (net of the value of assets realised)<br>• received (net of value of deliverable obligation) | Nil | Nil | Nil | Nil |
| 5. | Outstanding transactions as on March 31:<br>a) No. of Transactions<br>b) Amount of protection | Nil | Nil | Nil | Nil |
| 6. | Highest level of outstanding transactions during the year:<br>a) No. of Transactions (as on 1st April)<br>b) Amount of protection (as on 1st April ) | Nil | Nil | Nil | Nil |

**15. Intra-Group Exposures:**

(₹ in crore)

| Sr. No. | Particulars | Current Year | Previous Year |
|---|---|---|---|
| i | Total amount of intra-group exposures | 25,469.43 | 23,296.28 |
| ii | Total amount of top-20 intra-group exposures | 25,469.43 | 23,296.28 |
| iii | Percentage of intra-group exposures to total exposure of the bank on borrowers / customers | 0.84% | 0.86% |
| iv | Details of breach of limits on intra-group exposures and regulatory action thereon | Nil | Nil |

**16. Unclaimed Liabilities transferred to Depositor Education and Awareness Fund (DEAF)**

(₹ in crore)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Opening balance of amounts transferred to DEAF | 1,081.42 | 880.92 |
| Add : Amounts transferred to DEAF during the year including receipt from erstwhile ABs and BMBL on acquisition | 1,050.31 | 201.64 |
| Less : Amounts reimbursed by DEAF towards claims | 6.11 | 1.14 |
| Closing balance of amounts transferred to DEAF | 2,125.62 | 1,081.42 |

**17. Unhedged Foreign Currency Exposure**

The Bank in accordance with RBI Circular No. DBOD.No.BP. BC.85/21.06.200/2013-14 dated January 15, 2014 on 'Capital and Provisioning Requirements for Exposure to entities has provided for Unhedged Foreign Currency Exposure'.

An amount of ₹ 86.44 crore (Previous Year ₹ 110.74 crore) was held as on 31st March 2018 for towards Currency Induced Credit Risk and Capital allocated for Currency Induced Credit Risk amounting to ₹ 66.49 crore (Previous Year ₹ 246.98 crore).

**18. Liquidity Coverage Ratio (LCR):**

**a) Standalone LCR**

Liquidity Coverage Ratio (LCR) standard has been introduced with the objective that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

LCR has been defined as :

$$\frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflow over the next 30 calendar days}}$$

Liquid assets comprise of high quality assets that can be readily encashed or used as collateral to obtain cash in a range of stress scenarios. There are two categories of assets included in the stock of HQLAs, viz. Level 1 and Level 2 assets. While Level 1 assets are with 0% haircut, Level 2A and Level 2 B assets are with 15% and 50% haircuts respectively. The total net cash outflow is the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. Total expected cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or be drawn down. Total expected cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in up to an aggregate cap of 75% of total expected cash outflows.

## Quantitative Disclosure:

**Liquidity Coverage Ratio**

State Bank of India (₹ in crore)

| | Quarter ended March 31, 2018 | | Quarter ended December 31, 2017 | | Quarter ended September 30, 2017 | | Quarter ended June 30, 2017 | | Quarter ended March 31, 2017 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **LCR COMPONENTS** | **Total Unweighted Value (Average)** | **Total Weighted Value (Average)** | **Total Unweighted Value (Average)** | **Total Weighted Value (Average)** | **Total Unweighted Value (Average)** | **Total Weighted Value (Average)** | **Total Unweighted Value (Average)** | **Total Weighted Value (Average)** | **Total Unweighted Value (Average)** | **Total Weighted Value (Average)** |
| **HIGH QUALITY LIQUID ASSETS (HQLA)** | | | | | | | | | | |
| 1 Total High Quality Liquid Assets(HQLA) | | 674,894 | | 672,029 | | 658,888 | | 619,383 | | 510,555 |
| CASH OUTFLOWS | | | | | | | | | | |
| 2 Retail Deposits and deposits from small business customers, of which: | | | | | | | | | | |
| (i) Stable deposits | 278,238 | 13,912 | 290,650 | 14,532 | 243,833 | 12,192 | 234,526 | 11,726 | 190,776 | 9,539 |
| (ii) Less Stable Deposits | 1,751,396 | 175,140 | 1,724,041 | 172,404 | 1,727,038 | 172,704 | 1,680,569 | 168,057 | 1,327,592 | 132,759 |
| 3 Unsecured wholesale funding, of which: | | | | | | | | | | |
| (i) Operational deposits(all counterparties) | 63 | 16 | 13 | 3 | 0 | 0 | 1 | 0 | 0 | 0 |
| (ii) Non-operational deposits(all counterparties) | 556,336 | 327,440 | 545,715 | 325,181 | 561,715 | 334,075 | 581,337 | 340,759 | 470,093 | 282,965 |
| (iii) Unsecured debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 Secured wholesale funding | 30,025 | 0 | 29,234 | 0 | 7,885 | 0 | 3,520 | 0 | 3,687 | 0 |
| 5 Additional requirements, of which | | | | | | | | | | |
| (i) Outflows related to derivative exposures and other collateral requirements | 150,911 | 150,911 | 150,497 | 150,497 | 140,940 | 140,940 | 151,397 | 151,397 | 126,314 | 126,314 |
| (ii) Outflows related to loss of funding on debt products | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (iii) Credit and liquidity facilities | 43,416 | 6,376 | 48,665 | 7,254 | 41,979 | 6,888 | 59,524 | 8,219 | 78,531 | 10,964 |
| 6 Other contractual funding obligations | 39,838 | 39,838 | 29,400 | 29,400 | 33,360 | 33,360 | 28,623 | 28,623 | 22,157 | 22,157 |
| 7 Other contingent funding obligations | 563,500 | 20,659 | 563,395 | 20,686 | 527,855 | 19,084 | 551,619 | 19,851 | 465,170 | 16,683 |
| 8 TOTAL CASH OUTFLOWS | 3,413,722 | 734,290 | 3,381,610 | 719,957 | 3,284,604 | 719,243 | 3,291,115 | 728,632 | 2,684,321 | 601,381 |
| CASH INFLOWS | | | | | | | | | | |
| 9 Secured lending(eg. Reverse repos) | 7,075 | 0 | 6,743 | 0 | 53,171 | 0 | 54,138 | 0 | 50,698 | 0 |
| 10 Inflows from fully performing exposures | 220,510 | 202,086 | 226,044 | 207,518 | 227,422 | 209,011 | 237,759 | 214,036 | 235,209 | 213,985 |
| 11 Other cash inflows | 38,779 | 28,758 | 39,193 | 28,656 | 47,814 | 36,762 | 38,784 | 29,302 | 40,317 | 32,989 |
| 12 TOTAL CASH INFLOWS | 266,364 | 230,844 | 271,980 | 236,174 | 328,407 | 245,773 | 330,681 | 243,338 | 326,224 | 246,974 |
| 13 TOTAL HQLA | | 674,894 | | 672,029 | | 658,888 | | 619,383 | | 510,555 |
| 14 TOTAL NET CASH OUTFLOWS | | 503,446 | | 483,783 | | 473,470 | | 485,294 | | 354,407 |
| 15 LIQUIDITY COVERAGE RATIO(%) | | 134.05% | | 138.91% | | 139.16% | | 127.63% | | 144.06% |

**Note 1 :** In accordance with RBI Circular No. RBI/2014-15/529 DBR. No. BP.BC.80/21.06.201/2014-15 dated March 31, 2015 guidelines, average weighted and unweighted amounts have been calculated considering simple daily average from 1st January 2017 and taking 66 data points for the quarter January-March 2018.

**Note 2 :** Bank has automated computation of Domestic LCR since 1st March 2018.

**Note 3 :** LCR position for the quarter ended March 31, 2017 is based on figures of SBI stand alone basis i.e. excluding figures of erstwhile Associate Banks, which have merged with SBI on 1st April 2017.

The LCR position is above the minimum 90% prescribed by RBI. Bank's LCR comes to 134.05% based on daily average of three months (Q4 FY17-18). The average HQLA for the quarter was ₹ 6,74,894 crore, of which, Level 1 assets constituted 93.58% of total HQLA. Government securities constituted 96.92% of Total Level 1 Assets. Level 2A Assets constitutes 5.39% of total HQLA and Level 2B assets constitutes 1.03% of total HQLA. The net cash outflow position has slightly gone up on account of decrease in receivable RBI/Central Bank. Derivative exposures are considered insignificant due to almost matching inflows and outflows position. During the quarter, LCR for US$ (significant Foreign Currency constituting more than 5% of the Balance Sheet of the Bank) was 77.98% on average.

Liquidity Management in the Bank is driven by the ALM Policy of the Bank and regulatory prescriptions. The Domestic and International Treasuries are reporting to the Asset Liability Management Committee (ALCO). The ALCO has been empowered by the Bank's Board to formulate the Bank's funding strategies to ensure that the funding sources are well diversified and is consistent with the operational requirements of the Bank. All the major decisions of ALCO are being reported to the Bank's Board periodically. In addition to daily/monthly LCR reporting, Bank prepares daily Structural Liquidity statements to assess the liquidity needs of the Bank on an ongoing basis.

The Bank has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail deposits constitute major portion of total funding sources, which are well diversified. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future short term requirements.

**b. Consolidated LCR**

The RBI through a supplementary guideline issued on March 31, 2015 had stipulated the implementation of LCR at a consolidated level from January 1, 2016. Accordingly, SBI Group has been computing the Consolidated LCR.

The entities covered in the Group LCR are State Bank of India and the seven Overseas Banking Subsidiaries: Bank SBI Botswana Ltd, Commercial Indo Bank LLC, Moscow, Nepal SBI Bank Ltd., State Bank of India (California) , SBI Canada Bank, SBI (Mauritius) Ltd, and PT Bank SBI Indonesia.

SBI Group LCR comes out to 134.01% as on 31st March, 2018 based on average of three months January, February and March 2018.

## Liquidity Coverage Ratio

State Bank of India Group

(₹ in crore)

| | LCR Components | Quarter ended March, 2018 | | Quarter ended December 31, 2017 | | Quarter ended September 30, 2017 | | Quarter ended June 30, 2017 | | Quarter ended March 31, 2017 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total Unweighted Value (Average) | Total weighted Value (Average) | Total Unweighted Value (Average) | Total Weighted Value (Average) | Total Unweighted Value (Average) | Total Weighted Value (Average) | Total Unweighted Value (Average) | Total Weighted Value (Average) | Total Unweighted Value (Average) | Total Weighted Value (Average) |
| 1 | Total High Quality Liquid Assets(HQLA) | | 677,442 | | 676,830 | | 660,869 | | 624,950 | | 640,508 |
| Cash Outflows | | | | | | | | | | | |
| 2 | Retail Deposits and deposits from small business customers, of which: | | | | | | | | | | |
| (i) | Stable deposits | 280,782 | 14,039 | 292,752 | 14,638 | 246,200 | 12,310 | 236,582 | 11,830 | 241,589 | 12,079 |
| (ii) | Less Stable Deposits | 1,758,364 | 175,836 | 1,731,413 | 173,141 | 1,734,387 | 173,439 | 1,688,268 | 168,827 | 1,704,999 | 170,500 |
| 3 | Unsecured wholesale funding, of which: | | | | | | | | | | |
| (i) | Operational deposits(all counterparties) | 177 | 44 | 113 | 28 | 89 | 22 | 79 | 19 | 59 | 15 |
| (ii) | Non-operational deposits(all counterparties) | 558,884 | 329,566 | 543,376 | 326,347 | 563,068 | 335,048 | 582,760 | 341,749 | 586,666 | 336,902 |
| (iii) | Unsecured debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,456 | 7,456 |
| 4 | Secured wholesale funding | 30,209 | 184 | 29,738 | 0 | 7,981 | 96 | 3,621 | 101 | 3,709 | 1,236 |
| 5 | Additional requirements, of which | | | | | | | | | | |
| (i) | Outflows related to derivative exposures and other collateral requirements | 150,912 | 150,912 | 150,499 | 150,499 | 140,940 | 140,940 | 151,400 | 151,400 | 154,037 | 154,119 |
| (ii) | Outflows related to loss of funding on debt products | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (iii) | Credit and liquidity facilities | 44,693 | 6,877 | 49,790 | 7,734 | 43,110 | 7,359 | 60,948 | 8,777 | 104,556 | 12,695 |
| 6 | Other contractual funding obligations | 40,639 | 40,639 | 30,292 | 30,292 | 34,352 | 34,352 | 29,411 | 29,411 | 28,620 | 28,620 |
| 7 | Other contingent funding obligations | 565,427 | 20,718 | 565,264 | 20,743 | 529,544 | 19,137 | 546,593 | 19,900 | 540,151 | 19,328 |
| 8 | TOTAL CASH OUTFLOWS | 3,430,087 | 738,817 | 3,396,878 | 723,422 | 3,299,670 | 722,703 | 3,299,662 | 732,014 | 3,371,843 | 742,951 |
| Cash Inflows | | | | | | | | | | | |
| 9 | Secured lending(eg. Reverse repos) | 7,076 | 1 | 6,745 | 1 | 53,173 | 1 | 54,139 | 0 | 60,900 | 0 |
| 10 | Inflows from fully performing exposures | 223,818 | 203,448 | 228,905 | 208,493 | 230,026 | 209,832 | 240,145 | 215,072 | 278,044 | 249,098 |
| 11 | Other cash inflows | 39,889 | 29,867 | 39,611 | 29,075 | 48,819 | 37,767 | 40,470 | 30,989 | 65,560 | 56,743 |
| 12 | Total Cash Inflows | 270,783 | 233,316 | 275,261 | 237,568 | 332,019 | 247,600 | 334,754 | 246,061 | 404,503 | 305,841 |
| 13 | TOTAL HQLA | | 677,442 | | 676,830 | | 660,869 | | 624,950 | | 640,508 |
| 14 | TOTAL NET CASH OUTFLOWS | | 505,501 | | 485,854 | | 475,103 | | 485,953 | | 437,110 |
| 15 | LIQUIDITY COVERAGE RATIO(%) | | 134.01% | | 139.30% | | 139.10% | | 128.60% | | 146.53% |

**Note 1 :** Monthly average of 3 months data considered for Overseas Banking Subsidiaries and daily average considered for SBI(Solo).

**Note 2 :** State Bank of India (UK) Ltd. has not been included as it started operations on 02.04.2018.

The Group has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail deposits constitute major portion of total funding sources, and such funding sources are well diversified. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future short term requirements.

**19. Fraud Reported and provision made during the year:**

Out of the total frauds of ₹ 2,532.24 crore in 1,789 cases (Previous year ₹ 2,424.74 crore in 837 cases) reported during the year, an amount of ₹ 2,359.61 crore in 539 cases (Previous year ₹ 2,360.37 crore in 278 cases) represents advances declared as frauds. Full provision has been made for the frauds reported during the year.

**20. Inter Office Accounts**

Inter Office Accounts between branches, controlling offices, local head offices and corporate centre establishments are being reconciled on an ongoing basis and no material effect is expected on the profit and loss account of the current year.

**21. Sale of Assets to Reconstruction Companies**

Shortfall on account of sale of assets to reconstruction companies during the year amounting to ₹ 9.07 crore (Previous Year ₹ 48.59 crore) has been fully charged in the current year.

**22. MSME Borrowers**

In accordance with RBI vide circular no. DBR.No.BP.BC.100/21.04.048/2017-18 dated 7th February 2018, on "Relief for MSME borrowers registered under Goods and Service Tax (GST)" the Bank has classified 11,398 accounts of the borrowers having outstanding balance of ₹ 320.15 crore as standard accounts on 31st March 2018.

**23. Priority Sector Lending Certificate (PSLC)**

The Bank has purchased the following PSLCs during the year:-

(₹ in crore)

| Sr. No. | Category | Amount |
|---|---|---|
| 1. | PSLC Micro Enterprises | 350.00 |
| 2. | PSLC Agriculture | 100.00 |
| 3. | PSLC General | 33,485.00 |
| 4. | PSLC Small and Marginal Farmers | 1,664.00 |
| | **Total** | **35,599.00** |

The Bank did not sell any PSLC during the year ended 31st March 2018

**24. Counter Cyclical Provisioning Buffer (CCPB)**

RBI vide Circular No. DBR.No.BP.BC.79/21.04.048/2014-15 dated March 30, 2015 on 'Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer' has allowed the banks, to utilise up to 50 per cent of CCPB held by them as on December 31, 2014, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors.

During the year, the Bank has not utilized the CCPB for making specific provision for NPAs.

**25. Food Credit**

In accordance with RBI instruction, the Bank has made a provision of 7.5% amounting to ₹ 285.31 crore (Previous Year ₹ 856 crore) against outstanding in the long term food credit advance to a State Government.

**26. Reversal of Revaluation Reserve of Bank's Leasehold Properties:**

In compliance with the RBI instructions, the Bank has reversed the effect of revaluation amounting to ₹ 11,210.94 crore made in earlier periods in the value of certain leasehold properties, which has resulted in write back of depreciation earlier charged amounting to ₹ 193.24 crore.

**27. Acquisition of Erstwhile Domestic Banking subsidiaries (DBS) & Bharatiya Mahila Bank Limited**

a) The Government of India has accorded sanction under sub-section (2) of section 35 of the State Bank of India Act, 1955, for acquisition of five domestic banking subsidiaries (DBS) of SBI namely (i) State Bank of Bikaner & Jaipur (SBBJ), (ii) State Bank of Mysore (SBM), (iii) State Bank of Travancore (SBT), (iv) State Bank of Patiala (SBP), (v) State Bank of Hyderabad (SBH) and for acquisition of Bharatiya Mahila Bank Limited (BMBL) (hereinafter collectively referred to as Transferor Banks) vide orders dated February 22, 2017 and March 20, 2017. As per GOI orders these schemes of acquisition shall come into effect from April 01, 2017 (hereafter referred to as the effective date).

As per the said scheme, the undertakings of the Transferor Banks which shall be deemed to include all business, assets, liabilities, reserves and surplus, present or contingent and all other rights and interest arising out of such property as were immediately before the effective date in the ownership, possession or power of the Transferor Banks shall be transferred to and will vest in SBI (hereinafter referred to as Transferee Bank) on and from the effective date.

b) The eligible shareholders of the merged entities were allotted shares of SBI, as mentioned below.

| Name of the Transferor Banks | Share exchange ratio/ Issued |
|---|---|
| State Bank of Bikaner and Jaipur (SBBJ) | 28 shares of face value ₹ 1 each of SBI for every 10 shares of SBBJ of face value ₹ 10 each fully paid up aggregating to 4,88,54,308 shares of face value ₹ 1 each of SBI. |
| State Bank of Mysore (SBM) | 22 shares of face value of ₹ 1 each for every 10 shares of SBM of face value ₹ 10 each fully paid up aggregating to 1,05,58,379 shares of face value ₹ 1 each of SBI. |
| State Bank of Travancore (SBT) | 22 shares of face value of ₹ 1 each for every 10 shares of SBT of face value of ₹ 10 each fully paid up aggregating to 3,27,08,543 shares of face value ₹ 1 each of SBI. |
| Bharatiya Mahila Bank Limited (BMBL) | 4,42,31,510 shares of face value of ₹ 1 each for 100,00,00,000 shares of BMBL of face value of ₹ 10 each fully paid up. |

Further, SBI has paid cash in respect of entitlements to fraction of equity shares wherever so determined. In respect of State Bank of Patiala (SBP) and State Bank of Hyderabad (SBH) which were wholly owned entities, entire share capital of those banks were cancelled against the investments held in those entities.

c) The merger of DBS & BMBL with SBI, has been accounted under the 'pooling of interest' method as per Accounting Standard 14 (AS 14), "Accounting for amalgamation" and the approved Scheme of Acquisition. Pursuant thereto, all assets and liabilities amounting to ₹ 11,314.75 crore (net) of the transferor Banks have been recorded in the books of SBI at their existing carrying amounts as on effective date, in consideration for 13,63,52,740 shares of face value of ₹ 1 each of SBI and ₹ 0.25 crore paid in cash towards fractional entitlements as stated above and SBI's investments in e-DBS on effective date stands cancelled. The net difference between share capital of transferor banks of e-DBS & BMBL and corresponding investments by SBI and cash in lieu of fractional entitlement of shares have been transferred to Capital Reserve. The net assets taken over on amalgamation are as under:

| Particulars | e-SBBJ | e-SBH | e-SBM | e-SBP | e-SBT | e-BMB | Total |
|---|---|---|---|---|---|---|---|
| **Assets taken over** | | | | | | | |
| Cash & balances with RBI | 8,596.66 | 7,328.66 | 4,669.93 | 5,242.96 | 6,858.88 | 46.64 | 32,743.73 |
| Balances with Banks & Money at Call & Short Notice | 2,002.50 | 21,453.95 | 19,167.30 | 73.59 | 23,347.74 | 635.11 | 66,680.19 |
| Investments | 34,922.37 | 43,628.77 | 23,861.63 | 32,706.10 | 40,777.06 | 707.62 | 1,76,603.55 |
| Advances | 64,830.01 | 79,375.57 | 34,474.63 | 70,018.98 | 48,617.57 | 567.49 | 2,97,884.25 |
| Fixed Assets | 1,353.65 | 1,662.33 | 1,532.58 | 1,420.45 | 995.82 | 22.68 | 6,987.51 |
| Other Assets | 4,558.73 | 9,598.12 | 5,261.05 | 13,367.08 | 5,176.53 | 50.94 | 38,012.45 |
| **Total Assets (A)** | **1,16,263.92** | **1,63,047.40** | **88,967.12** | **1,22,829.16** | **1,25,773.60** | **2,030.48** | **6,18,911.68** |
| **Liabilities taken over** | | | | | | | |
| Reserves & Surplus | 4,070.33 | 8,377.94 | 2,766.44 | 1,858.95 | 2,554.84 | - | 19,628.50 |
| Deposits | 1,04,008.73 | 1,41,898.94 | 78,474.22 | 1,00,794.63 | 1,14,688.90 | 975.77 | 5,40,841.19 |
| Borrowings | 1,553.75 | 5,619.05 | 2,648.52 | 4,071.60 | 3,035.00 | - | 16,927.92 |
| Other Liabilities & Provisions | 4,378.86 | 6,783.92 | 4,072.09 | 11,244.88 | 3,700.24 | 19.33 | 30,199.32 |
| **Total Liabilities (B)** | **1,14,011.67** | **1,62,679.85** | **87,961.27** | **1,17,970.06** | **1,23,978.98** | **995.10** | **6,07,596.93** |
| **Net Assets taken over (A-B)** | **2,252.25** | **367.55** | **1,005.85** | **4,859.10** | **1,794.62** | **1,035.38** | **11,314.75** |
| Net difference between share capital of e-DBS & BMBL and corresponding investments by SBI | 17.44 | - | 4.79 | - | 14.88 | 1,000.01 | 1,037.12 |
| Less : | | | | | | | |
| (a) 13,63,52,740 shares of face value of ₹ 1 each issued by SBI as consideration | 4.88 | - | 1.05 | - | 3.28 | 4.43 | 13.64 |
| (b) Cash in lieu of fractional entitlement of shares | 0.12 | - | 0.09 | - | 0.04 | - | 0.25 |
| Difference transferred to Capital Reserve | **12.44** | **-** | **3.65** | **-** | **11.56** | **995.58** | **1,023.23** |

28. a) On April 18, 2017, RBI through its circular advised that the provisioning rates prescribed as per the prudential norms circular are the regulatory minimum and banks are encouraged to make provisions at higher rates in respect of advances to stressed sectors of the economy. Accordingly, during the year, the Bank as per its Board approved policy made additional general provision amounting to ₹ 74.66 crore on standard loans to borrowers.

b) RBI vide letter DBR.No.BP.8756/ 21.04.048/2017-18 dated 2nd April 2018, the provisioning requirements in respects of NCLT accounts is reduced from 50% of secured portion to 40% of secured portion as at 31st March 2018. Based on the prospects of recovery the bank has availed the relaxation in a few accounts.

29. RBI vide letter RBI 2017-18/131/DBR.No.BP.BC.101/ 21.04.048/2017-18 dated February 12, 2018, issued a Revised Framework for Resolution of Stressed Assets, which superseded the existing guidelines on CDR,SDR, change in ownership outside SDR, Flexible Structuring of Existing Long term project loans (5/25 Scheme) and S4A with immediate effect. Under the revised framework, the stand-still benefits for accounts where any of these schemes had been invoked but not yet implemented were revoked and accordingly these accounts have been classified as per the extant RBI prudential norms on Income Recognition and Asset Classification.

30. The bank has made an adhoc provision of ₹ 1,659.41 crore towards arrears of wages due for revision w.e.f 1st November 2017.

31. Profit / (loss) on sale of investment (net) under Schedule 14 "Other Income" includes ₹ 5,436.17 crore on sale of partial investment in SBI Life Insurance Company Limited.

32. (a) The results for the year ended 31st March, 2018 include the result of operations of the erstwhile Associate Banks (ABs) & Bharatiya Mahila Bank Limited (BMBL) for the period from 1st April 2017 to the year end. Hence, the results of the Bank are not comparable to that of the corresponding previous year.

(b) Previous year figures have been regrouped/reclassified, wherever necessary, to confirm to current year classification. In cases where disclosures have been made for the first time in terms of RBI guidelines / Accounting Standards, previous year's figures have not been mentioned.

# State Bank of India

## Cash Flow Statement for the year ended 31st March, 2018

(000s omitted)

| PARTICULARS | | Year ended 31.03.2018 (Current Year) ₹ | Year ended 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES:** | | | |
| Net Profit / (loss) before Taxes | | (15528,24,16) | 14855,16,27 |
| **Adjustments for:** | | | |
| Depreciation on Fixed Assets | | 2919,46,63 | 2293,30,96 |
| (Profit)/Loss on sale of Fixed Assets (Net) | | 30,03,00 | 37,05,49 |
| (Profit)/Loss on revaluation of Investments (Net) | | 1120,61,02 | - |
| (Profit)/Loss on sale of Investments in Subsidiaries / Joint Ventures / Associates | | (5639,89,81) | (1755,00,00) |
| Provision for diminution in fair value & Non Performing Assets | | 70680,23,69 | 32246,69,15 |
| Provision on Standard Assets | | (3603,66,16) | 2499,64,29 |
| Provision for depreciation on Investments | | 8087,57,43 | 298,39,39 |
| Other provisions including provision for contingencies | | (124,95,17) | 948,00,40 |
| Income from Investment in Subsidiaries / Joint Ventures / Associates | | (448,51,70) | (688,35,40) |
| Interest on Capital Instruments | | 4472,04,27 | 4195,23,59 |
| | | 61964,69,04 | 54930,14,14 |
| **Adjustments for:** | | | |
| Increase/(Decrease) in Deposits | | 121022,95,24 | 314028,95,86 |
| Increase/ (Decrease) in Borrowings other than Capital Instruments | | 42629,85,28 | (4640,71,53) |
| (Increase)/ Decrease in Investments other than Investments in Subsidiaries / Joint Ventures / Associates | | (136164,12,43) | (188005,00,05) |
| (Increase)/ Decrease in Advances | | (136597,79,56) | (139624,65,51) |
| Increase/ (Decrease) in Other Liabilities | | (2214,19,47) | (7469,50,80) |
| (Increase)/ Decrease in Other Assets | | (29086,42,24) | (18051,26,83) |
| | | (78445,04,14) | 11167,95,28 |
| Tax refund/ (Taxes paid ) | | (6980,20,58) | (107,63,17) |
| **NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES** | **A** | **(85425,24,72)** | **11060,32,11** |
| **CASH FLOW FROM INVESTING ACTIVITIES:** | | | |
| (Increase)/ Decrease in Investments in Subsidiaries / Joint Ventures / Associates | | (1104,10,39) | (2631,24,15) |
| Profit/(Loss) on sale of Investments in Subsidiaries / Joint Ventures / Associates | | 5639,89,81 | 1755,00,00 |
| Income from Investment in Subsidiaries / Joint Ventures / Associates | | 448,51,70 | 688,35,40 |
| (Increase)/ Decrease in Fixed Assets | | (4104,97,78) | (2960,56,19) |
| Cash paid to shareholders of erstwhile Domestic Banking Subsidiaries & Bhartiya Mahila Bank towards fractional entitlements consequent to merger | | (25,18) | - |
| **NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES** | **B** | **879,08,16** | **(3148,44,94)** |

(000s omitted)

| PARTICULARS | | Year ended 31.03.2018 (Current Year) ₹ | Year ended 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES:** | | | |
| Proceeds from issue of equity shares including share premium (Net) | | 23782,45,47 | 5674,82,91 |
| Issue/(Redemption) of Capital Instruments (Net) | | (12603,22,50) | (922,40,00) |
| Interest on Capital Instruments | | (4472,04,27) | (4195,23,59) |
| Dividend paid including tax thereon | | (2416,26,71) | (2337,46,38) |
| **NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES** | **C** | **4290,91,99** | **(1780,27,06)** |
| **EFFECT OF EXCHANGE FLUCTUATION ON TRANSLATION RESERVE** | **D** | **1291,94,79** | **(1627,60,78)** |
| **CASH & CASH EQUIVALENTS RECEIVED ON ACCOUNT OF MERGER OF DOMESTIC BANKING SUBSIDIARIES & BHARTIYA MAHILA BANK** | **E** | **98890,28,99** | **-** |
| **NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C+D+E)** | | **19926,99,21** | **4503,99,33** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR** | | **171971,64,98** | **167467,65,65** |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR** | | **191898,64,19** | **171971,64,98** |
| | | | |
| **Note: Components of Cash & Cash Equivalents as at:** | | **31.03.2018** | **31.03.2017** |
| Cash & Balance with RBI | | 150397,18,14 | 127997,61,77 |
| Balances with Banks and money at call & short notice | | 41501,46,05 | 43974,03,21 |
| | | **191898,64,19** | **171971,64,98** |

**Signed by:**

**Shri Dinesh Kumar Khara**
Managing Director
(Risk, IT & Subsidiaries)

**Shri P. K. Gupta**
Managing Director
(Retail & Digital Banking)

**Shri B. Sriram**
Managing Director
(Corporate & Global Banking)

**Directors:**
Dr. Purnima Gupta
Shri Sanjiv Malhotra
Shri Basant Seth
Dr. Girish Kumar Ahuja
Shri Chandan Sinha
Dr. Pushpendra Rai
Shri Bhaskar Pramanik

**Shri Rajnish Kumar**
Chairman

**Place: Mumbai**
**Date: 22nd May, 2018**

In terms of our report of even date

**For VARMA & VARMA**
Chartered Accountants

**P R PRASANNA VARMA**
**Partner :** M. No.025854
**Firm Regn.** No. 004532 S

**For GSA & ASSOCIATES**
Chartered Accountants

**SUNIL AGGARWAL**
**Partner:** M. No.083899
**Firm Regn.** No. 000257 N

**For AMIT RAY & CO.**
Chartered Accountants

**BASUDEB BANERJEE**
**Partner :** M. No.070468
**Firm Regn.** No. 000483 C

**For RAO & KUMAR**
Chartered Accountants

**K. CH. S. GURU PRASAD**
**Partner :** M. No.215652
**Firm Regn.** No. 003089 S

**For CHATURVEDI & SHAH**
Chartered Accountants

**VITESH D. GANDHI**
**Partner :** M. No. 110248
**Firm Regn.** No. 101720 W

**For MANUBHAI & SHAH LLP**
Chartered Accountants

**HITESH M. POMAL**
**Partner :** M. No.106137
**Firm Regn.** No.106041W/W100136

**For CHATTERJEE & CO.**
Chartered Accountants

**R N BASU**
**Partner:** M. No. 050430
**Firm Regn.** No. 302114 E

**For S L CHHAJED & CO.**
Chartered Accountants

**ABHAY CHHAJED**
**Partner :** M. No. 079662
**Firm Regn.** No. 000709 C

**For BRAHMAYYA & CO.**
Chartered Accountants

**K. JITENDRA KUMAR**
**Partner :** M. No. 201825
**Firm Regn.** No. 000511 S

**For S K MITTAL & CO.**
Chartered Accountants

**S. K. MITTAL**
**Partner :** M. No. 008506
**Firm Regn.** No. 001135 N

**For M BHASKARA RAO & CO.**
Chartered Accountants

**M V RAMANA MURTHY**
**Partner :** M. No. 206439
**Firm Regn.** No. 000459 S

**For BANSAL & CO LLP**
Chartered Accountants

**R.C. PANDEY**
**Partner :** M. No. 070811
**Firm Regn.** No. 001113N/N500079

**For MITTAL GUPTA & CO.**
Chartered Accountants

**AKSHAY KUMAR GUPTA**
**Partner :** M. No. 070744
**Firm Regn.** No. 001874 C

**For RAY & RAY**
Chartered Accountants

**ABHIJIT NEOGI**
**Partner:** M. No. 61380
**Firm Regn.** No. 301072 E

Place : Mumbai
Date : 22nd May, 2018

# Independent Auditors' Report

**To**

**The President of India,**

**Report on the Standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of State Bank of India ("the Bank") as at March 31 2018, which comprise the Balance Sheet as on that date, and the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these standalone financial statements are the returns of -

   i) The Central Offices, 16 Local Head Offices, Global Market Group, International Business Group, Corporate Accounts Group (Central), Mid-Corporate Group (Central), Stressed Assets Resolution Group (Central), Central Accounts Offices and 42 branches audited by us;

   ii) 14,566 Indian Branches audited by other auditors;

   iii) 51 Foreign Branches audited by the local auditors.

