



BANKERS to **DIGITAL INDIA**

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Notice



STATE BANK OF INDIA **(Constituted under the** **State Bank of India Act, 1955)**

The 60th 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 2nd July, 2015 at 03.00 P.M. for transacting the following business:-

“to receive, discuss and adopt the Balance Sheet and the Profit and Loss Account of the State Bank made up to the 31st day of March 2015, the report of the Central Board on the working and activities of the State Bank 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

(ARUNDHATI BHATTACHARYA)
CHAIRMAN

Date: 19th May, 2015

Important Information

Dividend Declared :	₹ 3.50 per share
Dividend Payment Date:	18.06.2015
Period of Book Closure:	30.05.2015 to 03.06.2015
Record Date:	29.05.2015





BANKERS to DIGITAL INDIA

As the largest bank in India, we are an integral part of thousands of commercial entities and millions of personal lives. We have always evolved with the times to meet new challenges and respond to changing customer expectations. We recognize that our customers will be loyal to us only if we respond to their needs.

People of all generations are increasingly using the internet, social media and smart phones to do their banking. A large number of people are avid users of the social media channel. They have access to more information and are becoming more demanding. They expect an end-to-end consistent

experience in their banking, whether done through a PC, mobile or a tablet.

At SBI, we know that banking is the art of being where the customer is. We realize that modern banking is about connecting people to their money more quickly and efficiently



than ever before. We are focused on delivering what our existing and prospective customers want and we remain ahead of the curve in evolving and embracing a digital business model. The various digital platforms we have created enable our customers to remain always connected when it comes to their relationship with us.

SBI has also been a true friend to India's corporate and institutional bodies. For many years they have been ardent users of our online banking platforms, which are continuously evolving to match their advancing needs and requirements.

Today, they trust SBI's robust online solutions for their day-to-day transactions, collections and transfers. This is the result of our perseverance in being current with digital technologies of the day.

We also know that technology can help us perform better in many ways. A key initiative is the use of 'Big Data' to build better efficiencies and service levels into our processes. We are amongst the first banks in India to leverage Big Data to unlock a treasure trove of information to understand our customers' individual needs. We are harnessing

this information through advanced analytics to create bespoke offerings and value streams that otherwise would not have been possible.

Our journey doesn't just stop at technology adoption. We also recognize that some of our customers need to be educated on using our digital platforms with confidence. Our hundreds of learning centres across the country, dedicated to this cause, are engaging with thousands of people in this endeavour. Going forward, we will travel the distance to be the most preferred bankers to Digital India.



भारतीय स्टेट बैंक
State Bank of India
हर भारतीय का बैंक
THE BANKER TO EVERY INDIAN

BANKING IN YOUR HANDS



Banking in Your Hands

Smart Mobile Phones have made a paradigm shift in our working and social behaviour. India's smart phone density is growing rapidly and customers – no matter what age group – are getting up to speed in adopting Mobile Phone functionalities to connect with their banks much more comprehensively than before.

At SBI, we are focused on placing the power of mobile banking in the hands of our customers to enhance their convenience and build strong relationship while reducing costs and strengthening our brand. Launched in March 2014, our "State Bank Anywhere" app for smart phones became an instant hit. Today, the Bank is the market leader in mobile banking services in india with 1.35 crore users and a market share of 46% (Source: RBI) in terms of number of transactions.

As we move towards an increasingly cashless society, our dependence on all kinds of payment cards will continue to increase, whether we shop locally for grocery or travel the world for leisure or business. SBI recognised this trend early and took necessary steps to be at the forefront in establishing a robust ecosystem for processing payment cards. Today, it has the largest comprehensive electronic infrastructure in the country to enable payment through cards. With more than 2 lakh terminal deployed in the market, we are amongst the top four transaction acquirers in India with the largest number of merchant relationships amongst the Public Sector Banks.

When it comes to issuing cards to our customers, SBI Group, through its joint venture SBICPSL, is the 3rd largest Credit Card issuing company with a base of 31 lakhs users and an 11% market share (Source: RBI) in terms of spends. When it comes to debit cards, SBI alone has a base of more than 21 crores users. The power of mobile banking and Cards, together, are potent and indispensable tools for independence and convenience for our customers.

CONNECTING WITH GEN-Y



Connecting with **Gen-Y**

Generation Y, spanning those in early 20s to early 30s, expect the world. When it comes to their lifestyle, they think quickly, do many things at the same time and move through things rapidly. They are tech-savvy and cannot consider a life without technology. In keeping with our tradition of adapting our products and services to the changing requirements.

SBI is committed to engaging with this generation and serve its needs. Key to achieving that is to be the bank they can expect the world from. Committed to this endeavour, SBI is redefining the banking experience and meeting the 'convergent disruption' head on. With the launch of "sbiINTOUCH" across 6 cities, SBI took an assertive step in being connected with all segments of the society.

"sbiINTOUCH" realises our vision of integrating the huge network of bank ecosystem and the digital/mobile platforms to provide a world class banking experience to our customers. These outlets

are equipped with state-of-the-art gadgets and machines which allow customers to transact on a self-service mode with both on-site and remote expert assistance. They provide a consistent experience over a multitude of channels and comprise transaction processing stations (self-service zones), information and interaction stations, advisory rooms and business lounges.

Here our customers can enjoy a seamless account opening experience including printing personalised debit cards with their names and photos, in a matter of 15

minutes using just their ADHAAR Card. The outlets are also equipped with multiple express banking functionalities such as instant deposit of cash or cheque as well as facilities for providing complex financial advisory by remote financial experts via video-presence.

Going forward, we aim to become a complete digital business by transforming the current eco-system by integrating it with Digital and Mobile Platforms to drive value for both our customers and the Bank.



SBI's Journey Through Numbers



Our Legacy & Vision

Founded in 1806, Bank of Calcutta was the first Bank established in India and over a period of time evolved into 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, profits, branches, number of customers and employees, enjoying the continuing faith of millions of customers across the social spectrum.

VISION

- ▶ My SBI.
- ▶ My Customer first.
- ▶ My SBI: First in customer satisfaction.

MISSION

- ▶ We will be prompt, polite and proactive with our customers.
- ▶ We will speak the language of Young India.
- ▶ We will create products and services that help our customers achieve their goals.
- ▶ We will go beyond the call of duty to make our customers feel valued.
- ▶ We will be of service even in the remotest part of our country.
- ▶ We will offer excellence in services to those abroad as much as we do to those in India.
- ▶ We will imbibe state-of-the-art technology to drive excellence.

VALUES

- ▶ We will always be honest, transparent and ethical.
- ▶ We will respect our customers and fellow associates.
- ▶ We will be knowledge driven.
- ▶ We will learn and we will share our learning.
- ▶ We will never take the easy way out.
- ▶ We will do everything we can to contribute to the community we work in.
- ▶ We will nurture pride in India.



SBI Group Structure as on 31st March, 2015

SBI

Domestic Banking Subsidiaries

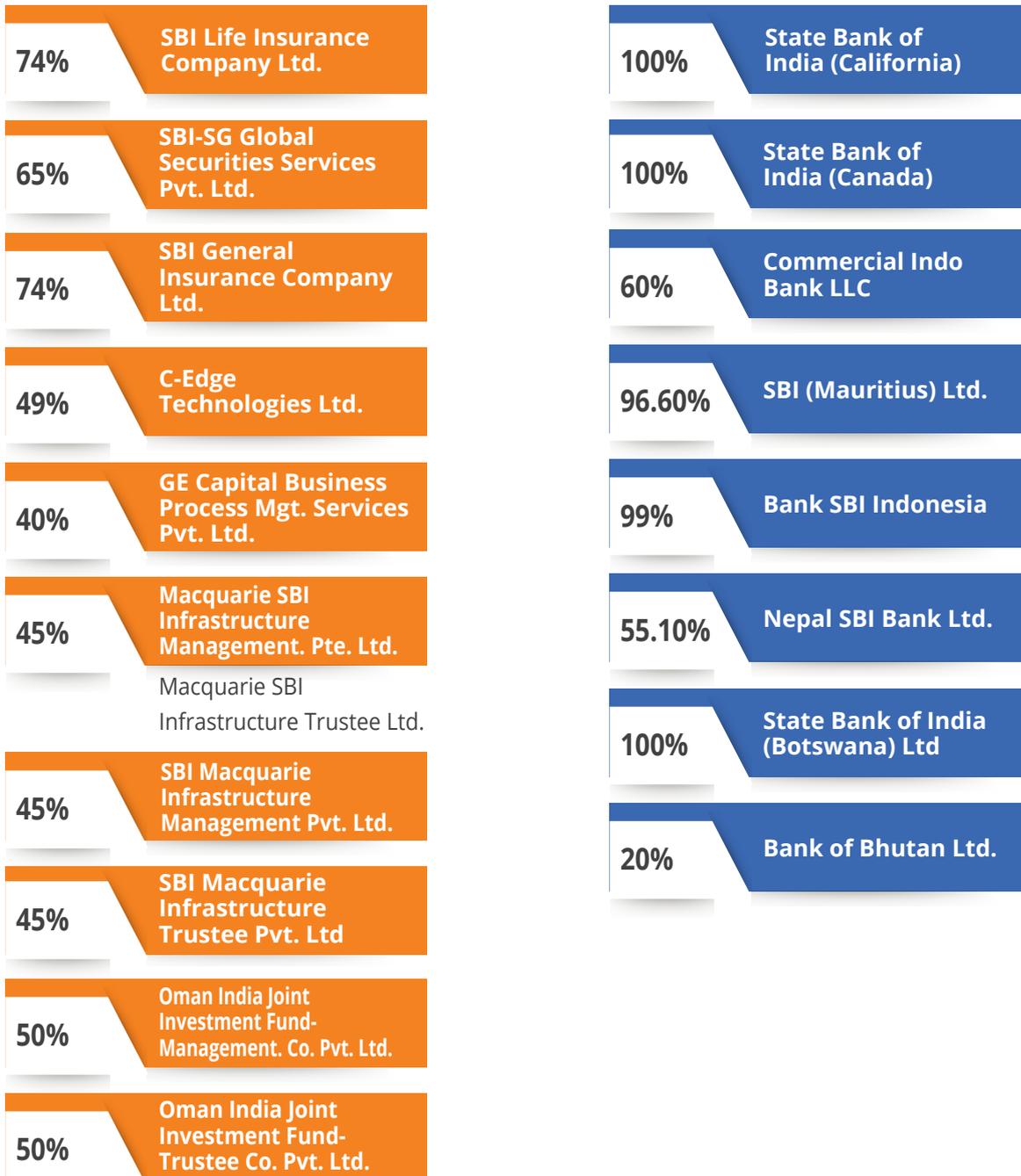


Non-Banking Subsidiaries/ Joint Ventures

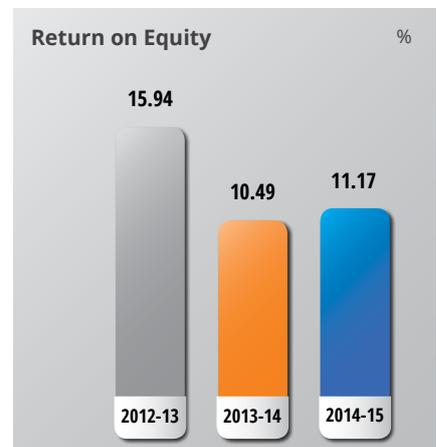
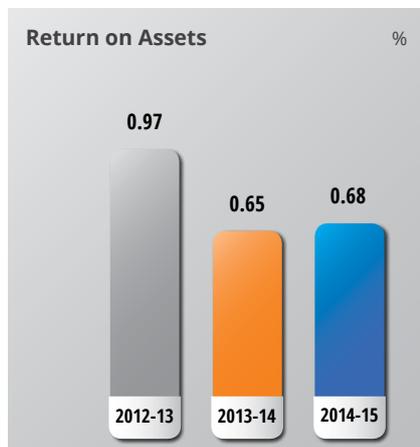
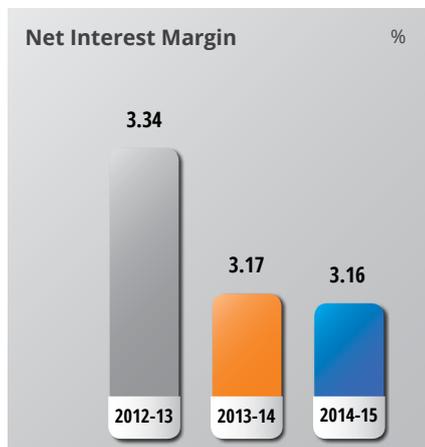
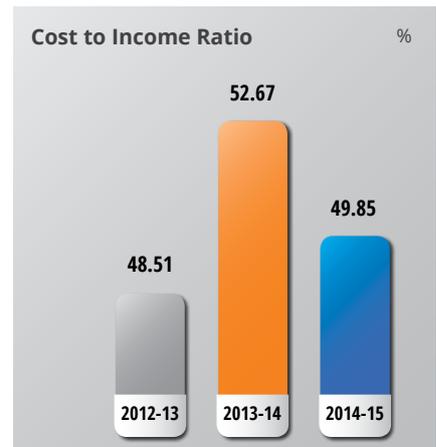
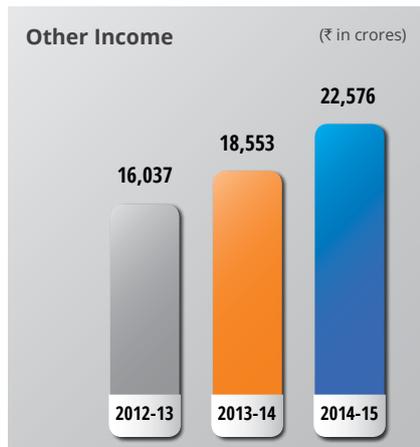
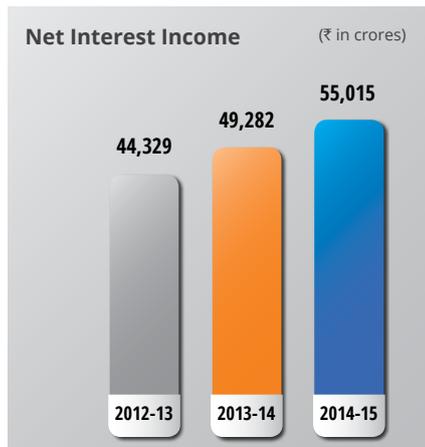
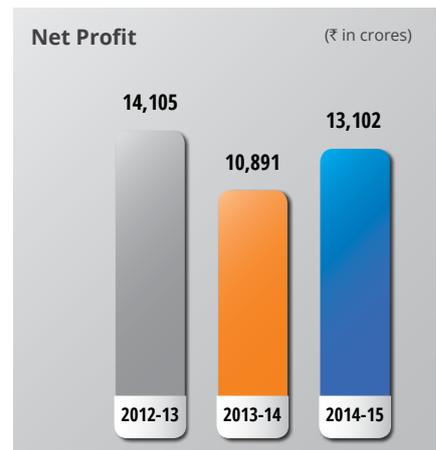
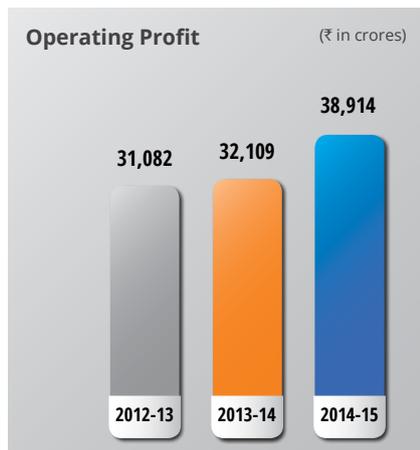
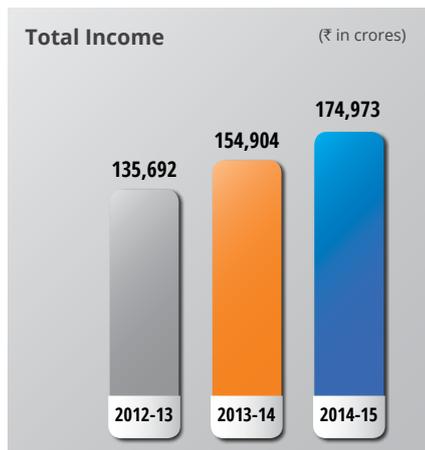


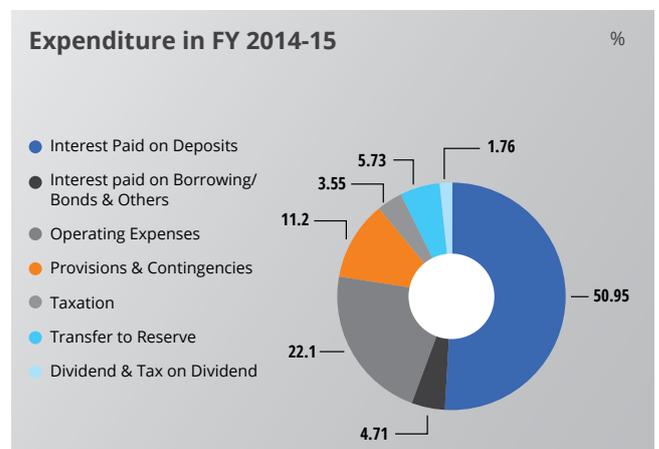
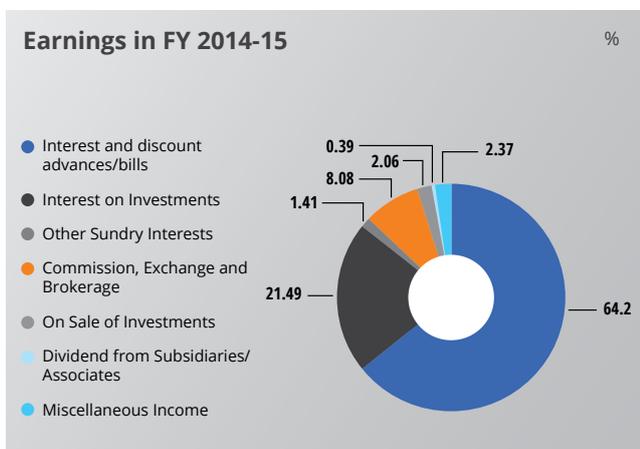
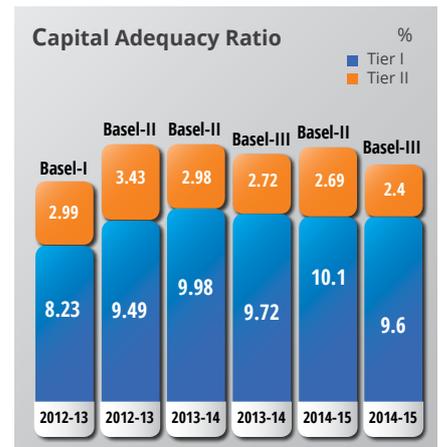
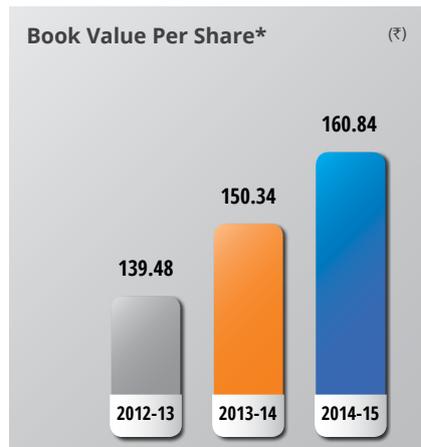
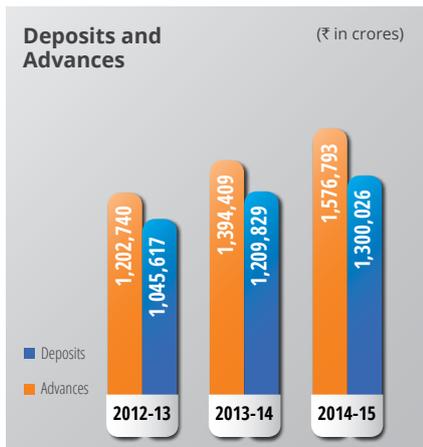
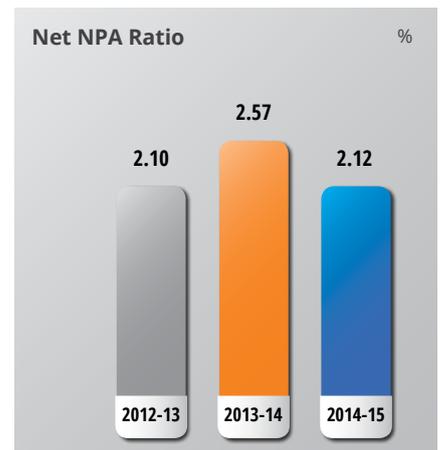
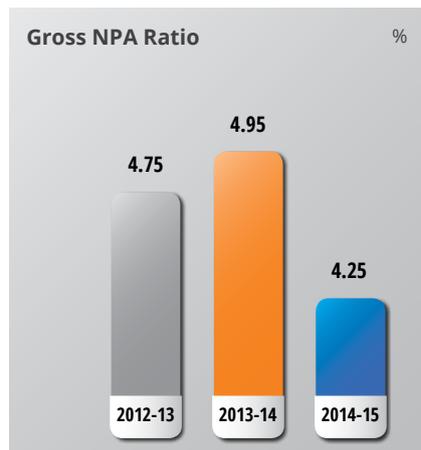
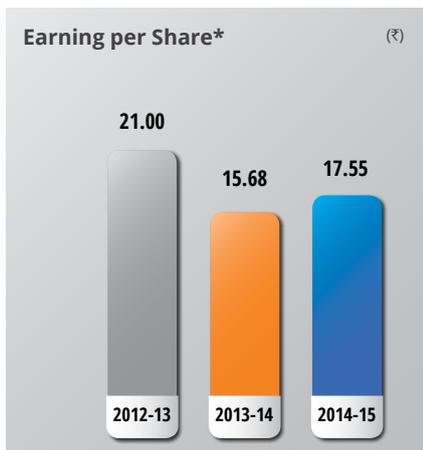
OWNERSHIP FIGURES IN %

Foreign Banking Subsidiaries / Joint Ventures



Performance Indicators





*The face value of shares of the Bank was split from ₹ 10 per share to ₹ 1 per share. All the information reflect the effect of the split for each period presented.



Financial Highlights: 10 years at a Glance

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Liabilities										
Capital (₹ in crores)	526	526	631	635	635	635	671	684	747	747
Reserves & Surplus (₹ in crores)	27,118	30,772	48,401	57,313	65,314	64,351	83,280	98,200	1,17,536	1,27,692
Deposits (₹ in crores)	3,80,046	4,35,521	5,37,404	7,42,073	8,04,116	9,33,933	10,43,647	12,02,740	13,94,409	15,76,793
Borrowings (₹ in crores)	30,642	39,704	51,728	53,713	1,03,012	1,19,569	1,27,006	1,69,183	1,83,131	2,05,150
others (₹ in crores)	55,538	60,042	83,362	1,10,698	80,337	1,05,248	80,915	95,404	96,927	1,37,698
Total (₹ in crores)	493,870	5,66,565	7,21,526	9,64,432	10,53,414	12,23,736	13,35,519	15,66,211	17,92,748	20,48,080
Assets										
Investments (₹ in crores)	1,62,534	1,49,149	1,89,501	2,75,954	2,85,790	2,95,601	3,12,198	3,50,878	3,98,800	4,95,027
Advances (₹ in crores)	2,61,642	3,37,337	4,16,768	5,42,503	6,31,914	7,56,719	8,67,579	10,45,617	12,09,829	13,00,026
other Assets (₹ in crores)	69,694	80,079	1,15,257	1,45,975	1,35,710	1,71,416	1,55,742	1,69,716	1,84,119	2,53,027
Total (₹ in crores)	4,93,870	5,66,565	7,21,526	9,64,432	10,53,414	12,23,736	13,35,519	15,66,211	17,92,748	20,48,080
Net Interest Income (₹ in crores)	15,589	15,058	17,021	20,873	23,671	32,526	43,291	44,329	49,282	55,015
Provisions for NPA (₹ in crores)	148	1,429	2,001	2,475	5,148	8,792	11,546	11,368	14,224	17,284
operating Result (₹ in crores)	11,299	10,000	13,108	17,915	18,321	25,336	31,574	31,082	32,109	38,914
Net Profit Before Taxes (₹ in crores)	6,906	7,625	10,439	14,181	13,926	14,954	18,483	19,951	16,174	19,314
Net Profit (₹ in crores)	4,407	4,541	6,729	9,121	9,166	8,265	11,707	14,105	10,891	13,102
Return on Average Assets (%)	0.89	0.84	1.01	1.04	0.88	0.71	0.88	0.97	0.65	0.68
Return on equity (%)	15.47	14.24	17.82	15.07	14.04	12.84	14.36	15.94	10.49	11.17
expenses to Income (%) (operating expenses to total Net Income)	58.7	54.18	49.03	46.62	52.59	47.6	45.23	48.51	52.67	49.85
Profit Per employee (₹ in 000)	217	237	373	474	446	385	531	645	485	602
earnings Per Share (₹)*	83.73	86.1	126.62	143.77	144.37	130.16	184.31	210.06	156.76	17.55
Dividend Per Share (₹)*	14	14	21.5	29	30	30	35	41.5	30	3.5
SBI Share (Price on NSE) (₹)*	968.5	994.45	1,600.25	1,067.10	2,078.20	2,765.30	2,096.35	2,072.75	1,917.70	267.05
Dividend Pay out Ratio (%)	16.72	16.22	20.18	20.19	20.78	23.05	20.06	20.12	20.56	20.21
Capital Adequacy Ratio (%)										
(₹ in crores)	N.A.	N.A.	N.A.	85,393	90,975	98,530	1,16,325	1,29,362	1,45,845	1,54,491
(%)				14.25	13.39	11.98	13.86	12.92	12.96	12.79
(₹ in crores)	N.A.	N.A.	N.A.	56,257	64,177	63,901	82,125	94,947	1,12,333	1,22,025
(%)				9.38	9.45	7.77	9.79	9.49	9.98	10.1
(₹ in crores)	N.A.	N.A.	N.A.	29,136	26,798	34,629	34,200	34,415	33,512	32,466
(%)				4.87	3.94	4.21	4.07	3.43	2.98	2.69
(₹ in crores)				N.A.	N.A.	N.A.	N.A.	N.A.	1,40,151	1,46,519
(%)				N.A.	N.A.	N.A.	N.A.	N.A.	12.44	12
(₹ in crores)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1,09,547	1,17,157
(%)				N.A.	N.A.	N.A.	N.A.	N.A.	9.72	9.6
(₹ in crores)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	30,604	29,362
(%)									2.72	2.4
Net NPA to Net Advances (%)	1.88	1.56	1.78	1.79	1.72	1.63	1.82	2.1	2.57	2.12
Number of Domestic Branches	9,177	9,231	10,186	11,448	12,496	13,542	14,097	14,816	15,869	16,333
Number of Foreign Branches /offices	70	83	84	92	142	156	173	186	190	191

*The face value of shares of the Bank was split from ₹ 10 per share to ₹ 1 per share - wef. 22nd November, 2014 Record date 21.11.2014. The data is on ₹ 1 per share for 2014-15 and ₹10 per share for remaining year.



Ratings as on 31st March, 2015

Instrument	RATING	RATING AGENCY
Bank Rating	Baa3/P3/Stable(m)/D+	Moody's
	BBB-/Stable/A-3	S & P
	BBB-/F3/Stable	Fitch
Instrument Rating Innovative Perpetual Debt Instruments	'AAA/Stable'	CRISIL
	'CareAAA'	Care
Upper Tier II Subordinated Debt	'AAA/Stable'	CRISIL
	'CareAAA'	Care
Lower Tier II Subordinated Debt	'AAA/Stable'	CRISIL
	'CareAAA'	Care
	'(ICRA)AAA'	ICRA
Basel III Tier 2	'AAA/Stable'	CRISIL
	'CareAAA'	Care
	'(ICRA)AAA(hyb)'	ICRA

Care: Credit Analysis & Research Limited

ICRA: ICRA Ltd.

CRISIL: CRISIL Ltd.

S&P: Standard & Poor



Central Board of Directors as on 22nd May, 2015



Smt. Arundhati Bhattacharya
Chairman



Shri P. Pradeep Kumar
Managing Director



Shri B. Sriram
Managing Director



Shri V. G. Kannan
Managing Director



Shri Rajnish Kumar
Managing Director (w.e.f. 26-5-2015)



Shri Sanjiv Malhotra
Independent Director



Shri Sunil Mehta
Independent Director



Shri M. D. Mallya
Independent Director



Shri Deepak I. Amin
Independent Director



Shri S. K. Mukherjee
Officer Employee Director



Dr. Rajiv Kumar
Director Nominated by GOI



Shri Harichandra Bahadur Singh
Director Nominated by GOI



Shri Tribhuvan Nath Chaturvedi
Director Nominated by GOI

Dr. Hasmukh Adhia
Secretary, DFS
Director Nominated by GOI



Dr. Urjit R. Patel
DG, RBI
Director Nominated by GOI



Chairman

Smt. Arundhati Bhattacharya

Managing Directors

Shri P. Pradeep Kumar

Shri B. Sriram

Shri V. G. Kannan

Shri Rajnish Kumar (w.e.f. 26-5-2015)

Directors elected under Section 19(c) of SBI Act

Shri Sanjiv Malhotra

Shri M. D. Mallya

Shri Sunil Mehta

Shri Deepak I. Amin

Term: 3 years and eligible for re-election for further period of 3 years

Maximum tenure: 6 years continuously

Director under Section 19(cb) of SBI Act

Shri S.K. Mukherjee

Directors under Section 19(d) of SBI Act

Dr. Rajiv Kumar

Shri Harichandra Bahadur Singh

Shri Tribhuvan Nath Chaturvedi

Term: 3 years and eligible for re-appointment / re-nomination, subject to a maximum tenure of 6 years

Director under Section 19(e) of SBI Act

Dr. H.S. Adhia

Director under Section 19(f) of SBI Act

Dr. Urjit R. Patel



Committees of the Board as on 22nd May, 2015

Executive Committee of the Central Board (ECCB)

Chairman,

Smt. Arundhati Bhattacharya

Managing Directors

Shri P. Pradeep Kumar,

Shri B. Sriram and Shri V. G. Kannan

Director nominated under Section 19(f) of the SBI Act (Reserve Bank of India nominee), viz. Dr. Urjit R. Patel, 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)

Shri Sunil Mehta, Director – Chairman of the Committee (w.e.f. 22-4-2015)

Shri Sanjiv Malhotra, Director – Member

Shri M. D. Mallya, Director – Member

Dr. Rajiv Kumar, Director - Member

Dr. Hasmukh Adhia, GOI Nominee – Member

Dr. Urjit R. Patel, RBI Nominee – Member

Shri P. Pradeep Kumar, MD&GE (IB) - Member (Ex-Officio)

Shri B. Sriram, MD&GE (NB) – Member (Ex-Officio)

Risk Management Committee of the Board (RMCB)

Shri P. Pradeep Kumar, MD&GE (CB) - Member (Ex-Officio) - Chairman of the Committee

Shri B. Sriram, MD&GE (NB) - Member (Ex-Officio)

Shri Sanjiv Malhotra, Director – Member

Shri M. D. Mallya, Director – Member

Shri Sunil Mehta, Director – Member

Shri Deepak I. Amin, Director – Member

Dr. Rajiv Kumar, Director – Member

Shri Tribhuwan Nath Chaturvedi, Director – Member

Stakeholders Relationship Committee (SRC)

Shri M. D. Mallya, Director – Chairman of the Committee

Shri Sunil Mehta, Director – Member

Shri Deepak I. Amin, Director - Member

Dr. Rajiv Kumar, Director - Member

Shri Harichandra Bahadur Singh, Director - Member

Shri B. Sriram, MD&GE (NB) - Member (Ex-Officio)

Shri V. G. Kannan, MD&GE (A&S) – Member (Ex-Officio)

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

Shri P. Pradeep Kumar, MD&GE (CB) -

Member (Ex-Officio) - Chairman of the Committee

Shri B. Sriram, MD&GE (NB) - Member (Ex-Officio)

Shri Sanjiv Malhotra, Director – Member

Shri M. D. Mallya, Director – Member

Shri Sunil Mehta, Director – Member

Shri Deepak I. Amin, Director – Member

Shri Harichandra Bahadur Singh, Director – Member

Shri Tribhuwan Nath Chaturvedi, Director, Member

Customer Service Committee of the Board (CSCB)

Shri B. Sriram, MD&GE (NB) – Member (Ex-Officio) - Chairman of the Committee

Shri V. G. Kannan, MD&GE (A&S) – Member (Ex-Officio)

Shri M. D. Mallya, Director – Member

Shri Sunil Mehta, Director – Member

Shri Deepak I. Amin, Director – Member

Shri S. K. Mukherjee, Director - Member

Shri Harichandra Bahadur Singh, Director – Member

IT Strategy Committee of the Board (ITSC)

Shri Deepak I. Amin, Director - Chairman of the Committee

Shri Sanjiv Malhotra, Director – Member

Shri M. D. Mallya, Director – Member

Shri Sunil Mehta, Director - Member

Shri P. Pradeep Kumar, MD&GE (CB) - Member (Ex-Officio)

Shri B. Sriram, MD&GE (NB) – Member (Ex-Officio)

Remuneration Committee of the Board

Dr. Hasmukh Adhia, GOI Nominee – Member (Ex-Officio)

Dr. Urjit R. Patel, RBI Nominee – Member (Ex-Officio)

Shri M. D. Mallya, Director – Member

Shri Deepak I. Amin, Director – Member

Board Committee to Monitor Recovery (BCMR)

Smt. Arundhati Bhattacharya, Chairman

Shri P. Pradeep Kumar, MD&GE (CB) – Member

Shri B. Sriram, MD & GE (NB) – Member

Shri V. G. Kannan, MD & GE (A&S) - Member

Dr. Hasmukh Adhia, GOI Nominee – Member (Ex-Officio)

Corporate Social Responsibility Committee (CSR)

Shri B. Sriram, MD&GE (NB) – Member (Ex-Officio) - Chairman of the Committee

Shri V. G. Kannan, MD&GE (A&S) – Member (Ex-Officio)

Shri Sanjiv Malhotra, Director – Member

Shri M. D. Mallya, Director – Member

Shri Sunil Mehta, Director – Member

Shri Deepak I. Amin, Director – Member

Shri Harichandra Bahadur Singh, Director – Member



Members of Local Boards, other than Managing Director & Group Executive (National Banking) - Nominated by Chairman in terms of Section 21(1)(a) of SBI Act, 1955 as on 22nd May, 2015

Ahmedabad

Shri A. N. Appaiah
Chief General Manager (Ex-Officio)

Bengaluru

Smt. Rajni Mishra
Chief General Manager (Ex-Officio)
Smt. Sujaya Dinesh Alva

Bhopal

Shri Riten Ghose
Chief General Manager (Ex-Officio)
Shri Anil Garg

Bhubaneswar

Shri Krishna Mohan Trivedi
Chief General Manager (Ex-Officio)
Shri Sarat Chandra Bhadra

Chandigarh

Shri Lingaraj Mahapatra
Chief General Manager (Ex-Officio)
Smt. Ravinder Kaur
Shri Anil Arora

Chennai

Shri P.S. Prakash Rao
Chief General Manager (Ex-Officio)

Hyderabad

Shri C. R. Sasikumar
Chief General Manager (Ex-Officio)
Shri M.V.Ranganath

Kolkata

Shri Prashant Kumar
Chief General Manager (Ex-Officio)

Lucknow

Shri Karnam Sekar
Chief General Manager (Ex-Officio)
Shri Harichandra Bahadur Singh*
Shri Munish Kumar Jain

Mumbai

Shri Sudhir Dubey
Chief General Manager (Ex-Officio)
Shri Sanjiv Malhotra*
Shri M.D. Mallya*
Shri Sunil Mehta*
Shri Deepak I. Amin*

Delhi

Shri Pallav Mohapatra
Chief General Manager (Ex-Officio)
Dr. Rajiv Kumar*
Shri T.N. Chaturvedi*
Shri Dinesh Kumar

North Eastern

Shri Sanjay Kumar Magoo
Chief General Manager (Ex-Officio)

Patna

Shri Ajit Sood
Chief General Manager (Ex-Officio)
Shri Sanjay Mandal

Kerala

Shri Badal Chandra Das
Chief General Manager (Ex-Officio)
Shri Philip Mathew
Shri A. Gopalakrishnan

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



Members of Central Management Committee as on 22nd May, 2015

Smt Arundhati Bhattacharya
Chairman

Shri P. Pradeep Kumar
Managing Director & Group Executive
(Corporate Banking)

Shri B. Sriram
Managing Director & Group Executive
(National Banking)

Shri V.G. Kannan
Managing Director & Group Executive
(Associates & Subsidiaries)

Shri V. Murali
Deputy Management Director
(Inspection and Management Audit)

Shri N. Krishnamachari
Deputy Management Director & Group Executive,
Mid Corporate

Shri Parveen Kumar Malhotra
Deputy Managing Director & Group Executive,
Stress Assets Management

Shri Ashwini Mehra
Deputy Management Director &
Corporate Development Officer

Shri P. K. Gupta
Deputy Managing Director & Chief Financial Officer

Shri Sunil Srivastava
Deputy Management Director
(Corporate Strategies and New Businesses)

Smt Varsha Purandare
Deputy Managing Director & Chief Credit Officer

Dr M.G. Vaidyan
Deputy Management Director
(Retail Strategy)National Banking Group

Shri Siddhartha Sengupta
Deputy Management Director and Group Executive
(International Banking)

Smt Anshula Kant
Deputy Management Director
(Operations),National Banking Group

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

Shri Mrutyunjay Mahapatra
Deputy Managing Director & Chief Information Officer

Bank's Auditors

1. **M/s S. Venkatram & Co.,**
Chennai, SCAs of Chennai Circle
2. **M/s V. P. Aditya & Co.,**
Kanpur, SCAs of Lucknow Circle
3. **M/s S. N. Nanda & Co.,**
New Delhi, SCAs of Patna Circle
4. **M/s S. Jaykishan,**
Kolkata, SCAs of Bengal Circle
5. **M/s Dhamija Sukhija & Co.,**
Srinagar, SCAs of Delhi Circle
6. **M/s Sriramamurthy & Co.,**
Visakhapatnam, SCAs of Hyderabad Circle
7. **M/s Prakash & Santosh,**
Kanpur, SCAs of Bhopal Circle
8. **M/s T. R. Chadha & Co.,**
New Delhi, SCAs of Mumbai Circle
9. **M/s K. B. Sharma & Co.,**
Jammu, SCAs of Chandigarh Circle
10. **M/s Mehra Goel & Co.,**
New Delhi, SCAs of Bangalore Circle
11. **M/s S. R. R. K. Sharma & Associates,**
Banglore, SCAs of Kerala Circle
12. **M/s B. Chhawchharia & Co.,**
Kolkata, SCAs of Bhubneshwar Circle
13. **M/s S. N. Mukherji & Co.,**
Kolkata SCAs of North Eastern Circle
14. **V. Sankar Aiyar & Co.,**
Mumbai, SCAs of Ahmedabad Circle



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 2014-15. Details of the achievements and initiatives taken by your Bank are provided in the enclosed Annual Report for the year 2014-15.

ECONOMIC OVERVIEW

The global economy advanced at a moderate pace in 2014 with greater divergence across various economies. However, the economic environment seems to be turning for the better with the recent sharp fall in international prices of crude oil, which is expected to boost global aggregate demand and recovery in the US economy. Euro Area Q1 GDP growth at 0.4% - a bright spot in a weak global economy - may further bolster global growth momentum going forward. The US job growth continues to be robust suggesting that the US labour market conditions are improving. As per the International Monetary Fund's (IMF) latest projections, the world economy is poised to grow at 3.5% in 2015, a moderate increase from last year's 3.4%. While the collective GDP growth rate of the advanced economies is expected to accelerate to 2.4% in 2015 and 2016, growth in the emerging markets and developing economies is likely to decelerate modestly to 4.3% in 2015 (from 4.6% in 2014) before increasing to 4.7% in 2016, albeit with continued divergence across economies.

For India, as per the new measure of growth, the Gross Value Added (GVA) declined in the final quarter of FY2015

to 6.1% from 8.4% in Q2 FY2015 with the figure for the whole year coming in at 7.2%. However, the economic growth as measured by GDP at market prices grew 7.5% in Q4 FY2015 (7.3% in FY2015). The huge difference in Q4 GDP and GVA (of 1.4 percentage points) is due to productivity gains in Manufacturing and robust growth in Trade, Hotels, Transport, Communication and Services related to broadcasting sectors.

India is poised to recover moderately with industrial production gaining momentum. With ebbing inflationary pressures there may be further scope for monetary stimulus to pump up domestic demand. Interestingly the risk of deficit monsoon seems to be dissipating with more than adequate rainfall in June 2015. On the external front, exports have been disappointing in FY2015 (-1.2% compared to 4.7% growth in FY2014) against the backdrop of weak global demand. Nonetheless, lower import bill because of weak oil prices has helped Current Account Deficit (CAD) to narrow in FY2015 to 1.3% of GDP from 1.7% in FY2014. Looking ahead, boost to exports in the backdrop of global economic recovery and improvement in domestic investment climate, backed by various initiatives of the Government, supports favourable growth outlook.

YOUR BANK'S PERFORMANCE

Deposits

In the year 2014-15, the aggregate deposits rose by 13.08% to ₹15,76,793 crores, from the previous year level of ₹13,94,409 crores. The higher growth in Bank's deposits base, as compared to All Scheduled Commercial Banks



The Chairman's Message

(ASCBs), pushed up the market share of your Bank by 43 bps to 17.00% by March, 2015. The growth in deposits was mainly achieved by higher mobilisation of retail deposits. The domestic retail TD ratio of the Bank improved to 49.06% during FY2015 from 45.47% in the previous fiscal. The Bank continues to have healthy CASA ratio of 42.88%, with the ratio of CASA + retail TD to domestic deposits increasing further to 91.9% in March 2015 from 89.89% in the previous year. Meanwhile, the deposits in the Savings Bank grew by 9.5% to ₹5,13,905 crores and the current account clocked a growth of 11.65%.

Advances

The Advances of your Bank crossed the ₹13,00,000 crores mark and grew by 7.25% in FY2015 to a level of ₹13,35,424 crores. In the year 2014-15, your Bank remained cautious in lending to mid-corporate and SME segment (both registering flat growth), while loans to large corporates was pegged at 12%. This growth can largely be attributed to capitalising on refinancing opportunities and disbursements to some stalled projects. Industry-wise, credit to infrastructure (21%) and iron and steel (16%) remained the largest beneficiaries.

Further, by clocking 15% robust growth, domestic retail remained the most impressive sector making maximum contribution to overall loan disbursements growth. Within retail, auto loans registered a healthy growth of 15% to ₹32,149 crores from ₹27,925 crores by March 2014. In addition, with ₹1,59,237 crores home loans (+13%), your Bank retained its position as the country's largest home loan provider with a market share of 25.24% amongst ASCB. Education Loans increased by ₹724 crores in 2014-15 and here again SBI is the market leader with a market share of 24.39% among ASCBs. Finally, in case of agriculture credit, your bank continued to surpass the target set by the Government disbursing ₹86,193 crores loans as against the scheduled target of ₹84,500 crores for 2014-15.

Branch Expansion

As of March, 2015, the branch network of your Bank reached 16,333, of which 66% are in rural and semi-urban areas. To provide an excellent ambience along with

well-skilled teams of officials to serve the discerning NRI customers, your Bank has 81 specialised and dedicated NRI branches in India. Apart from these, there are also about 100 NRI intensive branches, together servicing a total of 16 lakh NRI customers.

Diversity in operating structures is a cornerstone of your Bank's expansion activities in different markets. The number of foreign offices of the Bank at 191 is spread across 36 countries. The offices include 69 Branches, 8 Representative Offices, 110 Offices of the seven foreign banking subsidiaries and 4 other Offices. During 2014-15, your Bank opened a new Representative Office in Myanmar and Indian Visa Application Receiving Centre at Dhanmondi, Bangladesh.

Technology

The new age banking is all about digital banking as people of all generations are increasingly using the Internet, social media and their smart phones to do their banking. As the largest bank in India, your Bank is integral to thousands of commercial entities and millions of personal lives. SBI has always evolved with time to embrace new challenges and changing consumer attitudes.

Your Bank realises that modern banking is all about connecting people to their money more quickly, accurately and efficiently than ever before. The Bank is squarely focussed on what its existing and prospective customers want, and is ahead of the curve in embracing and evolving a digital business model.

In this regard, sbiINTOUCH is a giant leap in 2014-15. It realises your Bank's vision for integrating the huge network of the Bank's ecosystem and the digital/mobile platforms together, to provide a world-class banking experience to the customer. These outlets, across 6 cities, are equipped with state-of-the-art gadgets and machines, which allow customers to transact on a self-serving mode and with both onsite and remote expert assistance. They provide an immersive experience over a multitude of channels and comprise transaction processing stations (self-service zone), information and interaction stations, advisory rooms and business lounges.



Along with this, your Bank is aggressive in rolling out Cash Deposit Machines (CDM) for cash deposit by customers at these machines. By March, 2015, the number of CDMs installed was 1,849, increasing from 698 in March, 2013. These CDMs are available to the customer 24x7 for their convenience.

Your Bank has launched SWAYAM, a self-service barcode based passbook printer in November, 2014, aiming to roll out 2,500 passbook printing Kiosks by FY16. Using these Kiosks, customers can print their passbooks on their own. More than 1,500 such Kiosks have been rolled out as on March, 2015, recording more than 2,50,000 transactions on a daily basis. During the short span of 4 months, more than 1 crore passbook printing transactions were performed through SWAYAM.

Your Bank, along with its Associate Banks, has one of the largest ATM networks in the world with more than 54 thousand ATMs, including Kiosks and Cash Deposit Machines as on March, 2015. Your bank has issued more than 20 crores debit cards. The ATM Base 24 Switch has recently been upgraded to handle close to 50,000 ATMs, in addition to the Electra Switch.

Your Bank's online banking platform provides robust and customer friendly net banking services to its retail and corporate customers, including PSUs and Government Agencies. This cost-effective channel has enabled more than 86 crores transactions during 2014-15, achieving 39% growth over the previous year. Our robust Retail Internet Banking (RINB) platform has also been optimised for visually impaired customers.

In providing banking through Mobile Phones, your Bank is the market leader with a market share of 41% in transaction volume. Your Bank's mobile banking service, State Bank Freedom, offers low cost, round-the-clock, real time banking services focussed on convenience and security.

Last, but not the least, your Bank has launched Tab Banking services for opening saving bank accounts, giving in-principle sanction of housing loans & auto loans and for recording PSS (Pre-Sanction Survey) of SME Loans.

Profitability

During FY2015, the deposits growth outpaced the advances by a substantial margin due to a fall in consumption demand. Thus, preserving profitability remained a challenge during the year. Despite this, the Bank's standalone net profit increased by 20.3% to ₹13,102 crores during FY2015. The robust growth in profit was achieved by a two-pronged approach. Firstly, the Bank efficiently deployed the available funds in capital markets which boosted its 'other income' by ₹4,023 crores in FY2015. Secondly, to prevent the erosion in interest income, the Bank monitored its loan book rigorously. Accordingly, the 'net interest income' component grew by 11.63% in FY2015 in comparison to 11.17% in FY2014. The net interest margin of the Bank continued to remain healthy at 3.54%, up by 5 bps over last year.

The Group profit of the Bank also registered a healthy growth of 19.9% from ₹14,174 crores in FY2014 to ₹16,994 crores in FY2015. Both banking and non-banking subsidiaries registered healthy growth in net profits of 15.23% and 12.70%, respectively.

Asset quality

The general economic condition began showing some signs of improvement during the second half of the financial year. This had a favourable impact on the asset quality which improved during the financial year. The Gross Non-Performing Assets (GNPA) and the net NPA declined by 70 bps and 45 bps, respectively, in FY2015. In absolute figures, the net NPA declined by ₹3,505 crores to ₹27,591 crores by March 2015. Recoveries under NPA accounts increased by 32.33% to ₹4,485 crores, while the recoveries under the written-off accounts also registered an impressive growth of 35.51%. The provision coverage ratio also remained healthy at 69.13% at March 2015, up from 62.86% as at March 2014.

Capital structure

As the pace of economic activity gathers further momentum in the coming years, the Bank will be required to improve and strengthen its capital planning processes to support future business growth. Furthermore, in view of the implementation of Basel III Capital Regulations,



The Chairman's Message

the transitional period for full implementation of Basel III Capital Regulations in India has already been extended up to March 31, 2019 by RBI. In December 2014, the Union Cabinet gave an approval for allowing Public Sector Banks to raise capital to meet their additional capital requirements under Basel III by diluting Government holding up to 52% in a phased manner. This has given additional flexibility to the Bank to efficiently manage its capital planning during the transition period.

The yearly milestones under RBI Guidelines on transition to Basel III Capital Regulations have been comfortably achieved in FY2015. Your Bank is adequately capitalised as per the current requirements under Basel III. The Tier I capital adequacy ratio (CAR) of your Bank stood at 9.60%, as against the RBI minimum requirement of 7% as on March 2015. The Minimum Common Equity Tier 1 CAR stood at 9.31%, well over the RBI mandated 5.5%. The overall CAR of the Bank by the end of FY2015 was 12.0%, largely unchanged from the level in FY2014.

Dividend

For the year 2014-15, I am happy to announce that the Board of Directors of your Bank has declared a dividend of ₹3.50 per share of face value of Rupee 1 each.

New Initiatives

In 2014-15, your Bank took a number of new business initiatives in each and every business segment, such as home loans, auto loans, SME, and rural business, among others.

- ▶ For healthy low cost deposits (CASA), your Bank offers customised Special Salary Packages for employees of Corporates, Defence, Para Military, Railways, Central and State Governments, using a focussed marketing approach.
- ▶ In retail business, the Bank has set a new benchmark in banking in the country by offering innovative features such as personal accidental/medical insurance to SB Account holders. Additionally, your Bank launched two new SB products for Minors (10 years and above), namely "Pehla Kadam" and "Pehli Udaan".
- ▶ The Bank continues its focus on the development of innovative, technology enabled channels for delivering banking services among the rural populace. Your Bank has successfully launched several new initiatives such as

Aadhaar enabled Payment Systems (AEPS), automated e-KYC, MPS, Micro ATM, SB-OD facility under PMJDY and DBT/ DBTL payments. Additionally, we are proud to say that your Bank is the sole Sponsor Bank for the benefit transfer for LPG subsidy (DBTL) and has handled over 29 crores DBTL transactions in a short period of time from 15th November 14 to 31 Mar'15.

- ▶ Your Bank has launched its new corporate website to widen and strengthen its relationship with customers. For better customer service and to reduce footfalls at branch premises, SBI has launched 'SBI Quick-Missed Call Banking', a simple and quick way to get balance or mini statement of account through mobile phone. This facility is available for SB/CA/Overdraft/Cash-credit accounts.
- ▶ To attract High Net Worth Home Loan customers, your Bank introduced a uniform Interest Rate Structure, irrespective of the loan limit. Additionally, the Bank has undertaken a review of HL sourcing and delivery processes with a view to remove possible bottlenecks in the delivery process, thus enhancing the overall service. In a move to leverage the Bank group network, your Bank has established marketing synergy with SBICAP Securities Limited under the Universal Distribution Network. Additionally, a new campaign, namely 'Griha Tara' has been launched for the staff members for encouraging increased participation in marketing of home loans.
- ▶ A new initiative has been taken for sponsoring Cooperative Banks under National Financial Switch (NFS) sub-membership through the Application Service Provider (ASP) model for ATM services. This arrangement with Co-operative Banks provides an excellent opportunity to open Current Accounts of Co-operative Banks spread all over India, resulting in accretion of current account deposits.
- ▶ For SME, your Bank has revamped the delivery platform i.e. the SMECCCs, under "Project Vijay", to improve the growth of business and reduction in NPA levels.
- ▶ For speedy online payment and settlement, your Bank has integrated the "SBI ePay", the first and only payment aggregator service by any bank in India, to the flagship schemes of the Government like "Clean Ganga Fund" and "Swachh Bharat", for collecting funds/ donations from across the world.



- ▶ During the year, your Bank has embarked on a number of initiatives to clamp down on NPAs. Some of them are: (i) web-based Assets Tracking & Monitoring (AT@M); (ii) regular calls to stressed accounts (SMAs) in Retail segment and Real Estate sector to prevent slippages; and (iii) Assets Tracking Centres at Circle level, etc. Additionally, the Bank has formed various committees to review stressed assets periodically and suggest resolutions and turn around strategies.
- ▶ Your Bank has started Dynamic Credit Rating review of borrowal accounts to capture deterioration in credit quality promptly and to initiate corrective action and facilitate correct pricing of risk.
- ▶ For enhancing quality and professionalism in all our endeavours, your Bank completed “Aarohan”, a specially designed training programme, covering 2,08,019 employees.
- ▶ Your Bank launched a new Career Development System (CDS) and Manpower Planning, under the name of project ‘Saksham’, with the objective of scientific and objective approach for performance measurement and resource planning at all levels in the Bank. The new CDS is intended to be an effective tool for promotion, incentives and rewards.
- ▶ ‘SBI Youth for India’ is a unique Indian rural fellowship programme initiated, funded and managed by SBI in partnership with reputed NGOs of the country. It provides a framework for India’s bright young minds to join hands with rural communities and empathise with their struggles and connect with their aspirations.