   The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 9,033 Indian Branches (including other accounting units) which have not been subjected to audit. These unaudited branches account for 3.49 % of advances, 12.56 % of deposits, and 4.62 % of interest income and 12.85 % of interest expenses.

**Management's Responsibility for the Standalone Financial Statements**

2. The Bank's management is responsible for the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the requirements of the Reserve Bank of India, the provisions of the Banking Regulation Act, 1949, the State Bank of India Act, 1955 and recognised accounting policies and practices, including the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). This responsibility of the management includes the design, implementation and maintenance of internal controls and risk management systems relevant to the preparation of the standalone financial statements that are free from material misstatement, whether due to fraud or error. In making those risk assessments, the management has implemented such internal controls that are relevant to the preparation of the standalone financial statements and designed procedures that are appropriate in the circumstances so that the internal control with regard to all the activities of the Bank is effective.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the standalone financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the standalone financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

6. In our opinion, as shown by books of the Bank, and to the best of our information and according to the explanations given to us:

   (i) the Balance Sheet, read with the significant accounting policies and the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at March 31, 2018 in conformity with accounting principles generally accepted in India;

   (ii) the Profit and Loss Account, read with the significant accounting policies and the notes thereon shows a true balance of loss, in conformity with accounting principles generally accepted in India, for the year covered by the account; and

   (iii) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

**Emphasis of Matter**

7. We draw attention to:

   a) Note no 18(9)(b), regarding unamortized balance of INR 2,707.50 crore on account of additional liabilities towards Gratuity; and

   b) Note no 18(9)(g), regarding recognition of Deferred Tax Assets of INR 2,461.40 Crore on provision for standard assets.

   Our Opinion is not modified in respect of the above stated matters.

**Report on Other Legal and Regulatory Requirements**

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949 and these give information as required to be given by virtue of the provisions of the State Bank of India Act, 1955 and regulations there under.

9. Subject to the limitations of the audit indicated in paragraphs 1 to 5 above and as required by the State Bank of India Act, 1955, and subject also to the limitations of disclosure required there in, we report that:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.

   b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

   c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

10. We further report that:

    a) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and returns.

    b) The reports on the accounts of the branch offices audited by branch auditors of the Bank as per the provisions of the Banking Regulation Act, 1949, and the State Bank of India Act, 1955 have been sent to us and have been properly dealt with by us in preparing this report.

    c) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the applicable accounting standards.

**For VARMA & VARMA**
Chartered Accountants

**P R PRASANNA VARMA**
**Partner :** M. No.025854
**Firm Regn.** No. 004532 S

**For GSA & ASSOCIATES**
Chartered Accountants

**SUNIL AGGARWAL**
**Partner:** M. No.083899
**Firm Regn.** No. 000257 N

**For AMIT RAY & CO.**
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**Partner :** M. No.070468
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**Partner :** M. No.215652
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**For S L CHHAJED & CO.**
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**Firm Regn.** No. 000709 C

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**Partner :** M. No. 201825
**Firm Regn.** No. 000511 S

**For S K MITTAL & CO.**
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**Partner :** M. No. 206439
**Firm Regn.** No. 000459 S

**For BANSAL & CO LLP**
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**R.C. PANDEY**
**Partner :** M. No. 070811
**Firm Regn.** No. 001113N/N500079

**For MITTAL GUPTA & CO.**
Chartered Accountants

**AKSHAY KUMAR GUPTA**
**Partner :** M. No. 070744
**Firm Regn.** No. 001874 C

**For RAY & RAY**
Chartered Accountants

**ABHIJIT NEOGI**
**Partner:** M. No. 61380
**Firm Regn.** No. 301072 E

Place : Mumbai
Date : 22nd May, 2018

# State Bank of India

## Consolidated Balance Sheet as on 31st March, 2018

(000s omitted)

| | Schedule No. | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| **CAPITAL AND LIABILITIES** | | | |
| Capital | 1 | 892,45,88 | 797,35,04 |
| Reserves & Surplus | 2 | 229429,48,68 | 216394,79,86 |
| Minority Interest | | 4615,24,51 | 6480,64,58 |
| Deposits | 3 | 2722178,28,21 | 2599810,66,19 |
| Borrowings | 4 | 369079,33,88 | 336365,66,48 |
| Other Liabilities and Provisions | 5 | 290238,19,13 | 285272,43,87 |
| **TOTAL** | | **3616433,00,29** | **3445121,56,02** |
| **ASSETS** | | | |
| Cash and Balances with Reserve Bank of India | 6 | 150769,45,69 | 161018,61,07 |
| Balances with Banks and Money at Call & Short Notice | 7 | 44519,65,14 | 112178,54,46 |
| Investments | 8 | 1183794,24,19 | 1027280,86,90 |
| Advances | 9 | 1960118,53,51 | 1896886,82,01 |
| Fixed Assets | 10 | 41225,79,26 | 50940,73,77 |
| Other Assets | 11 | 236005,32,50 | 196815,97,81 |
| **TOTAL** | | **3616433,00,29** | **3445121,56,02** |
| Contingent Liabilities | 12 | 1166334,80,21 | 1184907,81,79 |
| Bills for Collection | | 74060,22,00 | 77727,05,90 |
| Significant Accounting Policies | 17 | | |
| Notes to Accounts | 18 | | |

Schedules referred to above form an integral part of the Balance Sheet

**Shri Dinesh Kumar Khara**
MD (Risk, IT & Subsidiaries)

**Shri P. K. Gupta**
MD (Retail & Digital Banking)

**Shri B. Sriram**
MD (Corporate & Global Banking)

In term of our Report of even date.
For **Varma and Varma**
Chartered Accountants

**Shri Rajnish Kumar**
Chairman

**Shri P R Prasanna Varma**
Partner
Mem. No. : 025854
Firm Regn. No. : 004532 S

**Mumbai**
**Dated 22nd May, 2018**

# Schedule

## Schedule 1 - Capital

(000s omitted)

| | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|
| **Authorised Capital :**<br>5000,00,00,000 equity shares of ₹ 1 /- each<br>(Previous Year 5000,00,00,000 equity shares of ₹ 1/- each) | 5000,00,00 | 5000,00,00 |
| **Issued Capital :**<br>892,54,05,164 equity shares of ₹ 1/- each<br>(Previous Year 797,43,25,472 equity shares of ₹ 1/- each) | 892,54,05 | 797,43,25 |
| **Subscribed and Paid up Capital :**<br>892,45,87,534 equity shares of ₹ 1/- each<br>(Previous Year 797,35,04,442 equity shares of ₹ 1/- each)<br>[The above includes 12,62,48,980 equity shares of ₹ 1/- each (Previous Year 12,70,16,300 equity shares of ₹ 1/- each) represented by 1,26,24,898(Previous Year 1,27,01,630) Global Depository Receipts] | 892,45,88 | 797,35,04 |
| **TOTAL** | **892,45,88** | **797,35,04** |

## Schedule 2 - Reserves & Surplus

(000s omitted)

| | | | As on 31.03.2018 (Current Year) ₹ | | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|---|---|
| **I.** | **Statutory Reserves** | | | | |
| | Opening Balance | 64753,52,12 | | 61499,16,34 | |
| | Additions during the year | 1204,52,01 | | 3254,35,78 | |
| | Deductions during the year | - | 65958,04,13 | - | 64753,52,12 |
| **II.** | **Capital Reserves#** | | | | |
| | Opening Balance | 5246,09,99 | | 3354,19,48 | |
| | Additions during the year | 4332,28,38 | | 1892,26,33 | |
| | Deductions during the year | 30,61 | 9578,07,76 | 35,82 | 5246,09,99 |
| **III.** | **Share Premium** | | | | |
| | Opening Balance | 55423,23,36 | | 49769,47,71 | |
| | Additions during the year | 23718,58,11 | | 5659,92,72 | |
| | Deductions during the year | 17,59,96 | 79124,21,51 | 6,17,07 | 55423,23,36 |
| **IV.** | **Foreign Currency Translation Reserves** | | | | |
| | Opening Balance | 5073,92,01 | | 6813,62,99 | |
| | Additions during the year | 1498,80,30 | | 22,09,80 | |
| | Deductions during the year | 193,62,77 | 6379,09,54 | 1761,80,78 | 5073,92,01 |

(000s omitted)

| | | As on 31.03.2018 (Current Year) ₹ | | As on 31.03.2017 (Previous Year) ₹ | |
|---|---|---|---|---|---|
| **V.** | **Revaluation Reserve** | | | | |
| | Opening Balance | 35593,88,13 | | 1374,03,37 | |
| | Additions during the year | 662,40,83 | | 34558,77,73 | |
| | Deductions during the year | 11408,30,31 | 24847,98,65 | 338,92,97 | 35593,88,13 |
| **VI.** | **Revenue and Other Reserves** | | | | |
| | Opening Balance | 54644,18,21 | | 53725,75,67 | |
| | Additions during the year ## | 3264,59,39 | | 960,88,92 | |
| | Deductions during the year | 4425,50,57 | 53483,27,03 | 42,46,38 | 54644,18,21 |
| **VII.** | **Balance in Profit and Loss Account** | | (9941,19,94) | | (4340,03,96) |
| **TOTAL** | | | **229429,48,68** | | **216394,79,86** |

# includes Capital Reserve on consolidation ₹ 123,66,46 thousand (Previous Year ₹ 242,83,39 thousand)
## net of consolidation adjustments

## Schedule 3 - Deposits

(000s omitted)

| | | | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|---|
| **A.** | **I.** | **Demand Deposits** | | |
| | | (i) From Banks | 5240,84,61 | 6991,80,91 |
| | | (ii) From Others | 185795,42,20 | 181890,89,78 |
| | **II.** | **Savings Bank Deposits** | 1019137,42,48 | 947361,71,12 |
| | **III.** | **Term Deposits** | | |
| | | (i) From Banks | 15027,28,78 | 19848,97,66 |
| | | (ii) From Others | 1496977,30,14 | 1443717,26,72 |
| **TOTAL** | | | **2722178,28,21** | **2599810,66,19** |
| B | (i) | Deposits of Branches in India | 2596232,33,79 | 2491369,62,12 |
| | (ii) | Deposits of Branches outside India | 125945,94,42 | 108441,04,07 |
| **TOTAL** | | | **2722178,28,21** | **2599810,66,19** |

## Schedule 4 - Borrowings

(000s omitted)

| | | | As on 31.03.2018 (Current Year) ₹ | | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|---|---|
| **I.** | **Borrowings in India** | | | | |
| (i) | Reserve Bank of India | | 95394,09,00 | | 5000,00,00 |
| (ii) | Other Banks | | 4822,21,61 | | 4376,17,42 |
| (iii) | Other Institutions and Agencies | | 4370,23,49 | | 71912,62,74 |
| (iv) | Capital Instruments : | | | | |
| a. | Innovative Perpetual Debt Instruments (IPDI) | 11835,00,00 | | 11505,00,00 | |
| b. | Subordinated Debt & Bonds | 33665,66,40 | 45500,66,40 | 42070,76,40 | 53575,76,40 |
| **TOTAL** | | | **150087,20,50** | | **134864,56,56** |
| **II.** | **Borrowings outside India** | | | | |
| (i) | Borrowings and Refinance outside India | | 216974,38,38 | | 195439,97,42 |
| (ii) | Capital Instruments : | | | | |
| a. | Innovative Perpetual Debt Instruments (IPDI) | 1955,25,00 | | 5998,62,50 | |
| b. | Subordinated Debt & Bonds | 62,50,00 | 2017,75,00 | 62,50,00 | 6061,12,50 |
| **TOTAL** | | | **218992,13,38** | | **201501,09,92** |
| **GRAND TOTAL (I & II)** | | | **369079,33,88** | | **336365,66,48** |
| Secured Borrowings included in I & II above | | | **108384,82,97** | | **79426,89,27** |

## Schedule 5 - Other Liabilities & Provisions

(000s omitted)

| | | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Bills payable | 26667,07,53 | 31016,63,09 |
| II. | Inter Bank Adjustments (net) | - | 100,17,15 |
| III. | Inter Office adjustments (net) | 40734,57,50 | 36342,34,83 |
| IV. | Interest accrued | 15996,01,47 | 15664,32,19 |
| V. | Deferred Tax Liabilities (net) | 5,38,82 | 3362,04,95 |
| VI. | Liabilities relating to Policyholders in Insurance Business | 115128,68,83 | 96797,49,57 |
| VII. | Provision for Standard Assets | 12717,18,97 | 16046,73,72 |
| VIII. | Others (including provisions) | 78989,26,01 | 85942,68,37 |
| **TOTAL** | | **290238,19,13** | **285272,43,87** |

## Schedule 6 - Cash and Balances with Reserve Bank of India

(000s omitted)

| | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|
| I. Cash in hand (including foreign currency notes and gold) | 15796,02,76 | 14942,25,80 |
| II. Balances with Reserve Bank of India | | |
| (i) In Current Account | 134973,42,93 | 146076,35,27 |
| (ii) In Other Accounts | - | - |
| **TOTAL** | **150769,45,69** | **161018,61,07** |

## Schedule 7 - Balances With Banks and Money at Call & Short Notice

(000s omitted)

| | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|
| **I. In India** | | |
| (i) Balances with banks | | |
| (a) In Current Accounts | 380,85,00 | 365,03,31 |
| (b) In Other Deposit Accounts | 2275,38,97 | 43707,37,40 |
| (ii) Money at call and short notice | | |
| (a) With banks | 1613,94,26 | 30001,53,04 |
| (b) With other institutions | - | 19,45,50 |
| **TOTAL** | **4270,18,23** | **74093,39,25** |
| **II. Outside India** | | |
| (i) In Current Accounts | 29445,08,67 | 24958,30,27 |
| (ii) In Other Deposit Accounts | 1550,38,84 | 4720,03,93 |
| (iii) Money at call and short notice | 9253,99,40 | 8406,81,01 |
| **TOTAL** | **40249,46,91** | **38085,15,21** |
| **GRAND TOTAL (I and II)** | **44519,65,14** | **112178,54,46** |

## Schedule 8 - Investments

(000s omitted)

| | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|
| **I. Investments in India in :** | | |
| (i) Government Securities | 898369,89,37 | 778210,37,55 |
| (ii) Other approved securities | 9203,62,94 | 7423,43,57 |
| (iii) Shares | 36902,41,97 | 30156,08,39 |
| (iv) Debentures and Bonds | 108220,08,31 | 84954,01,86 |
| (v) Subsidiary and Associates | 3061,30,04 | 2731,15,94 |
| (vi) Others (Units of Mutual Funds, Commercial Papers etc.) | 80682,84,64 | 81382,11,01 |
| **TOTAL** | **1136440,17,27** | **984857,18,32** |

(000s omitted)

| | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|
| **II. Investments outside India in :** | | |
| (i) Government Securities (including local authorities) | 13318,89,79 | 10926,92,52 |
| (ii) Associates | 113,74,52 | 110,56,19 |
| (iii) Other Investments (Shares, Debentures etc.) | 33921,42,61 | 31386,19,87 |
| **TOTAL** | **47354,06,92** | **42423,68,58** |
| **GRAND TOTAL (I and II)** | **1183794,24,19** | **1027280,86,90** |
| **III. Investments in India :** | | |
| (i) Gross Value of Investments | 1148190,17,89 | 987835,48,02 |
| (ii) Less: Aggregate of Provisions / Depreciation | 11750,00,62 | 2978,29,70 |
| (iii) Net Investments (vide I above) | **1136440,17,27** | **984857,18,32** |
| **IV. Investments outside India :** | | |
| (i) Gross Value of Investments | 47900,20,34 | 42524,45,77 |
| (ii) Less: Aggregate of Provisions / Depreciation | 546,13,42 | 100,77,19 |
| (iii) Net Investments (vide II above) | **47354,06,92** | **42423,68,58** |
| **GRAND TOTAL (III and IV)** | **1183794,24,19** | **1027280,86,90** |

## Schedule 9 - Advances

(000s omitted)

| | | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| A. | I. Bills purchased and discounted | 68767,36,05 | 79390,60,01 |
| | II. Cash credits, overdrafts and loans repayable on demand | 758550,41,15 | 753228,61,48 |
| | III. Term loans | 1132800,76,31 | 1064267,60,52 |
| **TOTAL** | | **1960118,53,51** | **1896886,82,01** |
| B. | I. Secured by tangible assets (includes advances against Book Debts) | 1515859,93,23 | 1495899,32,42 |
| | II. Covered by Bank/ Government Guarantees | 68812,50,75 | 82409,50,15 |
| | III. Unsecured | 375446,09,53 | 318577,99,44 |
| **TOTAL** | | **1960118,53,51** | **1896886,82,01** |
| C. | I. Advances in India | | |
| | (i) Priority Sector | 448358,95,60 | 471076,83,62 |
| | (ii) Public Sector | 161939,24,46 | 131884,87,37 |
| | (iii) Banks | 3280,07,87 | 2641,74,42 |
| | (iv) Others | 1031896,41,62 | 993005,12,78 |
| **TOTAL** | | **1645474,69,55** | **1598608,58,19** |
| | II. Advances outside India | | |
| | (i) Due from banks | 77109,63,56 | 87892,69,43 |
| | (ii) Due from others | | |
| | (a) Bills purchased and discounted | 14668,01,47 | 11719,22,54 |
| | (b) Syndicated loans | 124511,75,00 | 105052,29,85 |
| | (c) Others | 98354,43,93 | 93614,02,00 |
| **TOTAL** | | **314643,83,96** | **298278,23,82** |
| **GRAND TOTAL [C (I) and C (II)]** | | **1960118,53,51** | **1896886,82,01** |

## Schedule 10 - Fixed Assets

(000s omitted)

| | | As on 31.03.2018 (Current Year) ₹ | | As on 31.03.2017 (Previous Year) ₹ | |
|---|---|---|---|---|---|
| **I.** | **Premises** | | | | |
| | At cost as on 31st March of the preceding year | 42107,56,59 | | 6505,13,56 | |
| | Additions: | | | | |
| | - during the year | 119,06,88 | | 1048,36,09 | |
| | - for Revaluation | - | | 34558,77,73 | |
| | Deductions during the year | 11293,40,10 | | 4,70,79 | |
| | Depreciation to date | | | | |
| | - on cost | 666,86,16 | | 731,28,94 | |
| | - on Revaluation | 308,66,78 | 29957,70,43 | 384,87,11 | 40991,40,54 |
| **II.** | **Other Fixed Assets (including furniture and fixtures)** | | | | |
| | At cost as on 31st March of the preceding year | 28512,87,72 | | 25746,84,21 | |
| | Additions during the year | 4165,17,52 | | 3339,55,38 | |
| | Deductions during the year | 1028,30,84 | | 573,51,87 | |
| | Depreciation to date | 21360,19,16 | 10289,55,24 | 19269,63,13 | 9243,24,59 |
| **III.** | **Leased Assets** | | | | |
| | At cost as on 31st March of the preceding year | 117,38,81 | | 122,51,66 | |
| | Additions during the year | 6,85,52 | | 9,39,35 | |
| | Deductions during the year | 4,22,13 | | 14,52,20 | |
| | Depreciation to date (including provision) | 66,55,50 | | 101,51,40 | |
| | | 53,46,70 | | 15,87,41 | |
| | Less : Lease Adjustment Account | - | 53,46,70 | 4,70,45 | 11,16,96 |
| **IV.** | **Assets under Construction (Including Premises)** | | 925,06,89 | | 694,91,68 |
| **TOTAL** | | | **41225,79,26** | | **50940,73,77** |

## Schedule 11 - Other Assets

(000s omitted)

| | | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Inter Office adjustments (net) | - | 4771,18,77 |
| II. | Inter Bank Adjustments (net) | 26,70,13 | - |
| III. | Interest accrued | 28002,40,66 | 25611,05,79 |
| IV. | Tax paid in advance / tax deducted at source | 17728,89,88 | 12295,19,88 |
| V. | Stationery and Stamps | 125,47,34 | 133,01,28 |
| VI. | Non-banking assets acquired in satisfaction of claims | 30,41,48 | 34,19,97 |
| VII. | Deferred tax assets (net) | 11837,70,33 | 4923,37,87 |
| VIII. | Deposits placed with NABARD/SIDBI/NHB etc. for meeting shortfall in priority sector lending | 95643,16,91 | 67709,71,52 |
| IX. | Others # | 82610,55,77 | 81338,22,73 |
| **TOTAL** | | **236005,32,50** | **196815,97,81** |

# Includes Goodwill on consolidation ₹ 1734,07,01 thousand (Previous Year ₹ 943,41,50 thousand)

## Schedule 12 - Contingent Liabilities

(000s omitted)

| | | As on 31.03.2018 (Current Year) ₹ | As on 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Claims against the group not acknowledged as debts | 35546,03,53 | 33145,36,29 |
| II. | Liability for partly paid investments / Venture Funds | 619,44,30 | 603,35,11 |
| III. | Liability on account of outstanding forward exchange contracts | 644808,04,15 | 656625,33,39 |
| IV. | Guarantees given on behalf of constituents | | |
| | (a) In India | 149282,50,36 | 160434,10,71 |
| | (b) Outside India | 67762,40,06 | 75098,54,00 |
| V. | Acceptances, endorsements and other obligations | 121900,95,22 | 117916,38,53 |
| VI. | Other items for which the group is contingently liable | 146415,42,59 | 141084,73,76 |
| **TOTAL** | | **1166334,80,21** | **1184907,81,79** |
| | | | |
| **Bills for collection** | | **74060,22,00** | **77727,05,90** |

# State Bank of India

## Consolidated Profit and Loss Account for the year ended 31st March, 2018

(000s omitted)

| | | Schedule No. | Year ended 31.03.2018 (Current Year) ₹ | Year ended 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|---|
| **I.** | **INCOME** | | | |
| | Interest earned | 13 | 228970,27,66 | 230447,09,96 |
| | Other Income | 14 | 77557,24,41 | 68193,16,59 |
| | **TOTAL** | | **306527,52,07** | **298640,26,55** |
| **II.** | **EXPENDITURE** | | | |
| | Interest expended | 15 | 146602,98,20 | 149114,67,40 |
| | Operating expenses | 16 | 96154,37,27 | 87289,88,19 |
| | Provisions and contingencies | | 67957,57,98 | 62626,38,25 |
| | **TOTAL** | | **310714,93,45** | **299030,93,84** |
| **III.** | **PROFIT / (LOSS)** | | | |
| | Net Profit/(Loss) for the year (before adjustment for Share in Profit of Associates and Minority Interest) | | (4187,41,38) | (390,67,29) |
| | Add: Share in Profit of Associates | | 438,15,98 | 293,28,42 |
| | Less: Minority Interest | | 807,03,60 | (338,62,12) |
| | Net Profit/(Loss) for the Group | | (4556,29,00) | 241,23,25 |
| | Profit Brought forward | | (4340,03,96) | 3279,83,29 |
| | **TOTAL** | | **(8896,32,96)** | **3521,06,54** |
| **IV.** | **APPROPRIATIONS** | | | |
| | Transfer to Statutory Reserves | | 59,94,63 | 3254,35,78 |
| | Transfer to Other Reserves | | 921,21,43 | 2110,21,56 |
| | Dividend for the previous year paid during the year (including Tax on Dividend) | | - | - |
| | Final Dividend for the year | | - | 2108,56,29 |
| | Tax on Dividend | | 63,70,92 | 387,96,87 |
| | Balance carried over to Balance Sheet | | (9941,19,94) | (4340,03,96) |
| | **TOTAL** | | **(8896,32,96)** | **3521,06,54** |
| | Basic Earnings per Share | | ₹ (5.34) | ₹ 0.31 |
| | Diluted Earnings per Share | | ₹ (5.34) | ₹ 0.31 |
| | Significant Accounting Policies | 17 | | |
| | Notes to Accounts | 18 | | |

Schedules referred to above form an integral part of the Profit & Loss Account

**Shri Dinesh Kumar Khara**
MD (Risk, IT & Subsidiaries)

**Shri P. K. Gupta**
MD (Retail & Digital Banking)

**Shri B. Sriram**
MD (Corporate & Global Banking)

In term of our Report of even date.
For **Varma and Varma**
Chartered Accountants

**Shri Rajnish Kumar**
Chairman

**Shri P R Prasanna Varma**
Partner
Mem. No. : 025854
Firm Regn. No. : 004532 S

**Mumbai**
**Dated 22nd May, 2018**

## Schedule 13 - Interest Earned

(000s omitted)

| | | Year Ended 31.03.2018 (Current Year) ₹ | Year Ended 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Interest / discount on advances/ bills | 144958,59,17 | 156790,48,00 |
| II. | Income on Investments | 75036,61,62 | 64200,98,24 |
| III. | Interest on balances with Reserve Bank of India and other inter-bank funds | 2410,75,18 | 2591,57,08 |
| IV. | Others | 6564,31,69 | 6864,06,64 |
| **TOTAL** | | **228970,27,66** | **230447,09,96** |

## Schedule 14 - Other Income

(000s omitted)

| | | Year Ended 31.03.2018 (Current Year) ₹ | Year Ended 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Commission, exchange and brokerage | 22829,85,38 | 19701,03,46 |
| II. | Profit / (Loss) on sale of investments (Net) | 14170,08,63 | 13778,42,77 |
| III. | Profit / (Loss) on revaluation of investments (Net) | (1120,61,02) | - |
| IV. | Profit /(Loss) on sale of land, building and other assets including leased assets (net) | (30,73,27) | (43,81,46) |
| V. | Profit / (Loss) on exchange transactions (Net) | 2522,45,61 | 2792,18,63 |
| VI. | Dividends from Associates in India/ abroad | 15,45,97 | 3,85,50 |
| VII. | Income from Finance Lease | - | - |
| VIII. | Credit Card membership/ service fees | 2126,48,67 | 1415,89,43 |
| IX. | Insurance Premium Income (net) | 26925,87,69 | 22243,83,01 |
| X. | Recoveries made in Write-off Accounts | 5522,46,46 | 4090,89,93 |
| XI. | Miscellaneous Income | 4595,90,29 | 4210,85,32 |
| **TOTAL** | | **77557,24,41** | **68193,16,59** |

## Schedule 15 - Interest Expended

(000s omitted)

| | | Year Ended 31.03.2018 (Current Year) ₹ | Year Ended 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Interest on Deposits | 136109,15,67 | 138786,78,15 |
| II. | Interest on Reserve Bank of India/ Inter-bank borrowings | 5686,89,92 | 4617,77,07 |
| III. | Others | 4806,92,61 | 5710,12,18 |
| **TOTAL** | | **146602,98,20** | **149114,67,40** |

## Schedule 16 - Operating Expenses

(000s omitted)

| | | Year Ended 31.03.2018 (Current Year) ₹ | Year Ended 31.03.2017 (Previous Year) ₹ |
|---|---|---|---|
| I. | Payments to and provisions for employees | 35410,62,16 | 35691,20,50 |
| II. | Rent, taxes and lighting | 5392,58,19 | 5270,90,67 |
| III. | Printing & Stationery | 603,44,87 | 544,30,58 |
| IV. | Advertisement and publicity | 1997,56,23 | 600,28,87 |
| V. | (a) Depreciation on Fixed Assets (other than Leased Assets) | 3094,39,40 | 2911,03,48 |
| | (b) Depreciation on Leased Assets | 10,67,70 | 3,64,95 |
| VI. | Directors' fees, allowances and expenses | 6,53,54 | 9,52,63 |
| VII. | Auditors' fees and expenses (including branch auditors' fees and expenses) | 296,38,24 | 311,82,32 |
| VIII. | Law charges | 501,90,13 | 414,86,73 |
| IX. | Postages, Telegrams, Telephones, etc. | 1031,49,33 | 975,44,05 |
| X. | Repairs and maintenance | 971,89,71 | 870,95,63 |
| XI. | Insurance | 2774,59,09 | 2479,26,16 |
| XII. | Other Operating Expenses relating to Credit Card Operations | 1155,03,28 | 1655,63,91 |
| XIII. | Other Operating Expenses relating to Insurance Business | 29377,02,59 | 24228,69,27 |
| XIV. | Other Expenditure | 13530,22,81 | 11322,28,44 |
| **TOTAL** | | **96154,37,27** | **87289,88,19** |

## Schedule 17- Significant Accounting Policies:

**A. Basis of Preparation:**

The accompanying financial statements have been prepared under the historical cost convention, on the accrual basis of accounting on going concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by the Reserve Bank of India (RBI), Banking Regulation Act, 1949, Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA), SEBI (Mutual Funds) Regulations, 1996, Companies Act 2013, Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), and the prevalent accounting practices in India. In case of foreign entities, Generally Accepted Accounting Principles as applicable to the foreign entities are followed.

**B. Use of Estimates:**

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**C. Basis of Consolidation:**

1. Consolidated financial statements of the Group (comprising of 28 subsidiaries, 8 Joint Ventures and 20 Associates) have been prepared on the basis of:

a. Audited financial statements of State Bank of India (Parent).

b. Line by line aggregation of each item of asset/liability/ income/expense of the subsidiaries with the respective item of the Parent, and after eliminating all material intra-group balances/transactions, unrealised profit/loss, and making necessary adjustments wherever required for non-uniform accounting policies as per AS 21 "Consolidated Financial Statements" issued by the ICAI.

c. Consolidation of Joint Ventures – 'Proportionate Consolidation' as per AS 27 "Financial Reporting of Interests in Joint Ventures" issued by the ICAI.

d. Accounting for investment in 'Associates' under the 'Equity Method' as per AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the ICAI.

e. In terms of RBI circular on "Strategic Debt Restructuring Scheme", the controlling interest acquired in entities as part of Strategic Debt Restructuring Scheme is neither considered for consolidation nor such investment is treated as investments in subsidiary/ associate as the control is protective in nature and not participative.

2. The difference between cost to the group of its investment in the subsidiary entities and the group's portion of the equity of the subsidiaries is recognised in the financial statements as goodwill / capital reserve.

3. Minority interest in the net assets of the consolidated subsidiaries consists of:

a. The amount of equity attributable to the minority at the date on which investment in a subsidiary is made, and

b. The minority share of movements in revenue reserves/loss (equity) since the date the parent-subsidiary relationship came into existence.

**D. Significant Accounting Policies**

1. Revenue recognition:

1.1 Income and expenditure are accounted on accrual basis, except otherwise stated. As regards, foreign offices/ entities, income and expenditure are recognised as per the local laws of the country in which the respective foreign offices/entities are located.

1.2 Interest/Discount income is recognised in the Profit and Loss Account as it accrues except (i) income from Non-Performing Assets (NPAs), comprising of advances, leases and investments, which is recognised upon realisation, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices/ entities (hereafter collectively referred to as Regulatory Authorities), (ii) overdue interest on investments and bills discounted, (iii) Income on Rupee Derivatives designated as "Trading", which are accounted on realisation .

1.3 Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, the profit on sale of investments in the 'Held to Maturity' category is appropriated (net of applicable taxes and amount required to be transferred to statutory reserve) to 'Capital Reserve Account'.

1.4 Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding in the lease, over the primary lease period. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease as per Accounting Standard 19 – "Leases", issued by ICAI. The lease rentals are apportioned between principal and finance income based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of finance leases. The principal amount is utilized for reduction in balance of net investment in lease and finance income is reported as interest income.

1.5 Income (other than interest) on investments in "Held to Maturity" (HTM) category acquired at a discount to the face value, is recognised as follows:

i. On Interest bearing securities, it is recognised only at the time of sale/ redemption.

ii. On zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

1.6 Dividend income is recognised when the right to receive the dividend is established.

1.7 Commission on LC/ BG, Deferred Payment Guarantee, Government Business, ATM interchange fee & 'Upfront fee on restructured account' are recognised on accrual basis proportionately for the period. All other commission and fee income are recognised on their realisation.

1.8 One time Insurance Premium paid under Special Home Loan Scheme (December 2008 to June 2009) is amortised over average loan period of 15 years.

1.9 Brokerage, Commission etc. paid/incurred in connection with issue of Bonds/Deposits are amortized over the tenure of the related Bonds/Deposits and the expenses incurred in connection with the issue are charged upfront.

1.10 The sale of NPA is accounted as per guidelines prescribed by RBI:-

i. When the bank sells its financial assets to Securitisation Company (SC)/Reconstruction Company (RC), the same is removed from the books.

ii. If the sale is at a price below the net book value (NBV) (i.e., book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale

iii. If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received, as permitted by the RBI.

**1.11 Non-banking entities:**

**Merchant Banking:**

a. Issue management and advisory fees are recognised based on the stage of completion of assignments and as per the terms of the agreement with the client, net of pass-through.

b. Fees for private placement are recognised on completion of assignment.

c. Brokerage income in relation to stock broking activity is recognized on the trade date of transaction and includes stamp duty, transaction charges and is net of scheme incentives paid.

d. Commission relating to public issues is accounted for on finalisation of allotment of the public issue/receipt of information from intermediary.

e. Brokerage income relating to public issues/mutual fund/ other securities is accounted for based on mobilisation and intimation received from clients/intermediaries.

f. Depository income – Annual Maintenance Charges are recognised on accrual basis and transaction charges are recognised on trade date of transaction.

**Asset Management:**

a. Management fee is recognised at specific rates agreed with the relevant schemes, applied on the average daily net assets of each scheme (excluding inter-scheme investments, wherever applicable, investments made by the company in the respective scheme and deposits with Banks), and are in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996.

b. Portfolio Advisory Services, Portfolio Management Services and Management Fees on Alternative Investment Fund (AIF) are recognised on accrual basis as per the terms of the contract.

c. Recovery, if any, on realisation of devolved investments of schemes acquired by the company, in terms of the right of subrogation, is accounted on the basis of receipts. Recovery from funded guarantee schemes is recognised as income in the year of receipt.

d. Expenses of schemes in excess of the stipulated rates and expenses relating to new fund offer are charged to the Profit and Loss Account in the year in which they are incurred in accordance with the requirements of SEBI (Mutual Funds) Regulations, 1996.

Brokerage and/or incentive paid on investments in open-ended Equity Linked Tax Saving Schemes and Systematic Investment Plans (SIPs) are amortised over a period of 36 months and in case of other schemes, over the claw back period. In case of close-ended schemes, brokerage is amortised over the tenure of schemes.

**Credit Card Operations:**

a. First annual fee and subsequent renewal fee are recognised over a period of one year as this more closely reflects the period to which the fee relates to.

b. Interchange income is recognised on accrual basis.

c. The total unidentified receipts which could not be credited or adjusted in the customers' accounts for lack of complete & correct information is considered as liability in balance sheet. The estimated unidentified receipts aged more than 6 months and up to 3 years towards the written off customers is written back as income on balance sheet date. Further, the unresolved unidentified receipts aged more than 3 years are also written back as income on balance sheet date. The liability for stale cheques aged for more than three years is written back as income.

d. All other service income/fees are recorded at the time of occurrence of the respective events.

**Factoring:**

Factoring charges are accrued on factoring of debts at the applicable rates as decided by the company. Processing fees are recognised as income only when there is reasonable certainty of its receipt after execution of documents. Facility Continuation fees (FCF) are calculated and charged in the month of May for the entire next financial year on all live standard accounts. 1st of May is deemed as date for accrual of the FCF.

**Life Insurance:**

a. Premium of non-linked business is recognised as income (net of service tax/ goods and service tax) when due from policyholders. In respect of linked business, premium income is recognised when the associated units are allotted. In case of Variable Insurance Products (VIPs), premium income is recognised on the date when the Policy Account Value is credited. Uncollected premium from lapsed policies is not recognised as income until such policies are revived.

b. Top-up premiums are considered as single premium.

c. Income from linked funds which includes fund management charges, policy administration charges, mortality charges, etc. are recovered from linked fund in accordance with terms and conditions of policy and recognised when recovered.

d. Realised gains and losses in respect of equity securities and units of mutual funds are calculated as the difference between the net sales proceeds and their cost. In respect of debt securities, the realised gains and losses are calculated as difference between net sale proceeds or redemption proceeds and weighted average amortised cost. Cost in respect of equity shares and units of mutual fund are computed using the weighted average method.

e. Fees received on lending of equity shares under Securities lending and borrowing scheme (SLB) is recognised as income over the period of the lending on straight-line basis.

f. Premium ceded on reinsurance is accounted in accordance with the terms of the re-insurance treaty or in-principle arrangement with the re-insurer.

g. Benefits paid:

- Claims cost consist of the policy benefit amounts and claims settlement costs, where applicable.
- Claims by death and rider are accounted when intimated. Intimations up to the end of the period are considered for accounting of such claims.
- Claims by maturity are accounted on the policy maturity date.
- Survival and Annuity benefits claims are accounted when due.
- Surrenders and withdrawals are accounted as and when intimated. Benefits paid also includes amount payable on lapsed policies which are accounted for as and when due. Surrenders, withdrawals and lapsation are disclosed at net of charges recoverable.
- Repudiated claims disputed before judicial authorities are provided for based on management prudence considering the facts and evidences available in respect of such claims.
- Amounts recoverable from re-insurers are accounted for in the same period as the related claims and are reduced from claims.

h. Acquisition costs such as commission, medical fees, etc. are costs that are primarily related to the acquisition of new and renewal insurance contracts. The same are expensed in the period in which they are incurred.

i. **Liability for life policies:** The actuarial liability of all the life insurance policies has been calculated by the Appointed Actuary in accordance with the Insurance Act 1938, and as per the rules and regulations and circulars issued by IRDAI and the relevant Guidance Notes and/or Actuarial Practice Standards (APS) issued by the Institute of Actuaries of India.

Non-linked business is reserved using a prospective gross premium valuation method. Mathematical reserves are calculated based on future assumptions having regard to current and future experience. The unit liability in respect of linked business has been considered as the value of the units standing to the credit of the policy holders, using the Net Asset Value (NAV) as on the valuation date. Variable insurance policies (VIPs) have also been valued in a manner similar to the ULIP business by considering liability as the policy account standing to the credit of the policy holders plus additional provisions for adequacy of charges to meet expenses.

**General Insurance:**

a. Premium including reinsurance accepted (net of goods & service tax) is recorded in the books at the commencement of risk. In case the premium is recovered in instalments, amount to the extent of instalment due is recorded on the due date of the instalment. Premium (net of goods & service tax), including reinstatement premium, on direct business and reinsurance accepted, is recognized as income over the contract period or the period of risk, whichever is appropriate, on a gross basis under 1/365 method. Any subsequent revision to premium is recognized over the remaining period of risk or contract period. Adjustments to premium income arising on cancellation of policies are recognised in the period in which they are cancelled.

b. Commission received on reinsurance ceded is recognised as income in the period in which reinsurance risk is ceded. Profit commission under re-insurance treaties, wherever applicable, is recognized as income in the year of final determination of the profits as intimated by Reinsurer and combined with commission on reinsurance ceded.

c. In respect of proportional reinsurance ceded, the cost of reinsurance ceded is accrued at the commencement of risk. Non-proportional reinsurance cost is recognized when due. Non-proportional reinsurance cost is accounted as per the terms of the reinsurance arrangements. Any subsequent revision to, refunds or cancellations of premiums is recognized in the period in which they occur.

d. Reinsurance inward acceptances are accounted for on the basis of returns, to the extent received, from the insurers.

e. Acquisition costs are expensed in the period in which they are incurred. Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission, policy issue expenses etc. The primary test for determination as acquisition cost is the obligatory relationship between the costs and the execution of the insurance contracts (i.e. commencement of risk).

f. Claim is recognised as and when a loss occurrence is reported. Claim is recognised by creation of provision for the amount of claim payable as estimated by the management based on available information and past experience, on receipt of claim notification. Such provision is reviewed / modified as appropriate on the basis of additional information as and when available. Amounts received/receivable from the re-insurers/

co-insurers, under the terms of the reinsurance and coinsurance arrangements respectively, is recognised together with the recognition of claim. Provision for claims outstanding payable as on the date of Balance Sheet is net of reinsurance, salvage value and other recoveries as estimated by the management.

g. Provision in respect of claim liabilities that may have been incurred before the end of the accounting year but are

- not yet reported or claimed (IBNR) or
- not enough reported i.e. reported with information insufficient for making a reasonable estimate of likely claim amount (IBNER),

The provision is made according to the amount determined by the Appointed Actuary based on actuarial principles in accordance with the Actuarial Practice Standards and Guidance Notes issued by the Institute of Actuaries of India and IRDAI regulations and guidelines.

**Custody & Fund accounting services:**

The revenue (net of goods & service tax) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

**Pension Fund Operation:**

Management fee is recognized at specific rates agreed with the relevant schemes, applied on daily net assets of each scheme, and is in conformity with the regulatory guidelines issued by Pension Fund Regulatory and Development Authority (PFRDA). The Company presents revenues net of Service Tax/ goods and service tax

**Trustee Operations:**

a. Mutual Fund Trusteeship fee is recognised at specific rates agreed with relevant schemes, applied on the average daily Net Assets of each scheme (excluding inter-scheme investment, investment in fixed deposits, investments made by the Asset Management Company and deferred revenue expenses, where applicable), and is in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996.

b. Corporate Trusteeship Acceptance fees are recognised on the acceptance or execution of trusteeship assignment whichever is earlier. Corporate Trusteeship service charges are recognised/accrued on the basis of terms of trusteeship contracts/agreements entered into with clients.

c. Income from online "will" services is recognised when the right to receive the fee is established, as all certainty for revenue recognition is present at the time of establishment of such right.

**Infrastructure and Facility Management:**

Revenue from management and consultancy fees is recognised as and when the agreed scope of work is completed and the said contractual work is awarded to the vendor.

**Investments:**

The transactions in all securities are recorded on "Settlement Date"

**1.12 Classification:**

Investments are classified into three categories, viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) as per RBI Guidelines.

**1.13 Basis of classification:**

i. Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".

ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".

iii. Investments, which are not classified in the above two categories, are classified as "Available for Sale (AFS)".

iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

**1.14 Valuation:**

**A. Banking Business:**

i. In determining the acquisition cost of an investment:

a. Brokerage/commission received on subscriptions is reduced from the cost.

b. Brokerage, commission, securities transaction tax, etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.

c. Broken period interest paid / received on debt instruments is treated as interest expense/income and is excluded from cost/sale consideration.

d. Cost of investment under AFS and HFT category is determined at the weighted average cost method by the group entities and cost of investments under HTM category is determined on FIFO basis (first in first out) by SBI and weighted average cost method by other group entities.

ii. Transfer of securities from HFT/AFS category to HTM category is carried out at the lower of acquisition cost/book value/market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. However, transfer of securities from HTM category to AFS category is carried out on acquisition price/book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

iii. Treasury Bills and Commercial Papers are valued at carrying cost.

iv. **Held to Maturity category:** Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period of remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head "interest on investments". A provision is made for diminution, other than temporary, for each investment individually. Investments in Regional Rural Banks (RRBs) are valued at equity cost determined in accordance with AS 23 of the ICAI.

v. **Available for Sale and Held for Trading categories:** Investments held under AFS and HFT categories are individually revalued at the market price or fair value determined as per Regulatory guidelines, and only the net depreciation of each group for each category (viz., (i) Government securities (ii) Other Approved Securities (iii) Shares (iv) Bonds and Debentures (v) Subsidiaries and Joint Ventures; and (vi) others) is provided for and net appreciation, is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

vi. In case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognised at lower of (i) Net Book Value (NBV) (i.e., book value less provisions held) of the financial asset and (ii) Redemption value of SR. SRs issued by an SC/ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ARC, is reckoned for valuation of such investments.

vii. Investments are classified as performing and non-performing, based on the guidelines issued by the RBI in the case of domestic offices/entities and respective regulators in the case of foreign offices/ entities. Investments of domestic offices become non-performing where:

a. Interest/instalment (including maturity proceeds) is due and remains unpaid for more than 90 days.

b. In the case of equity shares, in the event the investment in the shares of any company is valued at ₹ 1 per company on account of the non availability of the latest balance sheet, those equity shares would be reckoned as NPI.

c. If any credit facility availed by an entity is NPA in the books of the bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.

d. The above would apply mutatis-mutandis to Preference Shares where the fixed dividend is not paid.

e. The investments in debentures/bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.

f. In respect of foreign offices/entities, provisions for NPIs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

viii. **Accounting for Repo/Reverse Repo transactions (other than transactions under the Liquidity Adjustment Facility (LAF) with the RBI)**

a. The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/ Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo A/c is classified under Schedule 4 (Borrowings) and balance in Reverse Repo A/c is classified under Schedule 7 (Balance with Banks and Money at Call & Short Notice).

b. Interest expended/earned on Securities purchased/ sold under LAF with RBI is accounted for as expenditure/ revenue.

Market repurchase and reverse repurchase transactions as well as the transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as Borrowings and Lending transactions in accordance with the extant RBI guidelines.

**B. Insurance Business:**

In case of life and general insurance subsidiaries, investments are made in accordance with the Insurance Act, 1938, the IRDAI (Investment) Regulations, 2016 and IRDA (Presentation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, investment policy of the company and various other circulars / notifications as issued by IRDAI from time to time.

**(i) Valuation of investment pertaining to non-linked life insurance business and general insurance business: -**

- All debt securities, including government securities and money market securities are stated at historical cost subject to amortisation of premium or accretion of discount.
- Listed equity shares, equity related instruments and preference shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the closing price at primary exchange i.e. National Stock Exchange of India Limited ('NSE') is considered. If NSE closing price is not available, the closing price of the secondary exchange i.e. BSE Limited ('BSE') is considered.
- Unlisted equity securities, equity related instruments and preference shares are measured at historical cost.

- In case of Security Lending and Borrowing (SLB), equity shares lent are valued as per valuation policy for equity shares as mentioned above.
- Additional Tier 1 (Basel III compliant) Perpetual Bonds classified under "Equity" as specified by IRDAI, are valued at prices obtained from CRISIL.
- Investments in mutual fund units are valued at the Net Asset Value (NAV) of previous day in life insurance and of balance sheet date in general insurance.
- Investment in Alternative Investment Funds (AIFs) are valued at latest available NAV.

Unrealized gains or losses arising due to change in the fair value of listed equity shares, mutual fund units and AIFs pertaining to shareholders' investments and non-linked policyholders investments are taken to "Revenue & Other Reserves (Schedule 2)" and "Liabilities relating to Policyholders in Insurance Business (Schedule 5)" respectively, in the Balance Sheet.

(ii) **Valuation of investment pertaining to linked business: -**

- Debt Securities including Government securities with remaining maturity of more than one year are valued at prices obtained from Credit Rating Information Services of India Limited ('CRISIL'). Debt securities including Government securities with remaining maturity of less than one year are valued on yield to maturity basis, where yield is derived using market price provided by CRISIL on the day when security is classified as short term. If security is purchased during its short term tenor, it is valued at amortised cost using yield to maturity method. In case of securities with options, earliest Call Option/Put Option date will be taken as maturity date for this purpose. Money market securities are valued at historical cost subject to amortization of premium or accretion of discount on yield to maturity basis.
- Listed equity shares, equity related instruments and preference shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the closing price at primary exchange i.e. NSE is considered. If NSE closing price is not available, closing price of the BSE is considered.
- Unlisted equity shares, equity related instruments and preference shares are measured at historical cost.
- In case of Security Lending and Borrowing (SLB), equity shares lent are valued as per valuation policy for equity shares as mentioned above.
- Additional Tier 1 (Basel III compliant) Perpetual Bonds classified under "Equity" as specified by IRDAI, are valued at prices obtained from CRISIL.
- Investments in mutual fund units are valued at the previous day's Net Asset Value (NAV).
- Unrealized gains or losses arising due to changes in the fair value are recognized in the Profit & Loss Account.

**2. Loans /Advances and Provisions thereon:**

2.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

i. In respect of term loans, interest and/or instalment of principal remains overdue for a period of more than 90 days;

ii. In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e. if the outstanding balance exceeds the sanctioned limit/ drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance-sheet, or if the credits are not adequate to cover the interest debited during the same period;

iii. In respect of bills purchased/discounted, the bill remains overdue for a period of more than 90 days;

iv. In respect of agricultural advances (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

**2.2** NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

i. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.

ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.

iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

**2.3** Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Substandard Assets:

i. A general provision of 15% on the total outstanding;

ii. Additional provision of 10% for exposures which are unsecured ab-initio (i.e. where realisable value of security is not more than 10 percent ab-initio);

iii. Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available – 20%.

Doubtful Assets:

-Secured portion:

i. Upto one year – 25%

ii. One to three years – 40%

iii. More than three years – 100%

-Unsecured portion 100%

Loss Assets: 100%

**2.4** In respect of foreign offices/entities, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

**2.5** Advances are net of specific loan loss provisions, unrealised interest, ECGC claims received and bills rediscounted.

**2.6** For restructured/rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loan/advances before and after restructuring is provided for, in addition to provision for the respective loans/ advances. The Provision for Diminution in Fair Value (DFV) and interest sacrifice, if any, arising out of the above, is reduced from advances.

**2.7** In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

**2.8** Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.

**2.9** In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

**2.10** Appropriation of recoveries in NPAs (not out of fresh/ additional credit facilities sanctioned to the borrower concerned) towards principal or interest due as per the Bank's extant instructions is done in accordance with the following priority.

a. Charges

b. Unrealized Interest/Interest

c. Principal

**3. Floating Provisions:**

The Bank has a policy for creation and utilisation of floating provisions separately for advances, investments and general purposes. The quantum of floating provisions to be created is assessed at the end of the financial year. The floating provisions are utilised only for contingencies under extra ordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

**4. Provision for Country Exposure for Banking Entities:**

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorised into seven risk categories, namely, insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the "Other liabilities & Provisions – Others".

**5. Derivatives:**

5.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, cross currency interest rate swaps and forward rate agreements in order to hedge on-balance sheet/off-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of the underlying assets and accounted in accordance with the principles of hedge accounting.

5.2 Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying assets / liabilities are also marked to market.

5.3 Except as mentioned above, all other derivative contracts are marked to market as per the Generally Accepted Accounting Practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss Account in the period of change. Any receivable under derivatives contracts, which remain overdue for more than 90 days, are reversed through Profit and Loss Account to "Suspense Account - Crystallised Receivables". In cases where the derivative contracts provide for more settlement in future and if the derivative contract is not terminated on the overdue receivables remaining unpaid for 90 days, the positive MTM pertaining to future receivables is also reversed from Profit and Loss Account to "Suspense Account - Positive MTM".

5.4 Option premium paid or received is recorded in Profit and Loss Account at the expiry of the option. The balance in the premium received on options sold and premium paid on options bought is considered to arrive at Mark to Market value for forex Over the Counter (OTC) options.

5.5 Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

**6. Fixed Assets Depreciation and Amortisation:**

6.1 Fixed Assets are carried at cost less accumulated depreciation/ amortisation.

6.2 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure(s) incurred on the assets put to use are capitalised only when it increases the future benefits from such assets or their functioning capability.

6.3 The rates of depreciation and method of charging depreciation in respect of domestic operations are as under:

| Sr. No. | Description of Fixed Assets | Method of charging depreciation | Depreciation/ amortisation rate |
|---|---|---|---|
| 1 | Computers | Straight Line Method | 33.33% every year |
| 2 | Computer Software forming an integral part of the Computer hardware | Straight Line Method | 33.33% every year |
| 3 | Computer Software which does not form an integral part of Computer hardware and cost of Software Development | Straight Line Method | 33.33% every year |
| 4 | Automated Teller Machine/ Cash Deposit Machine/Coin Dispenser / Coin Vending Machine | Straight Line Method | 20.00% every year |
| 5 | Servers | Straight Line Method | 25.00% every year |
| 6 | Network Equipment | Straight Line Method | 20.00% every year |
| 7 | Other fixed assets | Straight Line Method | On the basis of estimated useful life of the assets |
| | | Estimated useful life of major group of Fixed Assets are as under:<br>Premises 60 Years<br>Vehicles 5 Years<br>Safe Deposit Lockers 20 Years<br>Furniture & Fixtures 10 Years | |

6.4 In respect of assets acquired during the year for domestic operations, depreciation is charged on proportionate basis for the number of days assets have been put to use during the year.

6.5 Assets costing less than ₹ 1,000 each are charged off in the year of purchase.

6.6 In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease and the lease rent is charged in the respective year (s).

6.7 In respect of assets given on lease by the Bank on or before 31st March, 2001, the value of the assets given on lease is disclosed as Leased Assets under Fixed Assets, and the difference between the annual lease charge (capital recovery) and the depreciation is taken to Lease Equalisation Account.

6.8 In respect of fixed assets held at foreign offices/entities, depreciation is provided as per the regulations /norms of the respective countries.

6.9 The Bank considers only immovable assets for revaluation. Properties acquired during the last three years are not revalued. Valuation of the revalued assets is done at every three years thereafter.

6.10 The increase in Net Book Value of the asset due to revaluation is credited to the Revaluation Reserve Account without routing through the profit and loss statement.

6.11 The Revalued Assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

**7. Leases:**

The asset classification and provisioning norms applicable to advances, as laid down in Para 3 above, are applied to financial leases also.

**8. Impairment of Assets:**

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future Net Discounted Cash Flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

**9. Effect of changes in the foreign exchange rate:**

**9.1 Foreign Currency Transactions**

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Foreign currency monetary items are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing (spot/forward) rates.

iii. Foreign currency non-monetary items, which are carried at historical cost, are reported using the exchange rate on the date of the transaction.

iv. Contingent liabilities denominated in foreign currency are reported using the FEDAI closing spot rates.

v. Outstanding foreign exchange spot and forward contracts held for trading are revalued at the exchange rates notified by FEDAI for specified maturities, and the resulting Profit or Loss is recognised in the Profit and Loss account.

vi. Foreign exchange forward contracts which are not intended for trading and are outstanding on the Balance Sheet date, are re-valued at the closing spot rate. The premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

vii. Exchange differences arising on the settlement of monetary items at rates different from those at

which they were initially recorded are recognised as income or as expense in the period in which they arise.

viii. Gains / Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognised in the Profit and Loss Account.

**9.2 Foreign Operations:**

Foreign Branches/Subsidiaries / Joint Ventures of the Bank and Offshore Banking Units (OBU) have been classified as Non-integral Operations and Representative Offices have been classified as Integral Operations.

**a. Non-integral Operations:**

i. Both monetary and non-monetary foreign currency assets and liabilities including contingent liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

ii. Income and expenditure of non-integral foreign operations are translated at quarterly average closing rates notified by FEDAI.

iii. Exchange differences arising on investment in non-integral foreign operations are accumulated in Foreign Currency Translation Reserve until the disposal of the investment.

iv. The Assets and Liabilities of foreign offices/ subsidiaries /joint ventures in foreign currency (other than local currency of the foreign offices/ subsidiaries/joint ventures) are translated into local currency using spot rates applicable to that country on the Balance Sheet date.

**b. Integral Operations:**

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Monetary foreign currency assets and liabilities of integral foreign operations are translated at closing (Spot/Forward) exchange rates notified by FEDAI at the Balance Sheet date and the resulting Profit/ Loss is included in the Profit and Loss Account. Contingent Liabilities are translated at Spot rate.

iii. Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate on the date of the transaction.

**10. Employee Benefits:**

**10.1 Short Term Employee Benefits:**

The undiscounted amounts of short-term employee benefits, such as medical benefits, which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

**10.2 Long Term Employee Benefits:**

**i. Defined Benefit Plan**

a. SBI operates a Provident Fund scheme. All eligible employees are entitled to receive benefits under the Provident Fund scheme. SBI contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are remitted to a Trust established for this purpose and are charged to Profit and Loss Account. SBI recognizes such annual contributions as an expense in the year to which it relates, Shortfall, if any, is provided for on the basis of actuarial valuation.

SBI Life Insurance Company Limited makes contribution towards provident fund, a defined benefit retirement plan. The provident fund is administered by the trustees of the SBI Life Insurance Company Limited Employees PF Trust. The contribution paid or payable under the schemes is charged to the Profit and Loss Account during the period in which the employee renders the related service. Further, an actuarial valuation is conducted annually by an independent actuary to recognise the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate.

b. The group entities operate separate Gratuity schemes, which are defined benefit plans. The group entities provide for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement or on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to the cap prescribed by the Statutory Authorities. Vesting occurs upon completion of five years of service. SBI makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually.

c. SBI provides for pension to all eligible employees. The benefit is in the form of monthly payments as per rules to vested employees on retirement or on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. SBI makes monthly contribution to the Pension Fund at 10% of salary in terms of SBI Pension Fund Rules. The pension liability is reckoned based on an independent actuarial valuation carried out annually and SBI makes such additional contributions periodically to the Fund as may be required to secure payment of the benefits under the pension regulations.

d. The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains/losses are immediately recognised in the Profit and Loss and are not deferred.

**ii. Defined Contribution Plans:**

SBI operates a New Pension Scheme (NPS) for all officers/ employees joining SBI on or after 1st August, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing SBI Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from SBI. Pending completion of registration procedures of the employees concerned, these contributions are retained as deposits in SBI and earn interest at the same rate as that of the current account of Provident Fund balance. SBI recognizes such annual contributions and interest as an expense in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

**iii. Other Long Term Employee benefits:**

a. All eligible employees of the Group are eligible for compensated absences, silver jubilee award, leave travel concession, retirement award and resettlement allowance. The costs of such long term employee benefits are internally funded by the group entities.

The cost of providing other long term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. Past service cost is immediately recognised in the Profit and Loss and is not deferred.

10.3 Employee benefits relating to employees employed at foreign offices/ entities are valued and accounted for as per the respective local laws/regulations.

**11. Taxes on income**

Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax expense incurred by the Group. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively after taking into account taxes paid at the foreign offices/ entities, which are based on the tax laws of respective jurisdiction. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

In Consolidated Financial Statement, income tax expenses are the aggregate of the amounts of tax expense appearing in the separate financial statements of the parent and its subsidiaries/joint ventures, as per their applicable laws.

**12. Earnings per Share:**

12.1 The Bank reports basic and diluted earnings per share in accordance with AS 20 –"Earnings per Share" issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders (other than minority) by the weighted average number of equity shares outstanding for the year.

12.2 Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

**13. Provisions, Contingent Liabilities and Contingent Assets:**

13.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Group recognises provisions only when it has a present obligation as a result of a past event and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

13.2 No provision is recognised for

i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group entities; or

ii. any present obligation that arises from past events but is not recognised because

a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b. a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities.

These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

13.3 Provision for reward points in relation to the debit card holders of SBI is being provided for on actuarial estimates.

13.4 Contingent Assets are not recognised in the financial statements.

**14. Bullion Transactions:**

SBI imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports

are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. SBI earns a fee on such bullion transactions. The fee is classified under commission income. SBI also accepts deposits and lends gold, which is treated as deposits/advances as the case may be with the interest paid/received classified as interest expense / income. Gold Deposits, Metal Loan Advances and closing Gold Balances are valued at available Market Rate as on the date of Balance Sheet

**15. Special Reserves:**

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961. The Board of Directors have passed a resolution approving creation of the reserve and confirming that it has no intention to make withdrawal from the Special Reserve.

**16. Share Issue Expenses:**

Share issue expenses are charged to the Share Premium Account.