Associates & Subsidiaries

Associates and Subsidiaries of your Bank performed well in 2014-15. The net profit of five associate banks grew by 15.2% to ₹3,201 crores, while their market share in deposits and credits stood at 5.22% and 5.66%, respectively. All the associates are well-capitalised with 11.44% (average) capital adequacy ratio.

Of the non-banking subsidiaries, SBI Life Insurance Company Ltd. posted a net profit of ₹820 crores and has increased its market share to 4.9% from 4.2%. SBI Capital Market Ltd registered a net profit of ₹338 crores, showing growth of 28% from last year. It has acquired the top slot in various rankings published by agencies

such as Bloomberg, Thomson Reuters, Dealogic, etc. SBI Cards and Payment Services (Pvt.) Ltd. posted a net profit of ₹267 crores, a slight dip from last year’s ₹293 crores. It is the 3rd largest in the industry in terms of Cards in Force with 15% market share with a base of 31.58 lakhs cards. SBI Funds Management recorded a net profit of ₹163 crores. It is the 6th largest Fund House in terms of Average “Assets Under Management” and a leading player in the market with over 4 million investors. SBI DFHI Ltd clocked a growth of 52% to ₹93 crores from last year’s ₹61 crores. It has a market share of 16% among all standalone primary dealers.

Recognition & Awards

I am proud to share with you the details of various awards received by your Bank. The coveted Brand of the Year 2015 by the World Branding Forum was bagged by SBI. It also won the award of Most Valuable Indian Brands 2014 by Brandz Top 50. It was also awarded the Best Bank-Public Sector by BFSI.

Your Bank is one of the most socially responsible brands as evident by the number of awards bagged in CSR domain, some of which are: Socially Responsible Bank - Magna Awards 2015 by Business World Magazine, Excellence & Leadership in CSR - Golden Globe Tigers Awards by World CSR Day, Innovations in CSR Practices - Golden Globe Tigers Awards by World CSR Day, Golden Peacock Award for CSR by Institute of Directors, New Delhi, Environmental Sustainability Award 2014 by BFSI Magazine, Asia Sustainability Excellence Award 2014 by World CSR Congress, Best in Class Corporate Social Responsibility Practices Awards 2014 by CMO Asia.

The associates and subsidiaries of the Bank have also been winners of prestigious awards throughout the year.

- ▶ State Bank of Bikaner & Jaipur was awarded the “Social Banking Excellence Award: 2014: Public Sector Banks Category” by ASSOCHAM. State Bank of Hyderabad received “Best Bank (Public Sector) Award” instituted by ABP News. State Bank of Mysore was awarded Best Bank Award for Tech Savvy – by Chamber of Indian Micro, Small & Medium Enterprises, New Delhi. State



The Chairman's Message

Bank of Patiala has received "Best Bank Award for New Initiative - Runner Up" from Chamber of Indian Micro Small and Medium Enterprises (CIMSME), New Delhi.

On the Subsidiary front,

- ▶ SBI Cards won 'Gold' at Reader's Digest Trusted Brand Survey 2015, for the 6th time. SBI Capital Market won two awards for best high yield bond - IFR Asia Regional Awards High Yield Bond and Asia Money - Regional Capital Markets Awards - Best High Yield Bond. SBICAP Securities Ltd bagged an Appreciation certificate from NSE for being Top Performing Members in 2014 under new client enrolment and Gold ETF Mobilisation. SBI MF won the Most Trusted Brand 2014 - Gold in the category of investment Banking & Mutual Funds by Readers Digest. SBI Life has received 15 awards during 2014-15, a few of them are: Inspiring Work Place Award 2014 in BFSI, The Most Admired Life Insurance Company and the Best Life Insurance Company in the Private Sector, in the BFSI 2014 Awards, Most Trusted Private Life Insurance Brand by Economic Times, Brand Equity and Nielsen Survey for four consecutive years. SBI General was the winner of iCMG (inter Company Marketing Group) Excellence Award for Enterprise Architecture in 2014 and Runner-up - IAIDQ Data Quality Asia Pacific Award 2014.

Way Forward

In October 2013, when I took charge as Chairman, I had set six strategic goals for SBI. These six goals were: NPA reduction, risk management, cost control, improving delivery standards, non-interest income and leveraging technology. As I look back today, tangible progress has been made on all the six fronts. Risk due to NPA has been contained against all odds. Bank's progress under Basel III transition and hence migration to advanced approach to risk management are on schedule. Bank is striving to control cost without compromising future growth. Bank has conducted 'Aarohan - Aim.. Aspire.. Achieve..' for enhancing quality and professionalism in our employees. The Bank's performance on non-interest income has been satisfactory during this financial year and we will continue to diversify our income sources. On

the technology front, I am quite content that our efforts have been timely executed and well received by our customers. In the coming year, we aim to build upon this encouraging start.

FY2016 is expected to be more promising than the previous year. This is mainly because 2014 General Elections produced a very stable political environment on the plank of commitment to growth. The federal polity is trying for better synergy and such an environment will act as a catalyst along with the enabling economic environment and bring the desired results.

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

I would like to end with a quote from Swami Vivekananda

"Are great things ever done smoothly?
Time, patience, and indomitable will must show."

These noble thoughts inspire us to persevere in our efforts to lead the Bank towards even better performance.

With warm regards.

Yours Sincerely,

Arundhati Bhattacharya



Directors' Report

INCLUDING MANAGEMENT DISCUSSION AND ANALYSIS

I. ECONOMIC BACKDROP AND BANKING ENVIRONMENT

GLOBAL ECONOMIC SCENARIO

There is a whiff of optimism in the air. The outlook for global growth seems to be turning for the better with the Euro Area Q1 GDP growth at 0.4%, a bright spot in a weak global economy. The International Monetary Fund (IMF) continues to project the global output growth at 3.5% in 2015, which is a marginal improvement over the 3.4% achieved in 2014. While the advanced economies (AE) have shown some improvement, the growth across AE and emerging bloc continues to diverge substantially. Emerging market and developing economies accounted for three-fourths of global growth in 2014 and this trend is unlikely to tilt in favour of AE in near future.

As far as Euro Area was concerned, only the German performance was the big surprise on the downside although the setback was largely on the external front with domestic demand remaining strong. In contrast, Spain, France and Italy's growth accelerated on the back of strong household consumption (albeit helped by energy consumption), defying the negative messages from the persistently weak manufacturing PMIs.

While the Q1 growth data caution against expecting a big growth bounce in the Euro Area, we are confident that the fundamental macro drivers remain in place to lift activity further going forward. Greece though remains a serious concern. However, if the strong growth momentum continues, potential spill overs from a Greek accident on to the rest of Europe may be limited.

Elsewhere 2015 will be the year when global economy will witness a structural break owing to complex forces such as population ageing and declining potential growth;

global shocks, such as lower oil prices and many country or region-specific factors, such as crisis legacies and exchange rate swings triggered by actual and unexpected changes in monetary policies. China's shift to 'new normal' is judged by many as a one such major structural shift, which may have cascading effects across the globe. Over the next five to ten years, the 'new normal' strategy will recalibrate China's domestic economy towards domestic consumption by reducing the share of investments in GDP and correcting the twin surplus in its balance of payments thus altering demand for capital and commodities.

Although full global recovery that is realising pre-crisis levels of growth - have still not been met; normalisation of fiscal and monetary policies continues to be the agenda of Governments across the world. Equally important, there is now a greater realisation among members of global community that balance of economics influence has changed and supporting institutions have not caught up. This realisation was clearly visible when the BRICS announced the formation of New Development Bank and a large number of countries joined the China led of Asia Infrastructure Investment Bank to fill the vacuum unaddressed by existing institutions.

INDIA'S ECONOMIC SCENARIO

The Indian economy is poised for a gradual recovery. GDP based on new series grew by 7.3% in FY2015 compared to 6.9% in FY2014 and 5.1% in FY2013. Central Statistical Organisation (CSO) introduced a new measure of growth called Gross Value Added (GVA) in line with the international perspective. On GVA basis, economy is expected to grow by 7.5% in FY2015 on the back of robust growth in services (10.5%) and industry (5.6%).



The forecast for deficit monsoon this year is a matter of concern given the fact that unseasonal rains, accompanied by hailstorm and frost during early part of March 2015 in various parts of the country, had adversely impacted Rabi crops. Hence, the country's food-grain production is expected to decline by 3.2% to 257 million tonnes in FY2015 crop year (July to June) from the record 265 million tonnes in FY2014. However, the good news is that rain fall in the initial phase of monsoon was 12% more than normal.

Industrial growth, however, recently gained momentum and grew by 2.8% in FY2015 (4.1% in April 2015), as compared to negative growth of 0.1% in the previous fiscal, still way below its potential level. While mining and manufacturing sub-sector grew in the range of 1-2%, it is the electricity sub-sector which continued to generate some optimism in the industrial scenario, but its buoyancy was inadequate to counter the weakness of other constituent sectors.

Inflation, both Wholesale Price Index (WPI) and Consumer Price Index (CPI), remained modest during the latter part of FY2015. During FY2015, WPI inflation stood at 2.1% (average) compared to 6.0% in the previous fiscal. The sharp contraction in fuel prices contributed to the decline in the WPI. CPI inflation, based on new base, also declined to 6% (from 9.6% in last fiscal).

On the external front, improvement in the current account deficit (CAD) from 1.7% of GDP in FY2014 to 1.3% for FY2015 is a positive sign. Exports for FY2015 declined by 1.23% and settled at US\$310.5 billion, mainly due to sluggish economic recovery among major trade partners. Similarly, imports for FY2015 was US\$447.5 billion as against US\$ 450.2 billion in FY2014, a contraction of 0.59% over the same period last year. Merchandise trade deficit for the year ended 31st March 2015 widened by US\$1.3 billion at US\$137 billion despite the windfall gains from lower crude imports.

Financing the CAD is no more an issue for the economy as the net portfolio capital inflows (FII) in FY2015 has registered a massive growth of 415% over the previous year inflows to reach US\$45.7 billion and net foreign direct investment (FDI) for FY2015 has crossed US\$34.9 billion, 61.2% higher than the net FDI inflow of the corresponding period last year. Net FII and FDI inflow together have crossed US\$80.6 billion in FY2015, highest inflow ever since FY1991. Notably, stable capital flows (portfolio equity and direct investment to total reserves) are now at 15.6%, a 5 year high with import cover of more than 9 months, a 4 year high.

BANKING ENVIRONMENT

Due to the sluggish economic environment, banking business has been impacted. In the year FY2015 (fortnight ended 20th March, 2015), credit growth of the ASCB stood at 9.00%, compared to FY2014 (21st March, 2014) growth of 13.9%. The sharp deceleration in credit is due to a high base effect, reduced corporate demand for bank loans, finance from other non-bank sources such as QIP and ECB. Meanwhile, deposits growth was at 10.7%, compared to last year's growth of 14.1%. This reduced growth in deposits is due to high base effect, since RBI allowed banks to mobilize deposits through FCNR (B) in September, 2013.

RBI kept the key interest rates unchanged till 15th January, 2015 but thereafter reduced 75 bps three times (25 bps each) to enhance the credit offtake in the system. Further, to ease pressure on liquidity, RBI has slashed SLR by 100 bps to 21.5%. However, as a part of monetary transmission, deposit rate of major banks for more than one year maturity softened from 8.00%-9.25% in FY2014 to 8.00%-8.75% in FY2015, and base rate of major banks remains steady at 10.00%-10.25% throughout the year. To push the retail loans, a number of banks have reduced lending rates in some business segments such as housing, auto loans etc., without reducing the base rate of the Bank. Growth deceleration impinging on corporate profitability and move to system-driven identification of NPAs, the pressure on asset quality of the banks continued, due to a variety of reasons both internal and external.

Broad money (M3) growth remained low during Q3 and Q4 of FY2014. With credit and deposit growth moving broadly in tandem, liquidity conditions in the system remained comfortable throughout, barring transient liquidity mismatches due to frictional factors alluded to earlier.

To provide banking facilities to every household in the country by 26th January, 2015, the Prime Minister launched a nation-wide new programme, namely 'Pradhan Mantri Jan Dhan Yojana' (PMJDY) on 28th August, 2014. This ambitious programme targeted the poor who have no access to financial services, with an objective that easy access to the banking system can materially lift India's economic prosperity. Also the Direct Benefits Transfers (DBTs) will plug the loopholes in the system to stop leakages in PDS, subsidy and other social welfare schemes in the country by centre/states/municipalities etc. The banks have crossed the target of opening 7.5 crores bank accounts by a huge margin opening 12.5 crores accounts in phase I.



In a new development, RBI is likely to issue new bank licenses to “Small Finance Banks (SFB)” and “Payments Banks” during FY2016, which apart from providing an impetus to financial inclusion, is expected to intensify competition in banking sector in the medium term. Further, Government has allowed PSU banks to reduce the Government’s stake up to 51%, to meet the capital requirements under Basel III.

OUTLOOK

India’s growth outlook is quite optimistic in the coming years. Various institutions such as IMF and the World Bank are also very confident about India’s growth and even according to the IMF, India’s growth would outpace China’s growth in 2016. Initiatives such as ‘Make in India’ and ‘Pradhan Mantri Jan Dhan Yojna’, etc. and the plethora of reform measures taken by the Government have renewed fresh hope and optimism around the Indian economy.

In a recent development, the Indian Meteorological Department’s (IMD) forecast of deficit rains have triggered widespread discussions about India’s food grain production, agriculture’s GDP growth and its contribution to the economy and concerns about food inflation in the current fiscal. Whatever may be the course of Monsoon 2015 going forward, fears of drought are unfounded at this point of time.

There is a great rejuvenated optimism among corporates and industrialists regarding improving investment climate and fast project clearances. On the one hand, the quantum of projects stalled/abandoned has been reduced significantly and on the other hand announcement/commencements of new projects are also increasing.

FY2015 ended with a missed target for exports. Gradual recovery of the major trade partners is expected to ease the concern in the current fiscal. FY2016 CAD is expected to be at 1.5% of GDP. Change in the domestic GDP base and improvement in the external demand sentiment is expected to push the exports further. Declining crude oil, metal and commodity prices in the international market are expected to ease trade deficit.

The much awaited Foreign Trade Policy (FTP) 2015-20 unveiled by Government on 1st April, 2015, provides a framework for increasing exports of goods and services, generation of employment and increasing value addition in the country, in keeping with the “Make in India” vision of Prime Minister. The focus of the new FTP is to support both manufacturing and services sectors, with a special emphasis on improving the ‘ease of doing business’ by providing a stable and sustainable policy environment for foreign trade in both merchandise and services. However, the new FTP target of a US\$900 billion of goods and services export by 2020 is almost double the present level. To achieve the target, exports need to grow by about 15% in nominal dollar terms every year, roughly at a higher rate than the economy grows. But comparing the target with the actual performance of the sector, it seems to be an achievable one.



II. FINANCIAL PERFORMANCE

PROFIT

Domestic economic activity started strengthening in the last quarter of the year. The industrial sector and in particular, manufacturing appears to be regaining momentum. In this backdrop, the financial performance of the Bank during the financial year ended 31st March, 2015, remained satisfactory. The Bank registered a good growth in Operating Profit in the current financial year as compared to previous financial year. The Operating Profit of the Bank for FY2015 was higher at ₹38,913.50 crores, as compared to ₹32,109.24 crores in FY2014, an increase of 21.19%. The Bank posted a Net Profit of ₹13,101.57 crores for FY2015, as compared to ₹10,891.17 crores in FY2014, i.e. an increase of 20.30% in spite of higher provisioning requirement.

NET INTEREST INCOME

Due to higher growth in the advances and investment portfolios, the gross interest income from global operations rose from ₹1,36,350.80 crores to ₹1,52,397.07 crores during the year registering a growth of 11.77%.

The Net Interest Income of the Bank correspondingly registered a growth of 11.63% from ₹49,282.17 crores in FY2014 to ₹55,015.25 crores in FY2015.

Interest income on advances in India increased from ₹97,674.91 crores in FY2014 to ₹1,07,034.30 crores in FY2015 registering a growth of 9.58%, due to higher volumes. The average yield on advances (based on daily average) in India has also increased from 10.47% in FY2014 to 10.58% in FY2015.

Income from resources deployed in treasury operations in India increased by 14.97% mainly due to higher average resources deployed. The average yield has also increased to 7.98% in FY2015 from 7.65% in FY2014.

Total interest expenses of global operations increased from ₹87,068.63 crores in FY2014 to ₹97,381.82 crores in FY2015. Interest expenses on deposits during FY2015 recorded an increase of 14.11% compared to the previous year. The average cost of deposits (based on daily average) in India has increased from 6.27% in FY2014 to 6.34% in FY2015, whereas the average level of deposits in India grew by 12.67%.

NON-INTEREST INCOME

Non-interest income increased by 21.68% to ₹22,575.89 crores in FY2015 as against ₹18,552.92 crores in FY2014. During the year, the Bank received an income of ₹677.03 crores (₹496.86 crores in the previous year) by way of dividends from Associate Banks/subsidiaries and joint ventures in India and abroad and ₹3,618.05 crores (₹2,279.41 crores in the previous year) by way of profit on sale of investments.

OPERATING EXPENSES

There was an increase of 4.59% in the Staff Cost from ₹22,504.28 crores in FY2014 to ₹23,537.07 crores in FY2015. Other Operating Expenses registered an increase of 14.51% mainly due to increase in expenses on rent, taxes, lighting, repairs and maintenance and miscellaneous expenditure.

PROVISION AND CONTINGENCIES

Major provisions made in FY2015 were as under: ₹17,284.28 crores (net of write-back) for non-performing assets (as against ₹14,223.57 crores in FY2014), ₹2,435.37 crores towards Standard Assets (as against ₹1,260.69 crores in FY2014), ₹6,212.39 crores towards Provision for Tax in FY2015, (as against ₹5,282.71 crores in FY2014). An amount of ₹590.07 crores was written back against provision for depreciation on investments (as against ₹563.25 crores provided towards depreciation on investments in FY2014).

RESERVES AND SURPLUS

An amount of ₹4,029.08 crores (as against ₹3,339.62 crores in FY2014) has been transferred to Statutory Reserves. An amount of ₹105.50 crores (as against ₹216.75 crores in FY2014) has been transferred to Capital Reserves. An amount of ₹5,889.06 crores (as against ₹4,796.63 crores in FY2014) has been transferred to other Reserves.

ASSETS

The total assets of the Bank increased by 14.24% from ₹17,92,748.29 crores at the end of March, 2014 to ₹20,48,079.80 crores as at the end of March, 2015. During the period, the loan portfolio increased by 7.46%, from ₹12,09,828.72 crores to ₹13,00,026.39 crores. Investments increased by 24.13% from ₹3,98,799.57 crores to ₹4,95,027.40 crores as at the end of March, 2015. A major portion of the investment was in government securities in the domestic market.

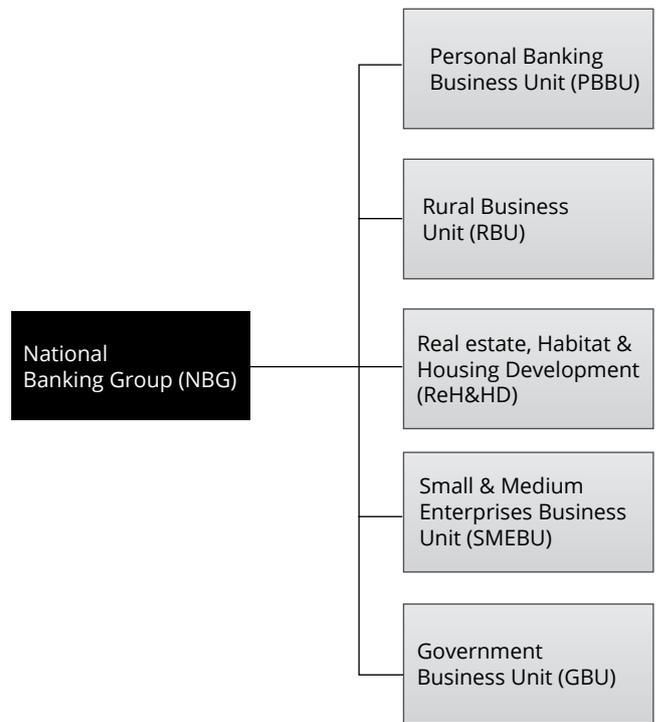
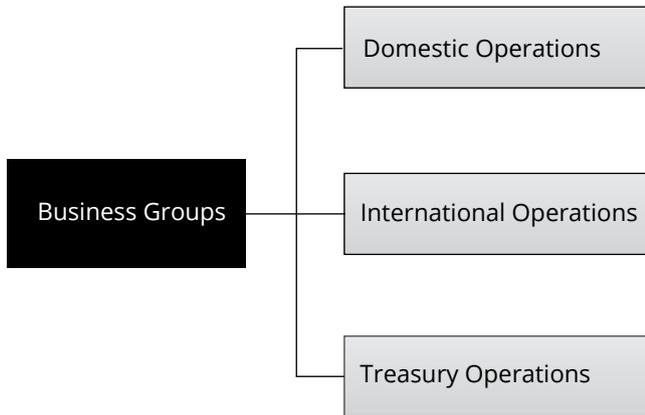
LIABILITIES

The Bank's aggregate outside liabilities (excluding capital and reserves) rose by 14.64% from ₹16,74,466.04 crores on 31st March, 2014 to ₹19,19,641.57 crores on 31st March, 2015. The increase in liabilities was mainly contributed by increase in deposits and borrowings. The Global deposits rose by 13.08% and stood at ₹15,76,793.25 crores as on 31st March, 2015 against ₹13,94,408.50 crores as on 31st March, 2014. The borrowings increased by 12.02%, from ₹1,83,130.88 crores at the end of March 2014 to ₹2,05,150.29 crores as at the end of March 2015.

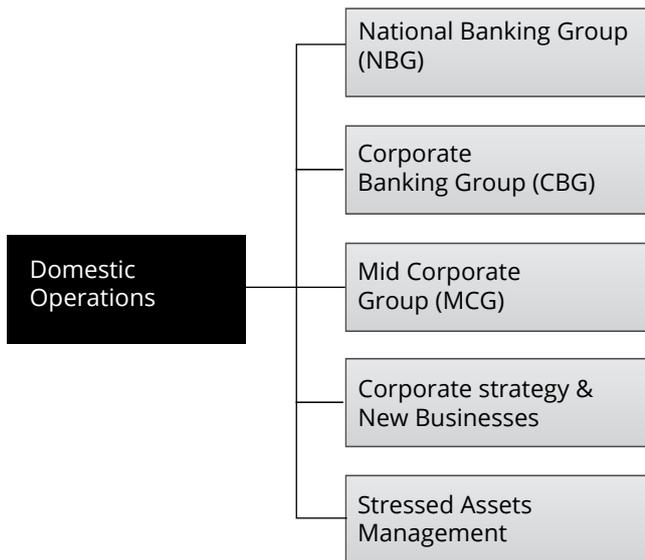


III. CORE OPERATIONS

BUSINESS GROUPS



1. Domestic Operations

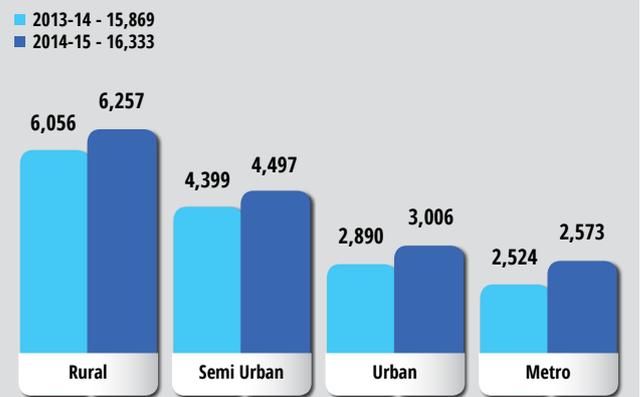


The Group has five strategic Business Units, comprising Personal Banking Business Unit (PBBU), Rural Business Unit (RBU), Real estate Habitat & Housing Development (ReH&HD), Small & Medium Enterprises Business Unit (SMEBU) and Government Business Unit (GBU).

(A) NATIONAL BANKING GROUP

The National Banking Group (NBG) is the largest Business Vertical of the Bank, anchoring 95.38% of total Domestic Deposits, and 53.88 % of total Domestic Advances, as on 31st March, 2015. NBG is also the largest Business Vertical in terms of Branch Network and Human Resources.

Exhibit 01: Branch Expansion (India)

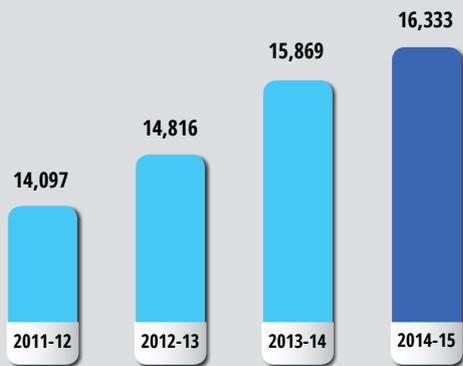




Our strides towards attaining last mile end customer connect include the following :

- ▶ Provide our customers the ease and convenience of opening accounts from anywhere through our Online Account opening process. As much as 29% customers (out of 2.03 crores) who opened account with us, preferred this channel.
- ▶ Offer the Personal Accident Insurance in two more variants of ₹10 lakhs and ₹20 lakhs.
- ▶ Welcome our little customers into SBI family through “Pehla Kadam” and “Pehli Udaan” products launched in September, 2014.
- ▶ Another string was added to the bow by making Auto Sweep for Regular SB accounts available through INB.
- ▶ Outstretched our services in bridging the gap by launching the Tab Banking Facility in April, 2014. Customers can now get accounts opened by our officials at a location of their choice.
- ▶ Savings Bank account holders have started being offered Health Insurance.