## Schedule 18- NOTES TO ACCOUNTS

**1. List of Subsidiaries/Joint Ventures/Associates considered for preparation of consolidated financial statements:**

**1.1** The 28 Subsidiaries, 8 Joint Ventures and 20 Associates including 18 Regional Rural Banks (which along with State Bank of India, the parent, constitute the Group), considered in the preparation of the consolidated financial statements, are

**A) Subsidiaries:**

| Sr. No. | Name of the Subsidiary | | Group's Stake (%) | |
|---|---|---|---|---|
| | | Country of incorporation | Current Year | Previous* Year |
| 1) | SBI Capital Markets Ltd. | India | 100.00 | 100.00 |
| 2) | SBICAP Securities Ltd. | India | 100.00 | 100.00 |
| 3) | SBICAP Trustee Company Ltd. | India | 100.00 | 100.00 |
| 4) | SBICAP Ventures Ltd. | India | 100.00 | 100.00 |
| 5) | SBICAP (Singapore) Ltd. | Singapore | 100.00 | 100.00 |
| 6) | SBICAP (UK) Ltd. | U.K. | 100.00 | 100.00 |
| 7) | SBI DFHI Ltd. | India | 72.17 | 71.58 |
| 8) | SBI Global Factors Ltd. | India | 86.18 | 86.18 |
| 9) | SBI Infra Management Solutions Pvt. Ltd. | India | 100.00 | 100.00 |
| 10) | SBI Mutual Fund Trustee Company Pvt Ltd. | India | 100.00 | 100.00 |
| 11) | SBI Payment Services Pvt. Ltd. | India | 100.00 | 100.00 |
| 12) | SBI Pension Funds Pvt Ltd. | India | 92.60 | 92.60 |
| 13) | SBI Life Insurance Company Ltd. | India | 62.10 | 70.10 |
| 14) | SBI General Insurance Company Ltd. @ | India | 74.00 | 74.00 |
| 15) | SBI Cards and Payment Services Pvt. Ltd. @ | India | 74.00 | 60.00 |
| 16) | SBI Business Process Management Services Pvt Ltd.@ (formerly known as GE Capital Business Process Management Services Pvt Ltd.) | India | 74.00 | 40.00** |
| 17) | SBI–SG Global Securities Services Pvt. Ltd. @ | India | 65.00 | 65.00 |
| 18) | SBI Funds Management Pvt. Ltd. @ | India | 63.00 | 63.00 |
| 19) | SBI Funds Management (International) Private Ltd. @ | Mauritius | 63.00 | 63.00 |
| 20) | Commercial Indo Bank Llc , Moscow @ | Russia | 60.00 | 60.00 |
| 21) | Bank SBI Botswana Limited | Botswana | 100.00 | 100.00 |
| 22) | SBI Canada Bank | Canada | 100.00 | 100.00 |
| 23) | State Bank of India (California) | USA | 100.00 | 100.00 |
| 24) | State Bank of India Servicos Limitada | Brazil | 100.00 | 100.00 |
| 25) | SBI (Mauritius) Ltd. | Mauritius | 96.60 | 96.60 |
| 26) | PT Bank SBI Indonesia | Indonesia | 99.00 | 99.00 |
| 27) | Nepal SBI Bank Ltd. | Nepal | 55.00 | 55.00 |
| 28) | Nepal SBI Merchant Banking Limited | Nepal | 55.00 | 55.00 |

@ Represents companies which are jointly controlled entities in terms of the shareholders' agreement. However, the same are consolidated as subsidiaries in accordance with AS 21 "Consolidated Financial Statements" as SBI's holding in these companies exceeds 50%.

* In Previous Year five erstwhile domestic banking subsidiaries (e-DBS) namely (i) State Bank of Bikaner & Jaipur (SBBJ), (ii) State Bank of Mysore (SBM), (iii) State Bank of Travancore (SBT), (iv) State Bank of Patiala (SBP), (v) State Bank of Hyderabad (SBH) were also consolidated. These have been merged with SBI w.e.f. April 1,2017. Please refer Note 8.

** Please refer Note 1.1.(i) below.

**B) Joint Ventures:**

| Sr. No. | Name of the Joint Venture | | Group's Stake (%) | |
|---|---|---|---|---|
| | | Country of incorporation | Current Year | Previous Year |
| 1) | C - Edge Technologies Ltd. | India | 49.00 | 49.00 |
| 2) | SBI Macquarie Infrastructure Management Pvt. Ltd. | India | 45.00 | 45.00 |
| 3) | SBI Macquarie Infrastructure Trustee Pvt. Ltd. | India | 45.00 | 45.00 |
| 4) | Macquarie SBI Infrastructure Management Pte. Ltd. | Singapore | 45.00 | 45.00 |
| 5) | Macquarie SBI Infrastructure Trustee Ltd. | Bermuda | 45.00 | 45.00 |
| 6) | Oman India Joint Investment Fund – Management Company Pvt. Ltd. | India | 50.00 | 50.00 |
| 7) | Oman India Joint Investment Fund – Trustee Company Pvt. Ltd. | India | 50.00 | 50.00 |
| 8) | Jio Payments Bank Ltd. | India | 30.00 | 30.00 |

**C) Associates:**

| Sr. No. | Name of the Associate | | Group's Stake (%) | |
|---|---|---|---|---|
| | | Country of incorporation | Current Year | Previous Year |
| 1) | Andhra Pradesh Grameena Vikas Bank | India | 35.00 | 35.00 |
| 2) | Arunachal Pradesh Rural Bank | India | 35.00 | 35.00 |
| 3) | Chhattisgarh Rajya Gramin Bank | India | 35.00 | 35.00 |
| 4) | Ellaquai Dehati Bank | India | 35.00 | 35.00 |
| 5) | Langpi Dehangi Rural Bank | India | 35.00 | 35.00 |
| 6) | Madhyanchal Gramin Bank | India | 35.00 | 35.00 |
| 7) | Meghalaya Rural Bank | India | 35.00 | 35.00 |
| 8) | Mizoram Rural Bank | India | 35.00 | 35.00 |
| 9) | Nagaland Rural Bank | India | 35.00 | 35.00 |
| 10) | Purvanchal Bank | India | 35.00 | 35.00 |
| 11) | Saurashtra Gramin Bank | India | 35.00 | 35.00 |
| 12) | Utkal Grameen Bank | India | 35.00 | 35.00 |
| 13) | Uttarakhand Gramin Bank | India | 35.00 | 35.00 |
| 14) | Vananchal Gramin Bank | India | 35.00 | 35.00 |
| 15) | Rajasthan Marudhara Gramin Bank | India | 35.00 | 26.27 |
| 16) | Telangana Grameena Bank | India | 35.00 | 35.00 |
| 17) | Kaveri Grameena Bank | India | 35.00 | 31.50 |
| 18) | Malwa Gramin Bank | India | 35.00 | 35.00 |
| 19) | The Clearing Corporation of India Ltd. | India | 20.05 | 24.42 |
| 20) | Bank of Bhutan Ltd. | Bhutan | 20.00 | 20.00 |

a) On account of the acquisition as mentioned in Note 8, SBI Group's stake as per indirect method has increased in SBI DFHI Limited (a subsidiary) from 71.58% to 72.17%, in Rajasthan Marudhara Gramin Bank (an associate) from 26.27% to 35%, in Kaveri Grameena Bank (an associate) from 31.50% to 35% and The Clearing Corporation of India Limited (an associate) from 24.42% to 24.45%.

b) In the month of March 2018, SBI sold its 4.40% stake in The Clearing Corporation of India Limited (an associate), due to which the stake of SBI Group has reduced from 24.45% to 20.05%.

c) In the month of April 2017, SBI has infused NPR 109.56 crore equivalent to ₹ 68.47 crore in Nepal SBI Bank Ltd (a Foreign Banking Subsidiary).

Further in month of January 2018, Nepal SBI Bank Ltd issued 59,13,089 bonus shares having face value of NPR 100 each, to SBI . There is no change in SBI's stake in Nepal SBI Bank Ltd.

d) In the month of August 2017, State Bank of India (UK) Limited (a wholly owned foreign banking subsidiary) has been incorporated in United Kingdom. No paid up capital has been infused in the entity up to March 31, 2018 and hence the same has not been considered for consolidation. The subsidiary has commenced its operation in month of April, 2018.

e) In the month of September 2017, SBI DFHI Limited (a subsidiary) has carried out buy back of its 27,69,230 equity shares at ₹ 520 per share. The number of shares bought back from SBI and SBI Capital Markets Ltd. are in proportion of their respective stake in SBI DFHI Limited. The SBI Group's stake in SBI DFHI Limited remains unchanged.

f) In the month of September 2017, SBI has sold its 8% stake in SBI Life Insurance Company Limited (a subsidiary) by way of Public Offer, due to which its stake has reduced from 70.10%. to 62.10%.

g) In the month of November 2017, SBI has infused ₹ 3 crore in SBI Foundation (a Not-for-profit Company). As it is a Not-for-Profit Company [incorporated under section 7(2) of Companies Act, 2013], SBI Foundation is not being considered for consolidation in preparation of Consolidated Financial statements as per Accounting Standard 21.

h) In the month of December, 2017 SBI has increased its stake in SBI Cards and Payments Services Private Ltd. (a subsidiary) from 60% to 74% (purchased 10,98,99,999 shares of ₹ 10 per share by investing ₹ 887.26 crore).

i) On December 15, 2017 SBI has increased its stake in GE Capital Business Process Management Ltd. (a Joint Venture prior to 15.12.2017) from 40% to 74% (purchased 80,24,342 shares of ₹ 10 per share by investing ₹ 264.07 crore). Consequently, GE Capital Business Process Management Ltd has been consolidated as a subsidiary w.e.f December 15, 2017 and the name of the same has been changed to "SBI Business Process Management Services Pvt Ltd" w.e.f. March 15, 2018.

j) In the month of February 2018, Nepal SBI Bank Ltd infused NPR 8.89 crore (for 8,88,889 shares of face value of NPR 100 each ) in Nepal SBI Merchant Banking Ltd. (a step down subsidiary).

Further in the month of March 2018, Nepal SBI Merchant Banking Ltd issued 1,11,111 bonus shares having face value of NPR 100 each, to Nepal SBI Bank Ltd. The SBI Group's stake in Nepal SBI Merchant Banking Ltd remains the same.

k) SBI Home Finance Ltd., an associate in which SBI is having 25.05% stake, is under liquidation and therefore, not being considered for consolidation in preparation of Consolidated Financial Statements as per Accounting Standard 21.

**1.2** The consolidated financial statements for the financial year 2017-18 of the Group include reviewed financial statements of one subsidiary (Bank SBI Botswana Limited) and unaudited financial statements of one subsidiary (SBI Canada Bank) & one associate (Bank of Bhutan Ltd.), the results of which are not material.

**2. Share capital:**

a) During the year, on acquisition of domestic banking subsidiaries and BMBL, SBI has issued equity shares to the eligible shareholders of erstwhile State Bank of Bikaner and Jaipur (SBBJ), State Bank of Mysore (SBM), State Bank of Travancore (SBT) and Bharatiya Mahila Bank Ltd (BMBL) as per the swap ratio decided by Government of India. Accordingly, SBI has issued 13,63,52,740 equity shares of face value of ₹ 1 each as consideration (4,88,54,308 shares to shareholders of SBBJ, 1,05,58,379 shares to the shareholders of SBM, 3,27,08,543 shares to the shareholders of SBT and 4,42,31,510 shares to Government of India as shareholder of BMBL) on 01.04.2017.

b) SBI received application money of ₹15,000.00 crore including share premium of ₹ 14,947.78 crore by way of Qualified Institutional Placement (QIP) against issue of 52,21,93,211 equity shares of ₹ 1 each. The equity shares were allotted on 12.06.2017.

c) SBI received application money of ₹ 0.05 crore including share premium of ₹ 0.05 crore by way of the issue of 3,400 equity shares of ₹ 1 each kept in abeyance. The equity shares kept in abeyance were allotted on 01.11.2017.

d) SBI received application money of ₹ 8,800.00 crore (Previous Year ₹ 5,681.00 crore) including share premium amount of ₹ 8,770.75 crore (Previous Year ₹ 5,659.93 crore) from Government of India against Preferential Issue of 29,25,33,741 equity shares (Previous Year 21,07,27,400)

of ₹ 1 each to Government of India. The equity shares were allotted on 27.03.2018. These shares were credited to demat account (CDSL) of Government of India on 03.04.2018 and listed at NSE on 02.04.2018 and BSE on 03.04.2018.

e) Expenses in relation to the issue of shares: ₹ 17.60 crore (Previous Year ₹ 6.17 crore) is debited to Share Premium Account.

**3. Disclosures as per Accounting Standards**

**3.1 Accounting Standard–5 "Net Profit or Loss for the period, Prior Period items and Changes in Accounting Policies"**

SBI changed its accounting policy with respect to booking of commission earned on issuance of Letter of Credit and Bank Guarantees, other than on deferred payment guarantees w.e.f. April 1, 2017. Now these are being recognized over the period of LC/BG, instead of on realization basis done earlier.

The impact of the change in policy, as compared to previous practice has resulted in lower income under this head to the extent of ₹ 1,203.60 crore for year ended March 31, 2018.

**3.2 Accounting Standard- 15 "Employee Benefits":**

**3.2.1 Defined Benefit Plans**

**3.2.1.1 Employee's Pension Plans and Gratuity Plans**

The following table sets out the status of the Defined Benefit Pension Plans and Gratuity Plan as required under AS 15 (Revised 2005) :-

₹ in crore

| Particulars | Pension Plans | | Gratuity Plans | |
|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year |
| **Change in the present value of the defined benefit obligation** | | | | |
| Opening defined benefit obligation at 1st April, 2017 | 83,870.13 | 73,164.38 | 9,929.61 | 9,898.33 |
| Adjustment for SBI Business Process Management Pvt Ltd.* | - | - | 8.70 | - |
| Current Service Cost | 978.19 | 1,285.52 | 302.75 | 287.33 |
| Interest Cost | 6,248.32 | 5,834.23 | 722.05 | 766.59 |
| Past Service Cost (Vested Benefit) | - | 1,200.00 | 3,614.64 | 0.01 |
| Liability transferred In/ Acquisitions | - | - | 1.20 | - |
| Actuarial losses /(gains) | 3,338.70 | 8,106.01 | (9.83) | 263.87 |
| Benefits paid | (4,190.43) | (3,360.17) | (1,543.31) | (1,286.52) |
| Direct Payment by SBI | (2,458.35) | (2,359.84) | - | - |
| **Closing defined benefit obligation at 31st March, 2018** | **87,786.56** | **83,870.13** | **13,025.81** | **9,929.61** |
| **Change in Plan Assets** | | | | |
| Opening fair value of plan assets at 1st April, 2017 | 79,303.20 | 66,813.97 | 9,863.77 | 9,249.72 |
| Adjustment for SBI Business Process Management Pvt Ltd. * | - | - | 6.21 | - |
| Expected Return on Plan assets | 5,908.09 | 5,522.97 | 717.37 | 755.56 |
| Contributions by employer | 4,363.81 | 7,817.68 | 243.49 | 876.22 |
| Assets transferred In/Acquisitions | - | - | 2.01 | - |
| Expected Contribution by the employees | - | 3.09 | - | - |
| Benefits Paid | (4,190.43) | (3,360.17) | (1,543.32) | (1,286.52) |
| Actuarial Gains / (Losses) on plan assets | (135.07) | 2,505.66 | (26.37) | 268.79 |
| **Closing fair value of plan assets at 31st March, 2018** | **85,249.60** | **79,303.20** | **9,263.16** | **9,863.77** |

| Particulars | Pension Plans | | Gratuity Plans | |
|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year |
| **Reconciliation of present value of the obligation and fair value of the plan assets** | | | | |
| Present Value of funded obligation at 31st March, 2018 | 87,786.56 | 83,870.13 | 13,025.81 | 9,929.61 |
| Fair Value of plan assets at 31st March, 2018 | 85,249.60 | 79,303.20 | 9,263.16 | 9,863.77 |
| Deficit/(Surplus) | 2,536.96 | 4,566.93 | 3,762.65 | 65.84 |
| Unrecognised Past Service Cost (Vested) Closing Balance | - | - | (2,707.50) | - |
| Unrecognised Transitional Liability Closing Balance | - | - | - | - |
| **Net Liability/(Asset )** | **2,536.96** | **4,566.93** | **1,055.15** | **65.84** |
| **Amount Recognised in the Balance Sheet** | | | | |
| Liabilities | 87,786.56 | 83,870.13 | 13,025.81 | 9,929.61 |
| Assets | 85,249.60 | 79,303.20 | 9,263.16 | 9,863.77 |
| Net Liability / (Asset) recognised in Balance Sheet | 2,536.96 | 4,566.93 | 3,762.64 | 65.84 |
| Unrecognised Past Service Cost (Vested) Closing Balance | - | - | (2,707.50) | - |
| Unrecognised Transitional Liability Closing Balance | - | - | - | - |
| **Net Liability/ (Asset)** | **2,536.96** | **4,566.93** | **1,055.15** | **65.84** |
| **Net Cost recognised in the profit and loss account** | | | | |
| Current Service Cost | 978.19 | 1,285.52 | 302.75 | 287.33 |
| Interest Cost | 6,248.32 | 5,834.23 | 722.05 | 766.59 |
| Expected return on plan assets | (5,908.09) | (5,522.97) | (717.37) | (755.56) |
| Expected Contributions by the employees | - | (3.09) | - | - |
| Past Service Cost (Amortised) Recognised | - | - | 0.05 | - |
| Past Service Cost (Vested Benefits) Recognised | - | 1,200.00 | 907.09 | 0.01 |
| Net Actuarial Losses / (Gains) recognised during the year | 3,473.77 | 5,600.35 | 16.54 | (4.92) |
| **Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"** | **4,792.19** | **8,394.04** | **1231.11** | **293.45** |
| **Reconciliation of expected return and actual return on Plan Assets** | | | | |
| Expected Return on Plan Assets | 5,908.09 | 5,522.97 | 717.37 | 755.56 |
| Actuarial Gains/ (Losses) on Plan Assets | (135.07) | 2,505.66 | (26.37) | 268.79 |
| Actual Return on Plan Assets | 5773.02 | 8,028.63 | 691.00 | 1,024.35 |
| **Reconciliation of opening and closing net liability/(asset) recognised in Balance Sheet** | | | | |
| Opening Net Liability/(Asset) as at 1st April, 2017 | **4,566.93** | **6,350.41** | **65.84** | **648.61** |
| Adjustment for SBI Business Process Management Pvt Ltd.* | - | - | 2.50 | - |
| Expenses as recognised in profit and loss account | 4,792.19 | 8,394.04 | 1231.11 | 293.45 |
| Paid by SBI Directly | (2,458.35) | (2,359.84) | - | - |
| Debited to Other Provision | - | - | - | - |
| Recognised in Reserve | - | - | - | - |
| Net Liability/ (Asset) transferred in | - | - | (0.81) | - |
| Employer's Contribution | (4,363.81) | (7,817.68) | (243.49) | (876.22) |
| **Net liability/(Asset) recognised in Balance Sheet** | **2,536.96** | **4,566.93** | **1,055.15** | **65.84** |

* Adjustment is due to change in method of consolidation in case of SBI Business Process Management Services Pvt Ltd (formerly GE Capital Business Process Management Services Pvt Ltd) from Proportionate line-by-line consolidation to Total line-by-line consolidation.

**Investments under Plan Assets of Gratuity Fund & Pension Fund as on March 31, 2018 are as follows:**

| Category of Assets | Pension Fund % of Plan Assets | Gratuity Fund % of Plan Assets |
|---|---|---|
| Central Govt. Securities | 24.57% | 21.11% |
| State Govt. Securities | 30.32% | 24.36% |
| Debt Securities, Money Market Securities and Bank Deposits | 30.55% | 14.71% |
| Mutual Funds | 2.49% | 2.25% |
| Insurer Managed Funds | 2.19% | 30.22% |
| Others | 9.88% | 7.35% |
| **Total** | **100.00%** | **100.00%** |

**Principal actuarial assumptions:**

| Particulars | Pension Plans | | Gratuity Plans | |
|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year |
| Discount Rate | 7.76% | 7.45% to 7.51% | 7.78% | 7.27% to 7.27% |
| Expected Rate of return on Plan Asset | 7.76% | 7.00% to 8.00% | 7.78% | 7.00% to 8.00% |
| Salary Escalation | 5.00% | 5.00% | 5.00% | 5.00% |
| Attrition Rate | 2.00% | 2.00% | 2.00% | 2.00% |

The estimates of future salary growth, factored in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in the very long term, consistent high salary growth rates are not possible. The said estimates and assumptions have been relied upon by the auditors.

Consequent upon amendment in Payment of Gratuity Act 1972 and revision in gratuity ceiling from ₹ 10.00 lakh to ₹ 20.00 lakh, the additional liability of SBI works out to ₹ 3,610 crore. RBI has vide letter No. DBR.BP.9730/21.04.018/2017-18 dated April 27,2018 advised that banks, may at their discretion, spread the expenditure involved over four quarters beginning from the quarter ended March 31, 2018. They have also advised that the enhanced gratuity related unamortized expenditure would not be reduced from Tier I capital.

Accordingly, out of the total additional liability of ₹ 3,610 crore, an amount of ₹ 902.50 crore has been charged to the Profit & Loss Account for the year ended March 31, 2018 by SBI and the remaining unamortized liability of ₹ 2,707.50 crore shall be provided over next three quarters i.e. from June 2018 quarter to December 2018 quarter.

**3.2.1.2 Employees Provident Fund**

Actuarial valuation carried out in respect of interest shortfall in Provident Fund Trust shows "Nil" liability, hence no provision is made in F.Y. 2017-18.

The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuaries:-

₹ in crore

| Particulars | Provident Fund | |
|---|---|---|
| | Current Year | Previous Year |
| **Change in the present value of the defined benefit obligation** | | |
| Opening defined benefit obligation at 1st April, 2017 | 26,221.36 | 25,409.49 |
| Current Service Cost | 961.65 | 827.29 |
| Interest Cost | 2,455.58 | 2,199.84 |
| Employee Contribution (including VPF) | 1,396.25 | 1,065.98 |
| Liability Transferred In | 3,309.05 | - |
| Actuarial losses/(gains) | 25.56 | - |
| Benefits paid | (4,070.79) | (3,281.24) |

| Particulars | Provident Fund | |
|---|---|---|
| | Current Year | Previous Year |
| Closing defined benefit obligation at 31st March, 2018 | **30,298.66** | **26,221.36** |
| **Change in Plan Assets** | | |
| Opening fair value of Plan Assets as at 1st April, 2017 | 27,221.93 | 26,240.79 |
| Expected Return on Plan Assets | 2,455.58 | 2,199.84 |
| Contributions | 2,357.90 | 1,893.27 |
| Transferred from other Companies | 3,723.65 | - |
| Benefits Paid | (4,070.79) | (3,281.24) |
| Actuarial Gains / (Loss) on plan Assets | 185.98 | 169.27 |
| Closing fair value of plan assets as at 31st March, 2018 | **31,874.25** | **27,221.93** |
| **Reconciliation of present value of the obligation and fair value of the plan assets** | | |
| Present Value of Funded obligation at 31st March, 2018 | 30,298.66 | 26,221.36 |
| Fair Value of Plan assets at 31st March, 2018 | 31,874.25 | 27,221.93 |
| Deficit/(Surplus) | (1,575.59) | (1,000.57) |
| Net Asset not recognised in Balance Sheet | **1,575.59** | **1,000.57** |
| **Net Cost recognised in the profit and loss account** | | |
| Current Service Cost | 961.65 | 827.29 |
| Interest Cost | 2,455.58 | 2,199.84 |
| Expected return on plan assets | (2,455.58) | (2,199.84) |
| Interest shortfall reversed | - | - |
| **Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"** | **961.65** | **827.29** |
| **Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet** | | |
| Opening Net Liability as at 1st April, 2018 | - | - |
| Expense as above | 961.65 | 827.29 |
| Employer's Contribution | (961.65) | (827.29) |
| **Net Liability/(Asset) Recognized In the Balance Sheet** | - | - |

**Investments under Plan Assets of Provident Fund as on March 31, 2018 are as follows:**

| Category of Assets | Provident Fund |
|---|---|
| | % of Plan Assets |
| Central Govt. Securities | 36.91% |
| State Govt. Securities | 23.09% |
| Debt Securities, Money Market Securities and Bank Deposits | 32.78% |
| Insurer Managed Funds | 1.60% |
| Others | 5.62% |
| **Total** | **100.00%** |

**Principal actuarial assumptions**

| Particulars | Provident Fund | |
|---|---|---|
| | Current Year | Previous Year |
| Discount Rate | 7.78% | 7.27% |
| Guaranteed Return | 8.65% | 8.80% |
| Attrition Rate | 2.00% | 2.00% |
| Salary Escalation | 5.00% | 5.00% |

i) There is a guaranteed return applicable to liability under SBI Employees Provident Fund which shall not be lower of either:

(a) one half percent above the average standard rate (adjusted up or down to the interest one quarter per cent) quoted by SBI for new deposits fixed for twelve months in the preceding year (ending on the preceding the 31st day of March); or

(b) three percent per annum, subject to approval of Executive Committee.

ii) The rules of the SBI Life Insurance Company Ltd.'s Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company.

### 3.2.2 Defined Contribution Plans

#### 3.2.2.1 Employees Provident Fund

An amount of ₹ 28.59 crore (Previous Year ₹ 22.22 crore) is contributed towards the Provident Fund Scheme by the group (excluding the entities covered in Note 3.2.1.2) and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

#### 3.2.2.2 Defined Contribution Pension Scheme

SBI has a Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the SBI on or after August 1, 2010. The Scheme is managed by NPS Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During the year, an amount of ₹ 390.00 crore [Previous Year (including e-DBS) ₹ 328.69 crore] has been contributed in the scheme.

### 3.2.3 Other Long term Employee Benefits (Unfunded Obligation)

#### 3.2.3.1 Accumulating Compensated Absences (Privilege Leave)

The following table sets out the status of Accumulating Compensated Absences (Privilege Leave) as per Actuarial valuation by independent Actuaries:

₹ in crore

| Particulars | Accumulating Compensated Absences (Privilege Leave) | |
|---|---|---|
| | Current Year | Previous Year |
| **Change in the present value of the defined benefit obligation** | | |
| Opening defined benefit obligation at 1st April, 2017 | 4,760.15 | 4,379.90 |
| Current Service Cost | 210.14 | 214.49 |
| Interest Cost | 432.32 | 344.17 |
| Liability transferred In/ Acquisitions | 1,188.49 | - |
| Actuarial losses/(gains) | 593.93 | 398.78 |
| Benefits paid | (936.51) | (577.19) |
| **Closing defined benefit obligation at 31st March, 2018** | **6,248.52** | **4,760.15** |

| Particulars | Accumulating Compensated Absences (Privilege Leave) | |
|---|---|---|
| | Current Year | Previous Year |
| **Net Cost recognised in the profit and loss account** | | |
| Current Service Cost | 210.14 | 214.49 |
| Interest Cost | 432.32 | 344.17 |
| Actuarial (Gain)/ Losses | 593.93 | 398.78 |
| **Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"** | **1,236.39** | **957.44** |
| **Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet** | | |
| Opening Net Liability as at 1st April, 2017 | 4,760.15 | 4,379.67 |
| Expense as above | 1,236.39 | 957.67 |
| Net Liability/ (Asset) transferred in | 1,188.49 | - |
| Employer's Contribution | - | - |
| Benefit paid directly by the Employer | (936.51) | (577.19) |
| **Net Liability/(Asset) recognized in the Balance Sheet** | **6,248.52** | **4,760.15** |

**Principal actuarial assumptions**

| Particulars | Current Year | Previous Year |
|---|---|---|
| Discount Rate | 7.78% | 7.27% |
| Salary Escalation | 5.00% | 5.00% |
| Attrition Rate | 2.00% | 2.00% |

**Accumulating Compensated Absences (Privilege Leave) (excluding SBI)**

An amount of ₹ 36.17 crore (Previous Year ₹ 113.95 crore) is provided by the group (excluding the entities covered in above table) towards Privilege Leave (Encashment) including leave encashment at the time of retirement and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

**3.2.3.2 Other Long Term Employee Benefits**

Amount of ₹ (-) 38.69 crore [Previous Year ₹ (-) 20.52 crore] is provided/ (written back) by the group towards other Long Term Employee Benefits and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

Details of Provisions made for various Other Long Term Employees' Benefits during the year;

₹ in crore

| Sl. No. | Long Term Employees' Benefits | Current Year | Previous Year |
|---|---|---|---|
| 1 | Leave Travel and Home Travel Concession (Encashment/Availment) | (4.20) | 19.23 |
| 2 | Sick Leave | 3.35 | (53.14) |
| 3 | Silver Jubilee/Long Term Service Award | (12.64) | 11.13 |
| 4 | Resettlement Expenses on Superannuation | (13.23) | 1.32 |
| 5 | Casual Leave | - | - |
| 6 | Retirement Award | (11.97) | 0.94 |
| **Total** | | **(38.69)** | **(20.52)** |

**3.2.4** The employee benefits listed above are in respect of the employees of the Group based in India. The employees of the foreign operations are not covered in the above schemes.

**3.3 Accounting Standard- 17 "Segment Reporting":**

**3.2.1 Segment identification**

**A) Primary (Business Segment)**

The following are the Primary Segments of the Group:

- Treasury
- Corporate / Wholesale Banking
- Retail Banking
- Insurance Business
- Other Banking Business

The present accounting and information system of the Group does not support capturing and extraction of the data in respect of the above segments separately. However, based on the present internal, organisational and management reporting structure and the nature of their risk and returns, the data on the Primary Segments have been computed as under:

a) **Treasury:** The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

b) **Corporate / Wholesale Banking:** The Corporate / Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Mid Corporate Accounts Group and Stressed Assets Resolution Group. These include providing loans and transaction services to corporate and institutional clients and further include non treasury operations of foreign offices/entities.

c) **Retail Banking:** The Retail Banking Segment comprises of branches in National Banking Group, which primarily includes Personal Banking activities including lending activities to corporate customers having banking relations with branches in the National Banking Group. This segment also includes agency business and ATMs

d) **Insurance Business** – The Insurance Business Segment comprises of the results of SBI Life Insurance Co. Ltd. and SBI General Insurance Co. Ltd.

e) **Other Banking business**– Segments not classified under (a) to (d) above are classified under this primary segment. This segment also includes the operations of all the Non-Banking Subsidiaries/Joint Ventures other than SBI Life Insurance Co. Ltd. and SBI General Insurance Co. Ltd. of the group.

**B) Secondary (Geographical Segment):**

a) **Domestic Operations** - Branches, Subsidiaries and Joint Ventures having operations in India.

b) **Foreign Operations** - Branches, Subsidiaries and Joint Ventures having operations outside India and offshore banking units having operations in India.

**C) Pricing of Inter-segmental Transfers**

The Retail Banking segment is the primary resource mobilising unit. The Corporate/Wholesale Banking and Treasury segments are recipient of funds from Retail Banking. Market related Funds Transfer Pricing (MRFTP) is followed under which a separate unit called Funding Centre has been created. The Funding Centre notionally buys funds that the business units raise in the form of deposits or borrowings and notionally sell funds to business units engaged in creating assets.

**D) Allocation of Revenue, Expenses, Assets and Liabilities**

Expenses of parent incurred at Corporate Centre establishments directly attributable either to Corporate / Wholesale and Retail Banking Operations or to Treasury Operations segment, are allocated accordingly. Expenses not directly attributable are allocated on the basis of the ratio of number of employees in each segment/ratio of directly attributable expenses.

Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are not allocable to any segment on a reasonable basis, have been reported as Unallocated.

### 3.2.2 SEGMENT INFORMATION

**PART A: PRIMARY (BUSINESS) SEGMENTS:**

₹ in crore

| Business Segment | Treasury | Corporate / Wholesale Banking | Retail Banking | Insurance Business | Other Banking Operations | TOTAL |
|---|---|---|---|---|---|---|
| Revenue (before exceptional item) | 82,163.87<br>(78,525.43) | 64,365.45<br>(83,694.12) | 1,11,963.61<br>(1,06,413.35) | 34,088.22<br>(28,047.53) | 8,637.67<br>(6,174.73) | 3,01,218.82<br>(3,02,855.16) |
| Unallocated Revenue | | | | | | 2,571.02<br>(2,419.27) |
| Less : Inter Segment Revenue | | | | | | 2,298.53<br>(6,634.17) |
| Total Revenue | | | | | | 3,01,491.31<br>(2,98,640.26) |
| Result (before exceptional items) | -16.83<br>(14,559.33) | -38,316.71<br>(-24,803.47) | 19,464.25<br>(10,826.76) | 1,832.28<br>(1,308.71) | 1,680.23<br>(1,717.58) | -15,356.78<br>(3,608.91) |
| Add : Exceptional items | 5,036.21<br>(-) | | | | | 5,036.21<br>(-) |
| Result (after exceptional items) | 5,019.38<br>(14,559.33) | -38,316.71<br>(-24,803.47) | 19,464.25<br>(10,826.76) | 1,832.28<br>(1,308.71) | 1,680.23<br>(1,717.58) | -10,320.57<br>(3,608.91) |
| Unallocated Income(+)/Expenses(–) net | | | | | | -1,924.34<br>(-2,664.08) |
| Profit/(Loss) Before Tax | | | | | | -12,244.91<br>(944.83) |
| Taxes | | | | | | -8,057.50<br>(1,335.50) |
| Extraordinary Profit | | | | | | 0.00<br>(0.00) |
| Net Profit/(Loss) before share in profit in Associates and Minority Interest | | | | | | -4,187.41<br>(-390.67) |
| Add: Share in Profit in Associates | | | | | | 438.16<br>(293.28) |
| Less: Minority Interest | | | | | | 807.04<br>(-338.62) |
| Net Profit/(Loss) for the Group | | | | | | -4,556.29<br>(241.23) |
| **Other Information:** | | | | | | |
| Segment Assets | 10,85,909.92<br>(10,07,725.87) | 10,24,506.47<br>(11,51,526.43) | 13,19,933.76<br>(11,33,220.08) | 1,27,099.09<br>(1,06,318.18) | 27,548.89<br>(18,110.16) | 35,84,998.13<br>(34,16,900.72) |
| Unallocated Assets | | | | | | 31,434.87<br>(28,220.84) |
| Total Assets | | | | | | 36,16,433.00<br>(34,45,121.56) |
| Segment Liabilities | 8,10,044.02<br>(7,09,453.02) | 10,63,520.41<br>(11,03,341.85) | 13,11,488.36<br>(12,14,492.46) | 1,19,097.01<br>(99,646.13) | 21,136.24<br>(12,525.34) | 33,25,286.04<br>(31,39,458.80) |
| Unallocated Liabilities | | | | | | 60,825.01<br>(88,470.61) |
| Total Liabilities | | | | | | 33,86,111.05<br>(32,27,929.41) |

**PART B: SECONDARY (GEOGRAPHIC) SEGMENTS**

₹ in crore

| | Domestic Operations | Foreign Operations | TOTAL |
|---|---|---|---|
| Revenue (before exceptional items) | 2,88,659.38<br>(2,86,662.86) | 12,831.93<br>(11,977.40) | 3,01,491.31<br>(2,98,640.26) |
| Net Profit/(Loss) | -6,162.65<br>(-2,871.79) | 1,606.36<br>(3,113.02) | -4,556.29<br>(241.23) |
| Assets | 32,04,196.42<br>(30,59,467.86) | 4,12,236.58<br>(3,85,653.70) | 36,16,433.00<br>(34,45,121.56) |
| Liabilities | 29,78,268.42<br>(28,46,368.69) | 4,07,842.63<br>(3,81,560.72) | 33,86,111.05<br>(32,27,929.41) |

(i) Income/Expenses are for the whole year. Assets/ Liabilities are as at March 31, 2018.

(ii) Figures within brackets are for previous year

**3.4 Accounting Standard-18 "Related Party Disclosures":**

**3.4.1** Related Parties to the Group:

**A) JOINT VENTURES:**

1. C - Edge Technologies Ltd.
2. GE Capital Business Process Management Services Pvt Ltd. (upto 14.12.2017)
3. SBI Macquarie Infrastructure Management Pvt. Ltd.
4. SBI Macquarie Infrastructure Trustee Pvt. Ltd.
5. Macquarie SBI Infrastructure Management Pte. Ltd.
6. Macquarie SBI Infrastructure Trustee Ltd.
7. Oman India Joint Investment Fund – Management Company Pvt. Ltd.
8. Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.
9. Jio Payments Bank Limited

**B) ASSOCIATES:**

**i) Regional Rural Banks**

1. Andhra Pradesh Grameena Vikas Bank
2. Arunachal Pradesh Rural Bank
3. Chhattisgarh Rajya Gramin Bank
4. Ellaquai Dehati Bank
5. Langpi Dehangi Rural Bank
6. Madhyanchal Gramin Bank
7. Meghalaya Rural Bank
8. Mizoram Rural Bank
9. Nagaland Rural Bank
10. Purvanchal Bank
11. Saurashtra Gramin Bank
12. Utkal Grameen Bank
13. Uttarakhand Gramin Bank
14. Vananchal Gramin Bank
15. Rajasthan Marudhara Gramin Bank
16. Telangana Grameena Bank
17. Kaveri Grameena Bank
18. Malwa Gramin Bank

**ii) Others**

19. The Clearing Corporation of India Ltd.
20. Bank of Bhutan Ltd.
21. SBI Home Finance Ltd. (under liquidation)

**C) Key Management Personnel of SBI:**

1. Shri Rajnish Kumar, Chairman (from 07.10.2017)
2. Smt. Arundhati Bhattacharya, Chairman (upto 06.10.2017)
3. Shri Rajnish Kumar, Managing Director (National Banking Group) upto 06.10.2017
4. Shri Dinesh Kumar Khara, Managing Director (Risk, IT & Subsidiaries)
5. Shri P. K. Gupta, Managing Director (Retail & Digital Banking)
6. Shri B. Sriram, Managing Director (Corporate & Global Banking)

**3.4.2 Related Parties with whom transactions were entered into during the year:-**

No disclosure is required in respect of related parties, which are "State controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

### 3.4.3 Transactions and Balances:

₹ in crore

| Particulars | Associates/ Joint Ventures | Key Management Personnel & their relatives | Total |
|---|---|---|---|
| **Transactions during the year 2017-18** | | | |
| Interest Income | - (-) | - (-) | - (-) |
| Interest Expenditure | 0.09 (0.18) | - (-) | 0.09 (0.18) |
| Income earned by way of Dividend | 29.24 (33.83) | - (-) | 29.24 (33.83) |
| Other Income | 0.17 (0.30) | - (-) | 0.17 (0.30) |
| Other Expenditure | 12.31 (11.54) | - (-) | 12.31 (11.54) |
| Management Contract | - (-) | 2.05 (1.39) | 2.05 (1.39) |
| **Outstanding as on March 31, 2018** | | | |
| **Payables** | | | |
| Deposit | 44.75 (15.21) | - (-) | 44.75 (15.21) |
| Other Liabilities | 1.19 (47.99) | - (-) | 1.19 (47.99) |
| **Receivables** | | | |
| Balances with Banks | - (-) | - (-) | - (-) |
| Investments | 67.66 (81.15) | - (-) | 67.66 (81.15) |
| Advances | - (0.41) | - (-) | - (0.41) |
| Other Assets | 0.07 (0.07) | - (-) | 0.07 (0.07) |
| **Maximum outstanding during the year** | | | |
| Borrowings | - (-) | - (-) | - (-) |
| Deposit | 206.21 (29.48) | - (-) | 206.21 (29.48) |
| Other Liabilities | 119.61 (55.33) | - (-) | 119.61 (55.33) |
| Balance with Banks | - (-) | - (-) | - (-) |
| Advances | 0.62 (0.42) | - (-) | 0.62 (0.42) |
| Investment | 77.10 (81.15) | - (-) | 77.10 (81.15) |
| Other Assets | 0.07 (0.07) | - (-) | 0.07 (0.07) |
| Non-fund commitments (LCs/BGs) | - (-) | - (-) | - (-) |

(Figures in brackets pertain to previous year)

There are no materially significant related party transactions during the year.

### 3.5 Accounting Standard-19 "Leases":

### 3.5.1 Finance Leases

**Assets taken on Financial Leases on or after April 01, 2001:** The details of financial leases are given below:

₹ in crore

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Total Minimum lease payments outstanding** | | |
| Less than 1 year | 17.26 | 4.87 |
| 1 to 5 years | 56.06 | 9.35 |
| 5 years and above | - | - |
| **Total** | **73.32** | **14.22** |
| **Interest Cost payable** | | |
| Less than 1 year | 4.77 | 0.97 |
| 1 to 5 years | 13.19 | 1.36 |
| 5 years and above | - | - |
| **Total** | **17.96** | **2.33** |
| **Present value of minimum lease payments payable** | | |
| Less than 1 year | 12.49 | 3.90 |
| 1 to 5 years | 42.87 | 7.99 |
| 5 years and above | - | - |
| **Total** | **55.36** | **11.89** |

### 3.5.2 Operating Lease

**Premises taken on operating lease are given below:**

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the group entities.

Liability for Premises taken on Non-Cancellable operating lease are given below:

₹ in crore

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Not later than 1 year | 208.15 | 307.04 |
| Later than 1 year and not later than 5 years | 613.63 | 1,189.15 |
| Later than 5 years | 252.46 | 310.99 |
| **Total** | **1,074.24** | **1,807.18** |

Amount of lease payments recognised in the Profit & Loss Account for the year is ₹ 3,289.58 crore (Previous Year ₹ 2,615.41 crore).

### 3.6 Accounting Standard-20 "Earnings per Share":

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share". "Basic earnings" per share is computed by dividing consolidated net profit/ (loss) after tax (other than minority) by the weighted average number of equity shares outstanding during the year.

| Particulars Basic and diluted | Current Year | Previous Year |
|---|---|---|
| Number of Equity Shares outstanding at the beginning of the year | 797,35,04,442 | 776,27,77,042 |
| Number of Equity Shares issued during the year | 95,10,83,092 | 21,07,27,400 |
| Number of Equity Shares outstanding at the end of the year | 892,45,87,534 | 797,35,04,442 |
| Weighted average number of equity shares used in computing basic earnings per share | 853,30,51,135 | 780,37,67,851 |
| Weighted average number of shares used in computing diluted earnings per share | 853,30,51,135 | 780,37,67,851 |
| Net Profit/(Loss) for the Group (₹ in crore) | (4,556.29) | 241.23 |
| Basic earnings per share (₹) | (5.34) | 0.31 |
| Diluted earnings per share (₹) | (5.34) | 0.31 |
| Nominal value per share (₹) | 1.00 | 1.00 |

### 3.7 Accounting Standard-22 "Accounting for Taxes on Income":

i) During the year, ₹ 9804.79 crore has been credited to Profit and Loss Account (Previous Year ₹ 3,507.06 crore credited) on account of deferred tax.

ii) The breakup of deferred tax assets and liabilities into major items is given below:

₹ in crore

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Deferred Tax Assets** | | |
| Provision for long term employee Benefits | 3,486.07 | 2,769.18 |
| Provision for advances $ | 4,415.43 | 2,974.42 |
| On Accumulated Losses | 13,889.32 | 5,281.99 |
| Provision for Other Assets/ VRS/Other Liability | 743.57 | 724.65 |
| Amortisation of discount | 7.31 | 61.89 |
| Depreciation on Fixed Assets | 14.91 | 3.89 |
| DTAs on account of FOs of SBI | 317.04 | 427.91 |
| Others | 200.25 | 393.12 |
| **Total** | **23,073.90** | **12,637.05** |

₹ in crore

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Deferred Tax Liabilities** | | |
| Depreciation on Fixed Assets | 89.71 | 277.04 |
| Interest accrued but not due on securities | 6,315.01 | 5,045.06 |
| Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961 | 4,690.10 | 4,645.01 |
| Foreign Currency Translation Reserve | 117.30 | 563.28 |
| DTLs on account of FOs of SBI | 2.80 | 2.19 |
| Others | 26.66 | 543.14 |
| **Total** | **11,241.58** | **11,075.72** |
| **Net Deferred Tax Assets/ (Liabilities)** | **11,832.32** | **1,561.33** |

$ During the year, SBI has recognized Deferred Tax Asset, on provision for standard assets as per IRAC norms, amounting to ₹ 2,461.40 crore which was hitherto not considered for Deferred Tax Asset with consequential effect on the results for the year.

### 3.8 Accounting Standard-28 "Impairment of assets":

In the opinion of the Management, there is no impairment to the assets during the year to which Accounting Standard 28 – "Impairment of Assets" applies.

### 3.9 Accounting Standard – 29 "Provisions, Contingent Liabilities and Contingent Assets"

◆ **Provisions and contingencies recognised in Profit and Loss Account:**

₹ in crore

| Sr. No. | Break up of "Provisions and Contingencies" shown under head Expenditure in Profit and loss account | Current Year | Previous Year |
|---|---|---|---|
| a) | Provision for Taxation | | |
| | - Current Tax | 1,758.40 | 5427.24 |
| | - Deferred Tax | (9,804.79) | (3,507.06) |
| | - Write Back of Income Tax | (11.11) | (584.68) |
| b) | Provision on Non-Performing Assets | 72,217.65 | 57,155.07 |
| c) | Provision on Restructured Assets | (691.67) | (1,238.32) |
| d) | Provision on Standard Assets | (3,584.56) | 2,191.63 |
| e) | Provision for Depreciation on Investments | 8,177.30 | 1,721.96 |
| f) | Other Provisions | (103.65) | 1,460.54 |
| **Total** | | **67,957.58** | **62,626.38** |

(Figures in brackets indicate credit)

- Floating provisions:

₹ in crore

| Sr. No. | Particulars | Current Year | Previous Year |
|---|---|---|---|
| a) | Opening Balance | 193.76 | 193.76 |
| b) | Addition during the year | - | - |
| c) | Draw down during the year | - | - |
| d) | **Closing balance** | **193.76** | **193.76** |

- Description of contingent liabilities (AS - 29)

| Sr. No | Particulars | Brief Description |
|---|---|---|
| 1 | Claims against the Group not acknowledged as debts | The parent and its constituents are parties to various proceedings in the normal course of business. It does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, results of operations or cash flows. The Group is a party to various taxation matters in respect of which appeals are pending. |
| 2 | Liability on partly paid-up investments/ Venture Funds | This item represents amounts remaining unpaid towards liability for partly paid investments. This also includes undrawn commitments for Venture Capital Funds. |
| 3 | Liability on account of outstanding forward exchange contracts | The Group enters into foreign exchange contracts in its normal course of business to exchange currencies at a pre-fixed price at a future date. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. The notional amounts are recorded as contingent liabilities. With respect to the transactions entered into with its customers, SBI generally enters into off-setting transactions in the interbank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower. |
| 4 | Guarantees given on behalf of constituents, acceptances, endorsements and other obligations | As a part of its commercial banking activities, the Group issues documentary credits and guarantees on behalf of its customers. Documentary credits enhance the credit standing of the customers of the Group. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfil its financial or performance obligations. |
| 5 | Other items for which the Group is contingently liable | The Group enters into currency options, forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts. Further, these also include estimated amount of contracts remaining to be executed on capital account and not provided for, letter of comforts issued by SBI on behalf of Associates & Subsidiaries, SBI's Liability under Depositors Education and Awareness Fund A/c and other sundry contingent liabilities. |

The contingent liabilities mentioned above are dependent upon the outcome of court/arbitration/out of court settlements, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, as the case may be.

◆ Movement of provisions against contingent liabilities:

₹ in crore

| | Particulars | Current Year | Previous Year |
|---|---|---|---|
| a) | Opening Balance | 1,026.38 | 719.21 |
| b) | Additions during the year | 127.43 | 442.30 |
| c) | Amount utilised during the year | 227.72 | 7.47 |
| d) | Unused amount reversed during the year | 399.80 | 127.66 |
| e) | Closing balance | **526.29** | **1,026.38** |

**4** Inter-Bank/ Company balances between group entities are being reconciled on an ongoing basis. No material effect is expected on the profit and loss account of the current year.

**5 Reversal of Revaluation Reserve of SBI's Leasehold Properties:**

In compliance with the RBI instructions, SBI has reversed the effect of revaluation amounting to ₹ 11,210.94 crore made in earlier periods in the value of certain leasehold properties, which has resulted in write back of depreciation earlier charged amounting to ₹ 193.24 crore.

**6** RBI Circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 grants banks an option to spread provisioning on mark to market losses on investments held in AFS and HFT for the quarters ended December 31, 2017 and March 31, 2018. The circular states that the provisioning for each of these quarters may be spread equally over up to four quarters, commencing with the quarter in which the loss was incurred. The Bank has recognized the entire net mark to market loss on investments in the respective quarters and has not availed the said option

**7** The disclosures relating to the divergence for the financial year 2016-17 in respect of provisions made by SBI against non-performing assets (excluding provisions made against standard assets) mandated in circular No. DBR. BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 issued by RBI is as under:

₹ in crore

| Sr. No | Particulars | Amount |
|---|---|---|
| 1 | Gross NPAs as on 31 March, 2017, as reported by SBI | 1,12,342.99 |
| 2 | Gross NPAs as on 31 March, 2017, as assessed by RBI | 1,35,582.12 |
| 3 | Divergence in Gross NPAs (2-1) | 23,239.13 |
| 4 | Net NPAs as on 31 March, 2017, as reported by SBI | 58,277.38 |
| 5 | Net NPAs as on 31 March, 2017, as assessed by RBI | 75,795.85 |
| 6 | Divergence in Net NPAs (5-4) | 17,518.47 |
| 7 | Provisions for NPAs as on 31 March, 2017, as reported by SBI | 54,065.61 |
| 8 | Provisions for NPAs as on 31 March, 2017, as assessed by RBI | 59,786.27 |
| 9 | Divergence in provisioning (8-7)* | 5,720.66 |
| 10 | Reported Net Profit after Tax (PAT) of SBI for the year ended March 31, 2017 | 10,484.10 |
| 11 | Adjusted (notional) Net Profit after Tax (PAT) of SBI for the year ended March 31, 2017 after taking into account the divergence in provisioning | 6,743.25 |

* The net current impact of the afore-mentioned retrospective slippages due to divergences noted by RBI has been duly reflected in the results for the year ended March 31, 2018.

**8 Acquisition of Erstwhile Domestic Banking Subsidiaries (DBS) & Bharatiya Mahila Bank Limited**

a) The Government of India has accorded sanction under sub-section (2) of section 35 of the State Bank of India Act, 1955, for acquisition of five domestic banking subsidiaries (DBS) of SBI namely (i) State Bank of Bikaner & Jaipur (SBBJ), (ii) State Bank of Mysore (SBM), (iii) State Bank of Travancore (SBT), (iv) State Bank of Patiala (SBP), (v) State Bank of Hyderabad (SBH) and for acquisition of Bharatiya Mahila Bank Limited (BMBL) (hereinafter collectively referred to as Transferor Banks) vide orders dated February 22, 2017 and March 20, 2017. As per GOI orders these schemes of acquisition shall come into effect from April 01, 2017 (hereafter referred to as the effective date).

As per the said scheme, the undertakings of the Transferor Banks which shall be deemed to include all business, assets, liabilities, reserves and surplus, present or contingent and all other rights and interest arising out of such property as were immediately before the effective date in the ownership, possession or power of the Transferor Banks shall be transferred to and will vest in SBI (hereinafter referred to as Transferee Bank) on and from the effective date.

b) The eligible shareholders of the merged entities were allotted shares of SBI, as mentioned below.

| Name of the Transferor Banks | Share exchange ratio/ Issued |
|---|---|
| State Bank of Bikaner and Jaipur (SBBJ) | 28 shares of face value ₹ 1 each of SBI for every 10 shares of SBBJ of face value ₹ 10 each fully paid up aggregating to 4,88,54,308 shares of face value ₹ 1 each of SBI. |
| State Bank of Mysore (SBM) | 22 shares of face value of ₹ 1 each for every 10 shares of SBM of face value ₹ 10 each fully paid up aggregating to 1,05,58,379 shares of face value ₹ 1 each of SBI. |
| State Bank of Travancore (SBT) | 22 shares of face value of ₹ 1 each for every 10 shares of SBT of face value of ₹ 10 each fully paid up aggregating to 3,27,08,543 shares of face value ₹ 1 each of SBI. |
| Bharatiya Mahila Bank Limited (BMBL) | 4,42,31,510 shares of face value of ₹ 1 each for 100,00,00,000 shares of BMBL of face value of ₹ 10 each fully paid up. |

Further, SBI has paid cash in respect of entitlements to fraction of equity shares wherever so determined. In respect of State Bank of Patiala (SBP) and State Bank of Hyderabad (SBH) which were wholly owned entities, entire share capital of those banks were cancelled against the investments held in those entities.

c) The merger of DBS & BMBL with SBI, has been accounted under the 'pooling of interest' method as per Accounting Standard 14 (AS 14), "Accounting for amalgamation" and the approved Scheme of Acquisition. Pursuant thereto, all assets and liabilities amounting to ₹ 11,314.75 crore (net) of the transferor Banks have been recorded in the books of SBI at their existing carrying amounts as on effective date, in consideration for 13,63,52,740 shares of face value of ₹ 1 each of SBI and ₹ 0.25 crore paid in cash towards fractional entitlements as stated above and SBI's investments in e-DBS on effective date stands cancelled. The net difference between share capital of transferor banks of e-DBS & BMBL and corresponding investments by SBI and cash in lieu of fractional entitlement of shares have been transferred to Capital Reserve. The net assets taken over on amalgamation are as under:

₹ in crore

| Particulars | e-SBBJ | e-SBH | e-SBM | e-SBP | e-SBT | e-BMB | Total |
|---|---|---|---|---|---|---|---|
| **Assets taken over** | | | | | | | |
| Cash & balances with RBI | 8,596.66 | 7,328.66 | 4,669.93 | 5,242.96 | 6,858.88 | 46.64 | 32,743.73 |
| Balances with Banks & Money at Call & Short Notice | 2,002.50 | 21,453.95 | 19,167.30 | 73.59 | 23,347.74 | 635.11 | 66,680.19 |
| Investments | 34,922.37 | 43,628.77 | 23,861.63 | 32,706.10 | 40,777.06 | 707.62 | 1,76,603.55 |
| Advances | 64,830.01 | 79,375.57 | 34,474.63 | 70,018.98 | 48,617.57 | 567.49 | 2,97,884.25 |
| Fixed Assets | 1,353.65 | 1,662.33 | 1,532.58 | 1,420.45 | 995.82 | 22.68 | 6,987.51 |
| Other Assets | 4,558.73 | 9,598.12 | 5,261.05 | 13,367.08 | 5,176.53 | 50.94 | 38,012.45 |
| **Total Assets (A)** | **1,16,263.92** | **1,63,047.40** | **88,967.12** | **1,22,829.16** | **1,25,773.60** | **2,030.48** | **6,18,911.68** |
| **Liabilities taken over** | | | | | | | |
| Reserves & Surplus | 4,070.33 | 8,377.94 | 2,766.44 | 1,858.95 | 2,554.84 | - | 19,628.50 |
| Deposits | 1,04,008.73 | 1,41,898.94 | 78,474.22 | 1,00,794.63 | 1,14,688.90 | 975.77 | 5,40,841.19 |
| Borrowings | 1,553.75 | 5,619.05 | 2,648.52 | 4,071.60 | 3,035.00 | - | 16,927.92 |
| Other Liabilities & Provisions | 4,378.86 | 6,783.92 | 4,072.09 | 11,244.88 | 3,700.24 | 19.33 | 30,199.32 |
| **Total Liabilities (B)** | **1,14,011.67** | **1,62,679.85** | **87,961.27** | **1,17,970.06** | **1,23,978.98** | **995.10** | **6,07,596.93** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Net Assets taken over (A-B)** | **2,252.25** | **367.55** | **1,005.85** | **4,859.10** | **1,794.62** | **1,035.38** | **11,314.75** |
| Net difference between share capital of e-DBS & BMBL and corresponding investments by SBI | 17.44 | - | 4.79 | - | 14.88 | 1,000.01 | 1,037.12 |
| Less : | | | | | | | |
| (a) 13,63,52,740 shares of face value of ₹ 1 each issued by SBI as consideration | 4.88 | - | 1.05 | - | 3.28 | 4.43 | 13.64 |
| (b) Cash in lieu of fractional entitlement of shares | 0.12 | - | 0.09 | - | 0.04 | - | 0.25 |
| Difference transferred to Capital Reserve | **12.44** | **-** | **3.65** | **-** | **11.56** | **995.58** | **1,023.23** |

**9** On April 18, 2017, RBI through its circular advised that the provisioning rates prescribed as per the prudential norms circular are the regulatory minimum and banks are encouraged to make provisions at higher rates in respect of advances to stressed sectors of the economy. Accordingly, during year, SBI as per its Board approved policy made additional general provision amounting to ₹ 74.66 crore on standard loans to borrowers.

**10** RBI vide letter RBI 2017-18/131/DBR.No.BP.BC.101/21.04.048 /2017-18 dated February 12, 2018, issued a Revised Framework for Resolution of Stressed Assets, which superseded the existing guidelines on CDR,SDR, change in ownership outside SDR, Flexible Structuring of Existing Long term project loans (5/25 Scheme) and S4A with immediate effect. Under the revised framework, the stand-still benefits for accounts where any of these schemes had been invoked but not yet implemented were revoked and accordingly these accounts have been classified by SBI as per the extant RBI prudential norms on Income Recognition and Asset Classification.

**11** SBI has made an adhoc provision of ₹ 1,659.41 crore towards arrears of wages due for revision w.e.f November 01, 2017.

**12** Profit/(loss) on sale of investment (net) under schedule 14 "Other Income" includes ₹ 5,036.21 crore on sale of partial investment in SBI Life Insurance Company Limited.

**13** **Counter Cyclical Provisioning Buffer (CCPB)**
RBI vide Circular No. DBR.No.BP.BC.79/21.04.048/2014-15 dated March 30, 2015 on 'Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer' has allowed the banks, to utilise up to 50 per cent of CCPB held by them as on December 31, 2014, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors.

During the year, SBI has not utilized the CCPB for making specific provision for NPAs.

**14** In respect of SBI Life Insurance Company Ltd., IRDAI has issued directions under Section 34(1) of the Insurance Act, 1938 to distribute the administrative charges paid to Master policy holders vide order no. IRDA/Life/ORD/Misc/228/10/2012 dated October 5, 2012 amounting to ₹ 84.32 crore (Previous Year ₹ 84.32 crore) and to refund the excess commission paid to corporate agent vide order no. IRDA/Life/ORD/Misc/083/03/2014 dated March 11, 2014 amounting to ₹ 275.29 crore (Previous Year ₹ 275.29 crore) respectively to the members or the beneficiaries. IRDAI issued further directions dated January 11, 2017 reiterating the directions issued on October 5, 2012. The company has filed appeals against the said directions/orders with the Appellate Authorities (i.e. Ministry of Finance, Govt. of India) and Securities Appellate Tribunal (SAT). As the final orders are pending, the aforesaid amounts have been disclosed as contingent liability.

**15** The investments of life and general insurance subsidiaries have been accounted for in accordance with the IRDAI (Investment) Regulations, 2016 instead of restating the same in accordance with the accounting policy followed by SBI. The investments of insurance subsidiaries constitute approximate 9.87% (Previous Year 9.35%) of the total investments as on March 31, 2018.

**16** In accordance with RBI circular DBOD NO.BP.BC.42/21.01.02/2007-08, redeemable preference shares (if any) are treated as liabilities and the coupon payable thereon is treated as interest.

**17** In accordance with current RBI guidelines, the general clarification issued by ICAI has been considered in the preparation of the consolidated financial statements. Accordingly, additional statutory information disclosed in separate financial statements of the parent and its subsidiaries having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements in view of the Accounting Standard Interpretation issued by ICAI.

**18** a) The results for the year ended March 31, 2018 include the result of operations of the erstwhile domestic banking subsidiaries (DBS) & Bharatiya Mahila Bank Limited (BMBL) for the period from April 1, 2017 to the year end. Hence, the results of the SBI Group are not comparable to that of the corresponding previous year

b) Previous year figures have been regrouped/reclassified, wherever necessary, to confirm to current year classification. In cases where disclosures have been made for the first time in terms of RBI guidelines/Accounting Standards, previous year's figures have not been mentioned.