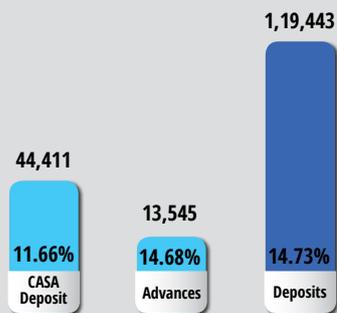
Exhibit 02: Branches Expansion Trend



1. Personal Banking Business Unit (PBBU)

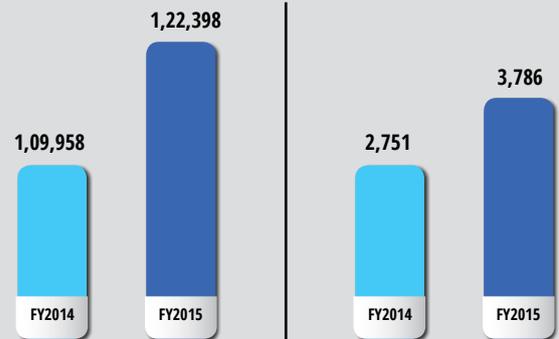
DOMESTIC BUSINESS

Exhibit 03: Growth in Deposit & Advances FY2015 (₹ in crores)



NRI BUSINESS

Exhibit 04: NRI Deposits (₹ in crores) Exhibit 05: NRI Advances



The Growth in NRI Home Loans stood at ₹877 Crores. We enjoy the patronage of 16 lakhs discerning NRI customers who in turn take pleasure in being served through our 81 specialised and dedicated NRI branches and 100 NRI intensive branches as on March, 2015.

The key to serving our NRIs is to provide them with more and more digital platforms to conduct their financial dealings with ease, convenience and most importantly conduct them fast. Our focus during the year therefore has been to provide easy, convenient and faster delivery

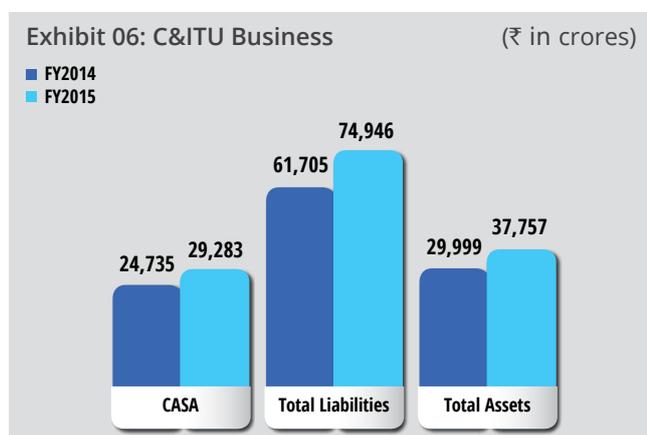


of service by making the delivery process through INB more robust in the following ways:

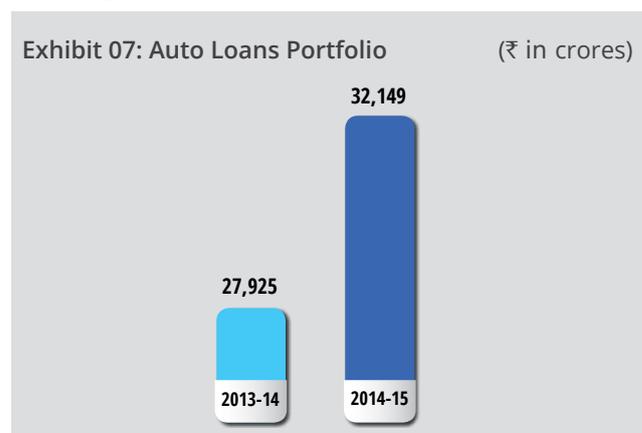
- ▶ In 9 countries, “Instant NRE/NRO account facility” was launched. NRIs in these countries can now get instant delivery of account number and INB PPK.
- ▶ Customers can now self-register themselves for INB facility through online channel.
- ▶ Provision for capturing request for outward remittances and desired disposal of Inward remittances through INB was launched.
- ▶ Oman, Qatar and Kingdom of Saudi Arabia have now been given International Toll Free Number Facility.
- ▶ Launched NRI Family Card- a prepaid card for use in India, mapped to the account of NRI and which can be topped up at anytime from anywhere by the customer through his INB account. It helps in solving payment related needs of relatives in India.
- ▶ Streamlined the Online account opening process for NRI customers.

CORPORATE AND INSTITUTIONAL TIE-UPS

Employees, from leading MNCs bank with SBI. This is in addition to the Salary Packages for the Defence, Para Military, Railways, Central Government, State Governments and Police. The total Salary Account customer base has grown to 79.05 lakhs during FY2015.



AUTO LOANS



Through current Car Loan Scheme, Bank offers the best to our customers

- ▶ Car Finance on “On Road Price”
- ▶ Longest payment period of 7 years
- ▶ No prepayment Penalty
- ▶ No foreclosure charges
- ▶ No advance EMI
- ▶ Competitive Interest rates

To make this offering more attractive for customers, an online Car Loan application system has been streamlined pan-India. Our emphasis on “Empowering the Youth” has been brought to the focus through Super Bike Scheme for financing high value super bike loans and SBI Nano Youth Car Loan Scheme for financing Tata Nano cars to young adults. Your Bank has also come up with Loyalty Car Loan Scheme for our existing Housing Loan borrowers.

EDUCATION LOANS

Education Loan has grown by ₹724 crores during the year. Bank has a total exposure of ₹15,464 crores as on March, 2015.

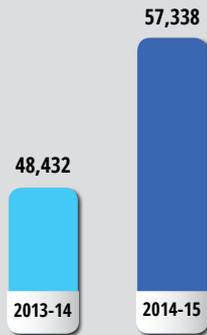
The market share in Education Loans was 24.4% as on 31st March, 2015 amongst all scheduled commercial banks.

PERSONAL LOANS

Personal Loans, which includes Xpress Credit Unsecured Personal Loans, Loans against Securities, Loan against Properties and Personal Gold Loan, soared high and touched new limits this year.



Exhibit 08: Personal Loans Portfolio (₹ in crores)



We even revamped the application process for Loan against Shares and have become the only bank to offer the end-to-end process online. Post redesign, the user interface has become more user-friendly and the customers do not even have to visit the branch.

Improved pricing, higher loan limit as well as reduced margin now make the Personal Gold Loan a better proposition for customers.

2. Rural Business Unit (RBU)

State Bank of India is deeply entrenched in rural banking arena, by covering over 1.11 crore customers under agriculture segment. The local Branch Manager is not only the Banker to the villagers, but is also a friend, philosopher and guide for them. He/She goes beyond the realm of pure banking and call of duty, serving the populace through various Corporate Social Responsibility (CSR) activities also. SBI is at the forefront in highlighting agri issues to the GoI / RBI for resolution.

a. Agri Business

Serving all the credit needs of farmers :

Be it short-term production credit needs or investment credit needs, Bank has plethora of products and continues to roll out innovative schemes like:

Stree Shakti Tractor Loan scheme : Mortgage free tractor loan for women as co-borrower with attractive interest rates launched during June, 2014.

Premium Kisan Gold Card : Aims at financing Agri Business entrepreneurs engaged in high-tech farming and allied activities. The scheme, launched on a pilot basis in Ahmedabad and Chandigarh Circles, will be rolled out across the Bank in FY2016.

Financing to Farmer Producer Companies (FPCs) : To improve credit flow to FPCs, a new Scheme was rolled out in February, 2015 with concessions in rate of interest and relaxation in financial parameters.

Corporate Tie-ups :

In order to make agriculture lending more sustainable and to reduce risk in the portfolio, the Bank is focusing on supply chain finance through tie-ups. Forty four Corporate tie-ups were entered in to with agro based companies to cover the entire agri-supply chain.

Technology Product :

For ease and operational convenience, KCC Rupay cards were issued to over 9.63 lakhs KCC borrowers upto FY2015. KCC Rupay Cards are enabled on ATMs and PoS machines.

Achievements :

Always in the forefront in ensuring national priorities, the Bank surpassed the Agri credit flow target set by GOI during FY2015, as in the past.

Exhibit 09: Flow of Credit to Agriculture trend (₹ in crores)

Year	Target	Disbursement	% Achievement
2011-12	51,000	53,214	104%
2012-13	60,000	63,936	106%
2013-14	73,500	74,970	102%
2014-15	84,500	86,193	102%

Hub-and-Spoke Model with Business Correspondent network

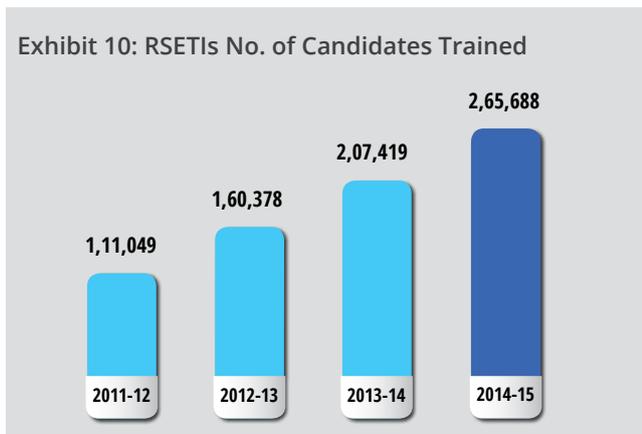
The Bank has mapped 75,116 villages to 41,145 rural Customer Service Points (CSPs) for accepting credits in loan accounts from customers residing in remote unbanked areas. These CSPs are linked to a nearby branch which also serves as the support and monitoring point for these CSPs.

Empowering rural youth :

Bank has set up 117 Rural Self Employment Training Institutes (RSETIs) which offer free, unique and intensive short term residential self-employment training programmes with free food and accommodation, designed especially for capacity building / self-employment, empowering rural youth across the country. These RSETIs conducted 10,013 training programmes, trained 2,65,688 candidates and 1,34,317 trainees have been gainfully settled.



Exhibit 10: RSETIs No. of Candidates Trained



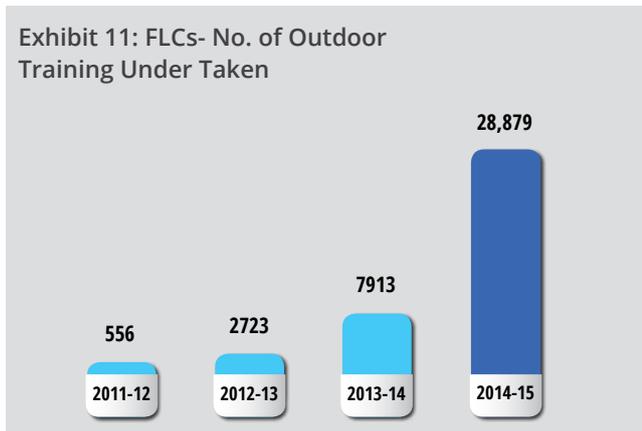
Training for Debt Recovery Agents (DRAs):

RSETIs have conducted three pilot training programmes for 92 existing Business Correspondents to qualify for Debt Recovery Agents (DRAs) Certification and more CSPs will be trained in the next Financial Year.

Imparting Financial Literacy

With the main objective of imparting financial literacy and facilitating effective use of financial services by common man, SBI has set up 212 Financial Literacy Centres (FLCs). During the year 2014-15, a total of 20,966 financial literacy camps at villages across the country were conducted by these FLCs.

Exhibit 11: FLCs- No. of Outdoor Training Under Taken



Regional Rural Banks

The Bank has sponsored, 14 RRBs covering over 155 districts in 15 States with a network of 3869 branches. The Bank's shareholding in 14 RRBs is ₹470 crores. 85 new branches were opened during FY2015. Net profit earned is ₹334 crores.

Bonding with Farmers

SBI Ka Apna Gaon Scheme:

The scheme is in force since FY2008 with the objective of total financial inclusion, meeting their credit needs and also to transform the village into a model village by improving the quality of life of the population. The scheme started with a target of one village per region. So far, a total of 1,426 villages have been adopted for their overall development.

List of activities which may be undertaken in adopted villages as community services activity include:

1. Construction of community vermi-compost unit to be maintained either by SHGs or Farmers Clubs – under clean village concept
2. Construction of proper toilets
3. Solar lighting in the villages
4. conducting awareness programmes through melas / exhibitions etc.

Farmers Club:

New Farmer Clubs were formed for fostering continued relationship with the farming community taking the total number of Farmer Clubs to 10,719.

b. Financial Inclusion (FI)

State Bank of India has been at the forefront of Financial Inclusion initiatives in the country. The Bank is the pioneer in the Business Correspondent (BC) model, an alternative for providing banking services to cater specially to the urban poor and rural customers, a segment which is still characterized by small value transactions. The BC model with over 57,575 Customer Service Points (CSPs) across the country provides various products and services viz savings, term deposits, micro loans, remittances, loan repayments, micro-pension, etc. The Bank has successfully leveraged technology for Financial Inclusion by introducing Internet based Kiosk Banking, Card based and Cell phone messaging channels.

The success in Pradhan Mantri Jan Dhan Yojna (PMJDY) was another feather in our cap, as we opened 3.3 crores accounts upto 31st March, 2015 and issued 2.97 crores RuPay debit cards to eligible customers, a substantial number from the difficult areas of the country. This is also our investment in the development of the region and in future growth of reshuffled business from this. This is a testimony of our IT capabilities and our commitment to serve the residents across all geographies of the country. The number of BSBD/Small accounts has also grown from 3.53 crores in March 14 to 7.29 crores in



March 2015. The value of transactions handled through Business Correspondents has increased by 73% from ₹22,525 crores in March, 2014 to ₹38,973 crores in March, 2015.



Bank has actively participated in SHG-Bank Credit linkage programme since its inception in 1992. As of 31st March, 2015, the Bank is the market leader in SHG financing with a credit deployment of ₹4,586 crores to 0.39 million SHGs, 91% of which are women SHGs.

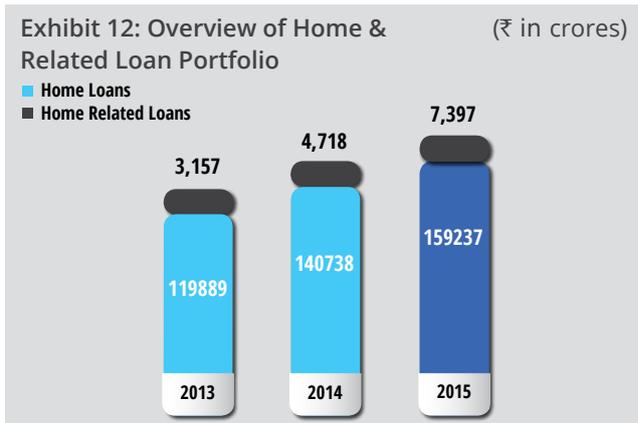
Continued focus on the development of innovative, technology enabled channels for delivering banking services among the rural populace has resulted in the successful launch of several new initiatives like Aadhaar enabled Payment Systems (AEPS), automated e-KYC, IMPS, Micro ATM rollout, SB-OD facility under PMJDY and DBT/DBTL payments. The Bank is also the sole Sponsor Bank for the Direct Benefit Transfer for LPG subsidy (DBTL) and has handled over 29 crores DBTL transactions in a short period of time between 15th November, 2014 to 31st March, 2015.

Though the FI customers so acquired are of small value, with the right technology and BC infrastructure, we anticipate that this business in future will contribute to our bottom line by way of low cost funds, cross selling of social security schemes and DBT handling commission. All these, in the years to come, will usher in a cashless society /ecosystem promising great social benefit.

3. Real Estate, Habitat & Housing Development (ReH&HD)

During FY2015, Bank has recorded a growth of ₹21,178 crores in the Home and Home Related Loan product. Out of this, ₹18,499 crores was contributed by Home

Loans. SBI has retained its pole position as the country's largest home loan provider with a market share of 25.24% amongst All Scheduled Commercial Banks (ASCB) in home loans as on March, 2015.



The growth of the Home Loan portfolio during FY2015 has been lower than the growth achieved during FY2014. This has been on account of slower takeoff of Home Loans during Q1 of FY2015. However, a slew of measures undertaken during FY2015 have helped to restore a higher growth rate of the portfolio. About 34% of the total YTD growth during FY2015 has been booked in Q4.

SBI HOME LOANS
Sapna Ho Jaisa Home Loan Vaisa

Interest Rate: 10.10% p.a.

- SBI MAXGAIN**: Overbuilt to save interest and manage liquidity
- SBI HER GHAR**: At reduced interest rates for women
- SBI YUVA**: Get 20% extra loan
- SBI REALTY**: Loan to buy a residential plot
- SBI PRL**: Get a loan pre-approved before selecting a property

For details log on to www.sbi.co.in or call 1800 435 3800 & 1800 11 2211 (Toll Free) / 800-3009990



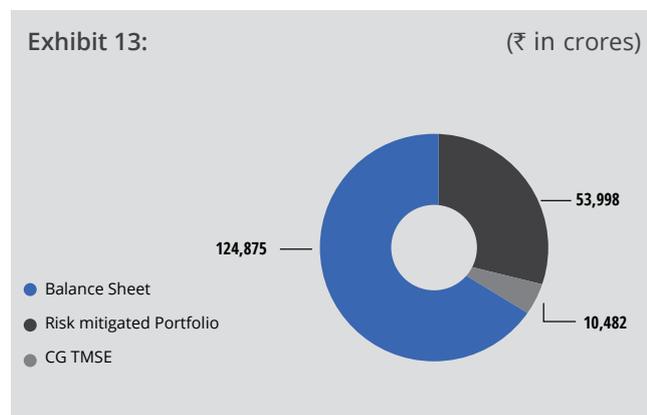
Major initiatives undertaken by Bank to encourage the growth of our Home Loan portfolio are as under:

- ▶ Uniform Interest Rate Structure, irrespective of the loan limit, has been introduced to attract High Net Worth Home Loan customers.
- ▶ Comprehensive review of Home Loan sourcing and delivery processes has been undertaken with a view to remove possible bottlenecks in the delivery process, thus enhancing the overall service quality and customer experience.
- ▶ Leveraging on SB Group synergy by marketing arrangement with SBICAP Securities Limited under the Universal Distribution Network initiative.

4. Small & Medium Enterprise (SME) Business Unit

SME Business Group had a portfolio of nearly ₹1,81,474 crores as of March 31, 2015, equal to 13.59% of the Bank's total advances. The Bank is the pioneer and market leader in financing SMEs, with nearly 9 lakhs SME borrowers.

Within SME Business Group risk-mitigated product portfolio which comprises of Supply Chain Financing, Bill discounting facility, Asset Backed Loan Over Draft against security etc. has grown at the rate of 28.14%. The newly introduced Asset Backed Loan (ABL) has been very popular and portfolio under ABL has grown by ₹6,813 crores within a year from a near zero base. The below mentioned diagram depicts the performance of our risk mitigated portfolio vis-a-vis balance sheet financing and CGTMSE guarantee scheme:



Your Bank has introduced few more risk mitigated products like Fleet Finance Scheme for transport operators, Construction equipment loan for funding of new construction equipments (mining, material handling, earth moving etc.) and started designing cluster specific packages to facilitate competitive offerings to the top quartile customers. Following cluster specific packages were launched during FY2015:

Name of the scheme	Purpose
Cluster Specific Package for Auto Ancillary units	To promote the auto component SMEs through this scheme
Cluster Specific Package for Ceramic Clusters	In coherence with "Swachh Bharat Abhiyan" with the objective of financing ceramic units

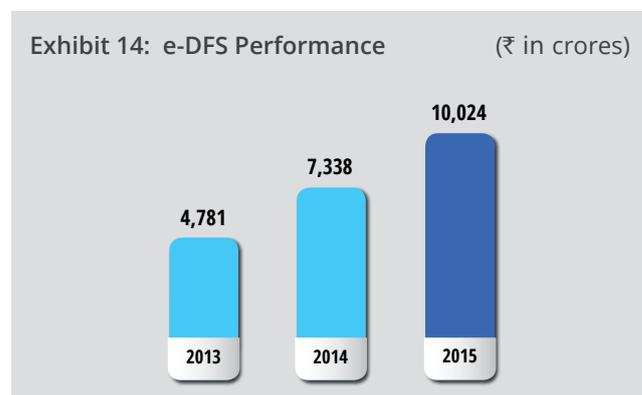
Bank has planned to introduce more and more cluster specific packages during FY2016.

SUPPLY CHAIN FINANCE

Leveraging its state-of-art technology, SBI is focusing on further strengthening its relationship with the Corporate World by financing their Supply Chain partners.

The Bank has tied up with 96 Industry majors across all Industry Verticals like Auto, Oil, Steel, Power, Fertilizer, FMCG and Textile under e-DFS. 26 new tie-ups and 4,803 dealers have been added during FY2015 under SCFU.

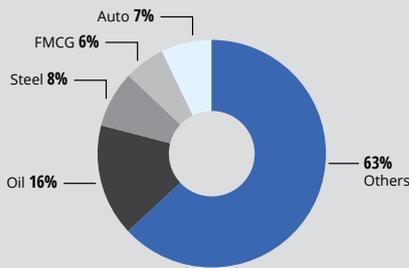
The performance of Supply chain Finance under Electronic Dealers Finance Scheme (e-DFS) has been illustrated as under:



The Bank is focusing on adding more corporate in our e-DFS portfolio covering various sectors like steel, oil, petroleum, textile and garment, FMCG and consumer electronics.

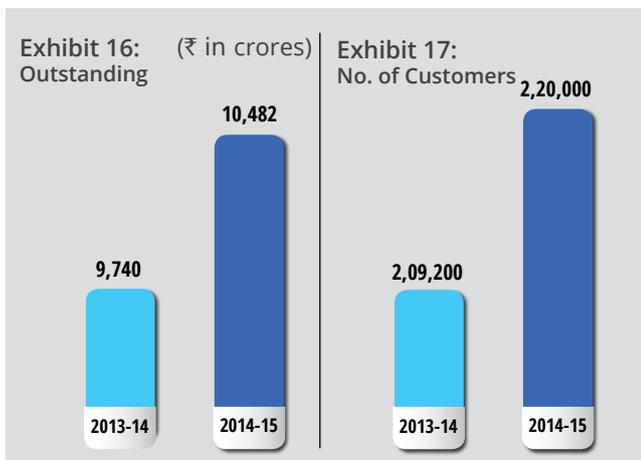


Exhibit 15: Sector wise eDFS exposure



CREDIT FLOW TO MICRO AND SMALL ENTERPRISES UNDER CGTMSE:

State Bank of India has been pioneer in supporting MSMEs. For Micro and Small (MSE) businesses Bank is extending collateral free lending up to ₹1.00 crore under guarantee from CGTMSE. The performance under this scheme is as under:



SMEBU has focused on revamping delivery model with following enablers:

Relationship Managers

- ▶ Number crossed 1,000 mark.
- ▶ Even processing of loans from ₹50 Lakhs to ₹1 crore have been brought under Relationship Managers.

Specialized SME Branches

- ▶ Around 600 specialized SME branches have been located in the areas where there are greater potentials for SME activity.
- ▶ These are centres of excellence for SME loan delivery.

- ▶ These branches are manned by specially trained personnel whose sole responsibility is to look after SME customers.

Loan Origination & Loan Life Management Software (Los & Lims)

- ▶ Capturing of pre-sanction process of credit portfolio.
- ▶ Ensuring quality and uniform standards of credit dispensation.
- ▶ Robust record and information retrieval system.

Vijaypath

- ▶ Revamp of SME credit process and systems for online monitoring of the business leads and performance of relationship managers.
- ▶ Eight focus circles have seen 53% growth in disbursals.
- ▶ SBI won the IBA Banking Technology Awards -2014-15 for Vijaypath tool in SME in February, 2015.

Recent Developments

Asset Backed Securitisation: New product for dealing in assigned /securitised assets i.e. Asset Backed Securitisation (ABS) has been launched during last fiscal.

New-Tie up with OLA Cabs: A new tie-up with OLA Cabs was finalised and financing under the same was launched at 5 centres on pilot basis. Under the tie-up, OLA cab operators will be extended credit facility for purchase of new passenger cars for hiring purpose. The repayments of the loan are facilitated by OLA cabs, under the tie-up.

Sponsoring Co-operative Banks under National Financial Switch (NFS) sub-membership (ASP model):

Provides an excellent opportunity to open Current Accounts of Co-operative Banks spread all over India resulting in accretion of current account deposits. Further, All non-scheduled Co-operative Banks are allowed to maintain their Cash Reserve Ratio by way of current account deposits with SBI.

Location Specific Schemes for Micro and Small Entrepreneurs:

- ▶ Boutique Finance Scheme (For Kolkata).
- ▶ To develop entrepreneurship among women (homemakers) and also to ensure easy, timely and convenient access to institutional credit.
- ▶ "Nabakalebar Special Scheme" for SME (For Bhubaneswar, Puri and Cuttak).
- ▶ To finance Repair/ Renovation/ Addition/ Alteration of Hotels/ Lodging/Yatri Niwas/ Guest House.



Economy is likely to grow due to positive development plans by Government of India. MSME has been identified as focus area in view of its pivotal role in national economy. As such we anticipate that there is positive outlook for SME business.

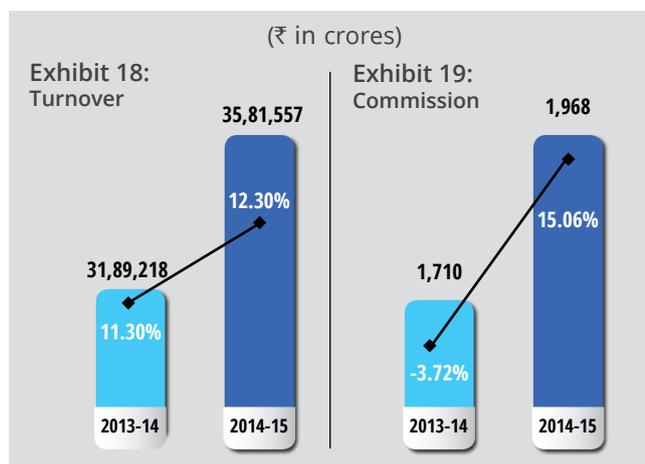
Following are the catalysts which will accelerate the growth of SMEBU unit:

- ▶ Supply Chain Finance, Commodity Warehouse Receipt finance, Food processing, Bills Finance and Cash credit and Term loan finance for SME units for their regular working capital and project requirements
- ▶ Focused products like Asset Backed Loan, Fleet Finance Scheme, Construction Equipment Loan, Medical Equipment Loan and Cluster Specific Packages
- ▶ New tie ups with e-tailers and other new economy businesses.

5. Government Business

Being accredited banker to the major Central Government Ministries/ Departments and most State Governments, Bank continues to retain its position as the market leader in Government Business. In continuation of its service tradition, your bank pioneered in developing customized e-solutions for Government of India and State Governments, thereby facilitating the Central/State Governments to migrate their transactions to the online mode and bringing in more efficiency and transparency in the system. More than 57% of Bank's Government Business has been migrated to e-mode, which has resulted in substantial reduction in average settlement period, as also in reduction in cash transactions.