**Shri Dinesh Kumar Khara**
MD (Risk, IT & Subsidiaries)

**Shri P. K. Gupta**
MD (Retail & Digital Banking)

**Shri B. Sriram**
MD (Corporate & Global Banking)

In term of our Report of even date.
For **Varma and Varma**
Chartered Accountants

**Shri Rajnish Kumar**
Chairman

**Shri P R Prasanna Varma**
Partner
Mem. No. : 025854
Firm Regn. No. : 004532 S

**Mumbai**
**Dated 22nd May, 2018**

# State Bank of India

## Consolidated Cash flow statement for the year ended 31st March, 2018

(000s omitted)

| PARTICULARS | | Year ended 31.03.2018 ₹ | Year ended 31.03.2017 ₹ |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Net Profit/(Loss) before taxes (including share in profit from associates and net of minority interest) | | (12613,79,21) | 1576,73,82 |
| **Adjustments for :** | | | |
| Depreciation on Fixed Assets | | 3105,07,10 | 2914,68,43 |
| (Profit)/Loss on sale of Fixed Assets (Net) | | 30,73,27 | 43,81,46 |
| (Profit)/Loss on revaluation of Investments (Net) | | 1120,61,02 | - |
| (Profit)/Loss on sale of Investments (Net) (Investing Activity) | | (5134,30,14) | (1587,01,92) |
| Provision for diminution in fair value & Non Performing Assets | | 71525,98,80 | 55916,75,12 |
| Provision on Standard Assets | | (3584,56,16) | 2191,62,66 |
| Provision for depreciation on Investments | | 8177,30,33 | 1721,95,84 |
| Other Provisions including provision for contingencies | | (103,64,78) | 1460,54,04 |
| Share in Profit of Associates | | (438,15,98) | (293,28,42) |
| Dividend from Associates | | (15,45,97) | (3,85,50) |
| Interest on Capital Instruments | | 4554,43,06 | 5296,02,56 |
| **SUB TOTAL** | | **66624,21,34** | **69237,98,09** |
| **Adjustments for :** | | | |
| Increase/(Decrease) in Deposits | | 121391,84,57 | 345953,09,75 |
| Increase/(Decrease) in Borrowings other than Capital Instruments | | 44832,14,90 | (22743,77,32) |
| (Increase)/Decrease in Investments other than Investment in Subsidiary and Associates | | (164770,34,41) | (221333,86,62) |
| (Increase)/Decrease in Advances | | (134190,21,63) | (82542,67,86) |
| Increase/(Decrease) in Other Liabilities & Provisions | | (111,91,71) | 10789,34,61 |
| (Increase)/Decrease in Other Assets | | (22273,22,00) | (20576,17,56) |
| **SUB TOTAL** | | **(88497,48,94)** | **78783,93,09** |
| Tax refund / (Taxes paid) | | (8010,41,70) | (1377,93,39) |
| **Net cash generated from / (used in) operating activities** | **(A)** | **(96507,90,64)** | **77405,99,70** |
| **Cash flow from investing activities** | | | |
| (Increase)/Decrease in Investments in Subsidiary and Associates | | 5239,13,69 | 1585,92,52 |
| Dividend from Associates | | 15,45,97 | 3,85,50 |
| (Increase)/Decrease in Fixed Assets | | 6601,82,54 | (4423,70,61) |
| (Increase)/Decrease in Goodwill on Consolidation | | (790,65,51) | 1,80,36 |
| **Net Cash generated from / (used in) investing activities** | **(B)** | **11065,76,69** | **(2832,12,23)** |
| **Cash flow from financing activities** | | | |
| Proceeds from issue of equity share capital including share premium | | 23782,45,47 | 5674,82,91 |
| Increase/(Decrease) in Capital Instruments | | (12118,47,50) | (2289,95,25) |
| Interest on Capital Instruments | | (4554,43,06) | (5296,02,56) |

₹ in 000

| PARTICULARS | | Year ended 31.03.2018 ₹ | Year ended 31.03.2017 ₹ |
|---|---|---|---|
| Dividend paid including tax thereon | | (2416,26,71) | (2337,46,38) |
| Dividend tax paid by Subsidiaries/JVs | | (143,58,57) | (161,10,37) |
| Increase/(Decrease) in Minority Interest | | 997,46,74 | 213,24,14 |
| **Net Cash generated from / (used in) financing activities** | **(C)** | **5547,16,37** | **(4196,47,51)** |
| **Effect of exchange fluctuation on translation reserve** | **(D)** | **1305,17,53** | **(1739,70,98)** |
| **Cash and Cash equivalents received on account of acquisition of Bharatiya Mahila Bank** | **(E)** | **681,75,35** | **-** |
| **Net increase / (decrease) in cash and cash equivalents** | **(A)+(B)+(C)+(D)+(E)** | **(77908,04,70)** | **68637,68,98** |
| **Cash and Cash equivalents at the beginning of the year** | | **273197,15,53** | **204559,46,55** |
| **Cash and Cash equivalents at the end of the year** | | **195289,10,83** | **273197,15,53** |

| **Components of Cash & Cash Equivalents as at:** | **31.03.2018** | **31.03.2017** |
|---|---|---|
| Cash & Balances with Reserve Bank of India | 150769,45,69 | 161018,61,07 |
| Balances with Banks and Money at Call & Short Notice | 44519,65,14 | 112178,54,46 |
| **Total** | **195289,10,83** | **273197,15,53** |

**Shri Dinesh Kumar Khara**
MD (Risk, IT & Subsidiaries)

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MD (Retail & Digital Banking)

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MD (Corporate & Global Banking)

In term of our Report of even date.
For **Varma and Varma**
Chartered Accountants

**Shri Rajnish Kumar**
Chairman

**Shri P R Prasanna Varma**
Partner
Mem. No. : 025854
Firm Regn. No. : 004532 S

**Mumbai**
**Dated 22nd May, 2018**

# Independent Auditor's Report

To,
The Board of Directors,
State Bank of India,
Corporate Centre,
State Bank Bhavan, Mumbai

**Report on the Consolidated Financial Statements**

1. We have audited the accompanying Consolidated Financial Statements of State Bank of India (the "Bank") and its Subsidiaries, Joint Ventures and Associates (the "Group") [The entities of the Group whose Financial Statements are included in the Consolidated Financial Statements are listed in Schedule 18 - Notes to Accounts - which forms part of the Consolidated Financial Statements of the Group] which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

2. The Management of State Bank of India is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the requirements of the Accounting Standard 21 – "Consolidated Financial Statements", Accounting Standard 23 – "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard 27 – " Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India, the requirements of Reserve Bank of India, the State Bank of India Act, 1955 and other accounting principles generally accepted in India. This responsibility of the management of State Bank of India includes the design, implementation and maintenance of internal controls and risk management systems relevant to the preparation and presentation of the consolidated financial statements of the SBI Group that give a true and fair view and are free from material misstatement, whether due to fraud or error. We are informed that the management of the individual entities of the group have implemented such internal controls and risk management systems that are relevant to the preparation of the financial statements and the designed procedures that are appropriate in the circumstances so that the internal controls with regard to all the activities of the SBI Group are effective. These statements have been prepared on the basis of separate financial statements and other financial information regarding components,

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management of the entities of the Group, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us, and based on our consideration of the reports of other auditors on separate financial statements of Subsidiaries, Joint Ventures and Associates, the unaudited financial statements and the other financial information of a subsidiary and certain associates as furnished by the Management, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2018;

   (b) in the case of the Consolidated Profit and Loss Account, of the consolidated loss of the Group for the year ended on that date; and

   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**Other Matters**

7. Incorporated in these consolidated financial statements are the:

   (a) Audited accounts of the Bank audited by 14 (fourteen) Joint Auditors including us which reflect total assets of INR 34,54,752 crores as at March 31, 2018, total revenue of INR 2,65,100 crores, and net cash inflows amounting to INR 19,927 crore for the year then ended;

(b) Audited accounts of 26 (twenty six) Subsidiaries, 8 (eight) Joint Ventures and 19 (nineteen) Associates audited by other auditors whose financial statements reflects the Group's share in total assets of INR 1,76,687 crore as at March 31, 2018, the Group's share in total revenue of INR 44,143 crore, the Group's share in net cash inflows amounting to INR 2,774 crore, and the Group's share in profit from associates of INR 435 crore for the year then ended;

(c). Accounts of 1(one) Subsidiary which has been reviewed by another auditor whose financial statements reflects the Group's share in total assets of INR 312 crore as at March 31, 2018, the Group's share in total revenue of INR 15 crore, the Group's share in net cash outflows amounting to INR 0.32 crore, for the year then ended;

(d) Unaudited accounts of 1 (one) Subsidiary and 1 (one) Associates whose financial statements reflect total assets of INR 5,308 crore as at March 31, 2018, total revenue of INR 188 crore, net cash outflows amounting to INR 125 crore and the Group's share in profit from associates of INR 3 crore for the year then ended.

These financial statements and other financial information have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such subsidiaries, joint ventures and associates, is based solely on the report of the other auditors and unaudited financial statements referred to above.

8. The auditors of SBI Life Insurance Company Ltd., a subsidiary of the Group have reported that the actuarial valuation of liabilities for life policies in force is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which the premium has been discontinued but liability exists as at 31 March 2018 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDAI / "Authority"") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists on standalone financial statements of the Company.

**Emphasis of Matter**

9. We draw attention to:

a) Note no 3.2.1.1, regarding unamortized balance of INR 2,707.50 crore on account of additional liabilities towards Gratuity; and

b) Note no 3.7, regarding recognition of Deferred Tax Assets of INR 2,461.40 crore on provision for standard assets;

Our opinion is not modified in respect of the above stated matters.

For **Varma & Varma**
Chartered Accountants
FRN 004532S

**P R Prasanna Varma**
Partner
M. No.025854

Place: Mumbai
Date: 22nd May, 2018

# Pillar 3 Disclosures (Consolidated)
## as on 31.03.2018

### DF-1 : SCOPE OF APPLICATION

State Bank of India is the parent company to which the Basel III Framework applies. The consolidated financial statements of the group conform to Generally Accepted Accounting Principles (GAAP) in India which comprises the statutory provisions, Regulatory/Reserve Bank of India (RBI) guidelines, Accounting Standards/guidance notes issued by the ICAI.

(i) Qualitative Disclosures:

a. List of group entities considered for consolidation for the period ended 31.03.2018

The following subsidiaries, joint ventures and associates are considered for the preparation of consolidated financial statements of SBI Group.

| Sr. No. | Name of the entity | Country of incorporation | Whether the entity is included under accounting scope of consolidation (yes / no) | Explain the method of consolidation | Whether the entity is included under regulatory scope of consolidation (yes / no) | Explain the method of consolidation | Explain the reasons for difference in the method of consolidation | Explain the reasons if consolidated under only one of the scopes of consolidation |
|---|---|---|---|---|---|---|---|---|
| 1 | SBI Capital Markets Ltd. | India | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 2 | SBICAP Securities Ltd. | India | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 3 | SBICAP Ventures Ltd. | India | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 4 | SBICAP Trustee Company Ltd. | India | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 5 | SBICAP (UK) Ltd. | U.K. | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 6 | SBICAP (Singapore) Ltd. | Singapore | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 7 | SBI DFHI Ltd. | India | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 8 | SBI Payment Services Pvt. Ltd. | India | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 9 | SBI Global Factors Ltd. | India | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 10 | SBI Pension Funds Pvt Ltd. | India | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 11 | SBI –SG Global Securities Services Pvt. Ltd. | India | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 12 | SBI Mutual Fund Trustee Company Pvt Ltd. | India | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 13 | SBI Funds Management Pvt. Ltd. | India | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 14 | SBI Funds Management (International) Private Ltd. | Mauritius | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 15 | SBI Cards and Payment Services Pvt. Ltd. | India | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 16 | State Bank of India (California) | USA | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 17 | SBI Canada Bank | Canada | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 18 | Commercial Indo Bank Llc, Moscow | Russia | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 19 | SBI (Mauritius) Ltd. | Mauritius | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |

| Sr. No. | Name of the entity | Country of incorporation | Whether the entity is included under accounting scope of consolidation (yes / no) | Explain the method of consolidation | Whether the entity is included under regulatory scope of consolidation (yes / no) | Explain the method of consolidation | Explain the reasons for difference in the method of consolidation | Explain the reasons if consolidated under only one of the scopes of consolidation |
|---|---|---|---|---|---|---|---|---|
| 20 | PT Bank SBI Indonesia | Indonesia | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 21 | Nepal SBI Bank Ltd. | Nepal | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 22 | Nepal SBI Merchant Banking Ltd. | Nepal | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 23 | Bank SBI Botswana Ltd. | Botswana | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 24 | State Bank of India Servicos Limitada | Brazil | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 25 | State Bank of India (UK) Limited | UK | Yes | Consolidated as per AS 21 | Yes | Consolidated as per AS 21 | Not applicable | Not applicable |
| 26 | SBI Infra Management Solutions Private Limited | India | Yes | Consolidated as per AS 21 | No | Not applicable | Not applicable | Non-financial Subsidiary: Not under scope of Regulatory Consolidation |
| 27 | SBI Life Insurance Company Ltd. | India | Yes | Consolidated as per AS 21 | No | Not applicable | Not applicable | Insurance Joint Venture: Not under scope of Regulatory Consolidation |
| 28 | SBI General Insurance Company Ltd. | India | Yes | Consolidated as per AS 21 | No | Not applicable | Not applicable | Insurance Joint Venture: Not under scope of Regulatory Consolidation |
| 29 | GE Capital Business Process Management Services Pvt Ltd. | India | Yes | Consolidated as per AS 21 | No | Not applicable | Not applicable | Non-financial Joint Venture: Not under scope of Regulatory Consolidation |
| 30 | C - Edge Technologies Ltd. | India | Yes | Consolidated as per AS 27 | No | Not applicable | Not applicable | Non-financial Joint Venture: Not under scope of Regulatory Consolidation |
| 31 | SBI Macquarie Infrastructure Management Pvt. Ltd. | India | Yes | Consolidated as per AS 27 | No | Not applicable | Not applicable | Joint Venture: Not under scope of Regulatory Consolidation |
| 32 | SBI Macquarie Infrastructure Trustee Pvt. Ltd. | India | Yes | Consolidated as per AS 27 | No | Not applicable | Not applicable | Non-financial Joint Venture: Not under scope of Regulatory Consolidation |
| 33 | Macquarie SBI Infrastructure Management Pte. Ltd. | Singapore | Yes | Consolidated as per AS 27 | No | Not applicable | Not applicable | Joint Venture: Not under scope of Regulatory Consolidation |
| 34 | Macquarie SBI Infrastructure Trustee Ltd. | Bermuda | Yes | Consolidated as per AS 27 | No | Not applicable | Not applicable | Joint Venture: Not under scope of Regulatory Consolidation |
| 35 | Oman India Joint Investment Fund – Management Company Pvt. Ltd. | India | Yes | Consolidated as per AS 27 | No | Not applicable | Not applicable | Joint Venture: Not under scope of Regulatory Consolidation |
| 36 | Oman India Joint Investment Fund – Trustee Company Pvt. Ltd. | India | Yes | Consolidated as per AS 27 | No | Not applicable | Not applicable | Joint Venture: Not under scope of Regulatory Consolidation |

| Sr. No. | Name of the entity | Country of incorporation | Whether the entity is included under accounting scope of consolidation (yes / no) | Explain the method of consolidation | Whether the entity is included under regulatory scope of consolidation (yes / no) | Explain the method of consolidation | Explain the reasons for difference in the method of consolidation | Explain the reasons if consolidated under only one of the scopes of consolidation |
|---|---|---|---|---|---|---|---|---|
| 37 | Jio Payments Bank Limited | India | Yes | Consolidated as per AS 27 | No | Not applicable | Not applicable | Joint Venture: Not under scope of Regulatory Consolidation |
| 38 | Andhra Pradesh Grameena Vikas Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 39 | Arunachal Pradesh Rural Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 40 | Chhattisgarh Rajya Gramin Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 41 | Ellaquai Dehati Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 42 | Meghalaya Rural Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 43 | Langpi Dehangi Rural Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 44 | Madhyanchal Gramin Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 45 | Mizoram Rural Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 46 | Nagaland Rural Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 47 | Purvanchal Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 48 | Utkal Grameen Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 49 | Uttarakhand Gramin Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 50 | Vananchal Gramin Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 51 | Saurashtra Gramin Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |

| Sr. No. | Name of the entity | Country of incorporation | Whether the entity is included under accounting scope of consolidation (yes / no) | Explain the method of consolidation | Whether the entity is included under regulatory scope of consolidation (yes / no) | Explain the method of consolidation | Explain the reasons for difference in the method of consolidation | Explain the reasons if consolidated under only one of the scopes of consolidation |
|---|---|---|---|---|---|---|---|---|
| 52 | Rajasthan Marudhara Gramin Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 53 | Telangana Grameena Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 54 | Kaveri Grameena Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 55 | Malwa Gramin Bank | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 56 | The Clearing Corporation of India Ltd. | India | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |
| 57 | Bank of Bhutan Ltd. | Bhutan | Yes | Consolidated as per AS 23 | No | Not applicable | Not applicable | Associate: Not under scope of Regulatory Consolidation |

**b. List of group entities not considered for consolidated both under the accounting and regulatory scope of consolidation as on 31.03.2018**

| Sr. No. | Name of the entity | Country of incorporation | Principle activity of the entity | Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) | % of bank's holding in the total equity | Regulatory treatment of bank's investments in the capital instruments of the entity | Total balance sheet assets (as stated in the accounting balance sheet of the legal entity) |
|---|---|---|---|---|---|---|---|
| 1 | SBI Foundation | India | A Not-for-Profit Company to focus on Corporate Social Responsibility (CSR) Activities | 15.40 | 99.72% | Deducted from the Regulatory Capital | 15.40 |
| 2 | SBI Home Finance Ltd. | India | Under winding up | N.A. | 25.05% | Full provision available | N.A. |

(ii) Quantitative Disclosures:

c. List of group entities considered for regulatory consolidation as on 31.03.2018

(₹ In crore)

| Sr. No. | Name of the entity | Country of incorporation | Principle activity of the entity | Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) $ | Total balance sheet assets (as stated in the accounting balance sheet of the legal entity) |
|---|---|---|---|---|---|
| 1 | SBI Capital Markets Ltd. | India | Merchant Banking and Advisory Services | 1,244.38 | 1,657.02 |
| 2 | SBICAP Securities Ltd. | India | Securities Broking & its allied services and third party distribution of financial products | 217.63 | 1,620.83 |
| 3 | SBICAP Ventures Ltd. | India | Asset Management Company for Venture Capital Fund | 47.48 | 49.49 |
| 4 | SBICAP Trustee Company Ltd. | India | Corporate Trusteeship Activities | 76.26 | 133.32 |
| 5 | SBICAP (UK) Ltd. | U.K. | Arrangement of corporate finance & providing advisory services | 5.17 | 5.70 |
| 6 | SBICAP (Singapore) Ltd. | Singapore | Business & management Consultancy Services | 59.52 | 60.18 |
| 7 | SBI DFHI Ltd. | India | Primary Dealer in Govt. Securities | 891.60 | 5,659.46 |
| 8 | SBI Payment Services Pvt. Ltd. | India | Payment Solution Services | 3.80 | 5.61 |
| 9 | SBI Global Factors Ltd. | India | Factoring Activities | 320.58 | 1,151.87 |
| 10 | SBI Pension Funds Pvt Ltd. | India | Management of assets of NPS Trust allocated to them | 36.50 | 37.09 |
| 11 | SBI –SG Global Securities Services Pvt. Ltd. | India | Custody and Fund accounting services | 125.45 | 131.62 |
| 12 | SBI Mutual Fund Trustee Company Pvt Ltd. | India | Trusteeship Services to schemes floated by SBI Mutual Fund | 27.03 | 27.11 |
| 13 | SBI Funds Management Pvt. Ltd. | India | Asset Management Services to schemes floated by SBI Mutual Fund | 1,018.80 | 1,290.96 |
| 14 | SBI Funds Management (International) Private Ltd. | Mauritius | Investment Management Services | 0.85 | 1.79 |
| 15 | SBI Cards and Payment Services Pvt. Ltd. | India | Credit Cards Business | 1,814.02 | 14,893.87 |
| 16 | GE Capital Business Process Management Services Pvt Ltd. | India | Card Processing and Other Services | 326.40 | 569.93 |
| 17 | State Bank of India (California) | USA | Banking Services | 862.69 | 4,752.45 |
| 18 | SBI Canada Bank | Canada | Banking Services | 706.90 | 5,307.77 |
| 19 | Commercial Indo Bank Llc. , Moscow | Russia | Banking Services | 233.35 | 823.56 |
| 20 | SBI (Mauritius) Ltd. | Mauritius | Banking Services | 1,054.85 | 7,318.96 |
| 21 | PT Bank SBI Indonesia | Indonesia | Banking Services | 610.97 | 2,102.24 |
| 22 | Nepal SBI Bank Ltd. | Nepal | Banking Services | 761.77 | 6,530.60 |
| 23 | Nepal SBI Merchant Banking Ltd. | Nepal | Merchant Banking and Advisory Services | 12.96 | 13.25 |
| 24 | Bank SBI Botswana Ltd. | Botswana | Banking Services | 75.54 | 312.21 |
| 25 | State Bank of India Servicos Limitada | Brazil | Representative Office Services | 1.94 | 2.01 |

$ Comprises of Equity Capital and Reserve & Surplus

(d) The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:

| Name of the Subsidiaries/Country of incorporation | Principle activity of the entity | Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) | % of Bank's holding in the total equity | Capital Deficiency |
|---|---|---|---|---|
| | | NIL | | |

(e) The aggregate amount (e.g. current book value) of the Bank's total interests in Insurance entities, which are risk weighted:

| Name of the Insurance entities/Country of incorporation | Principle activity of the entity | Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) | % of Bank's holding in the total equity | Quantitative impact on regulatory capital of using risk weighting method Vs using the full deduction method |
|---|---|---|---|---|
| | | NIL | | |

(f) Any restrictions or impediments on transfer of funds or regulatory capital within banking group:

| Subsidiaries | Restriction |
|---|---|
| SBI California | As per regulations, the only way to transfer capital to parent bank is to pay dividends or buyback shares or capital repatriation to parent bank. |
| SBI Canada | Prior permission from the regulatory (OSFI) before transferring any type of capital (equity or debt) to parent bank. |
| Bank SBI Botswana Ltd. | Only after permission of the Bank of Botswana the transfer of regulatory capital within the banking group/Group company is allowed. The same to be approved by the Board with Statutory Auditor certificate for the capital maintained by the bank on date. |
| SBI Mauritius Ltd. | There are regulatory restrictions for the reduction of the Bank's capital to be paid back to the shareholders including the parent bank. Any reduction in capital can be made either through payment of dividend or reduction in stated capital as provided in the banking act and the companies Act of Mauritius. The amount to be paid is subject to SBIML maintaining adequate capital and the liquidity ratio as per the regulatory requirements.<br>(a) The central bank shall not grant, and no bank shall hold, a banking license unless it maintains and continues to maintain in Mauritius, an amount paid as stated capital or an amount of assigned capital or not less than 200 million rupees of the equivalent.<br>(b) Every bank shall maintain in Mauritius, capital of not less than 10%, or such higher ratio as may be determined by the central bank, of such of that bank's risk assets and of other types of risks. |
| Bank SBI Indonesia | The Bank maintains a minimum regulatory capital to be able to operate as a Book II bank as well as a forex bank. However, transfer of funds as dividend to parent bank is allowed on 31st March 2018 after generation of sufficient profit. |
| Nepal SBI Bank Ltd. | Under the laws of Nepal, Assets and Liabilities of the Company are exclusive and non-transferable. Hence, the transfer of funds or regulatory capital within the banking group is not possible. |
| CIBL | There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group. |

## DF-2 : CAPITAL ADEQUACY

**Qualitative Disclosures**

| | |
|---|---|
| (a) A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities | • The Bank and its Banking Subsidiaries undertake the Internal Capital Adequacy Assessment Process (ICAAP) on an annual basis in line with the New Capital Adequacy Framework (NCAF) Guidelines of RBI. The ICAAP details the capital planning process and carries out an assessment covering measurement, monitoring, internal controls, reporting, capital requirement and stress testing of the following Risks:<br>◆ Credit Risk<br>◆ Operational Risk<br>◆ Liquidity Risk<br>◆ Compliance Risk<br>◆ Pension Fund Obligation Risk<br>◆ Reputation Risk<br>◆ Residual Risk from Credit Risk Mitigants<br>◆ Settlement Risk<br>◆ Talent Risk<br>◆ Market Risk<br>◆ Credit Concentration Risk<br>◆ Interest Rate Risk in the Banking Book<br>◆ Country Risk<br>◆ New Businesses Risk<br>◆ Strategic Risk<br>◆ Model Risk<br>◆ Contagion Risk<br>◆ Securitization Risk<br>◆ Cyber Risk<br>• Sensitivity Analysis is conducted annually or more frequently as required, on the movement of Capital Adequacy Ratio (CAR) in the medium horizon of 3 to 5 years, considering the projected investment in Subsidiaries / Joint Ventures by SBI and growth in Advances by SBI and its Subsidiaries (Domestic / Foreign). This analysis is done for the SBI and SBI Group separately.<br>• CRAR of the Bank and for the Group as a whole is estimated to be well above the Regulatory CAR in the medium horizon of 3 to 5 years. However, to maintain adequate capital, the Bank has options to augment its capital resources by raising Subordinated Debt and Perpetual Debt Instruments, besides Equity as and when required.<br>• Strategic Capital Plan for the Foreign Subsidiaries covers an assessment of capital requirement for growth of assets and the capital required complying with various local regulatory requirements and prudential norms. The growth plan is approved by the parent bank after satisfying itself about the capacity of the individual subsidiaries to raise CET 1 / AT 1 / Tier 2 Capital to support the increased level of assets and at the same time maintaining the Capital Adequacy Ratio (CAR). |
| Quantitative Disclosures | |
| (b) Capital requirements for credit risk: | |
| • Portfolios subject to standardized approach | ₹ 1,35,025.34 crore |
| • Securitization exposures | Nil |
| | ---------- |
| | **Total ₹ 1,35,025.34 crore** |

| | |
|---|---|
| (c) Capital requirements for market risk: | |
| • Standardized duration approach; | |
| - Interest Rate Risk | ₹14,481.78 crore |
| - Foreign Exchange Risk(including gold) | ₹ 173.77 crore |
| - Equity Risk | ₹ 4,959.00 crore |
| | ---------- |
| | **Total ₹ 19,614.55 crore** |
| (d) Capital requirements for operational risk: | |
| • Basic Indicator Approach | ₹ 17,971.97 crore |
| • The Standardized Approach (if applicable) | ---------- |
| | **Total ₹ 17,971.97 crore** |

(e) Common Equity Tier 1, Tier 1 and Total Capital Ratios:

- For the top consolidated group; and
- For significant bank subsidiaries (stand alone or sub-consolidated depending on how the Framework is applied)

**CAPITAL ADEQUACY RATIOS AS ON 31.03.2018**

| | CET 1 (%) | Tier 1 (%) | Total (%) |
|---|---|---|---|
| SBI Group | **9.86** | **10.53** | **12.72** |
| State Bank of India | **9.68** | **10.36** | **12.60** |
| SBI (Mauritius) Ltd. | **19.39** | **19.39** | **20.47** |
| State Bank of India (Canada) | **14.79** | **14.79** | **16.90** |
| State Bank of India (California) | **17.60** | **17.60** | **18.65** |
| Commercial Indo Bank LLC, Moscow | **34.15** | **34.15** | **34.15** |
| Bank SBI Indonesia | **34.04** | **34.04** | **34.90** |
| Nepal SBI Bank Ltd. | **14.67** | **14.67** | **16.79** |
| Bank SBI Botswana Ltd. | **30.55** | **30.55** | **30.86** |

**DF-3: CREDIT RISK: GENERAL DISCLOSURES**

**As on 31.03.2018**

**Qualitative Disclosures**

- **Definitions of past due and impaired assets (for accounting purposes)**

**Non-performing assets**

An asset becomes non-performing when it ceases to generate income for the Bank. As from 31st March 2006, a non-performing Asset (NPA) is an advance where

(i) Interest and/or instalment of principal remain 'overdue' for a period of more than 90 days in respect of a Term Loan

(ii) The account remains 'out of order' for a period of more than 90 days, in respect of an Overdraft/Cash Credit (OD/CC)

(iii) The bill remains 'overdue' for a period of more than 90 days in the case of bills purchased and discounted

(iv) Any amount to be received remains 'overdue' for a period of more than 90 days in respect of other accounts

(v) A loan granted for short duration crops is treated as NPA, if the instalment of principal or interest thereon remains overdue for two crop seasons and a loan granted for long duration crops is treated as NPA, if instalment of principal or interest thereon remains overdue for one crop season

(vi) An account would be classified as NPA only if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter.

(vii) The amount of a liquidity facility remains outstanding for more than 90 days, in respect of securitization transactions undertaken in accordance with the RBI guidelines on securitization dated February 1, 2006.

(viii) In respect of derivative transactions, the overdue receivables representing the positive mark to market value of a derivative contract, remain unpaid for a period of 90 days from the specified due date for payment.

**'Out of Order' status**

An account is treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power.

In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Bank's Balance Sheet, or where credits are not enough to cover the interest debited during the same period, such accounts are treated as 'out of order'.

**'Overdue'**

Any amount due to the Bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank.

- Discussion of the Bank's Credit Risk Management Policy

The Bank has an integrated Credit Risk Management, Credit Risk Mitigation and Collateral Management Policy in place which is reviewed annually. Over the years, the policy & procedures in this regard have been refined as a result of evolving concepts and actual experience. The policy and procedures have been aligned to the approach laid down in Basel-II and RBI guidelines.

Credit Risk Management encompasses identification, assessment, measurement, monitoring and control of the credit risk in exposures.

In the processes of identification and assessment of Credit Risk, the following functions are undertaken:
(i) Developing and refining the Credit Risk Assessment (CRA) Models/Scoring Models to assess the Counterparty Risk, by taking into account the various risks categorized broadly into Financial, Business, Industrial and Management Risks, each of which is scored separately.
(ii) Conducting industry research to give specific policy prescriptions and setting quantitative exposure parameters for handling portfolio in large / important industries, by issuing advisories on the general outlook for the Industries / Sectors, from time to time.

The measurement of Credit Risk involves computation of Credit Risk Components viz Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD).

The monitoring and control of Credit Risk includes setting up exposure limits to achieve a well-diversified portfolio across dimensions such as single borrower, group borrower and industries. For better risk management and avoidance of concentration of Credit Risks, internal guidelines on prudential exposure norms in respect of individual companies, group companies, Banks, individual borrowers, non-corporate entities, sensitive sectors such as capital market, real estate, sensitive commodities, etc., are in place. Credit Risk Stress Tests are conducted at half yearly interval to identify vulnerable areas for initiating corrective action, where necessary.

The Bank has also a Loan Policy which aims at ensuring that there is no undue deterioration in quality of individual assets within the portfolio. Simultaneously, it also aims at continued improvement of the overall quality of assets at the portfolio level, by establishing a commonality of approach regarding credit basics, appraisal skills, documentation standards and awareness of institutional concerns and strategies, while leaving enough room for flexibility and innovation

The Bank has processes and controls in place in regard to various aspects of Credit Risk Management such as appraisal, pricing, credit approval authority, documentation, reporting and monitoring, review and renewal of credit facilities, management of problem loans, credit monitoring, etc. The Bank also have a system of Credit Audit with the aims of achieving continuous improvement in the quality of the Commercial Credit portfolio with exposure of ₹ 10 crore and above. Credit Audit covers audit of credit sanction decisions at various levels. Both the pre-sanction process and post-sanction position are examined as a part of the Credit Audit System. Credit Audit also examines identified Risks and suggests Risk Mitigation Measures.

**Quantitative Disclosures as on 31.03.2018**

**(Insurance entities, JVs & Non-financial entities excluded)**

(₹ In crore)

| | Quantitative Disclosures | Fund Based | Non-Fund Based | Total |
|---|---|---|---|---|
| b | Total Gross Credit Risk Exposures | 2074462.60 | 391795.47 | 2466258.07 |
| c | Geographic Distribution of Exposures: FB / NFB | | | |
| | Overseas | 307767.00 | 28249.54 | 336016.54 |
| | Domestic | 1766695.60 | 363545.93 | 2130241.53 |
| d | Industry Type Distribution of Exposures Fund based / Non Fund Based separately | Please refer to Table "A" | | |
| e | Residual Contractual Maturity Breakdown of Assets | Please refer to Table "B" | | |

(₹ In crore)

| | Quantitative Disclosures | | | Total |
|---|---|---|---|---|
| f | Amount of NPAs (Gross) i.e. Sum of (i to v) | | | 225104.51 |
| | i. Substandard | | | 50899.22 |
| | ii. Doubtful 1 | | | 56099.14 |
| | iii. Doubtful 2 | | | 94403.66 |
| | iv. Doubtful 3 | | | 15502.04 |
| | v. Loss | | | 8200.45 |
| g | Net NPAs | | | 111523.30 |
| h | NPA Ratios | | | |
| | i) Gross NPAs to gross advances | | | 10.85% |
| | ii) Net NPAs to net advances | | | 5.69% |
| i | Movement of NPAs (Gross) | | | |
| | i) Opening balance | | | 113676.74 |
| | ii) Additions | | | 161475.03 |
| | iii) Reductions | | | 50047.26 |
| | iv) Closing balance | | | 225104.51 |
| j | Movement of provisions for NPAs | | | |
| | i) Opening balance | | | 54670.69 |
| | ii) Provisions made during the period | | | 99752.13 |
| | iii) Write-off | | | 40808.72 |
| | iv) Write-back of excess provisions | | | 32.89 |
| | v) Closing balance | | | 113581.21 |
| k | Write-offs and recoveries that have been booked directly to the Income St. | | | 4737.77 |
| l | Amount of Provisions held for Non-Performing Investments | | | 2584.12 |
| m | Movement of Provisions for Depreciation on Investments | | | |
| | Opening balance | | | 649.02 |
| | Provisions made during the period | | | 6273.35 |
| | Add: Foreign Exchange Revaluation Adj. | | | 0.00 |
| | Write-off | | | 159.95 |
| | Write-back of excess provisions | | | 235.72 |
| | Closing balance | | | 6526.33 |
| n | By major industry or counter party type | | | |
| | Amt. of NPA and if available, past due loans, provided separately | | | 143966.31 |
| | Specific & general provisions; and | | | - |
| | Specific provisions and write-offs during the current period | | | - |
| o | Amt. of NPAs and past due loans provided separately by significant geographical areas including specific and general provisions | | | - |
| | Provisions | | | |

**Table- A: DF-3 (d) Industry Type Distribution of Exposures as on 31.03.2018**

(₹ In crore)

| Code | Industry | Fund Based [Outstanding-O/s)] | | | Non-Fund Based(O/s) |
|---|---|---|---|---|---|
| | | Standard | NPA | Total | |
| 1 | Coal | 2243.57 | 1240.60 | 3484.17 | 2416.80 |
| 2 | Mining | 4911.17 | 507.39 | 5418.56 | 2212.25 |
| 3 | Iron & Steel | 71119.25 | 53247.37 | 124366.62 | 21967.17 |
| 4 | Metal Products | 31452.32 | 4151.94 | 35604.26 | 6590.78 |
| 5 | All Engineering | 26171.53 | 12020.85 | 38192.38 | 73267.70 |
| 5.1 | Of which Electronics | 3322.73 | 3279.81 | 6602.54 | 3713.83 |
| 6 | Electricity | 3268.46 | 0.00 | 3268.46 | 55.97 |
| 7 | Cotton Textiles | 24144.32 | 11327.80 | 35472.12 | 1788.00 |
| 8 | Jute Textiles | 414.71 | 61.17 | 475.88 | 37.65 |
| 9 | Other Textiles | 13597.23 | 3565.10 | 17162.33 | 1806.73 |
| 10 | Sugar | 6687.30 | 678.67 | 7365.97 | 1038.73 |
| 11 | Tea | 579.30 | 173.32 | 752.62 | 93.34 |
| 12 | Food Processing | 49482.80 | 8906.91 | 58389.71 | 2423.05 |
| 13 | Vegetable Oils &Vanaspati | 3899.65 | 2548.45 | 6448.10 | 2222.45 |
| 14 | Tobacco / Tobacco Products | 485.34 | 22.46 | 507.80 | 292.20 |
| 15 | Paper / Paper Products | 3903.85 | 878.25 | 4782.10 | 885.80 |
| 16 | Rubber / Rubber Products | 8257.65 | 648.08 | 8905.73 | 2303.52 |
| 17 | Chemicals / Dyes / Paints etc. | 87274.81 | 3830.02 | 91104.83 | 48873.24 |
| 17.1 | Of which Fertilizers | 14339.99 | 424.05 | 14764.04 | 4216.06 |
| 17.2 | Of which Petrochemicals | 45727.91 | 321.86 | 46049.77 | 38585.70 |
| 17.3 | Of which Drugs &Pharma | 9900.18 | 1904.78 | 11804.96 | 1649.65 |
| 18 | Cement | 8203.65 | 1089.65 | 9293.30 | 3550.24 |
| 19 | Leather & Leather Products | 2429.25 | 277.68 | 2706.93 | 362.01 |
| 20 | Gems & Jewellery | 12693.13 | 2242.65 | 14935.78 | 2488.56 |
| 21 | Construction | 24910.98 | 1823.43 | 26734.41 | 6708.64 |
| 22 | Petroleum | 28474.74 | 4084.51 | 32559.25 | 18721.10 |
| 23 | Automobiles & Trucks | 9589.81 | 3628.03 | 13217.84 | 6212.10 |
| 24 | Computer Software | 2570.21 | 70.69 | 2640.90 | 1241.91 |
| 25 | Infrastructure | 222107.72 | 58206.11 | 280313.83 | 91144.46 |
| 25.1 | Of which Power | 145270.79 | 31708.25 | 176979.04 | 28453.01 |
| 25.2 | Of which Telecommunication | 13059.30 | 8573.03 | 21632.33 | 14616.17 |
| 25.3 | Of which Roads & Ports | 28347.94 | 9001.68 | 37349.62 | 22695.73 |
| 26 | Other Industries | 262967.80 | 20928.98 | 283896.78 | 49860.96 |
| 27 | NBFCs & Trading | 249720.30 | 9776.92 | 259497.21 | 30014.03 |
| 28 | Residual Advances | 687797.26 | 19167.47 | 706964.73 | 13216.08 |
| | **Total** | **1849358.09** | **225104.50** | **2074462.60** | **391795.47** |

**Table- B**

**DF-3 (e) SBI (CONSOLIDATED) Residual contractual maturity breakdown of assets as on 31.03.2018***

(₹ In crore)

| | INFLOWS | 1-14 days | 15-30 days | 31 days &upto 2 months | More than 2 months &upto 3 months | Over 3 months &upto 6 months | Over 6 months &upto 1 year | Over 1 year &upto 3 years | Over 3 years &upto 5 years | Over 5 years | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Cash | 15675.47 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15675.47 |
| 2 | Balances with RBI | 32650.39 | 1548.72 | 1920.16 | 1726.33 | 4719.60 | 15328.26 | 23603.34 | 14302.63 | 39174.09 | 134973.52 |
| 3 | Balances with other Banks | 37425.46 | 1638.56 | 2960.73 | 2507.49 | 791.29 | 846.38 | 1075.91 | 268.25 | 37.64 | 47551.71 |
| 4 | Investments | 14235.50 | 7192.44 | 43021.23 | 29602.85 | 33704.01 | 56156.56 | 166247.81 | 175314.24 | 547315.98 | 1072790.62 |
| 5 | Advances | 58466.85 | 99014.15 | 50090.98 | 54401.62 | 120962.42 | 276785.82 | 291710.82 | 253998.45 | 722696.69 | 1968127.80 |
| 6 | Fixed Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.22 | 11.53 | 40380.96 | 40395.71 |
| 7 | Other Assets | 54482.56 | 19727.35 | 17459.44 | 17325.34 | 23544.15 | 19091.24 | 18747.60 | 18571.79 | 40154.02 | 229103.49 |
| | **TOTAL** | **212936.23** | **129121.22** | **115452.54** | **115563.63** | **183721.47** | **368208.26** | **501388.70** | **462466.89** | **1419759.38** | **3508618.32** |

*Notes:

i) Insurance entities, Non-financial entities, JVs, Special Purpose Vehicles & Intra-group Adjustments are excluded.

ii) Investments include Non-performing Investments and Advances includes Non-performing Advances.

iii) The Bucketing structure has been revised based on the RBI guidelines dated March 23, 2016.

## DF-4: CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

### Qualitative Disclosures

- **Names of Credit Rating Agencies used, plus reasons for any changes**

As per RBI Guidelines, the Bank has identified CARE, CRISIL, ICRA, India Rating, SMERA, Brickwork (Domestic Credit Rating Agencies), INFOMERICS, FITCH, Moody's, INFOMERICS and S&P (International Rating Agencies) as approved Rating Agencies, for the purpose of rating Domestic and Overseas Exposures, respectively, whose ratings are used for the purpose of computing Risk-weighted Assets and Capital Charge.

- **Types of exposures for which each Agency is used**

(i) For Exposures with a contractual maturity of less than or equal to one year (except Cash Credit, Overdraft and other Revolving Credits), Short-term Ratings given by approved Rating Agencies are used.

(ii) For Cash Credit, Overdraft and other Revolving Credits (irrespective of the period) and for Term Loan exposures of over 1 year, Long Term Ratings are used.

- **Description of the process used to transfer Public Issue Ratings onto comparable assets in the Banking Book**

The key aspects of the Bank's external ratings application framework are as follows:

- All long term and short term ratings assigned by the credit rating agencies specifically to the Bank's long term and short term exposures respectively are considered by the Bank as issue specific ratings.
- Foreign sovereign and foreign bank exposures are risk-weighted based on issuer ratings assigned to them.
- The Bank ensures that the external rating of the facility/ borrower has been reviewed at least once by the ECAI during the previous 15 months and is in force on the date of its application.
- Where multiple issuer ratings are assigned to an entity by various credit rating agencies, In this context, the lower rating, where there are two ratings and the second-lowest rating where there are three or more ratings are used for a given facility.

Long-term Issue Specific Ratings (For the Bank's own exposures or other issuance of debt by the same borrower-constituent/counter-party) or Issuer (borrower-constituents/counter-party) Ratings are applied to other unrated exposures of the same borrower-constituent/counter-party in the following cases:

- If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures, any other unrated exposure on the same counter-party is assigned the same Risk Weight, if the exposure ranks paripassu or junior to the rated exposure in all respects.
- In cases where the borrower-constituent/counter-party has issued a debt (which is not a borrowing from the Bank), the rating given to that debt is applied to the Bank's unrated exposures, if the Bank's exposure ranks paripassu or senior to the specific rated debt in all respects and the maturity of unrated Bank's exposure is not later than the maturity of the rated debt

**Quantitative Disclosures as on 31.03.2018**

(₹ In crore)

| | | Amount |
|---|---|---|
| (b) For exposure amounts after risk mitigation subject to the Standardized Approach, amount of group's outstanding (rated and unrated) in each risk bucket as well as those that are deducted. | Below 100% Risk Weight | 1632686.41 |
| | 100% Risk Weight | 494004.93 |
| | More than 100% Risk Weight | 339566.73 |
| | Deducted | 0.00 |
| | **Total** | **2466258.07** |

## DF-5: CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES

### (a) Qualitative Disclosures

- **Policies and Processes for, and indication of the extent to which the bank makes use of, on-and off-balance Sheet netting**

On-balance sheet netting is confined to loans/advances and deposits, where the Bank have legally enforceable netting arrangements, involving specific lien with proof of documentation. The Bank calculates capital requirements on the basis of net credit exposures subject to the following conditions:

Where bank,

a. has a well-founded legal basis for concluding that the netting or offsetting agreement is enforceable in each relevant jurisdiction regardless of whether the counterparty is insolvent or bankrupt;

b. is able at any time to determine the loans/advances and deposits with the same counterparty that are subject to the netting agreement; and

c. monitors and controls the relevant exposures on a net basis, it may use the net exposure of loans/advances and deposits as the basis for its capital adequacy calculation. Loans/advances are treated as exposure and deposits as collateral

- **Policies and Processes for Collateral Valuation and Management**

The Bank has an integrated Credit Risk Management, Credit Risk Mitigation and Collateral Management Policy in place which is reviewed annually. Part B of this policy deals with Credit Risk Mitigation and Collateral Management, addressing the Bank's approach towards the credit risk mitigants used for capital calculation.

The objective of this Policy is to enable classification and valuation of credit risk mitigants in a manner that allows regulatory capital adjustment to reflect them.

The Policy adopts the Comprehensive Approach, which allows full offset of collateral (after appropriate haircuts), wherever applicable against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. The following issues are addressed in the Policy :

(i) Classification of credit risk-mitigants

(ii) Acceptable credit risk-mitigants

(iii) Documentation and legal process requirements for credit risk-mitigants

(iv) Valuation of collateral

(v) Margin and Haircut requirements

(vi) External ratings

(vii) Custody of collateral

(viii) Insurance

(ix) Monitoring of credit risk mitigants

(x) General guidelines.

- **Description of the main types of collateral taken by the Bank**

The following collaterals are usually recognised as Credit Risk Mitigants under the Standardised Approach :

Cash or Cash equivalent (Bank Deposits/NSCs/KVP/LIC Policy, etc.)

Gold

Securities issued by Central / State Governments

Debt Securities rated BBB- or better/ PR3/P3/F3/A3 for Short-Term Debt Instrument

- **Main types of Guarantor Counterparty and their creditworthiness**

  The Bank accepts the following entities as eligible guarantors, in line with RBI guidelines :

  - Sovereign, Sovereign entities [including Bank for International Settlements (BIS), International Monetary Fund (IMF), European Central Bank and European Community as well as Multilateral Development Banks, Export Credit & Guarantee Corporation (ECGC) and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)], Public Sector Enterprises (PSEs), Banks and Primary Dealers with a lower risk weight than the counterparty.
  - Other guarantors having an external rating of AA or better. In case the guarantor is a parent company, affiliate or subsidiary, they should enjoy a risk weight lower than the obligor for the guarantee to be recognised by the Bank. The rating of the guarantor should be an entity rating which has factored in all the liabilities and commitments (including guarantees) of the entity.

**Information about (Market or Credit) risk concentrations within the mitigation taken:**

The Bank has a well-dispersed portfolio of assets which are secured by various types of collaterals, such as:-

- Eligible financial collaterals listed above
- Guarantees by sovereigns and well-rated corporates,
- Fixed assets and current assets of the counterparty.

| Quantitative Disclosures as on 31.03.2018 | | (₹ In crore) |
|---|---|---|
| (b) | For each separately disclosed credit risk portfolio the total exposure (after, where applicable, on- or off balance sheet netting) that is covered by eligible financial collateral after the application of haircuts. | 240264.68 |
| c) | For each separately disclosed portfolio the total exposure (after, where applicable, on- or off-balance sheet netting) that is covered by guarantees/credit derivatives (whenever specifically permitted by RBI) | 17484.86 |

**DF-6: SECURITISATION EXPOSURES: DISCLOSURE FOR STANDARDISED APPROACH**

**As on 31.03.2018**

| | **Qualitative Disclosures** | |
|---|---|---|
| **(a)** | The general qualitative disclosure requirement with respect to securitisation including a discussion of: | |
| | The bank's objectives in relation to securitisation activity, including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the bank to other entities. | Nil |
| | The nature of other risks (e.g. liquidity risk) inherent in securitised assets; | Not Applicable |
| | The various roles played by the bank in the securitisation process (For example: originator, investor, servicer, provider of credit enhancement, liquidity provider, swap provider@, protection provider#) and an indication of the extent of the bank's involvement in each of them;<br>@ A bank may have provided support to a securitisation structure in the form of an interest rate swap or currency swap to mitigate the interest rate/currency risk of the underlying assets, if permitted as per regulatory rules.<br># A bank may provide credit protection to a securitisation transaction through guarantees, credit derivatives or any other similar product, if permitted as per regulatory rules. | Not Applicable |
| | A description of the processes in place to monitor changes in the credit and market risk of securitisation exposures (for example, how the behaviour of the underlying assets impacts securitisation exposures as defined in para 5.16.1 of the Master Circular on NCAF dated July 1, 2012). | Not Applicable |
| | A description of the bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitisation exposures; | Not Applicable |
| **(b)** | Summary of the bank's accounting policies for securitization activities, including: | |
| | Whether the transactions are treated as sales or financings; | Not Applicable |
| | Methods and key assumptions (including inputs) applied in valuing positions retained or purchased | Not Applicable |
| | Changes in methods and key assumptions from the previous period and impact of the changes; | Not Applicable |
| | Policies for recognising liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitised assets. | Not Applicable |
| **(c )** | In the banking book, the names of ECAIs used for securitisations and the types of securitisation exposure for which each agency is used. | Not Applicable |
| | **Quantitative Disclosures: Banking Book** | |
| **(d)** | The total amount of exposures securitised by the bank. | Nil |
| **(e)** | For exposures securitised losses recognised by the bank during the current period broken by the exposure type (e.g. Credit cards, housing loans, auto loans etc. detailed by underlying security) | Nil |

| | | |
|---|---|---|
| **(f)** | Amount of assets intended to be securitised within a year | Nil |
| **(g)** | Of (f), amount of assets originated within a year before securitisation. | Not Applicable |
| **(h)** | The total amount of exposures securitised (by exposure type) and unrecognised gain or losses on sale by exposure type. | Nil |
| **(i)** | Aggregate amount of: | |
| | On-balance sheet securitisation exposures retained or purchased broken down by exposure type and | Nil |
| | Off-balance sheet securitisation exposures broken down by exposure type | Nil |
| **(j)** | Aggregate amount of securitisation exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach | Nil |
| | Exposures that have been deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type). | Nil |
| | Quantitative Disclosures: Trading Book | |
| **(k)** | Aggregate amount of exposures securitised by the bank for which the bank has retained some exposures and which is subject to the market risk approach, by exposure type. | Nil |
| **(l)** | Aggregate amount of: | |
| | On-balance sheet securitisation exposures retained or purchased broken down by exposure type; and | Nil |
| | Off-balance sheet securitisation exposures broken down by exposure type. | Nil |
| **(m)** | Aggregate amount of securitisation exposures retained or purchased separately for: | Nil |
| | Securitisation exposures retained or purchased subject to Comprehensive Risk Measure for specific risk; and | Nil |
| | Securitisation exposures subject to the securitisation framework for specific risk broken down into different risk weight bands. | Nil |
| **(n)** | Aggregate amount of: | |
| | The capital requirements for the securitisation exposures, subject to the securitisation framework broken down into different risk weight bands. | Nil |
| | Securitization exposures that are deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital(by exposure type). | Nil |

**DF 7: MARKET RISK IN TRADING BOOK**

**As on 31.03.2018**

**(a) QUALITATIVE DISCLOSURES:**

(1) The Bank follows Standardised Measurement Method (SMM) for computing capital requirement for Market Risk.

(2) Market Risk Management Department (MRMD) is functioning as a part of Risk Management Department of the Bank, in terms of Governance structure approved by the Board of the Bank.

(3) MRMD is responsible for identification, assessment, monitoring and reporting of market risk associated with Treasury Operations.

(4) The following Board approved policies with defined Market Risk Management parameters for each asset class are in place:

- (a) Market Risk Management Policy
- (b) Market Risk Limits
- (c) Investment Policy
- (d) Trading Policy
- (e) Stress Test Policy for Market Risk

(5) Risk monitoring is an ongoing process and risk positions are analysed and reported to Top Management of the Bank, Market Risk Management Committee and Risk Management Committee of the Board.

(6) Risk management and reporting is based on parameters such as Modified Duration, PV01, Option Greeks, Maximum permissible exposures, Value at Risk Limits, Concentration Risk Limits, Cut Loss Trigger and Management Action Triggers, in line with global best practices.

(7) Forex Open position limit (Daylight/Overnight), Stop Loss Limit, Aggregate Gap Limit (AGL), Individual Gap Limit (IGL) as approved by the Board is monitored and exceptions, if any, is reported to Top Management of the Bank, Market Risk Management Committee and Risk Management Committee of the Board.

(8) Value at Risk (VaR) is computed on a daily basis. Back-Testing of VaR number is carried out on daily basis. Stress Testing is carried out at quarterly intervals as a complement to Value at Risk. Results are reported to Top Management of the Bank, Market Risk Management Committee and Risk Management Committee of the Board.

(9) Respective Foreign offices monitor risk of their investment portfolio, as per the local regulatory and RBI stipulations. Stop Loss limit for individual investments and exposure limits for certain portfolios have been prescribed.

(10) Bank has submitted Letter of Intent (LOI) to RBI to migrate to advanced approach i.e. Internal Models Approach for calculating capital charge for market risk and.

**(b) QUANTITATIVE DISCLOSURES:**

**CAPITAL CHARGE ON MARKET RISK**

Bank maintains Capital Charge for Market Risk under the Standardised measurement method as under.

(₹ in crore)

| Category | 31.03.2018 |
|---|---|
| Interest rate Risk (including Derivatives) | 14481.79 |
| Equity Position Risk | 4958.99 |
| Foreign Exchange Risk | 173.77 |
| **Total** | **19614.55** |

**DF–8: OPERATIONAL RISK**

**As on 31.03.2018**

**Qualitative disclosures**

**A. The structure and organization of Operational Risk Management function**

- The Operational Risk Management Department functions in SBI as part of the Integrated Risk Governance Structure under the control of respective Chief Risk Officer. In SBI, Chief Risk Officer reports to MD (Risk, IT & Subsidiaries)
- The operational risk related issues in other Group entities are being dealt with as per the requirements of the business model and their regulators under the overall control of Chief Risk Officers of respective entities.

**B. Policies for control and mitigation of Operational Risk in SBI**

The following Policies, Framework Documents and Manuals are in place in SBI:

Policies and Framework Documents

- Operational Risk Management policy, encompasses Operational Risk Management Framework for systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the Operational Risks
- Loss Data Management Policy;
- External Loss Data Management Policy;
- IS Policy;
- IT Policy;
- Business Continuity Planning (BCP) Policy;
- Business Continuity Management System (BCMS) Policy;
- Policy on Know Your Customer (KYC) Standards and Anti Money Laundering (AML)/ Combating of Financing of Terrorism Measures;
- Policy on Fraud Risk Management;
- Bank's Outsourcing Policy;
- Policy on Insurance;
- Operational Risk Appetite Framework (SBI) Document;
- Capital Computation Framework Document;

Manuals

- Operational Risk Management Manual
- Loss Data Management Manual
- Business Continuity Planning (BCP) Manual
- Business Continuity Management System (BCMS) Manual
- External Loss Data Manual

**Domestic Non-Banking and Overseas Banking entities**

Policies and Manuals, as relevant to the business model of Non-Banking entities and as per the requirements of the overseas regulators in respect of Overseas Banking subsidiaries are in place. A few of the policies in place are – Disaster Recovery Plan/ Business Continuity Plan, Incident Reporting Mechanism, Near Miss Events Reporting Mechanism, Outsourcing Policy, etc.

**C. Strategies and Processes**

**Advanced Measurement Approach (Parallel Run)**

- In SBI, in order to successfully embed the risk culture and operational risk management, Risk Management Committees at various levels at circles like RMCAOs, RMCCs, and also RMCs at the Business and Support Groups (RNC-NBG, RMC-IBG, RMC-GMU, RMC-CBG, RMC-MCG, RMC-SAMG & RMC-IT) are in place in addition to the Operational Risk Management Committee (ORMC) and the Risk Management Committee of the Board (RMCB).
- The process of building a comprehensive database of internal and external losses due to Operational Risks as per Basel defined 8 Business Lines and 7 Loss Event Types is in place, as part of AMA process. In addition, Near Miss Events and external losses are also captured so as to improve risk management practices.
- Excel based template for conducting Risk & Control Self-Assessment (RCSA) exercise through workshops has been introduced with the provision of Inherent Risk and Residual Risk, control element to arrive at and assess the effectiveness of the current control environment and heat maps to describe the Risk Levels. During current financial year RCSA Phase-6 was rolled out across major branches/CPCs. Top risks identified in the RCSA exercises along with their mitigation plan are being addressed on an ongoing basis.
- Key Indicators (KIs) have been identified across the Business and Support Groups with threshold and monitoring mechanism. KIs are being monitored at quarterly intervals by the RMCs, the ORMC and the RMCB. Top 10 KIs have been identified during current financial year.
- Bank also periodically undertakes the process of AMA Use-Test.
- Development of internal systems for quantifying and monitoring operational risk as required under Basel II defined Advanced Measurement Approach (AMA) is in place.
- The Bank has already received approval for parallel run for AMA from RBI.

Others

- The following measures are being used to control and mitigate Operational Risks in the Domestic Banking entities:
- "Book of Instructions" (Manual on General Instructions, Manual on Loans & Advances) which contains detailed procedural guidelines for processing various banking transactions. Amendments and modifications to update these guidelines are being carried out regularly through e-circulars/Master circulars. Guidelines and instructions are also propagated through Job Cards, e-Circulars, E-Learning Lessons, Mobile nuggets, Training Programs, etc.
- Updated Manuals and operating instructions relating to Business Process Re-engineering (BPR) units.
- Delegation of Financial powers, which details sanctioning powers of various levels of officials for different types of financial and non-financial transactions.
- Training of staff-Inputs on Operational Risk is included as a part of Risk Management modules in the trainings conducted for various categories of staff at Bank's Apex Training Institutes and State Bank Learning Centers.
- Insurance cover is obtained for most of the potential operational risks excluding frauds as per Bank's policy on insurance.
- Internal Auditors are responsible for the examination and evaluation of the adequacy and effectiveness of the control systems and the functioning of specific control procedures. They also conduct review of the existing systems to ensure compliance with legal and regulatory requirements, codes of conduct and the implementation of policies and procedures.
- In order to ensure business continuity, resumption and recovery of critical business process after a disaster, the Bank has robust Business Continuity Management Policy and Manuals in place.
- Stringent Implementation of vacation policy.
- Conduct of RAW (Risk Awareness Workshop) at all branches.

**Domestic Non-Banking and Overseas Banking entities**

Adequate measures by way of systems and procedures and reporting has been put in place in the Domestic Non-Banking and Overseas Banking entities.

**D. The scope and nature of Risk Reporting and Measurement Systems**

- A system of prompt submission of reports on Frauds is in place in all the Group entities.
- A comprehensive system of Preventive Vigilance & Whistle Blowing has been established in all the Group entities.
- Significant risks thrown up in RCSA/RAW exercise, Scenario Analysis and loss data analysis are reported to Top Management at regular intervals and corrective actions are initiated on an ongoing basis.
- Basic Indicator Approach with capital charge of 15% of average gross income for previous 3 years is applied for Operational Risk, except Insurance Companies, for the year ended 31st March, 2018. Bank's Capital under AMA is also computed for the year ended 31st March, 2018 as part of AMA Parallel Run.

**DF–9: Interest Rate Risk in the Banking Book (IRRBB)**

**As on 31.03.2018**

**Qualitative Disclosures**

**INTEREST RATE RISK:**

Interest rate risk refers to impact on Bank's Net Interest Income and the value of its assets and liabilities arising from fluctuations in interest rate due to internal and external factors. Internal factors include the composition of the Bank's assets and liabilities, quality, maturity, existing rates and re-pricing period of deposits, borrowings, loans and investments. External factors cover general economic conditions. Rising or falling interest rates impact the Bank depending on whether the Balance Sheet is asset sensitive or liability sensitive.

The Asset - Liability Management Committee (ALCO) is responsible for evolving appropriate systems and procedures for ongoing identification and analysis of Balance Sheet risks and laying down parameters for efficient management of these risks through Asset Liability Management Policy of the Bank. ALCO, therefore, periodically monitors and controls the risks and returns, funding and deployment, setting Bank's lending and deposit rates, and directing the investment activities of the Bank. ALCO also develops the market risk strategy by clearly articulating the acceptable levels of exposure to specific risk types (i.e. interest rate, liquidity etc). The Risk Management Committee of the Board of Directors (RMCB) oversees the implementation of the system for ALM and reviews its functioning periodically and provides direction. It reviews various decisions taken by Asset - Liability Management Committee (ALCO) for managing interest risk.

1.1 RBI has stipulated monitoring of interest rate risk through a Statement of Interest Rate Sensitivity (Repricing Gaps) to be prepared on a monthly basis. Accordingly, ALCO reviews Interest Rate Sensitivity statement on monthly basis and monitors the Earning at Risk (EaR) which measures the change in Net Interest Income of the Bank due to parallel change in interest rate on both the assets & liabilities.

1.2 RBI has also stipulated to estimate the impact of change in interest rates on economic value of bank's assets and liabilities through Interest rate sensitivity under Duration Gap Analysis (IRS-DGA). Bank also carries out Duration Gap Analysis as stipulated by RBI on monthly basis. The impact of interest rate changes on the Market Value of Equity is monitored through Duration Gap Analysis by recognizing the changes in the value of assets and liabilities by a given change in the market interest rate. The change in value of equity (including reserves) with 2% parallel shift in interest rates for both assets and liabilities is estimated.

1.3 The following prudential limits have been fixed for monitoring of various interest risks:

| Changes on account of Interest rate volatility | Maximum Impact (as % of capital and reserve) |
|---|---|
| Changes in Net Interest Income (with 1% change in interest rates for both assets and liabilities) | 5% |
| Change in Market value of Equity (with 2% change in interest rates for assets and liabilities) – Banking Book only | 20% |

1.4 The prudential limit aims to restrict the overall adverse impact on account of interest rate risk to the extent of 20% of capital and reserves, while part of the remaining capital and reserves serves as cushion for other risks.

**Quantitative Disclosures**

**Earnings at Risk (EaR)**

(₹ in crore)

| | Impact on NII |
|---|---|
| Impact of 100 bps parallel shift in interest rate on both assets & liability on Net Interest Income (NII) | 2,635.96 |

**Market Value of Equity (MVE)**

(₹ in crore)

| | Impact on MVE |
|---|---|
| Impact of 200 bps parallel shift in interest rate on both assets & liability on Market Value of Equity (MVE) | 26,292.31 |
| Impact of 100 bps parallel shift in interest rate on both assets & liability on Market Value of Equity (MVE) | 13,146.16 |

**DF-10: GENERAL DISCLOSURE FOR EXPOSURE RELATED TO COUNTERPARTY CREDIT RISK**

**As on 31.03.2018**

**Qualitative Disclosure:**

Counterparty Credit Risk is the risk that the counterparty to a derivative transaction can default before the final settlement of the transaction's cash flow. To mitigate this risk, derivative transactions are undertaken only with those counterparties where approved counterparty limits are in place. Counterparty limits for banks are assessed using internal models considering a number of financial parameters like networth, capital adequacy ratio, rating etc. For corporates, the Derivatives limits are assessed and sanctioned in conjunction with regular credit limit as part of regular appraisal.