PERFORMANCE HIGHLIGHTS



As part of ongoing initiatives, a number of projects were undertaken. Following are some of the new initiatives during the year:

- ▶ Rashtrapati Bhawan museum visit - fee collection facility launched by integrating with SBI ePay, the first and only payment aggregator services by any Bank in India.
- ▶ Partnering in "Clean Ganga Fund" and "Swacchh Bharat", both flagship schemes of the Government for collecting funds/ donations. The Clean Ganga Fund has been integrated with our SBI ePay payment gateway, enabling donations from across the world.
- ▶ e-Tourist Visa facility, launched for 44 countries by Ministry of Home Affairs, was integrated with SBI-ePay, enabling the tourists to pay visa fee online. The facility has been a sounding success.
- ▶ Our Bank enabled fee collection facilities for various prestigious educational institutes/ recruitment boards through our payment gateway.
- ▶ Under Cyber Treasury, 27 e-initiatives projects were completed for migrating various State Government transactions to e-mode.
- ▶ Bank has been administering pension payment to more than 39 lakhs pensioners through its 14 CPPCs. This year more than 2.5 lakhs new pension accounts got added as against 1.90 lakh additions during FY2014.
- ▶ This year, your Bank opened, more than 5 lakh new PPF accounts as against 3 lakhs opened during FY2014. The Bank is now maintaining 51.42 lakhs PPF accounts.

6. Marketing and Cross Selling

SBI is the Corporate Distributor of SBI Life, SBI General, SBI Cards, SBI Cap Securities Limited and SBIMF for distributing their products. The Bank also distributes mutual fund products of UTI Mutual Fund, Tata Mutual Fund, Franklin Templeton Mutual Fund and L&T Mutual Fund.

- a. Cross Selling income has increased from ₹234.83 crores in FY2014 to ₹388.28 crores in FY2015, recording a YoY growth of 65.35%.
- b. Income from SBI Life has increased to ₹244.62 crores in comparison to ₹159.51 crores booked during the corresponding period of the last year.
- c. Income from SBIMF has increased from ₹28.12 crores to ₹69.99 crores.
- d. The Bank has sold approximately 1.60 crore Personal Accident Insurance (PAI) policies and 2.69 lakhs Health Insurance policies of SBI General.
- e. Due to marketing efforts State Bank Card and Payment Services Private Limited was able to issue a total of 2.69 lakhs credit cards up to 31st March, 2015 (YOY growth 82.93%).
- f. A total number of 2.68 lakhs demat accounts were opened up to 31st March, 2015 in comparison to 1.20 lakhs accounts opened up to March, 2014.



7. Customer Service

Your Bank has launched "SBI Quick" on the 10th January, 2015, a simple and quick way to get balance or mini statement of SB/CA/OD/CC accounts through mobile phone. It involves a one time registration through SMS. Thereafter, the customer can send an SMS or give a missed call on a mobile number to get the balance in the account or a mini statement containing the last 5 transactions. The information is sent by the Bank through an SMS.

The enquiry of mobile number and keyword to be used for various services can be made by sending SMS as HELP to 09223588888. The customer then receives an instant SMS advising the information.

Bank has also published an App 'SBI Quick' for this service on Google Play Store.

Contact Centre

Bank Contact Centre caters to customers 24x7 through two toll-free helpline numbers 1800 11 2211 and 1800 425 3800 and toll number 08026599990. Currently, it is handling around 4.5 lakhs customer's calls per day, of which over 1 lakh calls are answered by Customer Service Representative and the rest through our Interactive Voice Response System (IVRS). The IVRS is providing following services to the customers:

- ▶ Account Information (Balance info, last five transactions, among others)
- ▶ Debit Card hot-listing and Status of the debit card, ATM PIN re-generation request
- ▶ Information on products and services and lead registration
- ▶ Registration of complaints
- ▶ Pension particulars (Basic Pension, Dearness allowances, status of life certificate, among others)
- ▶ Online trouble shooting for Mobile Banking, Internet Banking and Mobi-cash
- ▶ Status of NEFT/RTGS and SBI Express Remittances

Apart from the above, customers registered for Phone Banking can also avail the following services. Additional services launched during FY2015 are:

- ▶ Funds transfer within SBI accounts
- ▶ Stop payment of cheques
- ▶ Account statements
- ▶ Issue of Fixed Deposits

The Contact Centre has a dedicated toll-free number for queries related to the PMJDY. It also has 19 International Toll-Free numbers servicing 20 countries.

The Contact Centre is also responding to e-mails received on Bank's Corporate email ids contactcentre@sbi.co.in and customercare.homeloans@sbi.co.in.

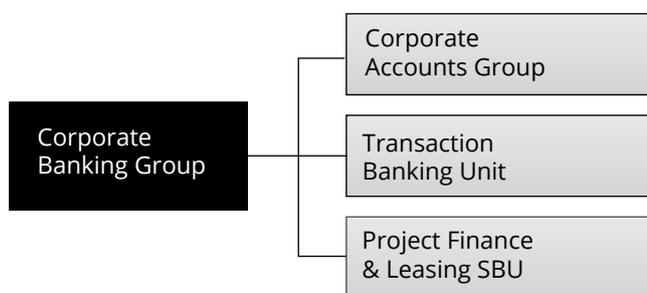
Serving the people hit by the 'Hudhud' cyclone in Andhra Pradesh

Within hours of striking vast areas of Andhra Pradesh, SBI took great pains to quickly restore normal operations at 209 out of 225 branches and many ATMs affected in the areas of Visakhapatnam, Vijaynagar and Srikakulam districts.

Giving the people the ability to transact or draw cash at times of natural calamity was of the greatest priority for the SBI Group. In a cash driven economy, life without money in hand, could lead to desperation. It was essential to instil immediate normalcy and to ensure that the affected citizens quickly enjoyed the ability to purchase basic things for survival. Besides the quick restoration of operations in branches, the Bank's employees were also involved in clearing the debris in many areas and in the distribution of food packets and blankets to the victims.



(B) CORPORATE BANKING GROUP



1. Corporate Accounts Group (CAG)

CAG is the dedicated vertical handling the “large credit” portfolio of the Bank. CAG has 8 Offices in 6 regional centres viz. Mumbai, Delhi, Chennai, Kolkata, Hyderabad and Ahmedabad. The business model of CAG is centred around the Relationship Management concept and each client is mapped to a Relationship Manager who leads a cross-functional Client Service Team. The Relationship strategy is anchored on delivering integrated and comprehensive financial solutions to clients, through structured products, within a strict Turn-Around-Time. The principal objective of the strategy to make SBI the first choice of top corporates.

Exhibit 20: Business Performance of CAG

(₹ in crores)			
Facility	Mar-14	Mar-15	YOY Growth
Fund Based +	4,35,675	4,56,138	5%
Non Based			

While the Fund Based outstandings of CAG constitutes 24% of total credit portfolio of the Bank, CAG also handles about 58% of the domestic forex business of the Bank. During the year, CAG handled several high value deals from top clients, for example NTPC, BSNL, SAIL, GSPC.

During the year, though there was declined in business from oil segment, substantial business was generated from non-oil segment. Around 87% of CAG exposure is to corporates with ratings of Investment Grade and above, and the distribution to sectors is well balanced. Around 47% of CAG’s exposure is to the Infrastructure Sector.

2. Transaction Banking Unit (TBU)

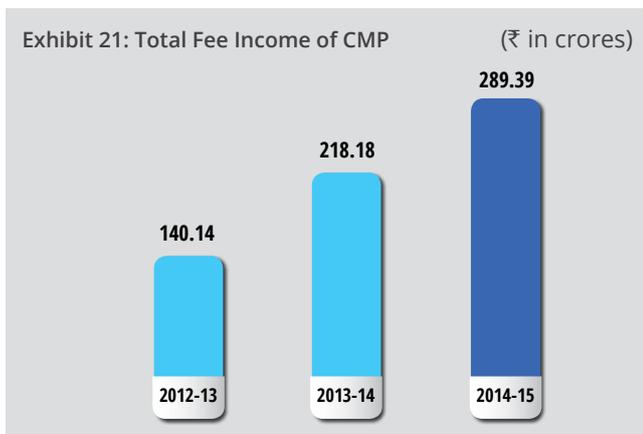
Transaction Banking Unit (TBU) offers a range of products to Corporates, Government Departments and Financial Institutions comprising, inter-alia, Cash Management

Products and Trade Finance and Supply Chain (Dealer/Vendor) Finance. The business of the Unit has clocked significant increase during last three years.

CASH MANAGEMENT PRODUCT (CMP)

The whole spectrum of Cash Management services, encompassing collections, payments and liquidity management are provided by way of Cheque and Cash collections (including Doorstep Banking), collections for Public Issues (IPO/Bonds), e-Collections, e-payments, management of Post dated Cheques and Mandates, NACH - based debits, and paper instruments such as Dividend Warrants, Refund and Interest Warrants, Multi City Cheques and Inter Office Instruments. While collection facilities are provided through “SBI F.A.S.T.” (Funds Available in Shortest Time) to Corporate customers through a network of around 1,600 authorized branches across the length and breadth of the country by means of a technology driven platform, our entire network of over 16,300 branches is also made available to Large Corporates, Mid-Corporates, SMEs as well as Non-Banking Finance Companies, Mutual Funds and Insurance Companies for collections through certain ‘Premium Products’ such as “Easy Collect”, “Powerjyoti - Pre-upload”, etc. The Bank offers various e-payment products through a secure process of dedicated portals and Host to Host facility. The business has been growing well over last three years.



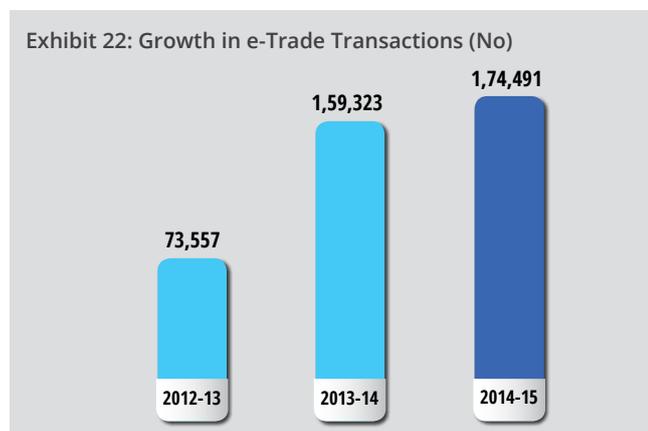


CMP Centre is the “Sole Refund Banker” for Central Board for Direct Taxes (CBDT). CMP Centre has brought about integration of payment systems of Controller General of Defence Accounts, Civil Ministries under UMEA and certain State Governments with the Core Banking Infrastructure of the Bank by providing Centralized e-Payment Solutions (interface), enabling the Government Departments to achieve their objectives under National e-Governance Project (NeGP).

TRADE FINANCE

e-Trade SBI

SBI has established an excellent technology and operation infrastructure for its Trade Finance business. e-Trade SBI, a web-based portal, which was launched by our Bank in March 2011, has been undergoing constant improvement to enhance customer comfort and provide the means to customers to access trade finance services with speed and efficiency by enabling them to lodge Letters of Credit, Bank Guarantees and Bills Collection/negotiation requirements online from any corner of the world. As on 31st March, 2015, nearly 1,900 Corporates are registered under e-Trade SBI.



e-VFS (Electronic Vendor Financing Scheme) & e-DFS (Electronic Dealer Financing Scheme)

Our relationship with the Corporate World has been further strengthened by financing their Supply Chain Partners through the above two products which are fully automated, secured and robust. They are designed to ensure efficient management of working capital cycle, sustained growth and profitability of business partners. As on 31st March, 2015, over 130 Industry Majors (IMs) with nearly 2,000 vendors and more than 7,900 dealers across the country have been migrated to the electronic e-VFS/e-DFS platform, a growth of 98% and 157% respectively.

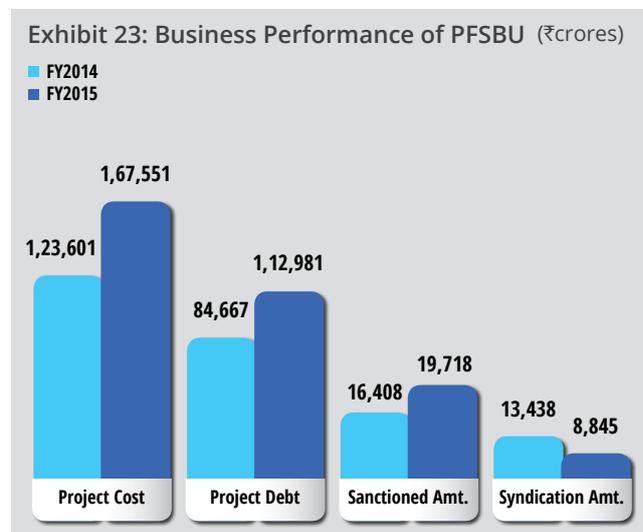
FINANCIAL INSTITUTIONS BUSINESS UNIT (FIBU)

Financial Institutions Business Unit, is a dedicated vertical created for capturing potential business opportunities from financial institutions viz. Banks, Mutual Funds, Insurance Companies, Brokerage firms and NBFCs.

In addition to facilitating their Cash Management by making available various Collection and Payment products, the facility of “Intra-day limit” was also introduced for Mutual Funds during FY2015.

Capital Market Branch (CMB), a specialized branch is functional at Mumbai to cater to the Capital Market business clients and Brokers. During FY2015, for the fourth consecutive year, CMB has been awarded as one of the top 3 performers in ‘Primary Market Segment – Debt Public - Banks FY2014 by Bombay Stock Exchange (BSE).

3. Project Finance & Leasing SBU (PFSBU)



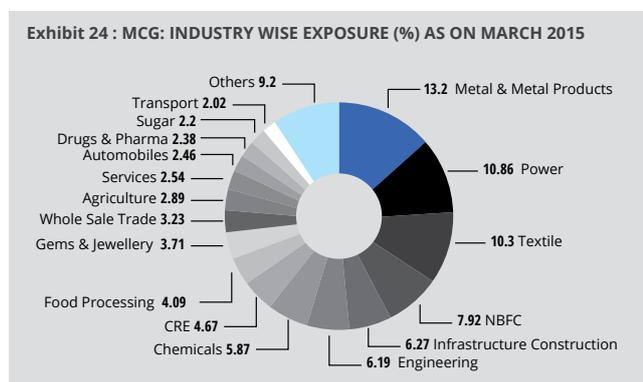
PFSBU deals with the appraisal and arrangement of funds for large projects in infrastructure sectors like power, telecom, roads, ports, airports, as also other non-infrastructure projects in sectors like metals, cements, oil & gas, among others, with certain threshold on minimum project cost. In order to strengthen the policy and regulatory framework for financing infrastructure, inputs are also provided to various ministries of Government of India, Planning Commission and RBI.

As on 31st March, 2015, the portfolio of infrastructure projects under implementation and control with PFSBU involves Power projects with aggregate capacity of 50,566 MW; Telecom Projects serving more than 190 million subscribers; Road projects covering more than 5,000 kms; new Ports to handle 45 MTPA multi-purpose cargo and 1.2 million TeU of container capacity; Metro Project in Hyderabad besides a host of projects in steel, cement, Urban Infra, etc. During FY2015, a total of ₹12,090 crores (₹9,691 crores in FY2014) were disbursed to these projects.

From the perspective of environment sustainability, the Bank has also been laying emphasis on the renewable sector in power generation and loans aggregating ₹770 crores have been sanctioned to 4 projects in wind and solar sectors.

(C) MID CORPORATE GROUP (MCG)

The 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, and has 57 branches as on 31st March, 2015.



Mid Corporates in India have been most severely affected by the downturn in the economy. To tackle this issue, the Group has strengthened the process of appraisal, sanctions, follow-ups and supervision. Further, sale of ₹8,747 crores of stressed accounts was made during the year.

In addition to the monthly Review Meetings, MCG has followed the approach of having periodical structured interactions, essentially serving as brain-storming sessions, among the key functionaries in the Group, for a better understanding of the portfolio handled by the Group - as also the attendant complexities and trends. The exchange of ideas and views in these interactions, between the top executives and the operating officials on the ground, has been useful in our 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).

Yield on Advances improved by 25 basis points during the FY2015 (from 9.71 % to 9.96%) and overheads have also been reduced by 13% (YoY).

(D) CORPORATE STRATEGY & NEW BUSINESSES (CS&NB)

Banking system is witnessing new challenges in its traditional business domain from new digitally enabled entrants. Payment systems, of late, is the most sought after aspect of banking business on account of the growing penetration of smart phones, e-commerce and launch of a good number of innovative products/mobile apps. Payments Bank and Small Finance Banks are on the anvil. The competitive scenario is getting intense and changing rapidly.

To meet the emerging challenges and to keep the Bank ahead in the race, during the last financial year your bank, has initiated a slew of measures to enhance customer delight.

Focus areas:

- Digital Banking foray to provide banking services under sub-brand sbiINTOUCH.
- Enhancing the offering of our Mobile Banking Services.
- Scaling up of Merchant Acquisitions and facilitating transactions through innovative measures.
- Onboarding of more banks and merchants to strengthen the aggregator business.
- Enhancing customer experience in the card domain.
- Enhanced in-branch customer experience.





“sbiINTOUCH” at Delhi was launched by Hon’able Finance Minister, Government of India, Shri Arun Jaitley

Digital Banking Project: “sbiINTOUCH”

To provide the banking services to Gen-Y and Smart Affluent, your bank initiated Digital Transition of service delivery in right earnest. Right from account opening (including enablement for transacting through alternate channels like Internet Banking and Mobile Banking and instant issuance of personalised debit cards) Remote Expert advisory, banking products and services delivery including products and services of SBI subsidiaries viz. Life Insurance, General Insurance, Mutual Funds and credit cards, e-Trade through SBI Cap Securities. The resultant product helped to enhance customer experience, provide seamless and fulfilling banking services through simplification of products and services and thus helped the Bank with a launching pad to get into higher orbit of digital service delivery in the coming days.

The first set of 7 Digital Banking Outlets (DBOs), under the sub-brand “sbiINTOUCH” was launched on 1st July, 2014. To start with, the DBOs have been opened in New Delhi, Mumbai, Kolkata, Chennai, Ahmedabad and Bengaluru.

“sbiINTOUCH” Outlets are equipped with state-of-the-art devices/kiosks and opened in Shopping Malls where the Target Group (TG) of Gen Y and Smart Affluent frequent. Customers transact on a self-serving mode, however, both onsite and remote expert assistance through hi definition video conference are available. These Outlets provide a consistent experience over a multitude of channels and comprise transaction processing stations (self-service zone), information and interaction stations, advisory rooms and event area to attract the TG to the shop.

The Digital Banking Project helped to generate significant business and the momentum is picking up.

Product & Services on offer at “sbiINTOUCH” outlets:

- ▶ Facility to open accounts with instant issuance of personalised Debit card
- ▶ Interactive machines for cash deposits/withdrawals, fund transfer, enquiries, etc.
- ▶ Interactive screens aggregating information on educational institutions, upcoming housing projects, automobile/car dealers/models/price along with the eligible Bank loan
- ▶ Hi-Definition Video conferencing to talk to experts based on service request
- ▶ Social Media Interactions
- ▶ Online Servicing of Requests/ leads
- ▶ Cross Selling : Products/services of SBI Subsidiaries
 - SBI Life/General Insurance, Mutual Funds, Credit Cards, etc.
 - e-Trade through SBI Caps Securities
 - Analytics and Predictive Analytics

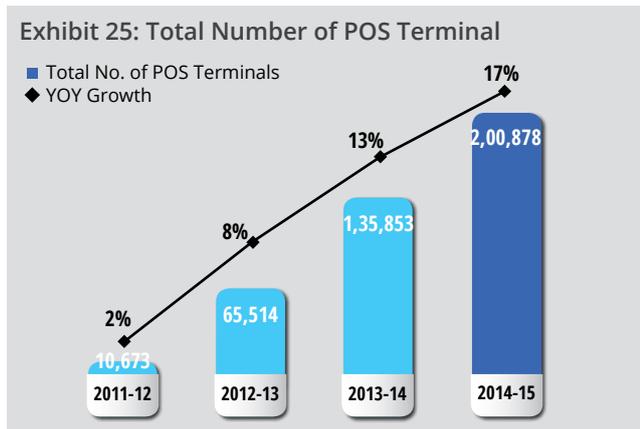


Mobile Banking Service

Our Bank continues to be the market leader with a market share of 46% in the number of Mobile Banking transactions. Introduction of retail internet banking based mobile banking application “State Bank Anywhere” entrenched its position in the Mobile Banking space and is growing by leaps and bounds. During FY2015, 7.71 crores transactions worth ₹11,662 crores were executed through the Mobile Banking Channel. The resultant income registered a YOY growth of 170%. The transaction cost continued to remain low, keeping in tune with the industry standards.

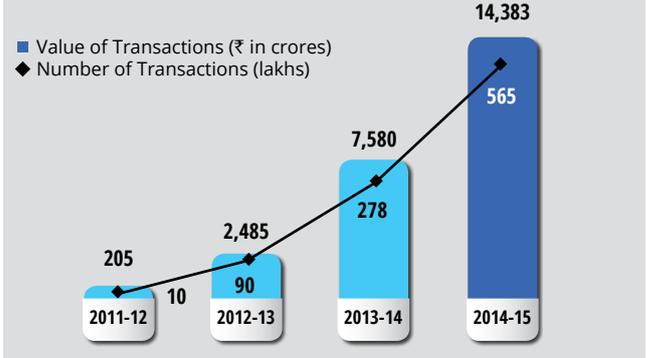
Merchant Acquiring Business (MAB)

The Merchant Acquiring Business Vertical aims to create a comprehensive electronic infrastructure in the country, to accept payment through Cards, increase visibility and other benefits to the Bank through merchant relationship. Your Bank is already the largest player amongst Public Sector Banks with more than 2 lakhs terminals in the market with a YOY growth of 104% in number of transactions during FY2015. We are among the top 4 Acquirers in India. The Bank has entered into corporate tie-ups with many prominent players, including top educational institutions and hospitals as we continue to tap the huge potential available in the market. During the year the Bank has launched Mobile POS on PAN-India basis.



Bank has also activated more than 1.05 lac POS terminals (Cash@PoS) for cash dispensation of up to ₹1,000 by the merchants to card holders. In the current financial year 1,12,194 off-us Cash@PoS transactions have been done on our PoS terminals.

Exhibit 26: Value of POS Transactions
No of POS Transactions



STATE BANK AGGREGATOR SERVICE (SBlePay)

The payment aggregator service “SBlePay” has more than 40 Banks as its partners and now offers a full range of services to facilitate e-commerce / m-commerce transactions. SBlePay has also acquired the security certifications PA-DSS and ISO27001:2013.

Major Central state Government Merchants enabled by SBlePay for providing the payment services include;

- ▶ E-Visa Project of Government of India.
- ▶ Contributions to National Mission for Clean Ganga.
- ▶ C2G initiatives of State Governments.
- ▶ Educational institutions.

SBlePay has processed 1,05,953 e-Tourist Visa (valued at US\$65,46,766) under the Online Visa facility launched by the Ministry of External Affairs for 43 countries, on 27th November, 2014. During the corresponding period last year (December 2013 to March 2014) around 10,000 Tourist visas were issued. Issuance of e-Tourist Visa has led to an increase of 95,953 tourists showing a growth of 1055% during the four months ending March, 2015. In the backdrop of such enthusiastic response, the facility is being extended to more and more countries.

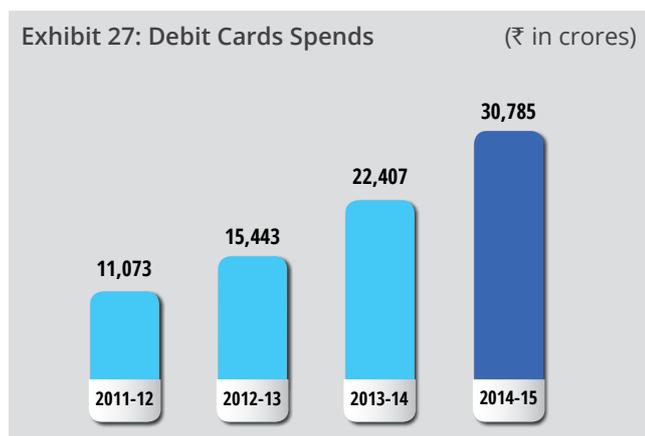
The growing e-Commerce market and the initiatives of the Government of India on e- Governance is being captured by SBlePay being the only Bank based aggregator service in the country.

DEBIT CARDS:

State Bank Group continues to lead Debit Card issuance in the country with over 20.59 crores Debit Cards as on 31st March 2015. The Bank in its efforts to move towards a cash-less economy, has been actively promoting Debit



Card usage at Point of Sale/e-Commerce by running various promotional and cashback campaigns to promote its usage. As a result, Debit Card spends over “point of Sale” and “e-commerce” of State Bank Group crossed ₹30,000 crores for the FY2015, an increase of 38.80%, which resulted in topping the market share of 25% of total Debit Card spends in the industry, as depicted in graph hereunder:



PREPAID CARD

Your Bank has a wide range of prepaid cards to cover entire spectrum of cashless transactions with a range of products including popular Rupee Prepaid Card viz. Gift Card, General Purpose Prepaid Card like eZ-Pay Card and Foreign Travel Card catering to various payment needs of the customers.

FOREIGN TRAVEL CARD

During the FY2015, Multi-Currency Foreign Travel Card in four currencies (viz. USD, GBP, EURO and SGD) was introduced on MasterCard platform. Foreign Travel Card (FTC), a chip based EMV Card, is available in eight currencies, US Dollar(USD), Great Britain Pound (GBP), Euro, Canadian Dollar (CAD), Australian Dollar (AUD), Japanese Yen (JPY), Saudi Riyal (SAR) and Singapore Dollar (SGD), providing safety, security and convenience to overseas travelers on VISA platform. Corporate variants of FTC have been introduced to cater to the needs of employees of Corporates travelling overseas. Sales for FY2015 registered a YOY growth of 41.89%.

eZ- PAY CARD

eZ- Pay Cards are aligned with most of the social schemes of State and Central Governments in addition to salary payments by Corporate entities have been issued to millions of beneficiaries for their convenience and use.

GIFT CARD

Gift Cards remain a preferred option to consumers to gift the “Freedom of Choice” to their loved ones. Customers can purchase Gift Cards online. State Bank Achiever Card, a re-loadable corporate incentive Card with a validity of 10-years for disbursement of incentives/awards has been rolled out during January, 2014.

SMART PAYOUT CARD

The Smart Payout Card, a Rupee Prepaid, reloadable Card, was launched during FY2014, targeting low income group population such as blue collar workers/contract labourers etc. This Card can also be issued as an “Add-on Card” to the existing Saving Bank customers.

SBI SMART CHANGE

The Card is an RFID based contactless Smart Card. The Card is a perfect alternative to problems associated with small notes/coins. No KYC documents are required for issuance as it is a closed loop Card. The Card is similar to the contactless Metro Cards, which can be issued instantly and are ready for use. The card has been launched in association with Delhi Mother Dairy and Amul as a co-branded card for use at their milk/ safal booths. The Card can be topped up as and when required from the Mother Dairy/Amul outlets. The same product was rolled out inside the Rashtrapati Bhavan complex.