**Quantitative Disclosure:**

(₹ in crore)

| Distribution of Notional and Current Credit Exposure (₹ In crore) | Notional | Current credit exposure |
|---|---|---|
| a) Interest rate Swaps | 103996.59 | 449.90 |
| b) Cross Currency Swaps | 78423.62 | 1369.39 |
| c) Currency Options | 26175.32 | 304.75 |
| d) Foreign Exchange Contracts | 198946.19 | 1991.68 |
| e) Currency Futures | 0.00 | 0.00 |
| f) Forward Rate Agreements | 0.00 | 0.00 |
| g) Others (please specify product name) | 0.00 | 0.00 |
| **Total** | **407617.82** | **4115.72** |

**DF-11 : COMPOSITION OF CAPITAL**

**As on 31.03.2018**

(₹ in crore)

**Basel III common disclosure template to be used from March 31, 2017**

| | **Common Equity Tier 1 capital: instruments and reserves** | | **Ref No. (with respect to DF - 12: Step 2)** |
|---|---|---|---|
| 1 | Directly issued qualifying common share capital plus related stock surplus (share premium) | 80016.67 | A1 + B3 |
| 2 | Retained earnings | 112509.48 | B1 + B2 + B7 + B8 (#) |
| 3 | Accumulated other comprehensive income (and other reserves) | 15965.05 | B5 * 75% + B6 * 45% |
| 4 | Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies) | | |
| 5 | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | 802.62 | |
| 6 | Common Equity Tier 1 capital before regulatory adjustments | 209293.82 | |
| | **Common Equity Tier 1 capital: regulatory adjustments** | | |
| 7 | Prudential valuation adjustments | | |
| 8 | Goodwill (net of related tax liability) | 1734.07 | D |
| 9 | Intangibles (net of related tax liability) | 63.92 | |
| 10 | Deferred Tax Assets | 13889.32 | |
| 11 | Cash-flow hedge reserve | | |
| 12 | Shortfall of provisions to expected losses | | |
| 13 | Securitisation gain on sale | | |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities | | |
| 15 | Defined-benefit pension fund net assets | | |
| 16 | Investments in own shares (if not already netted off paid-up capital on reported balance sheet) | 27.60 | |
| 17 | Reciprocal cross-holdings in common equity | 58.02 | |
| 18 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | | |
| 19 | Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) | | |
| 20 | Mortgage servicing rights (amount above 10% threshold) | | |
| 21 | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) | | |
| 22 | Amount exceeding the 15% threshold | | |
| 23 | of which: significant investments in the common stock of financial entities | | |
| 24 | of which: mortgage servicing rights | | |
| 25 | of which: deferred tax assets arising from temporary differences | | |
| 26 | National specific regulatory adjustments (26a+26b+26c+26d) | 1693.50 | |
| 26a | of which: Investments in the equity capital of unconsolidated insurance subsidiaries | 1394.30 | |
| 26b | of which: Investments in the equity capital of unconsolidated non-financial subsidiaries | 299.20 | |
| 26c | of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank | | |
| 26d | of which: Unamortised pension funds expenditures | | |

| | | | Ref No. (with respect to DF - 12: Step 2) |
|---|---|---|---|
| 27 | Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions | | |
| 28 | **Total regulatory adjustments to Common equity Tier 1** | 17466.43 | |
| 29 | **Common Equity Tier 1 capital (CET1)** | 191827.39 | |
| **Additional Tier 1 capital: instruments** | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32) | 11055.25 | |
| 31 | of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares) | | |
| 32 | of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments) | 11055.25 | |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | 2185.00 | |
| 34 | Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) | 86.36 | |
| 35 | of which: instruments issued by subsidiaries subject to phase out | | |
| 36 | Additional Tier 1 capital before regulatory adjustments | 13326.61 | |
| **Additional Tier 1 capital: regulatory adjustments** | | | |
| 37 | Investments in own Additional Tier 1 instruments | | |
| 38 | Reciprocal cross-holdings in Additional Tier 1 instruments | 391.18 | |
| 39 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | | |
| 40 | Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | | |
| 41 | National specific regulatory adjustments (41a+41b) | 0.00 | |
| 41a | of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries | | |
| 41b | of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank | | |
| 42 | Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions | | |
| 43 | **Total regulatory adjustments to Additional Tier 1 capital** | 391.18 | |
| 44 | **Additional Tier 1 capital (AT1)** | 12935.43 | |
| 45 | **Tier 1 capital (T1 = CET1 + AT1) (29 + 44)** | 204762.82 | |
| **Tier 2 capital: instruments and provisions** | | | |
| 46 | Directly issued qualifying Tier 2 instruments plus related stock surplus | 16258.00 | |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | 13582.84 | |
| 48 | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2) | 148.00 | |
| 49 | of which: instruments issued by subsidiaries subject to phase out | | |
| 50 | Provisions | 12872.50 | |
| 51 | **Tier 2 capital before regulatory adjustments** | 42861.34 | |

| | | | Ref No. (with respect to DF - 12: Step 2) |
|---|---|---|---|
| **Tier 2 capital: regulatory adjustments** | | | |
| 52 | Investments in own Tier 2 instruments | 88.01 | |
| 53 | Reciprocal cross-holdings in Tier 2 instruments | 29.39 | |
| 54 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) | | |
| 55 | Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | | |
| 56 | National specific regulatory adjustments (56a+56b) | 0.00 | |
| 56a | of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries | | |
| 56b | of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank | | |
| 57 | **Total regulatory adjustments to Tier 2 capital** | 117.40 | |
| 58 | **Tier 2 capital (T2)** | 42743.94 | |
| 59 | **Total capital (TC = T1 + T2) (45 + 58)** | 247506.76 | |
| 60 | **Total risk weighted assets (60a + 60b + 60c)** | 1945151.99 | |
| 60a | of which: total credit risk weighted assets | 1500281.59 | |
| 60b | of which: total market risk weighted assets | 245181.90 | |
| 60c | of which: total operational risk weighted assets | 199688.50 | |
| **Capital ratios and buffers** | | | |
| 61 | Common Equity Tier 1 (as a percentage of risk weighted assets) | 9.86 | |
| 62 | Tier 1 (as a percentage of risk weighted assets) | 10.53 | |
| 63 | Total capital (as a percentage of risk weighted assets) | 12.72 | |
| 64 | Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets) | 7.675 | |
| 65 | of which: capital conservation buffer requirement | 1.875 | |
| 66 | of which: bank specific countercyclical buffer requirement | 0.00 | |
| 67 | of which: G-SIB buffer requirement | 0.30 | |
| 68 | Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) | 4.36 | |
| **National minima (if different from Basel III)** | | | |
| 69 | National Common Equity Tier 1 minimum ratio (if different from Basel III minimum) | 5.50 | |
| 70 | National Tier 1 minimum ratio (if different from Basel III minimum) | 7.00 | |
| 71 | National total capital minimum ratio (if different from Basel III minimum) | 9.00 | |
| **Amounts below the thresholds for deduction (before risk weighting)** | | | |
| 72 | Non-significant investments in the capital of other financial entities | | |
| 73 | Significant investments in the common stock of financial entities | | |
| 74 | Mortgage servicing rights (net of related tax liability) | | |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | 776.16 | |

| | | | Ref No. (with respect to DF - 12: Step 2) |
|---|---|---|---|
| **Applicable caps on the inclusion of provisions in Tier 2** | | | |
| 76 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap) | 12872.50 | |
| 77 | Cap on inclusion of provisions in Tier 2 under standardised approach | 18753.52 | |
| 78 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | 0.00 | |
| 79 | Cap for inclusion of provisions in Tier 2 under internal ratings-based approach | 0.00 | |
| **Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)** | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | 0.00 | |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | 0.00 | |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | 40% | |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | | |
| 84 | Current cap on T2 instruments subject to phase out arrangements | 40% | |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | | |
| **Notes to the Template** | | | |
| **Row No. of the template** | **Particular** | (₹ in crore) | |
| 10 | Deferred tax assets associated with accumulated losses | 13889.32 | |
| | Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability | 776.16 | |
| | Total as indicated in row 10 | 13889.32 | |
| 19 | If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank | 0.00 | |
| | of which: Increase in Common Equity Tier 1 capital | 0.00 | |
| | of which: Increase in Additional Tier 1 capital | 0.00 | |
| | of which: Increase in Tier 2 capital | 0.00 | |
| 26b | If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then: | 0.00 | |
| | (i) Increase in Common Equity Tier 1 capital | 0.00 | |
| | (ii) Increase in risk weighted assets | 0.00 | |
| 50 | Eligible Provisions included in Tier 2 capital | 12872.50 | |
| | Eligible Revaluation Reserves included in Tier 2 capital | 0.00 | |
| | Total of row 50 | 12872.50 | |

# B7: Revenue & Other Reserves is taken net of Integration & Development Fund (₹ 5 crore)

**DF -12: Composition of Capital - Reconciliation Requirement**

**As on 31.03.2018**

**Consolidated Balance Sheet of SBI Group as per Basel III as on 31.03.2018**

**Step 1**

(₹ In crore)

| | Balance sheet as in financial statements | Balance sheet under regulatory scope of consolidation |
|---|---|---|
| | As on reporting date | As on reporting date |
| **Capital & Liabilities** | | |
| Paid-up Capital | 892.46 | 892.46 |
| Reserves & Surplus | 229,429.49 | 222,864.61 |
| Minority Interest | 4,615.24 | 1,751.56 |
| **Total Capital** | **234,937.19** | **225,508.63** |
| **Deposits** | **2,722,178.28** | **2,723,574.19** |
| of which: Deposits from banks | 20,268.13 | 20,268.13 |
| of which: Customer deposits | 2,701,910.15 | 2,703,306.06 |
| of which: Other deposits (pl. specify) | | |
| **Borrowings** | **369,079.34** | **369,103.91** |
| of which: From RBI | 95,394.09 | 95,394.09 |
| of which: From banks | 176,568.31 | 176,568.31 |
| of which: From other institutions & agencies | 49,598.53 | 49,597.93 |
| of which: Others (pl. specify) | - | - |
| of which: Capital instruments | 47,518.41 | 47,543.58 |
| **Other liabilities & provisions** | **290,238.19** | **171,283.16** |
| **Total** | **3,616,433.00** | **3,489,469.89** |
| **Assets** | | |
| **Cash and balances with Reserve Bank of India** | **150,769.46** | **150,648.92** |
| **Balance with banks and money at call and short notice** | **44,519.65** | **42,432.89** |
| **Investments** | **1,183,794.24** | **1,065,074.66** |
| of which: Government securities | 911,688.79 | 865,596.73 |
| of which: Other approved securities | 9,203.63 | - |
| of which: Shares | 36,911.26 | 10,532.74 |
| of which: Debentures & Bonds | 141,913.12 | 113,320.62 |
| of which: Subsidiaries / Joint Ventures / Associates | 3,175.05 | 2,054.58 |
| of which: Others (Commercial Papers, Mutual Funds etc.) | 80,902.39 | 73,569.99 |
| **Loans and advances** | **1,960,118.54** | **1,959,947.04** |
| of which: Loans and advances to banks | 80,389.71 | 80,389.71 |
| of which: Loans and advances to customers | 1,879,728.83 | 1,879,557.33 |
| **Fixed assets** | **41,225.79** | **40,570.45** |
| **Other assets** | **234,271.25** | **229,061.86** |
| of which: Goodwill | - | - |
| of which: Other intangibles (excluding MSRs) | - | - |
| of which: Deferred tax assets | 11,837.70 | 11,800.37 |
| **Goodwill on consolidation** | **1,734.07** | **1,734.07** |
| **Debit balance in Profit & Loss account** | **-** | **-** |
| **Total Assets** | **3,616,433.00** | **3,489,469.89** |

**Step 2**

(₹ In crore)

| | Balance sheet as in financial statements | Balance sheet under regulatory scope of consolidation | Reference number |
|---|---|---|---|
| | As on reporting date | As on reporting date | |
| **Capital & Liabilities** | | | |
| Paid-up Capital | 892.46 | 892.46 | A |
| of which: Amount eligible for CET 1 | 892.46 | 892.46 | A1 |
| of which: Amount eligible for AT1 | - | - | A2 |
| Reserves & Surplus | 229,429.49 | 222,864.61 | B |
| of which: Statutory Reserve | 65,958.04 | 65,958.04 | B1 |
| of which: Capital Reserves | 9,578.08 | 9,578.08 | B2 |
| of which: Share Premium | 79,124.21 | 79,124.21 | B3 |
| of which: Investment Reserve | - | - | B4 |
| of which: Foreign Currency Translation Reserve | 6,379.10 | 6,377.93 | B5 |
| of which: Revaluation Reserve | 24,847.99 | 24,847.99 | B6 |
| of which: Revenue and Other Reserve | 53,483.27 | 50,297.23 | B7 |
| of which: Balance in Profit & Loss Account | (9,941.20) | (13,318.87) | B8 |
| Minority Interest | 4,615.24 | 1,751.56 | |
| **Total Capital** | **234,937.19** | **225,508.63** | |
| **Deposits** | **2,722,178.28** | **2,723,574.19** | |
| of which: Deposits from banks | 20,268.13 | 20,268.13 | |
| of which: Customer deposits | 2,701,910.15 | 2,703,306.06 | |
| of which: Other deposits (pl. specify) | | | |
| **Borrowings** | **369,079.34** | **369,103.91** | |
| of which: From RBI | 95,394.09 | 95,394.09 | |
| of which: From banks | 176,568.31 | 176,568.31 | |
| of which: From other institutions & agencies | 49,598.53 | 49,597.93 | |
| of which: Others (pl. specify) | - | - | |
| of which: Capital instruments | 47,518.41 | 47,543.58 | |
| Other liabilities & provisions | 290,238.19 | 171,283.16 | |
| of which: DTLs related to goodwill | | | |
| of which: DTLs related to intangible assets | | | |
| **Total** | **3,616,433.00** | **3,489,469.89** | |
| **Assets** | | | |
| **Cash and balances with Reserve Bank of India** | **150,769.46** | **150,648.92** | |
| **Balance with banks and money at call and short notice** | **44,519.65** | **42,432.89** | |
| **Investments** | **1,183,794.24** | **1,065,074.66** | |
| of which: Government securities | 911,688.79 | 865,596.73 | |
| of which: Other approved securities | 9,203.63 | - | |
| of which: Shares | 36,911.26 | 10,532.74 | |
| of which: Debentures & Bonds | 141,913.12 | 113,320.62 | |

| | Balance sheet as in financial statements | Balance sheet under regulatory scope of consolidation | Reference number |
|---|---|---|---|
| | As on reporting date | As on reporting date | |
| of which: Subsidiaries / Joint Ventures / Associates | 3,175.05 | 2,054.58 | |
| of which: Others (Commercial Papers, Mutual Funds etc.) | 80,902.39 | 73,569.99 | |
| **Loans and advances** | **1,960,118.54** | **1,959,947.04** | |
| of which: Loans and advances to banks | 80,389.71 | 80,389.71 | |
| of which: Loans and advances to customers | 1,879,728.83 | 1,879,557.33 | |
| **Fixed assets** | **41,225.79** | **40,570.45** | |
| **Other assets** | **234,271.25** | **229,061.86** | |
| of which: Goodwill | - | - | |
| of which: Other intangibles (excluding MSRs) | - | - | |
| of which: Deferred tax assets | 11,837.70 | 11,800.37 | C |
| **Goodwill on consolidation** | **1,734.07** | **1,734.07** | **D** |
| **Debit balance in Profit & Loss account** | **-** | **-** | |
| **Total Assets** | **3,616,433.00** | **3,489,469.89** | |

**DF-16: Equities - Disclosure for Banking Book Positions**

**As on 31.03.2018**

| **Qualitative Disclosures** | | |
|---|---|---|
| 1 | The general qualitative disclosure with respect to equity risk, including: | |
| | Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; | All equity investment in HTM Category are made in Associates, Subsidiaries and Joint Ventures. These are strategic in nature. |
| | Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices | Accounting and valuation policies for securities held under HTM category are detailed under Schedule 17 of Bank's Annual Report. |

**Quantitative Disclosures**

(₹ In crore)

| | | | |
|---|---|---|---|
| 1 | Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value. | | 539.40 |
| 2 | The types and nature of investments, including the amount that can be classified as: | | |
| | **Particulars** | **Type** | **Book Value (In crore)** |
| | Publicly traded | Subsidiaries | 621.00 |
| | Privately held | Associates, Subsidiaries & JVs | 4,460.11 |
| | **Note : The amount includes only the investment in the books of Global Markets** | | |
| 3 | The cumulative realized gains (losses) arising from sales and liquidations in the reporting period | | 5596.26 |
| 4 | Total unrealized gains (losses) | | -15.48 |
| 5 | Total latent revaluation gains (losses) | | NIL |
| 6 | Any amounts of the above included in Tier 1 and/or Tier 2 capital | | -1.09 |
| 7 | Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory transition or grandfathering provisions regarding regulatory capital requirements | | 0.05 |

**DF-17: Summary comparison of accounting assets vs. leverage ratio exposure measure**

**As on 31.03.2018**

| | ITEM | (₹ In millions) |
|---|---|---|
| 1 | Total consolidated assets as per published financial statements | 36164330.00 |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | -1269631.10 |
| 3 | Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure | 0 |
| 4 | Adjustments for derivative financial instruments | 250,053.79 |
| 5 | Adjustment for securities financing transactions (i.e. repos and similar secured lending) | 16377.70 |
| 6 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | 3081725.67 |
| 7 | Other adjustments | -178576.11 |
| 8 | Leverage ratio exposure | 38064279.95 |

**DF-18: Leverage ratio common disclosure template**

**As on 31.03.2018**

| | ITEM | (₹ In millions) |
|---|---|---|
| | **On balance sheet exposures** | |
| 1 | On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 34894698.90 |
| 2 | (Asset amounts deducted in determining Basel III Tier 1 capital) | -178576.11 |
| 3 | **Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)** | 34716122.79 |
| | **Derivatives exposures** | |
| 4 | Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin) | 35,256.28 |
| 5 | Add-on amounts for PFE associated with all derivatives transactions | 214,797.51 |
| 6 | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework | 0 |
| 7 | (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | 0 |
| 8 | (Exempted CCP leg of client-cleared trade exposures) | 0 |
| 9 | Adjusted effective notional amount of written credit derivatives | 0 |
| 10 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | 0 |
| 11 | **Total derivative exposures (sum of lines 4 to 10)** | 250,053.79 |
| | **Securities financing transaction exposure** | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions | 16377.70 |
| 13 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | 0 |
| 14 | CCR exposure for SFT assets | 0 |
| 15 | Agent transaction exposures | 0 |
| 16 | **Total securities financing transaction exposures (sum of lines 12 to 15)** | 16377.70 |
| | **Other off balance sheet exposures** | |
| 17 | Off-balance sheet exposure at gross notional amount | 8920632.57 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | -5838906.90 |
| 19 | **Off-balance sheet items (sum of lines 17 and 18)** | 3081725.67 |
| | **Capital and total exposures** | |
| 20 | **Tier 1 capital** | **2047628.23** |
| 21 | **Total exposures (sum of lines 3,11,16 and 19)** | **38,064,279.95** |
| | **Leverage ratio** | |
| 22 | Basel III leverage ratio | **5.38** |

**DF- GR: Additional Disclosures on Group Risk**

**As on 31.03.2018**

| **Qualitative Disclosure** | |
|---|---|
| **In respect of Group entities * [Overseas Banking entities and Non-Banking entities]** | |
| **General Description on** | |
| Corporate Governance Practices | All Group entities adhere to good Corporate Governance practices. |
| Disclosure Practices | All Group entities adhere to / follow good disclosure practices. |
| Arm's Length Policy in respect of Intra Group Transactions | All Intra-Group transactions within the State Bank Group have been effected on Arm's Length basis, both as to their commercial terms and as to matters such as provision of security. |
| Common marketing, branding and use of SBI's Symbol | No Group entity has made use of SBI symbol in a manner that may indicate to public that common marketing, branding implies implicit support of SBI to the Group entity. |
| Details of Financial Support,# if any | No Group entity has provided / received Financial Support from any other entity in the Group. |
| Adherence to all other covenants of Group Risk Management policy | All covenants of the Group Risk Management Policy have meticulously been complied with by the Group entities. |

Intra-group transactions which may lead to the following have been broadly treated as 'Financial Support':

a) inappropriate transfer of capital or income from one entity to the other in the Group;

b) vitiation of the Arm's Length Policy within which the Group entities are expected to operate;

c) adverse impact on the solvency, liquidity and profitability of the individual entities within the Group;

d) evasion of capital or other regulatory requirements;

e) operation of 'Cross Default Clauses' whereby a default by a related entity on an obligation (whether financial or otherwise) is deemed to trigger a default on itself.

* Entities covered:

| **BANKING - OVERSEAS** | **NON - BANKING** |
|---|---|
| State Bank of India (California) | SBI Capital Markets Ltd. |
| State Bank of India (Canada) | SBI Cards & Payment Services Pvt. Ltd. |
| SBI (Mauritius) Ltd. | SBI DFHI Ltd. |
| Commercial Indo Bank LLC, Moscow | SBI Funds Management Pvt. Ltd. |
| Nepal SBI Bank Ltd. | SBI General Insurance Company Ltd. |
| PT Bank SBI Indonesia | SBI Global Factors Ltd. |
| State Bank of India (Botswana) Ltd. | SBI Life Insurance Co. Ltd. |
| | SBI Pension Funds Pvt. Ltd. |
| | SBI-SG Global Securities Services Pvt. Ltd. |
| | SBI Payment Services Pvt. Ltd. |

Disclosures pertaining to key features of regulatory capital instruments (DF-13) and the full terms and conditions of regulatory capital instruments (DF-14) have been disclosed separately on the Bank's website- www.sbi.co.in under the link Corporate Governance – Basel – 3 Disclosures' Section

**Disclosures on indicators for identification of Global Systemically Important Banks (G-SIBs) as on 31st March, 2018 have been disclosed separately on the Bank's website www.sbi.co.in under the link Corporate Governance**

# Green Initiative

Dear Shareholder,

## Green Initiative in Corporate Governance

In accordance with SEBI guidelines, we are issuing Annual Report in electronic form to those shareholders whose e-mail addresses are available.

Your Bank invites you to participate in the Green initiative by enabling the Bank to communicate with you through electronic mode i.e. e-mail. It will not only contribute to conservation of environment, but also bring in better efficiency in communication by obviating transit delays and losses. We request you to join us in this initiative by updating your email ID with your Depository Participant, if your holding is in demat form. Shareholders holding shares in physical form shall have to send their updated information / changes to the Registrar & Transfer Agent (RTA), M/s Alankit Assignments Ltd. through email to **sbi.igr@alankit.com.**

Further, while most of you hold shares of your Bank in demat form, some of you are still retaining the shares in physical form. The Shares held by you in physical form can be easily dematerialized i.e converted into electronic form. The various benefits derived out of dematerialization of shares are:-

- Immediate transfer of securities. No stamp duty on transfer of securities
- Reduction in risks associated with holding securities in paper form such as theft, damage due to fire, wear & tear etc., bad delivery in settlement process, fake / forged securities etc.
- Change in address recorded with DP gets registered electronically with all companies in which investor holds securities eliminating the need to correspond with each of them separately;
- Transmission of securities is done by DP eliminating correspondence with companies;
- Holding investments in equity, debt instruments and Government securities in a single account;
- Automatic credit into demat account, of shares, arising out of bonus/ split/consolidation/ merger etc;

If you are holding shares in physical form, please approach any Depository Participant (DP) (like SBICAP Securities Limited toll free number 1800223345 email- helpdesk@sbicapsec.com) of your choice for opening the Demat account. Fill in a Demat Request Form (DRF) and handover the relative shares certificate(s) to your DP for Dematerialisation of your shares. Shares will get converted into electronic form and will automatically be credited to your Demat Account.

If you are receiving dividend in the physical form, you are requested to furnish/ update bank account details with DP/RTA, as the case may be, to receive dividend electronically.

We are sure that you will appreciate the "Green Initiative" taken by your Bank and hope that you will enthusiastically participate in the effort.

Kind Attention of shareholders is brought to Section 38A of the State Bank of India Act, 1955 inserted with effect from 15.09.2010 by the State Bank of India (Amendment) Act, 2010. As per the said section, a dividend declared by the State Bank which has not been paid to a shareholder or claimed by any eligible shareholder, within thirty days from the date of declaration shall be transferred to a special account called as "unpaid dividend account". Further, all unpaid dividend amount of period prior to the above amendment was already transferred to the said "unpaid dividend account." Any money transferred to the unpaid dividend account of the State Bank as above which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Bank to the Investor Education and Protection Fund established under Section 125 of the Companies Act, 2013, for being utilised for the purpose and in the manner specified in that section. In view of the above, all shareholders are requested to ensure that any dividend payable to them, are claimed without any delay.

# State Bank of India

## Proxy Form

Folio No.: _____

DP/Client-ID No.: _____

I/We _____

_____ resident of _____ being (a) shareholder (s)

of the State Bank of India holding (No.) _____ shares on the Register of shareholders

at the Central office of the Bank do hereby appoint_____ resident of _____

(or failing him/her_____ resident of_____) as my/our proxy to vote for me/us

and on my/our behalf at the meeting of the shareholders of the State Bank of India to be held at _____on

the _____ day of _____ and at any adjournment thereof.

Dated this _____ day of _____

₹ 1
Revenue
Stamp

No instrument of proxy shall be valid unless in the case of an individual shareholder, it is signed by him or by his attorney duly authorised in writing, or in the case of joint holders, it is signed by the shareholders first named in the Register or his attorney duly authorised in writing, or in the case of a Company, it is executed under its Common Seal, if any, or signed by its attorney duly authorized in writing.

Provided that an instrument of proxy shall be sufficiently signed by any shareholder, who is, for any reason, unable to write his name, if his mark is affixed thereto and attested by a Judge, Magistrate, Justice of the Peace, Registrar or Sub-Registrar of Assurances, or other Government Gazetted Officer or an Officer of the State Bank of India.

A proxy, unless appointed by a Company, should be a Director of the Central Board/Member of the Local Board/Shareholder of the State Bank of India, other than an officer or employee of the State Bank of India.

No Proxy shall be valid unless it is duly stamped and unless it, together with the power of attorney or other authority (if any) under which it is signed, or a copy of that power of attorney or authority certified by a Notary Public or a Magistrate, is deposited with the Central Office or other office designated from time to time by the Chairman or Managing Director in this behalf, not less than 7 clear days before the date fixed for the meeting. (In case a power of attorney is already registered with the Bank, the Folio No. and Registration No. of the power of attorney be also mentioned).

The State Bank of India, Shares & Bonds Dept., Corporate Centre, 14th Floor, State Bank Bhavan, Madame Cama Road, Nariman Point, Mumbai - 400 021 is authorised to accept the proxy form, power of attorney, authority or any other documents in this regard.

# State Bank of India

## Annual General Meeting of shareholders attendance slip

Date: | | | | | | | | |

Folio No: | | | | | | | | |

DP/Client-ID No.: | | | | | | | | | | | | | | | |

Full Name of the Shareholder/ First holder:
(as appearing on share certificate/recorded with DP) _____

Registered address: _____

_____ PIN

Total number of Shares held: | | | | | | | | | |

Share Certificate Nos.,
(in case of physical holding) From | | | | | | | | To | | | | | | | |

Whether having voting rights in terms of State Bank of India

General Regulation R. 31* Yes / No

If yes number of votes to which he/she is entitled, in case of Poll by ballot.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| In person as a shareholder | | | | | | | |
| As a proxy | | | | | | | |
| As a duly authorised representative | | | | | | | |
| **TOTAL** | | | | | | | |

Signature Attested (Signature of Shareholder)

Name:

Designation:

Seal/Stamp:

Note:

i) The Branch Managers/Managers of Divisions of the branches of the State Bank of India (whose signatures are circulated) are authorised to attest the signature of the shareholders, on production of suitable evidence of his/her shareholding to the branch where the shareholders may be maintaining account.

ii) If the shareholder maintains account with a bank other than State Bank of India, the signature may be attested by the Branch Manager of that Bank, affixing the branch seal/stamp to evidence the attestation.

iii) Alternatively, the shareholder may have his/her signature attested by a Notary or a Magistrate.

iv) The signature of shareholders can also be got attested at the venue of the Meeting by the designated officers of the State Bank of India, on production of satisfactory evidence of his/her identification such as Passport/Driving Licence with photograph, Voters Identity Card or such other similar acceptable evidence.

* Regulation 31 - Determination of Voting Rights:

i) Subject to the provisions contained in section 11 of the Act, each shareholder who has been registered as a Shareholder for a period of not less than three months prior to the date of a general meeting shall, at such meeting, have one vote for each fifty shares held by him or it.

ii) Every shareholder, other than the Central Government, entitled to vote as aforesaid who, not being a company is present in person or by proxy or who being a company is present by a duly authorized representative or by proxy, shall have one vote on a show of hands and in case of a poll shall have one vote for each fifty shares held by him or it for the whole period of three months prior to the date of such meeting.

iii) The duly authorized person representing the Central Government shall have one vote on a show of hands and, in case of a poll, shall have one vote for each fifty shares held by it for the whole period of three months prior to the date of such meeting.

# For Shareholder(s) use

M/s Alankit Assignments Ltd.
Unit: State Bank of India
R. R. House Ideal Industrial Estate
Opp. New Empire Mills
Senapati Bapat Marg, Lower Parel West
Mumbai - 400 013.

**Tel. Nos. 022 – 4348 1200 / 1300 / 1221**
**INVESTOR'S OPTION TO RECEIVE PAYMENT THROUGH CREDIT CLEARING MECHANISM / ELECTRONICALLY AS APPLICABLE**

1. Investor's Name
   (i) _____
   (ii) _____
   (iii) _____
2. Present Address
   _____
   _____
   _____
   **Pin**: _____
   Tel. No. & Mobile No. _____
   **Email address**: _____
   (For all future communication including, receipt of E-Annual Report)
3. Folio No.: _____ **(Only in case of physical shareholders)**
4. PF INDEX NO.: _____
   (to be filled in only by SBI employees holding SBI shares)
5. Particulars of Bank Account
   a. Bank Name: _____
   b. Branch Name: _____
      (Complete address)
      _____
      Pin: _____
   c. 9- Digit MICR Code Number of the Bank and Branch:

      | | | | | | | | | |
      |---|---|---|---|---|---|---|---|---|
      | | | | | | | | | |

      (as appearing on the MICR cheque issued by the Bank)
   d. Account Type: _____
      (S.B. Account (code 10) or Current Account (code 11) or Cash Credit (code 13)
   e. Account Number (as appearing on the cheque book.
      Please attach a blank "cancelled" cheque or photocopy thereof)

      | | | | | | | | | | | | | | | | |
      |---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
      | | | | | | | | | | | | | | | | |

I, hereby, declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I will not hold State Bank of India responsible.

Place:
Date: (Signature of the first holder)

Note:-
1. Shareholder(s) holding shares in Electronic (Demat) Form are requested to notify all the above particulars to their Depository Participant (DP), quoting their DPID/Client ID.
2. Shareholders are requested to opt for converting their physical holding into Demat account.
3. Shareholders/Bondholders are requested to avail Nomination Facility.
4. Nomination forms are available on Bank's website under link Investor Relations / Share Holder Info / Nomination forms.
5. Visit www.sbi.co.in / Investor Relations /SHARE HOLDER INFO for latest updates.

# you only need one

Life's cluttered. So is your phone.
Too many accounts. Forgotten passwords.
An army of attention-seeking apps.

For you, though, less is more.
Shopping sprees and banking.
Hunger pangs and your love for travel.
You want it all in one single tap.

So why fuss over many,
when all you need is one app?

yono by SBI

## Lifestyle & banking, dono.

Download & Register Now
yonosbi.com


Instant Digital A/C


My Dreams


Instant Loans


Spend Analysis


Just-for-you Deals


Life Insurance


Shop Online


Order Food


Book Tickets


Transfer Funds



State Bank Bhavan, Corporate Centre, Madame Cama Road, Mumbai,
Maharashtra- 400021, India