SWAYAM : BARCODE BASED PASSBOOK PRINTING KIOSKS

Bank has launched SWAYAM, Barcode based Passbook printer in November, 2014 aiming to roll out 2,500 passbook printing kiosks. Using these kiosks, customers can print their passbooks on their own. More than 1500 such Kiosks have been rolled out as on 31st March, 2015 recording more than 2,50,000 transactions on a daily basis. During the short span of 4 months, more than 1 crore passbook printing transactions were performed through SWAYAM.

GREEN REMIT CARD (GRC)

GRC, a remittance card, was introduced on 2nd January, 2012 mainly to enable the large number of third-party walk-in cash deposit transactions at branches. They are routed through Green Channel Counter and Cash Deposit Machines, thereby reducing the turnaround time for such transactions. A cardholder can swipe the card at GCC or in CDM and remit cash to the beneficiary whose account number is mapped in the card. Once the transaction is complete, both the remitter and beneficiary get confirmation through SMS on their mobile phone.



GREEN CHANNEL COUNTER (GCC)

Green Channel Counter (GCC) is a card based transaction processing device (TPD) available at branch counters. Customers enter their transaction details through the device and authenticate themselves using their debit card + PIN. No voucher needs to be filled by the customer and customer saves on time and experiences paperless banking.

The Green Channel Counter facility is made available in all retail branches. On an average, the daily transactions routed through GCC are more than 5.22 lakhs. During FY2015, 12.84 crores transactions and 20% of eligible transactions in Core Banking System were routed through Green Channel Counters. For further improving the customer experience, standalone GCC was provided at more than 3,000 Branches which resulted in enhancing customer convenience and reducing transaction time at the counters.

SELF SERVICE KIOSKS (SSKs)

Self Service Kiosk is a debit card based non-cash transaction kiosk. Twenty different financial and non-financial transactions are available at SSKs including passbook printing, utility bill payments, cheque book requests etc.

As on 31st March, 2015, SSKs, enabling customers to perform various financial and non-financial transactions have been installed in 1364 Branches. On an average, SSKs are recording more than 55,000 transactions on a daily basis.

E. STRESSED ASSETS MANAGEMENT

1. Overview

A depressed macro-economic environment in recent past has triggered slippages across all sectors and today, resolution of NPAs is the single largest challenge before all banks.

Stress on the assets of Indian banking sector has continued unabated for some time due to various reasons, namely,

- ▶ Continued recessionary trends
- ▶ Stalled / Delayed Infrastructure projects
- ▶ Mining related issues – availability of coal
- ▶ Stress in sectors like power, iron and steel, exports etc.,
- ▶ Textile sector reeling under pressure due to a combination of factors like increase in prices of cotton, slow down / cancellation of exports, poor price realisation etc.

- ▶ Stress in Aviation Sector
- ▶ Delay in realisation of receivables
- ▶ Delays in resolution of NPAs through legal proceedings

As part of focus on NPAs, Stressed Assets Management Group (SAMG) continues to work as a dedicated and specialised vertical, headed by a Deputy Managing Director, created specially to efficiently resolve high value NPAs. With five Regional Offices, each headed by a General Manager and two Chief General Managers overseeing the entire effort, SAMG has turned into a centre of excellence in the NPA resolution effort of the Bank. Effective 1st April, 2014, SAMG as a logical extension took over 42 Stressed Assets Resolution branches from National Banking Group, to extend its expertise for the resolution of high value retail NPAs, taking total number to 17 SAM and 42 SAR branches across the country. Currently, SAMG covers 23.4% and 62.60% of the Bank's Non Performing Assets (NPAs) and Advances under Collection Account (AUCA) respectively. The recovery efforts of SAMG are supplemented by efforts put in by front-line operating staff across all verticals and branches of the Bank across the country. The CSPs are also being trained for acting as Banks recovery agents for extended coverage.

Exhibit 28: NPA Management Performance

	(₹ in crores)			
	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Gross NPAs	39,676	51,189	61,605	56,725
Gross NPA%	4.44	4.75	4.95	4.25%
Net NPA%	1.82	2.10	2.57	2.12%
Fresh Slippages	24,712	31,993	41,516	29,444
Cash Recoveries/ Up-gradations	9,618	14,885	17,924	13,011
Write Offs	744	5,594	13,176	21,313
Recoveries in Written Off Accounts	962	1,066	1,543	2,318

However, while making all out efforts for reducing the NPAs, the bank often faces certain impediments in the legal process, which delay recovery. The Bank has approached the concerned authorities at appropriate level for ironing out those impediments. Despite these constraints, all actions initiated for resolution are constantly followed up and strategies are periodically reviewed for expeditious resolution of NPAs and the Bank is fully geared to meet the asset quality challenges of FY2016 when near-term pressure is expected to ease.



RESTRUCTURING OF ASSETS

Corporate Debt Restructuring of assets is being done only in cases that are technically feasible and economically viable and where the promoter's commitment to the project is ensured. Such cases are restructured only after conducting techno-economic viability (TEV) study. Further, restructuring is done also as per the guidelines put in place by RBI. Restructuring has attained prominence in recent years due to global slowdown, sluggish growth in the domestic market and the down-turn in industry. Moreover, restructuring of viable units enables the Bank to recover funds locked with the borrower, aids continued functioning of the industry and helps in keeping manpower gainfully employed.

CONTROLLING NPAs

The Bank has endeavoured to contain the increase in NPAs, the strategies for resolution are being constantly reviewed and revisited. Suitable measures for prevention of NPAs by timely identification and diagnosis of problems of irregular accounts, tracking and reviewing Special Mention Accounts, account wise monitoring etc have been put in place. The Bank has adopted a two fold strategy for controlling fresh accretion and resolution of existing NPAs.

CONTROLLING FRESH ACCRETION TO NPAs

- ▶ Early diagnosis of the problems and analysis of the reasons for irregularity, with appropriate strategies for time bound action to prevent slippage as NPA.
- ▶ Industry wise exposure limits have been set to minimize risk.
- ▶ Loan portfolio is monitored on an ongoing basis.
- ▶ Account tracking Centres have been set up to prevent accounts slipping into NPA category.
- ▶ A system of Tele-calling/ personal contact/ SMS alert/ sending notices etc is being followed on default of overdue installments / irregularity in accounts.

IMPROVING RESOLUTION OF NPAs

- ▶ In cases where soft recovery measures do not fructify, legal action is being initiated.
- ▶ Filing suits in Debt Recovery Tribunals and other Courts for recovery of dues.
- ▶ Nodal officers monitor DRT Cases and liaise closely with DRT officials. Lawyers' meets are conducted and the performance of advocates is constantly monitored to expedite DRT process.

- ▶ Action under SARFAESI Act is taken promptly to recover the dues by sale of secured assets.
- ▶ Identifying Companies and promoters as Wilful Defaulters and arranging for display of their names on the websites of Credit Information Companies such as CIBIL. These names are also reported to RBI.
- ▶ Credit cum Recovery camps are being organised.
- ▶ Involving Business Correspondents, Business Facilitators and Self Help Groups in recovery of Agricultural NPAs., Lok Adalat / Bank Adalat are arranged.
- ▶ Review of NPAs at various levels is done at regular intervals.
- ▶ BIFR cases are closely followed up.
- ▶ E-auction has been introduced for better price realisation.
- ▶ Sale to ARCs is also explored in select cases
- ▶ Identifying and engaging with strategic investors for takeover of stressed assets.
- ▶ Entering into One-Time Settlements with borrowers.
- ▶ Using Resolution Agents to take possession of properties mortgaged to the Bank and arranging for their auction.
- ▶ Considering Debt Asset swaps in some cases.
- ▶ Engaging investigation agencies to trace out unencumbered assets of promoters and guarantors and obtaining attachment before judgement over these properties.
- ▶ Publishing photographs of defaulters in newspapers where warranted.
- ▶ Persuading Large Corporate borrowers under stress to sell non-core assets, dilute their shareholding and bring in strategic investors thus reducing debt and improving viability.
- ▶ The Bank organised a "Mega Auction" in Q4 of FY2015, where over 250 properties were put to auction under SARFAESI Act on the same day. The properties put up for auction are located across the length and breadth of the country.
- ▶ SAMG is also setting up a centralised repository of all fixed assets / properties charged to the Bank, wherein, pictures with description and walk through videos of all securities are available. Going forward, we plan to make the portal available in the public domain for preview of securities by ARCs and other interested buyers.



- ▶ Properties available for auctions are also showcased in “Property Mall”, wherein, space is taken in shopping malls in the prominent locations, to display pictures/videos of properties being put up for auction.

INITIATIVES TAKEN TO CLAMP DOWN ON NPAs

Early Warning Signal (EWS): As part of its proactive management of stressed assets to contain and control NPAs, we are in the process of introducing a system which would generate Early Warning Signals in the form of actionable alerts that would help the Bank to identify assets at the incipient stage of stress and facilitate their early resolution. The objective is to tackle problem loans well before they turn SMAs.

AT@M: The web based Assets Tracking and Monitoring (AT@M) software enables all stake holders to have a single point of view along with granular drill down up to account level. It covers monitoring of SMAs as well as Sub Standard accounts.

The Bank also tied up with GE Capital for proactively making calls to stressed accounts (SMAs) in Retail segment and Real Estate sector, to prevent slippages.

SBI has Assets Tracking Centres at Circle level to track and monitor probable NPA accounts (SMAs) in SME and Agriculture segments, for making calls on the customers and follow up for recovery.

Tele-calling to borrowers/guarantors has been introduced at Stressed Assets Resolution Branches to help in their recovery efforts. In order to simplify and add technology in the work flow of the call centres, a web based portal has been put in place, to efficiently monitor the call centre process.

The Bank has formed various committees to periodically review stressed assets and suggest resolution and turn around strategies.

2. Asset Quality Improvement Measures for P-Segment

PBBU Assets quality has improved during FY2015. To strengthen the assets quality, following strategies have been adopted:

- ▶ SMS sent to borrowers before and after EMI due date

- ▶ Soft recovery entrusted to specialised teams
- ▶ A campaign for Auto Loan recovery “Aar Ya Par Paisa Ya Car” launched
- ▶ Updation of defaulters’ details in Credit Information Companies’ database being followed up
- ▶ Auctioning of defaulters’ assets hypothecated/pledged with the Bank
- ▶ Portfolio Health Check and Skip Tracing for Auto Loan, Education Loan and Xpress Credit carried out

3. Asset Quality Improvement Measures for Agriculture Loans

- ▶ Several initiatives and innovative campaigns rolled out for arresting slippages and quick resolution of NPAs resulted in reducing the Agri NPA level to below 31st March, 2014. The initiatives adopted are:
- ▶ ‘R1U2 Campaign’ (Recover One & Upgrade Two) - launched to target NPA accounts, which pulled standard accounts to NPA under Single CIF Multiple accounts norm. The Campaign resulted in reduction of NPAs to the tune of ₹214 crores.
- ▶ “Project Zero Campaign” launched to drive renewal of NPA KCC/ACC accounts. The campaign is driven by SMS based daily monitoring of renewal / closure. Under the campaign, 2.81 lakhs KCC/ACC accounts renewed / closed upto 31st March, 2015.
- ▶ SBI has renewed the National level tie-up with Shriram Automal India Limited to support branches in auction of seized tractors to reduce agri NPAs.
- ▶ Gold loan auctions carried out on fixed dates each month to drive NIL NPA position in Agri Gold Loan.

4. Asset Quality Improvement Measures for Corporate Accounts

The asset quality of CAG remained well under control, with the gross NPAs at 0.44 % of total advances.

Every effort is made to improve the asset quality through regular engagement with promoters of weak and stressed accounts. All high value stressed accounts and D rated borrowers are kept under special watch of General Manager for reduction in exposure. The sale to Asset Reconstruction Companies (ARCs) is examined in all eligible stressed accounts. These efforts have led to decline in retained NPA of Mid Corporates from 17,250 crores as on March 2014 to 14,775 crores as on March, 2015.



International Operations

International Banking Group (IBG)



International Banking Network of 191 Offices in 36 Countries



2. INTERNATIONAL OPERATIONS International Banking Group (IBG)

International Operations of the Bank is guided by the overarching principle of supporting global Indian corporates and Indian diaspora spread across geographies. In addition, the Bank also targets the local populace in line with its vision to become a truly International Bank. To this end, the Bank has a separate Business Unit – International Banking Group (IBG) headed by Managing Director & Group Executive (CB) and supported by Deputy Managing Director & Group Executive (IB).

GLOBAL PRESENCE

The number of foreign offices of the Bank at 191 is spread across 36 countries. Diversity in operating structures is a cornerstone of the Bank's expansion activity in different markets. During FY2015, the Bank has opened a new Representative Office in Myanmar and Indian Visa Application Receiving Centre at Dhanmondi, Bangladesh.

Exhibit 29: Break-up of Foreign Offices (No.)

	FY2014	New Offices opened during the year	FY2015
Branches /Sub-Offices / Other Offices	68	1	69
Subsidiaries / JV	(7)	0	(7)
Offices of Subsidiaries/JV	110	0	110
Representative Offices	8	1(1)*	8
Associates / Managed exchange Cos /Investments	4	0	4
Total	190	2(1)	191

* Luanda Rep Office in Angola was closed and Yangon Rep Office in Myanmar was opened.

The Group has dedicated verticals in Credit and NPA management, Compliance, Risk, Treasury, Human Resources, Operations, General Banking, and Strategy to support the extensive international operations of the Bank. IBG supports its major stakeholders through its business functions as detailed below:

CORPORATES Merchant Banking

The Bank facilitates raising debt in Foreign Currency by Indian corporates by way of External Commercial Borrowings through syndicated deals in conjunction with other Indian and Foreign Banks, and also through bilateral arrangements.

Highlights

- ▶ Premier Mandated Lead Arranger and Book Runner during the FY2015.
- ▶ 10 Syndications aggregating US\$7.057 billion.
- ▶ 15 Bilateral Loans aggregating US\$2.563 billion to Indian corporates on a bilateral basis.

Treasury Management

In addition to supporting the global liquidity, liability management framework and investment portfolio of the Bank, Treasury Management Group also undertakes foreign exchange and hedge transactions for corporates. In April, 2014, the Bank successfully priced a Rule 144A/Reg S US\$1.25 billion multi-tranche Bond issue. Apart from bonds, some of the other sources of liquidity at Foreign Offices were:

- a. Long Term bilateral loans from multilateral agencies like Korea Exim Bank, EIB, KfW IPEX Bank
- b. Medium Term bilateral loans from Correspondent Banks.
- c. Medium term Syndicated Loans
- d. Reciprocal Lines.
- e. Repo arrangement
- f. Lines against Bankers' Acceptance

Highlights

- ▶ Investment Portfolio at US\$4487 Million
- ▶ Interest Income from Investment - US\$160 Million
- ▶ Divestment Income - US\$36 Million
- ▶ Investment provisions written-back - US\$94 Million

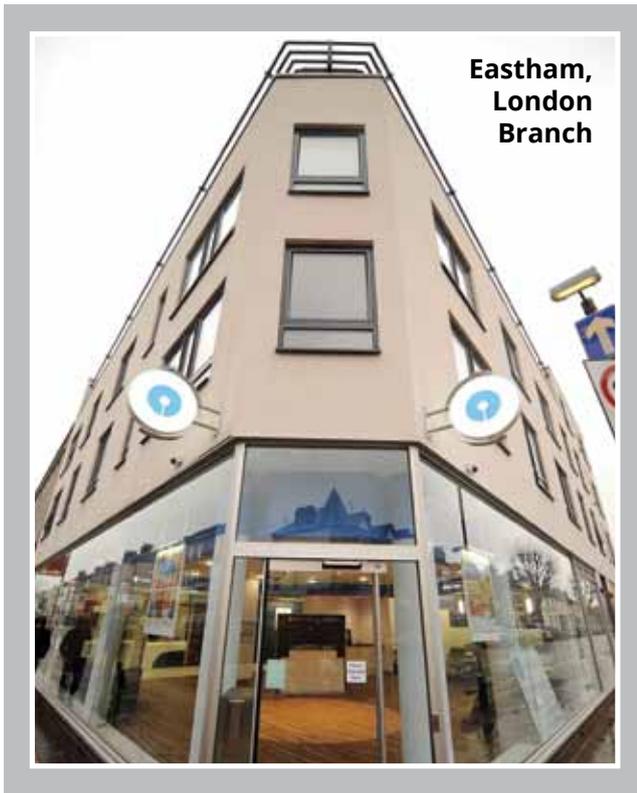
Back Office Centralisation Project

During FY2015, the Back Office Centralisation Project was initiated to enable migration of the Back Office (BO) functions across foreign offices to Global Markets Unit Kolkata. Till 31st March, 2015, 10 foreign offices had shifted their BO functions.

INDIVIDUAL CUSTOMERS

Through specialized remittance products the Bank enables a 'window to India' for NRIs residing in different corners of the world. In some countries with considerable Indian diaspora, the Bank also engages in retail lending activities for both Indian as well as local customers.





Global Link Services (GLS)

Global Link Services (GLS), a specialised outfit, caters to centralised processing of Export Bills collection, Cheque collection and online inward remittance transaction. Tie-ups with 30 exchange companies and seven banks in the Middle-East Countries for routing remittances through the Bank have substantially contributed to the inward remittances business. During FY2015, your Bank launched a new online instant remittance product 'Russia to India Flash' for remittances from Russia to India.

Highlights

- ▶ Export Bills Handled (on behalf of Domestic Branches) - 70,012
- ▶ Foreign Currency Cheques Collected - 47,116
- ▶ Online Inward Remittance - 89,02,307

FINANCIAL INSTITUTIONS

The Group also facilitates linkages of the Whole Bank with international stakeholders such as Correspondent Banks, Foreign Regulators, International Chambers of Commerce, etc. As such, there is considerable synergy between IBG and other Business Verticals such as Mid Corporate Group, Corporate Banking Group and Global Markets etc.

Highlights

- ▶ Correspondent banking relationships with 346 reputed International Banks across 88 countries
- ▶ 1,617 Relationship Management Application (RMA) arrangements with Society for Worldwide Interbank Financial Telecommunication (SWIFT)
- ▶ Master Risk Participation Agreements (MRPAs) entered into with 32 banks with aggregate funded and non-funded exposure of over US\$4 billion.

REGULATORS

The Bank is committed to the policy of zero tolerance of non-compliance with regulatory guidelines. Regulatory concerns identified by regulators/auditors are addressed on priority basis. Status of remediation is placed before the Audit Committee of the Board.

The Bank has adopted an Independent Risk Governance Structure covering domestic and international operations. A country Risk Management Policy in tune with RBI guidelines is in place. Country-wise and Bank-wise exposure limits are monitored and reviewed on regular basis. Trends of credit risk, operational risk and market risk in respect of overseas operations are monitored, analysed and reported periodically to top management and central risk management departments of the Bank.

EMPLOYEES

The Bank ensures employee satisfaction through continuous engagements with senior management, improving productivity and retention. Further, the Bank encourages communication and awareness in its multi-cultural and multi-ethnic workplaces abroad.

SOCIAL SECTOR

The Bank engages in several corporate social responsibility projects in many countries of its presence. The Bank also sponsors local and Indian festivals as also cultural programme to increase its visibility and enhance soft power of India as well its Indian brand.

Nepal SBI Bank Limited, a subsidiary of State Bank of India was the only Bank to restore total banking services at its branches within only 5 days after the disastrous earthquake in Nepal. Mobile Currency Exchange counters were opened at Kathmandu airport to assist travellers evacuated from the disaster zone. In addition to swift response in mobilizing services to normalize the financial system, the Bank also extensively engaged in humanitarian efforts.



Exhibit 30: Business performance of Foreign Offices
(In US\$Billion)

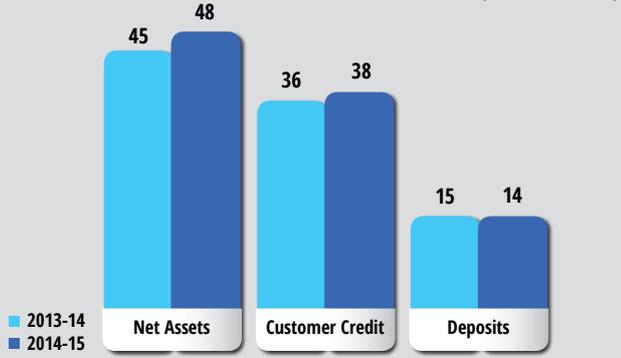
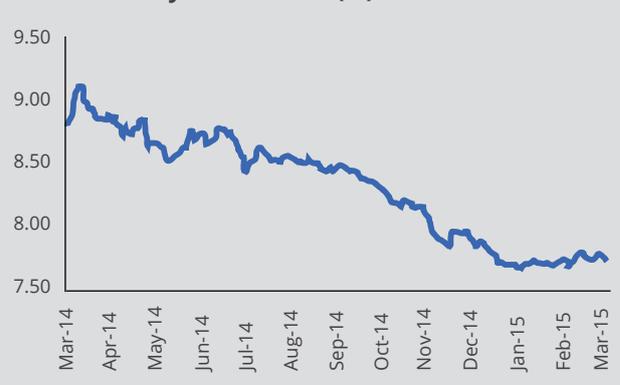


Exhibit 31: 10yr G-Sec Yield (%)



SBI & JBIC Sign Export Credit Line Agreement

In September, 2014, SBI and Japan Bank for International Cooperation (JBIC) signed a loan agreement to set up an export credit line. The loan is co-financed with the Bank of Tokyo-Mitsubishi UFJ Ltd (BTMU) which brings the total co-financing amount to JPY 13.5 billion and US\$21 million approximately. This credit line will be utilised by Meja Urja Nigam Private Limited (MUNPL) to finance the procurement of steam turbine generator equipments from Japanese Company and its subsidiary in India to construct a super critical pressure coal-fired power plant (660MWx2 units) in Meja, Uttar Pradesh. MUNPL is a joint venture equally invested by NTPC Ltd and UP Rajya Vidyut Utpadan Nigam Limited.

FY2015 has been a favourable year for the Indian debt and equity markets as fall in CPI inflation (adjusted for new series) from 8.24% in March 2014 to 5.17% in March 2015 and formation of a stable government helped improve sentiment, boosting FII inflows. RBI reduced its benchmark repo rate by 50 basis points to 7.5% and cut SLR from 23% to 21.5%.

3. TREASURY OPERATIONS

Global Markets Group, which manages the Bank's treasury, has given a stellar performance this year with a 21% increase in net interest income, 85% jump in profit on sale of investments and a 33 bps improvement in yield on a portfolio of close to ₹4.9 Lakhs crores. The Group has maintained the pre-eminent position of the Bank in providing foreign exchange / hedging products to customers, portfolio management services to retirement funds and in maintenance of CRR.

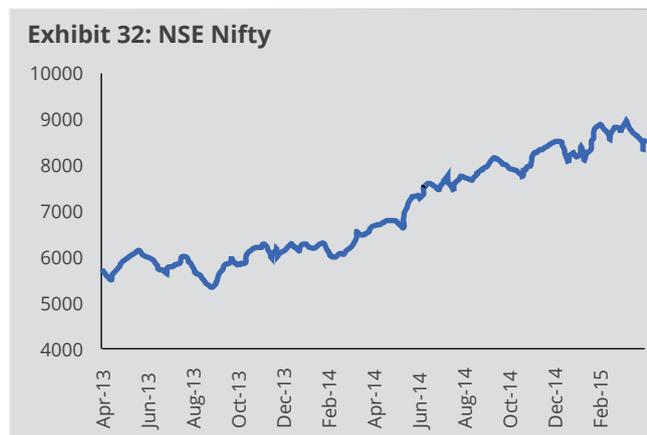


Bond yields fell by more than 100 basis points during the year, while equity markets rallied by more than 25%. Your Bank has seized this opportunity to book record profits of ₹3,428 crores through sale of investments, exceeding our FY2014 profit by 85%. Interest income has also gone up by 15%, while interest expenses are down 36% through



better fund management, resulting in an almost 21% increase in Net Interest Income of Global Markets. In CRR management, your Bank again outperformed its peers by 195 basis points, resulting in interest-cost saving of around ₹85 crores.

In the equity markets, profits increased 132% YOY as we expanded the universe of securities, and increased the size of trading portfolio to benefit from the favourable market conditions.



Global Markets provides foreign exchange solutions to the customers for managing their currency flows and hedging risks through options, swaps, forwards and bullion services. Our treasury marketing outfits complement this through frequent interactions with customers to provide them with inputs about market developments and suggesting products to suit their requirements. The Group also manages FCNR(B) corpus of the Bank and provides funds for FCNR(B) loans and Export Finance in foreign currency like PCFC/EBR for customers in India.

Profits from forex and derivatives increased by around 9% to ₹1,600 crores (unaudited) this year, despite reduced volumes due to declining oil prices.

To streamline our global forex operations, including 191 overseas offices in 36 countries and 675 domestic branches, an integrated Global Back-Office has been set up in Kolkata. In addition, we have significantly improved reconciliation of transactions in our Nostro accounts with foreign branches/correspondents through implementation of Transaction Life-Cycle Management (TLM) reconciliation software.

We have also rolled out an internally designed and developed web based outward remittance product called "FX-Out" which will be accessible at all branches to facilitate transfer of funds upto ₹10 lakhs to overseas centres.

We continue to explore opportunities in the area of Private Equity (PE) and Venture Capital Fund (VCF) Investments. During FY2015, five new VCF investments amounting to ₹495 crores were committed to.

The JV set up with Macquarie and IFC in 2008, to manage a US\$ 1.2 billion India-focused PE fund, has invested approximately 96% of its total capital commitments. The Oman India Joint Investment Fund (OIJIF), set up in 2010, has completed its investments for Fund 1 worth US\$ 100 million. The partners have decided to launch Fund 2 with a corpus of US\$ 300 million. Further, the social infrastructure focused VCF, the Neev Fund, with a target fund size of ₹660 crores was operationalised jointly with DFID (UK) and SBICAP Ventures Limited.

Portfolio Management Services increased its AUM by 13.65% YOY to over ₹3,15,000 crores in FY2015. It has consistently outperformed private sector peers in generating returns for the Employees Provident Fund Organisation (EPFO) funds, and was ranked by CRISIL as the best fund manager for EPFO for the third year in a row.

To retain its pre-eminent position in the specialized domain, Global Markets continuously invests in skill development of dealers through training sessions conducted by industry experts and short courses in prestigious institutions like IIMs and NIBM.



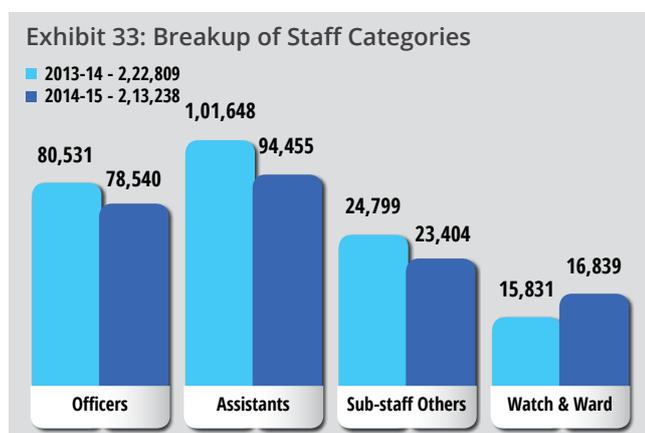
IV. Support and Control Operations

1. HUMAN RESOURCES

The Bank believes that Human Resources Management is an important facet of organization's effectiveness. Aligned with the best practices of a caring and responsible employer, and befitting its status of 'first among the equals' in the banking industry, our Bank has been making constant endeavour to improve the functioning of HR as a strategic business partner by nurturing its loyal and dedicated employees who have made significant and lasting contributions towards achieving the Bank's goals on an upward scale, on year to year basis.

Towards this end, the Bank has taken important measures to meet the business challenges, which include, recruiting young and qualified candidates in large numbers; improving the working /service conditions of the employees representing a wide diversity of group / interests; re-skilling them through training interventions, workshops, seminars, video-conferencing; assisting in the career development of the employees by providing for a scientific and objective approach to measure their performance; incentivising the top performers; putting in place an organised structure for skill / capability building in critical positions and by implementing various measures for talent retention. All these have contributed in a big way to generate a highly satisfying working environment wherein the employees feel happy, engaged and enthusiastic about their work and take positive action to further the Bank's business interests and reputation.

OUR STRENGTH:



In keeping with the Management tradition of being proactive in employee engagement which is critical for the Bank to sustain growth with profit, the current leadership has taken it to greater heights by taking important initiatives as detailed below during FY2015.

INITIATIVES :

Project 'Saksham'- Career Development System (CDS) and Manpower Planning -- The rapidly changing business environment, competition from the Public / Private Sector Banks and ever increasing expectations from the young and demanding customers have put high onus and responsibility on the Bank for higher productivity and customer service. To meet these challenges, your Bank is recruiting young and qualified candidates in large numbers, changing the products and processes. In order to keep the employees empowered and motivated at all levels, a Career Development System (CDS), known as 'Saksham' has been launched with the objective of scientific and objective approach for performance measurement and resource planning at all levels in the Bank. The new Career Development System provides for very high levels of transparency and is designed to provide an opportunity for a systematic, dynamic and progressive career planning to the individual. The revised CDS is intended to be an effective tool for promotion, incentives and rewards.

Scientific resource / manpower planning would ensure that each of our units is adequately staffed to match the workload and business potential, result in improvement in staff productivity and to rationalize and merge roles and redistribution of staff to meet branch expansion requirements.

Talent Management and Career Option - As a part of talent management and to support the talent retention process, necessary course of action was initiated in areas covering, grooming of young officers in basic banking during the initial phase of their career, capability building /re-skilling through training intervention, seminar, workshop, completion of mandatory assignments during the early stages, identification of officers for job specialization, posting in critical positions/specialized areas, viz., Credit, Forex operations, Marketing for a certain period. Movement across verticals in the specialized area is also contemplated.





SBI Pinkathon

Campus Recruitment - In order to further strengthen the human resource pipeline and to meet the skill gap requirements of the Bank in specialized areas, 190 young 'B' school graduates of 2015 batch belonging to top 'B' schools were recruited as Management Trainees.

EMPLOYEE ENGAGEMENT :

Performance Linked Incentive Scheme - In order to keep the employees focused and motivated for a higher level of productivity and profitability, an IT enabled 'One Umbrella' Performance Linked Incentive Scheme has been implemented by the Bank in modification of the earlier incentive scheme, covering both core and non-core business. The incentive amount payable is linked to the category of the positions vis-à-vis level of performance.

SBI Aspirations - "SBI Aspirations" a social media forum, has been put in place for a two-way interaction whereby employees of the Bank can share their ideas, enhance their knowledge, find the solutions of the critical problems and express their views freely. With a view to facilitating employees endeavour in enhancing brand value and image of the Bank among the public, a code of conduct has been drawn up for the employees to follow while communicating in social media in a more responsible and ethical way within the framework of their Service Rules / Service Conditions.

Sabbatical Leave - Taking a holistic view of employee requirements, provision of sabbatical leave with enlarged facilities has been introduced for women and Single Men (with children and / or Aged parents) employees of the Bank.

SBI Pinkathon - It turned out to be the biggest Bank sponsored all-women run event in six cities across India, with the specific purpose of getting more and more women to adopt a fitter lifestyle for themselves and their families and to spread awareness about breast cancer and other issues that put women's lives at risk. The employee interest in the events stood a testimonial of their awareness and contribution to the socially relevant issues.

Improvement in employee productivity - The large-scale recruitment of Gen-next employees in the Officers as well as in the Assistant grade over the last 4 / 5 years has not only brought about a far-reaching attitudinal change among staff in their customer interface and services across the branches, it has also become a catalyst in enhancing / improving the productivity and efficiency of the employees, thereby resulting in increased growth in business and profitability for the Bank. The business per employee (BPE) has increased from ₹704 lakhs to ₹1,234 lakhs during the period from FY2011 to FY2015. The profit per employee (PPE) also increased from ₹3.85 lakhs in FY2011 to ₹6.02 lakhs in FY2015, which is indicative of the improved performance trend of the Bank.

Women Employees in the Total Workforce:

At present, the number of women employees in the total workforce of the Bank is 44,790 which constitutes 21% of the total staff strength. The composition of women employees in different cadres during the last 3 years is as under:

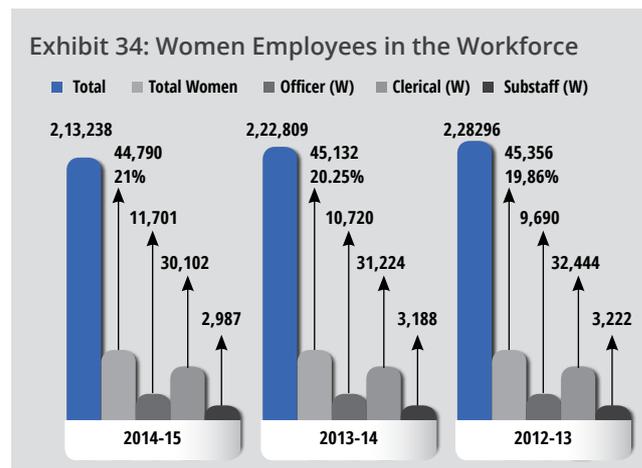


Exhibit 35: SC / ST / PWD Representation in employment:

Category	Total	SC	ST	PWD
Officers	78,540	14,833 (18.88%)	5,566 (7.08%)	664 (0.84%)
Assistants	94,455	15,800 (16.72%)	8,370 (8.86%)	1,794 (1.89%)
Sub-staff	40,243	10,810 (26.86%)	2,804 (6.96%)	234 (0.58%)
Total	2,13,238	41,443 (19.43%)	16,740 (7.85%)	2,692 (1.26%)



Bank provides reservation to Scheduled Castes, Scheduled Tribes & Persons with Disabilities (PWDs) as per GOI directives. In order to deal with issues relating to reservation policy and effectively redress the grievances of the SC / ST employees, Liaison Officers have been designated at all Local Head Offices of the Bank as also at the Corporate Centre at Mumbai.

STATUS ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE :

The Bank has a zero tolerance towards sexual harassment at workplaces and has put in place appropriate mechanism for prevention and redressal of complaints of sexual harassment at workplaces so as to ensure that women work with dignity and without fear. Complaints of Sexual Harassment of Women filed & disposed off during FY2015

Total No. of cases filed	Total No. cases disposed off
14	10

AWARDS AND ACCOLADES:

- ▶ Bank was honoured with the 'Randstad Award' for encouraging best practices in building the 'Employer Brand'.
- ▶ 'Brand of the year' in banking in India was awarded to the Bank at the World Branding Awards that took place in Paris, France on March 25th, 2015.

2. STRATEGIC TRAINING UNIT (STU)

In a quest for becoming an organization which is a great place to work, your Bank has been quietly revolutionizing its training system. While the Bank continues a planned, proactive process for individual growth and organizational effectiveness, new techniques, trainers and methodologies are being imported from all corners of the globe to establish a virtuous circle of teach/learn/teach/learn to enhance quality, transform employees into knowledge workers so that they can carry these towards creating customer delight. A strong, robust infrastructure of Learning Centres encompassing the latest developments in technology, benchmarked with the best learning practices worldwide, including e-learning, is being developed to meet the challenges of tomorrow.

Our training system functions under the overall supervision and guidance of the STU of the bank and the training apparatus at present consists of five Apex Training Institutes (ATIs) and 47 Learning Centres. The sixth ATI, styled 'State Bank Institute of Management', is being set up at Rajarhat, New Town, Kolkata.

INCLUSION OF VISUALLY IMPAIRED (VI) AND HEARING IMPAIRED (HI) EMPLOYEES

Inclusion is a National goal. Including differently abled citizens is a great part of it. Our Bank has 611 VI and 253 HI Employees and we are constantly innovating ways to train and equip them with skills to ensure that they become better contributors. We partner with NGOs as part of this process, and welcome ideas and suggestions. Let's take an example of Mr. Chellam, one of our employees.

Mr. Chellam is working as Grahak Mitra in our Sivakasi Main Branch. After undergoing an extensive training programme at State Bank Learning Centre his proficiency has gone up and he now prints more than 300 passbooks a day and answers customer queries. He also serves customers by linking their UID (Aadhar) number to their Bank accounts and updating their phone in their customer profile. There are many other such colleagues, who have been empowered to serve our customers better.

FINANCIAL LITERACY CENTRES (FLCs)

Financial Literacy Centre at Rashtrapati Bhawan, New Delhi has been inaugurated on 11th December 2014 the birthday of our First Citizen. The target group for Financial Literacy is Domestic Help, labourers and school going children between 10-18 years of age, etc. They are explained basic essentials like managing income, savings and investments, main features of Prime Minister's Jana Dhan Yojana, Jeevan Jyoti Bima Yojana and Suraksha Bima Yojana and basic banking like Savings Bank Accounts, Recurring Deposits, Fixed Deposits as such. What is tried is to empower the ordinary citizen, who feels a little intimidated when he steps into a public office, like a bank, through experience and learning in a congenial atmosphere, at our bank dummy banking branches. This initiative will be rolled out countrywide.

PRINCIPLES THAT DRIVE LEARNING ACTIVITIES:

- ▶ During FY2015, training made mandatory for all employees.
- ▶ A culture of self-learning in the organisation, which be more cost effective and convenient in the long run, being promoted.
- ▶ A convenient e-learning platform to drive efficient e-learning.
- ▶ Training programmes aligned with current corporate priorities of the Business Units.
- ▶ A Mass Communication Programme for sharing and communicating corporate concerns conducted across the Bank.
- ▶ Constant upgrades of our training content and delivery learning to be at par with global best practices being tried.



NEW INITIATIVES TAKEN:

- ▶ **Mandatory Learning and Weightage in AARF:** The Bank has made a system of mandatory learning, consisting of role based e-Lessons, Study Courses, On-line courses, from reputed international Business schools among others, compulsory for assistants and officers.
- ▶ **Approving certification courses for self-learning:** With a view to improving knowledge levels in the organisation, new external study courses are being promoted under Staff Reward and Recognition Scheme and staff encouraged to under take these courses.
- ▶ **SBI Aspirations:** With the spirit of enhancing learning and sharing in the Bank, the Bank has started learning communities for selected roles. The role holders are encouraged to participate and share their experiences within these communities as and when they participate in training programmes. The Bank has introduced ideation blogs in the STU community.
- ▶ **SMS Alerts:** To keep our staff updated on all relevant matters on a real time basis, suitable text messages on current banking issues are being sent to employees on a daily basis.
- ▶ **Training Needs Assessment:** As a first step towards Knowledge/Skill mapping, an exercise for bridging training gaps and honing skills was conducted across the Bank, covering 2,12,704 employees
- ▶ **Aarohan:** 'Aarohan - Aim.. Aspire.. Achieve..': For enhancing quality and professionalism in all our endeavours, the "Aarohan" training was implemented covering 2,08,019 employees.

- ▶ **Quizzing Culture in Bank:** To encourage curiosity in our employees and also provide a platform to showcase their knowledge, STU conducted online quiz competitions across the Bank along with Mega Quiz Competition.
- ▶ **Mentoring of Newly Appointed Officers:** The system of mentoring of newly appointed officials has always been in existence in the bank. In order to facilitate integration of Probationary Officers and Trainee Officers, the Bank introduced a formal system of mentoring by senior officials.
- ▶ **Research Advisory Committee:** A Research Advisory Committee was formed to improve the quality of Research Work carried out by our Faculty and Research Officers and to make it more useful to the Bank.
- ▶ **Cyber Security Workshop:** This workshop was designed for all Banks to participate in and was conducted in association with Truth Labs and Microsoft. The discussion on how cyber criminals can compromise our systems including wi-fi routers and other equipment to defraud victims and underscored the importance of ethical hackers to help protect our technology environment.

HIGHLIGHTS:

- ▶ Revamped onboarding and induction training of new recruits, with mentoring programme.
- ▶ Supporting architecture for training in specialised skills, including risk, marketing etc., with external training partners and in-house e-lessons and 44 Harvard Manage Mentor e-modules.
- ▶ Leveraging of social media for knowledge updation among Staff members.



- ▶ Mass communication programme called 'Aarohan' with a coverage of 2,08,019 employees with further engagement with 536 in-house e-lessons, 345 Mobile Nuggets and 350 e-capsules.
- ▶ Mandatory e-lessons for POs/TOs/Officials opting for CAG/MCG/SAMG assignments/Newly Recruited Assistants.
- ▶ 'Gyanodaya' - the e-learning portal is now extended to all Associate Banks.
- ▶ Case Studies, Research Projects and e-publications are available on the portal under 'e-library'.
- ▶ Exciting business simulation games used for behavioural learning

3. RISK MANAGEMENT AND INTERNAL CONTROLS

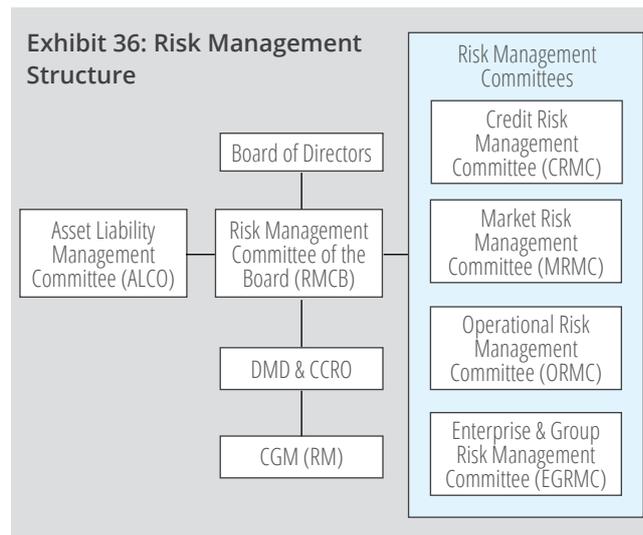
(A) RISK MANAGEMENT

The 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. The Bank has policies and procedures in place to measure, assess, monitor and manage these risks systematically across all its portfolios. The Bank is amongst the leaders to undertake implementation of the Advanced Approaches under Credit, Market and Operational risk. The 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 the Bank is adequately capitalized 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.

RISK MANAGEMENT STRUCTURE



NEW INITIATIVES IN RISK MANAGEMENT:

- ▶ Your Bank has started the Dynamic Credit rating review of borrowal accounts to capture deterioration in credit quality promptly and to initiate corrective action and facilitate correct pricing of risk.
- ▶ An Early Warning Control System (EWCS) is being put in place to put in place a system driven, parameterized, quantified, trigger based monitoring system of credit exposures.
- ▶ Your bank has developed behavior model for monitoring and scoring the retail borrower performance. The coverage of behavior model is gradually being expanded to cover entire retail related basket of products.
- ▶ Coverage of Loan Originating system/Loan Lifecycle Management system (LOS/LLMS) is being steadily augmented to cover the entire credit portfolio.
- ▶ In order to focus on capital conservation and maximisation of return on capital, your Bank has introduced Risk Based Budgeting (RBB) . As a measure to quantify the reduction in risk we will be introducing levers to assess improvement periodically, based on Credit Risk Weighted Assets (CRWAs). Achievement of the budgeted advances levels will be subject to achievements under the specified levers.
- ▶ The VaR and Stressed VaR for market risk are computed on a daily basis. Enterprise VaR is also back-tested daily.



- ▶ The Operational Risk Management project is in advanced stage with collation of internal loss data, external loss data, RCSA phase IV and Scenario analysis phase II under process.
- ▶ Group Risk is measured through Contagion Risk, Concentration Risk, Strategic Risk and Reputation Risk Indices.
- ▶ Risk culture is being embedded through training of staff at all levels through e-learning lessons.
- ▶ The Bank is implementing the Risk Adjusted Return on Capital (RAROC) framework in FY 2015-16.
- ▶ The Risk Appetite statements for the Enterprise and Group are being re-looked and formalised.

CREDIT RISK

Credit Risk is defined as the possibility of losses associated with the diminution in the credit quality of borrowers or counterparties 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 strong credit appraisal and risk assessment practices in place for identification, measurement, monitoring and control of the credit risk exposures. The Bank uses internal Credit Risk Assessment Models and score cards for assessing credit risk under different exposure segments. Internal ratings of the Bank are subject to comprehensive rating validation framework.
- ▶ Credit Risk Management Department studies 37 industries covering sectors, such as Telecom, Power, Coal, Aviation, NBFC, Textile, Iron and Steel covering approximately 85% of the Banks' credit exposures. The detailed study covers market factors, potential and Portfolio Quality Index (PQI) based on which Industry-wise limits are set for taking bank-wide exposures.
- ▶ RBI has allowed the 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) have been developed internally. The Bank has procured Credit Risk Management System (CRMS) for computation of IRB capital.

- ▶ The monitoring of Prudential Exposure norms for Single and Group borrowers, Substantial Exposure Norms and unsecured Exposures is being done regularly.
- ▶ Bank regularly conducts Stress Test on its Credit portfolio. Stress Scenarios are regularly updated in line with RBI guidelines, Industry best practices and changes in macro economic variables.

MARKET RISK

Market Risk is the possibility of loss a Bank may suffer on account of changes in values of its trading portfolio, due to change in market variables, such as exchange rates, interest rates and equity price, among others.

MITIGATION MEASURES

- ▶ The Bank's market risk management consists of identification and measurement of risks, control measures, monitoring and reporting systems.
- ▶ Board approved policies for Market Risk Management, Trading in Foreign Exchange, Derivatives, Interest Rate Securities, Equities, Mutual Fund and Limit Management Framework among others are in place.
- ▶ Market risks are controlled through various risk limits, such as Net Overnight Open Position, Modified Duration, Stop Loss, Management Action Trigger, Cut Loss Trigger, Concentration and Exposure Limits.
- ▶ The 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). The 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 for monitoring risk in the Bank's trading portfolio. The VaR methodology is supplemented by conducting quarterly stress tests of the trading portfolio.

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

- ▶ The main objectives of the Bank's Operational Risk Management are to continuously review systems and control mechanisms, create awareness of operational risk throughout the Bank, assign risk ownership, align risk management activities with business strategy and ensure compliance with regulatory requirements, which are the key elements of the Bank's Operational Risk Management Policy.
- ▶ The Bank had submitted its application to RBI to migrate to the Advanced Measurement Approach (AMA) for Operational risk.
- ▶ Important policies, manuals and framework documents in line with RBI guidelines on Operational Risk Management Framework (ORMF) for migration to AMA are in place.
- ▶ For FY2015, Bank had assigned capital for Operational risk as per Basic Indicator Approach (BIA). Capital for AMA for FY2015 has also been arrived at as part of Bank's project to migrate to AMA.

ENTERPRISE RISK

Enterprise Risk Management Project aims to put in place a comprehensive framework to manage various risks. It encompasses Global best practices like Risk Appetite, Risk Aggregation and Risk-based Performance Management System.

MITIGATION MEASURES

- ▶ As part of the Bank's Risk Management Project to transform role of Risk into a Strategic function, aligned with Business Objectives, Bank has initiated the Enterprise Risk Management (ERM) module. Board approved ERM Policy delineates the roles and responsibilities of various Committees / Functionaries to manage risks.
- ▶ The Bank has a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) Policy. The Pillar 2 risks, such as Liquidity Risk, Interest Rate Risk in Banking Book (IRRBB), Concentration Risk etc, and overall Risk Management practices as well as adequacy of Capital under both normal and stressed conditions are assessed as per the Policy.

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, Arms Length and Intra Group Transactions & Exposures are in place.
- ▶ Exposure limits for Large Borrower Exposure and Capital Market Exposure as per RBI have been adopted for the Group. In addition, limits for Unsecured Exposures, Real Estate and Intra-Group Exposures have been set by the Bank.
- ▶ 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 Group Risk Management Committee/Risk Management Committee of the Board.
- ▶ 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, including Non-banking entities, carry out the ICAAP exercise and a Group ICAAP Policy is in place to ensure uniformity.

INFORMATION SECURITY RISK

Information Security risk seeks to establish stringent information security structure to prevent data loss and threats.

MITIGATION MEASURES

- ▶ Bank has put in place robust and agile Information Security framework in line with Business Strategy as also ever emerging cyber threats.
 - The Information Security Policy and Standards benchmarked against Global Standards and are reviewed annually.
 - The application setups undergo security reviews before launching as also are reviewed periodically.
- ▶ Bank's SOC is one of the largest in the Global Banking sector as it covers all 20,000+ strong network of Bank's offices (Domestic and Foreign) and Associate Banks. The SOC has the following attributes:
 - Capability of handling 60,000 Events Per Second (EPS) which is scalable up to 5 Lakhs EPS
 - Operates on 24x7x365 days basis for Real-time monitoring of security events across the enterprise and thus provides Secure Banking platform to the customers.



- Visibility over the security threats from within and outside the Bank and improves Incident Reporting and Management.
- ▶ Regular security drills and employee awareness programmes are conducted to ensure security and increase awareness. Disaster Recovery Drills are conducted regularly as part of the implementation of the Business Continuity Management System (BCMS). Bank has achieved following International Accreditations for various critical IT setup –
 - ISO 27001 for Information Security Management System (ISMS)
 - ISO 22301 for Business Continuity Management System (BCMS)

(B) INTERNAL CONTROLS

The Bank has in-built internal control systems with well-defined responsibilities at each level. It conducts internal audit through its Inspection & Management Audit Department. Audit Committee of the Board (ACB) exercises supervision and control over the functioning of the I & MA Department. The inspection system plays an important and critical role in identification, control and management of risks through the internal audit function, which is regarded as one of the most important components of Risk Management Process. The Bank carries out mainly two streams of audits – Risk Focused Internal Audit (RFIA) and Management Audit, covering different facets of Internal Audit requirement. The Bank's accounting units are subjected to RFIA. The Bank's Management Audit covers administrative offices and examines policies and procedures, besides quality of execution thereof.

Besides, the department conducts Credit Audit, Information Systems Audit (Centralised IT establishments & Branches), Home Office Audit (audit of foreign offices) and Expenditure Audit (at administrative offices) and oversees policy and implementation of Concurrent Audit (domestic and foreign offices) and Circle Audit. To verify the level of rectification of irregularities by branches, audit of compliance at select branches is also undertaken. During FY2015, 9,889 domestic branches/BPR entities were audited under the Risk Focused Internal Audit.

RISK FOCUSED INTERNAL CONTROL AUDIT

The I&MA Department undertakes a critical review of the entire operations of audited 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. While audit of Group I branches is administrated by the Central Audit Unit (CAU) headed by a General Manager, audit of branches in Group II and III category and Business Process Re-engineering (BPR) entities are conducted by 13 Zonal Inspection Offices, each of which is headed by a General Manager.

MANAGEMENT AUDIT

Management Audit encompasses Audit of Corporate Centre establishments / Local Head Offices / Apex Training Institutions, Associate Banks and Regional Rural Banks (RRB) sponsored by the Bank. To enhance the effectiveness of Management Audit, periodicity has been reduced from the existing once in three years to two years. 46 establishments / administrative offices were audited under Management Audit during FY2015.

CREDIT AUDIT

Credit Audit aims at achieving continuous improvement in the quality of Commercial Credit portfolio of the Bank by critically examining individual large commercial loans with exposures of ₹10 crores and above annually. The Credit Audit System also provides feedback to the business unit by way of warning signals about the quality of advance portfolio in the unit and suggests remedial measures. Credit Audit also carries out a off-Site review (Loan Review Mechanism) of all the pre-sanction and sanction process of all individual advances above ₹5 crores within 6 months of sanction / enhancement / renewal. During FY2015, 9,129 accounts were subjected to on-site Credit Audit.

INFORMATION SYSTEM AUDIT

All Branches are being subjected to Information System (IS) Audit to assess the IT related risks as part of RFIA of the branch. IS Audit of centralised IT establishments is carried out by a team of qualified officials/ outside experts. During FY2015, IS audit of 38 centralised IT establishments were completed.

FOREIGN OFFICE AUDIT

During FY2015, Home Office Audit was carried out at 48 branches, Management Audit at one Representative office / Country Head Offices and two Subsidiaries / Joint Ventures.

CONCURRENT AUDIT SYSTEM

Concurrent Audit System is essentially a control process, integral to the establishment of sound internal accounting functions, effective controls and overseeing of operations on a continuous basis. Concurrent Audit System is reviewed on an on-going basis in accordance with RBI directives, so as to cover the Bank's Advances



and other risk exposures as prescribed by the regulatory authority. I&MA department prescribes the processes, guidelines and formats for the conduct of concurrent audit at branches and BPR entities. During the year, Concurrent Audit System has been revamped, along with the introduction of a web-based solution, with external auditors appointed as Concurrent Auditors at a few centres.

CIRCLE AUDIT

Circle Audit, which is a delegated audit, covers low-risk areas, and is conducted between two RFIs. This enables an auditee unit to be better prepared for the RFI. In FY2015, 10,671 units were audited by the Circle Audit Department.

EARLY SANCTION REVIEW [ESR]

ESR mechanism introduced in audit system since September, 2014 to review sanctions of more than ₹1 crore up to ₹5 crores. The objectives of ESR are:

- ▶ To capture the critical risks in the proposals sanctioned, at an early stage and apprise the Controllers of such risks for mitigation thereof at the earliest.
- ▶ Improve the quality of pre-sanction process / sanctions in respect of exposures falling in this category.
- ▶ Improve the quality of sourcing of loan proposals.
- ▶ During FY2015, 4,339 accounts have been reviewed under ESR.

OFF-SITE TRANSACTION MONITORING SYSTEM (OTMS)

Exception data generated by Data Warehouse (DW) based on requirements submitted by Offsite Monitoring Centre (OMC) at I&MA Hyderabad. OTMS, a web based solution has been introduced to capture deviations and take corrective actions. Presently 11 types of deviations are being monitored and will be reviewed as per requirements.

LEGAL AUDIT

Legal Audit was rolled out in all the Business Verticals in June, 2014 to cover all loan and Mortgage related documents pertaining to accounts with aggregate exposure of ₹5.00 crores and above. As on 31st March, 2015 Legal Audit has been commenced in 8,976 eligible accounts and already completed in 3,310 accounts.

4. INFORMATION TECHNOLOGY

A. CORE BANKING PROJECT

CBS environment has been benchmarked to support one billion accounts, over 250 million transactions in a day, and delivering a throughput of over 17,000 transactions per second. Biometric authentication as a second-factor authentication has been implemented in branches for all CBS users. The process for the systematic and proactive risk identification, assessment, measurement, monitoring and mitigation of various risks in the IT vertical has been initiated.

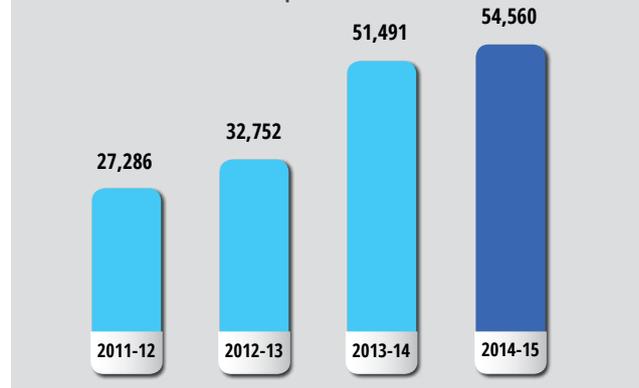
Exhibit 37: Alternate Channels Growth

As on	ATMs (MFK+SSK)	Kiosks (CDMs)	Cash Deposit Machines	Total (Numbers)
31.03.2013	25,247	2,196	698	28,141
31.03.2014	40,768	2,583	1,516	44,867
31st March, 2015	42,454	2,595	1,849	46,898

ATMs

State Bank of India, along with its Associate Banks has one of the largest ATM networks in the world with more than 54 thousands ATMs including Kiosks and Cash Deposit Machines as on 31st March, 2015. The ATM Base 24 Switch has recently been upgraded to handle close to 50,000 ATMs, in addition of Electra Switch.

Exhibit 38: No. of Group ATMs



The objective is to strengthen ATM facilities across every nook and corner of this vast country and enhance customer convenience. During FY2015, SBI has installed 1,686 ATMs. The total number of ATMs (standalone) now stands at 46,898 as on 31st March, 2015 (Includes ATM+Kiosks+CDM). Population group wise, the Bank has 50:50 coverage of Metro/Urban and Semi-Urban/Rural population groups.



With a 29.84% market share, of India's ATM population, SBI's ATM network transacts 49.65% of the country's total ATM transactions. On an average, over 99.96 lakhs transactions per day are routed through our ATM network. Our ATM network is one of the busiest in the country with average hit rate of more than 185 transactions per day per ATM. State Bank Group has a Debit Card base (standalone 16.07 crores) of 20.59 crores.

On an average, the volume of cash that our ATMs dispense is ₹2731 crores a day and 8.33 million transactions a day. On any given day, each of our ATMs dispense ₹5.88 lacs a day and serve 185 transactions.

More than 4,000+ ATMs (during FY2015) have been enabled as Talking ATMs for Visually Impaired Customers during FY2015, which took the total Talking ATM strength to 8,600+ as on 31st March, 2015. Every new machine added comes with this feature ab initio.

Care for the physically challenged is our priority too. 2,414 of our ATMs have ramps to facilitate easy access for the physically challenged. Wherever possible, ramps and/or side railings are provided.

Over 950 of our ATMs are on solar power and the count keeps growing. ATM user-safety is our concern too. Apart from physical care taker arrangements, 2,488 ATMs have been brought under electronic surveillance during the year. The total number of e-corners installed in the Bank has crossed the 500 mark with more than 200 being installed in FY2015.

CASH DEPOSIT MACHINES (CDMs)

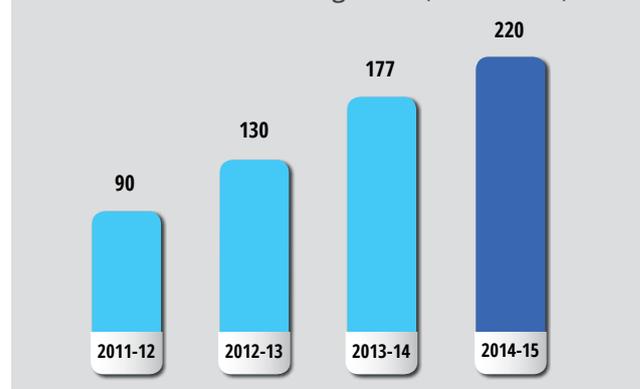
SBI is aggressive in rolling out CDMs for cash deposit by customers at these machines. As 31st March, 2015, the number of CDMs installed was 1,849 These CDMs are available to the customer 24 x 7 for their convenience.

B. INB & E-COMMERCE

INTERNET BANKING

The Bank's online banking platform **onlinesbi.com** provides robust and customer friendly net banking services to its retail and corporate customers, including PSUs and Government Agencies. This cost-effective channel has enabled more than 86 crores transactions during FY2015, achieving 39% growth over the previous year. Our robust Retail Internet Banking (RINB) platform has also been optimised for visually impaired customers.

Exhibit 39: Internet Banking Users (No. in lakhs)



The Corporate Internet Banking (CINB) is well suited to Small, Medium and Large Corporates. It has also been immensely successful in establishing traction with Government Treasury & Accounts Departments as well. Online collection of fees/funds for Institutions, Corporates and Government Departments is being facilitated through Multi Option Payment System (MOPS), StateBankCollect and merchant-acquisition through independent aggregators. Internet based solutions also cater to the e-Tendering, e-Auction and bulk payments related requirements of the Government/PSUs/Large and Medium Corporates.

During FY2015, the Bank has continued to be a major player in the e-Commerce space in the country. Through over 20,000 merchant tie-ups, direct or through State Bank Collect or through e-Commerce aggregators, the Bank has facilitated more than 72 crores e-Commerce transactions during the year. Some of the new features in Net Banking launched in FY2015 are:

- ▶ Facility to register/inquire/cancel nomination through internet banking.
- ▶ Linking of Aadhaar Number and LPG customer ID.
- ▶ IRCTC – Quick Pay for quick booking of IRCTC tickets.
- ▶ Online resetting of login password by using ATM card credentials.
- ▶ Generation of Form 15G/H.
- ▶ ATM Card holder can set daily transaction limit, channel type (ATM or POS or CNP) & usage type (domestic or international) through INB.
- ▶ In State Bank Anywhere mobile app for smart phones, Quick Transfer of small amounts can be done without beneficiary registration, using QR Code or account details.

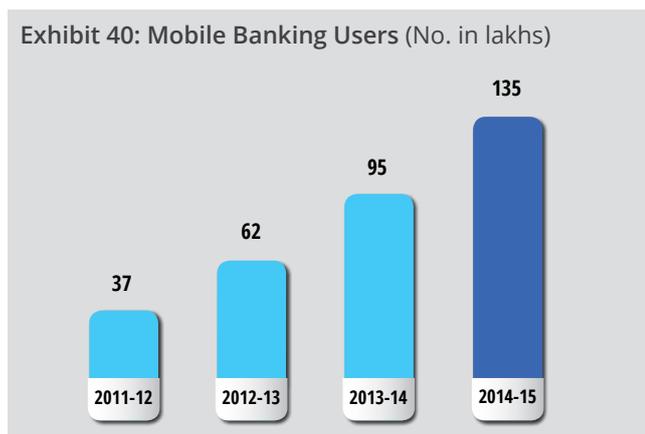


- ▶ To prevent frauds perpetrated through fake/altered cheques, CINB provides facility to Corporates to upload particulars of cheques issued by them. This will be used for data validation during cheque payment.
- ▶ Loan against shares/facility has been launched to leverage the customer's investments in shares for loans to meet unforeseen expenses. Customers can apply online for loans up to 20 lakhs against their shares.
- ▶ Facility has been provided to view details of units held with SBI Mutual fund through Internet banking.
- ▶ NRI customers can raise a request for disposal of inward/outward funds in their account through Internet Banking, instead of sending letters/email to the branches.

MOBILE BANKING

The Bank is the market leader for mobile banking services in India. The Bank's mobile banking service, State Bank Freedom, offers low cost, round-the-clock, real time banking services focused on convenience and security.

Exhibit 40: Mobile Banking Users (No. in lakhs)



Depending on the mode of access, mobile banking facilities include account balance enquiries, mini-statements, check book requests, trading account enquiries, fund transfer within the Bank and to other banks in India, mobile credit top-ups, railways and air ticket reservations, payment of bills, payment of life insurance premiums as well as inter-bank mobile payment services. The Bank has also introduced a prepaid stored value account called Mobicash.

TAB BANKING

The Bank has launched Tab Banking services for opening Saving Bank A/C, giving in-principle sanction of housing loan & auto loan and for recording PSS (Pre-Sanction Survey) of SME Loans. Staff will complete all account opening formalities by using tab, including taking photograph, uploading of KYC documents. The account opening details will be loaded in CBS platform and account number will be advised to customer. On the same line, Housing Loan / Auto Loan sales team visit the customer's place, staff capture the KYC details, particulars of income and deductions and details of proposed property on the tab. Based on data furnished and cost of project, applicant will be advised on approx. housing loan amount and the EMI amount.

IT - FOREIGN OFFICES

IT-FO provides round-the-clock round-the-year IT support to 153 Foreign Offices (FOs) of the Bank in 26 countries. These FOs use Finacle Core Banking application along with a host of add-on/surround applications like Finacle Treasury, ACE Pelican, SWIFT Connect, AMLOK, FNR etc. to meet all the regulatory requirements besides providing high class customer experience.

To provide a better and robust IT platform, currently all these FOs are being migrated to an upgraded improved version of Finacle Core Banking application. FOs in 17 countries have already migrated as on 31st March, 2015; the remaining FOs in 9 countries are to be migrated by August, 2015.

A number of major projects have been taken up for implementation viz. e-Trade, INB, Mobile Banking, Supply Chain Finance, Loan Origination/Management System, observance of Foreign Account Tax Compliance Act (FATCA) etc. which will go a long way towards further enhancing & reinforcing our foreign operations.

ENTERPRISE DATA WAREHOUSE

(1) Integration of Domestic and Overseas Exposure

With a view to have MIS for single view of exposure (fund/non-fund based credit, Non-SLR investment and derivative exposure), EDWP has integrated domestic and overseas credit exposure on individual borrower as well as group for both domestic and overseas operations (both on and off balance sheet for credit risk management). This is to be updated at monthly intervals. Under the project, integration has been done for customers of all 18,200+ domestic branches and 180+ overseas branches. The exposure can be viewed across various dimensions like Borrower Constituent, Retail /Corporate, Asset Class, Facilities, etc. Written off and restructured accounts of individual customer as well as group customers has also been taken into account under the project.



(2) Customer One View (COV)

With large customer base and wide variety of products, Bank faced challenges in Customer Relation Management, Customer Service and came up with a solution named Customer One View (COV). The COV aims to provide 360 degree view of retail and corporate customers. It helps Bank to understand customer profile and serve accordingly. To meet this objective, DWP gathers data from various sources of Bank as well as from different subsidiaries and then process (massage/scrub) it to produce information nuggets on Customer portfolio/profitability/Risk grade/Next Best Product etc.

(3) COV Integration with CBS

COV is integrated with CBS to enable frontline staff to meet customer expectation by offering next best product and tap cross selling business opportunities by leveraging core strength of Data Warehouse Data repository & advanced analytics. Salient features are as under-

- ▶ Web services deployed at CBS & DWP end
- ▶ New menu button "COV" has been introduced in CBS B@ncslink.
- ▶ Customer portfolio and Next Best Product available on a click to Teller.
- ▶ Acceptance/Rejection of the offer is recorded.

PAYMENT SYSTEM GROUP (PRE-PAID CARDS)

Prepaid cards are issued in both INR and Foreign Currency. Different variants of INR Prepaid cards such as Ez Pay cards; Gift cards; Smart Payout cards; Quick Pay Cards; Imprest Cards; Achiever Cards; etc are issued to individual & corporate customers. State Bank Foreign Travel Cards are available in eight foreign currencies namely the Japanese yen, the Canadian dollar, the Australian dollar, the Saudi riyal, the Singapore dollar, the U.S. dollar, the Euro and the British pound, providing safety, security and convenience to overseas travellers. In FY2015, we have issued 24,555 Foreign Travel cards and approximately 231,000 INR prepaid cards.

NETWORKING

State Bank Connect is the Bank's secure and robust principal connectivity platform and is the backbone of its overall technology infrastructure. The State Bank Connect primary point-to-point links have recently been migrated to Multi Protocol Level Switch (MPLS) architecture for ensuring higher uptime and dynamic upgrade of bandwidth. The Bank and its Associate Banks are dependent on State Bank Connect to support business-critical applications such as the Bank's core banking application, trade finance software, ATMs, payment systems, cash management software, corporate email and internet portals

CORPORATE WEB AND MAIL SERVICES

Internal Social Media "SBI Aspirations" a collaboration platform designed to empower the Bank's employees to be more innovative, productive, and knowledgeable and to generate new ideas was launched on 1st July, 2013. It is a platform that empowers employees to develop, nurture and remain in contact with network of other colleagues, sharing knowledge, ask queries using forum and discuss new creative ideas within communities.

With a view to popularise the SBI Aspirations platform, we have introduced a number of initiatives like The Best Blog contest, quizzes, creation of new communities, Photo-vote contest etc., Further the platform was integrated with Knowledge Helpline & HR portals. The Best Blog Contest generated a lot of buzz amongst employees and encouraged people to start participating on this platform. The photo-vote contest #InOneYear saw a total of 444 people joining this contest community and 450 people adding a profile photo to their profile. The photo-vote contest was also successful in getting 349 photos uploaded and 3446 likes in total.

The platform was made available to all the foreign office employees and also for the local based officials in Foreign office.

EXTERNAL SOCIAL MEDIA

Bank has marked its presence on External Social Media sites like Facebook, Twitter and YouTube for listening to and engaging with the young generation customers. We have achieved great response to our pages on these social media portals.



(1) YouTube

Our YouTube channel which was launched on 23rd January, 2014, is the leading YouTube channel amongst all Indian banks in terms of subscriber base. We have uploaded more than 120 videos on our YouTube channel. Currently it has over 6,500 subscribers; way ahead of other bank channels which have had their presence on YouTube for over 4 to 5 years. Also our channel has garnered around 3.50 lakhs views implying the fact that the digital audience is liking our content.

(2) Facebook

Our Facebook Page was launched on 7th November, 2013. Our Facebook Page reached its 1 million fans milestone within 15 months of its launch and in just another 2.5 months we crossed the 2 million Fans mark. We are ahead of Kotak Mahindra Bank, Citibank, IDBI Bank and YES Bank, all of whom have been on this social networking site for at least 4 to 5 years.

During the course of this year we had taken a number of initiatives to engage with audiences on this social platform. We have conducted various quizzes and contest on the themes like FIFA World Cup, Savings Mantra, Photo-vote contests etc.

(3) Twitter

Our Twitter handle was launched on 4th April, 2014. Today we have more than 1.30 lakh followers of our handle. Our Twitter handle crossed the 1 Lakh followers mark in March, 2015; within 11 months of its launch and it is the second highest followed handle amongst all Indian Banks, who have been on Twitter for over 3 or 4 years, such as ICICI Bank, HDFC Bank, Axis Bank, IDBI Bank & Kotak Mahindra Bank. Our Handle was certified as a Verified Handle by Twitter within 10 months, while some other bank handles with more than 4 years of presence are yet to get Verified Status. We have conducted various quizzes and contests on Twitter promoting our products and services. We have also extended the use of hashtags (#) to gain more visibility

We also are in talks about launching our official pages on other networking sites like GooglePlus and LinkedIn. Also we are evaluating how Social Media can be leveraged for business productivity by targeted advertising of our products and services.

DIGITAL BANKING

With an objective of becoming the pioneer in “Next Generation Banking with a difference” and enhancing the value proposition for our Retail Customers, 7 Digital Banking Outlets (DBOs) under the sub-brand “sbiINTOUCH” have been opened during the year.

DEVELOPMENT CHANNEL

(1) ATM Card Limit/Channel/Usage Modifications Through INB

A facility has been provided to State Bank Group customers in Internet Banking for modifying the daily limits (ATM, POS/PG) of ATM Card, disabling/enabling of channel (ATM, POS, PG), disabling/enabling of usage (domestic, international).

(2) Cardless Deposit

This facility is available for walk-in depositors of the bank to deposit money in any account maintained with us. Deposit menu will be invoked by touching the CDM screen. The walk-in customers will simply enter his/ her own mobile number, beneficiary mobile number and key-in the beneficiary account number. Once accepted, cash will be scanned, counted and verified, Beneficiary will receive SMS on his registered mobile number on successful cash deposit.

Transactions are limited to ₹49,900 or maximum of 200 pieces of notes. The facility is currently available across 1,763 CDMs.

(3) State Bank Anywhere

The latest initiative from the Bank comes to users in the form of a mobile smart phone application. The application State Bank Anywhere is now available on Android, iOS, Windows, and Blackberry platforms. The behemoth internet banking offering of State Bank of India has been bundled to provide a complete suite of banking services to the users conveniently on the move through this innovation.

Features like mPassbook, on line issue of e-TDR, e-STDR, e-RD, Quick transfer using QR code through IMPS without beneficiary registration, RTGS funds transfer, credit card (VISA) transfers, Aadhar seeding to bank accounts have been provided.



In addition host of regular banking services such as balance enquiry, mini statement, cheque book requests, funds transfer in self and third party accounts, IMPS transfers, NEFT, transfers within SBI group, mobile top up and DTH recharge, Profile setting, refer a friend, feedback have been provided.

CINB module of the Banks Internet banking is being provided separate Application named as State Bank anywhere-Saral.

To reach a wider audience segment, Hindi version of State Bank Anywhere in the name "State Bank Kahin Bhi" has also been launched. The Hindi version will make the usage of mobile banking more easy and comfortable for a larger number of customers.

SBI FINDER:

To facilitate users to easily find SBI ATMs, CDMs, Branches and E-corners in an area within the specified radius, a customer convenience smart phone application "SBI Finder" has been developed and rolled out on Android and iOS platforms. It provides directions to reach the SBI ATMs, CDMs, Branches and E-corners located within a specified radius of customer's current location using GPS.

SBI HOLIDAY CALENDAR:

With a view to display Bank's holidays in different States / Circles of the Bank, SBI Holiday Calendar customer convenience application for smart phone on Android and iOS platforms is available.

CORE DEVELOPMENT

Key developments during FY2015 were:

Integration of e-KYC with account opening in CBS:

The Aadhar based attributes are verified from UIDAI database and certified for this purpose. This development will help the customers in opening their accounts with our Bank without having to produce physical copies of their identification documents to the Bank branch.

New screen provided to branches to enter the details for LPG-ID registration in CBS:

This has been done to facilitate the customers who do not have Aadhar numbers. They can still link their account to the LPG_ID for the purposes of availing the subsidy.

Automatic seeding of Aadhar number to newly opened accounts under Financial Inclusion:

In all those accounts which are opened on the basis of Aadhar card / details submitted by the customer, the Aadhar number will be automatically linked to the account thus opened.

RBI's KYC Compliance:

Notices were generated and sent to all the KYC non-compliant customers in March, 2015, as specified by RBI.

Updation of correct Mobile Numbers:

Functionality developed to notify the teller about missing or invalid mobile number for a customer whenever his account is transacted in CBS application to enable him/her to capture / correct the same. This will help the branches to update the CBS data with the latest mobile number of the customer, as the mobile number is required for sending various types of SMS's to the customers.



TECHNOLOGY AWARDS

Exhibit 41: List of Awards received during FY2015

Award	Category	Received in
SAP Ace Award	Best Run Pay Roll	August, 2014
IDRBT Awards 2014	Best Bank Award for Use of Technology for Financial Inclusion	October, 2014
	Best Bank Award for Electronic Payment Systems	October, 2014
Finnoviti 2015 Award	Analytics at SBI	January, 2015
	Performance Planning & Budgeting at SBI	January, 2015
Global Finance	Best Trade Finance Bank 2015 - India	January 2015
CSI Excellence in IT Awards 2014. (Special Mention Award)	Banking Financial Services & Insurance	February, 2015
IBA Banking Technology Awards 2015	Best Technology Bank of the Year	February, 2015
	Best Use of Data	
	Best use of technology to enhance customer experience-shared with Union Bank of India	
	Best use of digital and channels technology	
	Best use of technology for leveraging technology in Training & Human resources, e-learning initiatives	
	Best Payment initiatives - Runner up	
CIBIL Award 2014-15	Data Quality	March, 2015

5. BUSINESS PROCESS RE-ENGINEERING

During FY2015, SBI has made several improvements to its Business Processes as an on-going exercise for meeting the highest principles of excellence. These include the following:

- ▶ Productivity benchmarks for various processing centres
- ▶ Rightsizing of Networks and Zones for creating a structure that is more enabling & efficient.

- ▶ Cost Control, under Project Stationery Management, is being implemented by reducing and rationalising registers/ forms & introduction outsourcing model for stationery management.
- ▶ PPOs have been digitised for easy access, efficiency & productivity of the operating staff.
- ▶ Centralisation of cheque book printing is being implemented to reduce printing cost.

6. VIGILANCE

The essential function of the Bank's Vigilance Administration is not only to check the non-compliance of systems and procedures and initiating suitable disciplinary action against serious transgressions, but also to devise and implement various preventive measures by reviewing the systems and processes to ensure higher effectiveness and least vulnerability.

The concept of vigilance as an investigative process and an exercise for punitive action has over time evolved to that of 'Vigilance for Corporate Growth', the emphasis getting shifted from punitive vigilance to 'Preventive and Proactive Vigilance' through an active participation of all concerned. Some of the Bank's important preventive measures comprise the following:

- ▶ Preventive Vigilance Committee (PVC) Meetings are being held at the branches and the BPR outfits at quarterly intervals.
- ▶ Under Whistle Blower Scheme, our staff members are expected to advise appropriate authorities about irregular and unethical practices, if any, being indulged in by colleagues and even seniors.
- ▶ Suomoto investigations are conducted at fraud and complaint prone branches. The primary aim of such investigations is to find out non-adherence to the systems and procedures by the branch, which may lead to perpetration of fraud in future. Suitable corrective measures are initiated to stop irregular practices, if any, brought out in the report.

During FY2015, 1,109 cases of officers were taken up for examination under the vigilance category, compared to 1,024 cases during the previous financial year, and closed 1,126 cases in FY2015 in comparison to 1,063 cases closed during FY2014



7. OFFICIAL LANGUAGE

The Bank made unprecedented efforts in the area of implementation of Official Language Policy and launched Mobile banking application in Hindi named 'STATE BANK KAHIN BHI' during the fiscal year for their customers. This has the facility for making all type of banking transactions in Hindi on mobile phone. Within 6 months of its introduction almost 15 lakhs users have downloaded this app and got a rating on an average of 4.4 out of 5.

All the ATMs of the bank have the option of all the major regional languages, official language Hindi and English. Thus the customers can make transactions in their language of choice.

During FY2015, SBI launched a new corporate website in Hindi and all other websites of the bank including Corporate and internet banking websites in Hindi are being updated at regular intervals. This is another initiative of SBI in widening and strengthening its relationship with customers.

Bank's Security Manual and RTI Manual are brought out in Hindi also. A compilation of training material in Hindi named 'Hindi Prashikshanavali' has been brought out during the fiscal year to help staff members use Hindi in their day to day operations.

Notable progress has been made in the work of bringing Bank's HRMS portal on Hindi platform in a phased manner. Standard E-mails emanating from HRMS department for more than 2,00,000 employees of the Bank every month have been started in bilingual i.e. Hindi and English.

AWARDS:

- ▶ Indira Gandhi Rajbhasha Shield 2014 (Honorable President of India Shri Pranab Mukherjee has given the shield on 14th September, 2014 at Vigyan Bhavan, New Delhi),
- ▶ RBI Hindi Journal Shield (Received from Governor, RBI, Dr. Raghuram G. Rajan), and
- ▶ Best Bank Town Level Official Language Implementation Committee award which was given to our Lucknow, Siliguri and Thiruvananthapuram town committees by Honourable Governors of respective states.

8. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Responsiveness to the needs of the society and responsibility to meet those needs is ingrained in the ethos of our Bank. CSR is not an isolated practice or initiative for the Bank but runs through its entire business paradigm. Our CSR activity touches the lives of millions of poor and needy across the length and breadth of the country. CSR is embedded in many of our business initiatives and has been practised in State Bank of India since 1973, under Community Services Banking covering various social, environmental and welfare activities. The Bank has a comprehensive Corporate Social Responsibility (CSR) Policy, approved by the Executive Committee of the Central Board in August 2011 and earmarks 1% of the previous year's net profit as CSR spend budget for the year. The CSR budget for the FY2015 was ₹109 crores. Against this budget, the actual CSR spend was ₹115.80 Crores during FY2015.

FOCUS AREAS OF OUR CSR ACTIVITIES ARE:

- ▶ Supporting education.
- ▶ Supporting healthcare.
- ▶ Supporting sanitation.
- ▶ Livelihood creation.
- ▶ Assistance during natural calamities like floods/droughts etc.

CATEGORY WISE CLASSIFICATION:

Exhibit 42: Category wise Classification

Category	Amount (₹ in crores)
Supporting Healthcare	28.56
Supporting Education	41.20
Sanitation	13.64
Vocational training/Livelihood	24.24
Others	4.16
Natural calamities	4.00
Total	115.80



SUPPORTING EDUCATION

Technology is a vital part of the modern education. To support school education especially in the schools for the under privileged children, Bank has provided large number of computers across the country during FY2015 at a spend ₹7.21 crores.

Infrastructure support by way of furniture, scientific instruments and other educational accessories and donation of large number of school buses/vans for the benefit of physically/visually challenged children and children belonging to economically weaker section of society have been provided by all our Circles.

SUPPORTING HEALTHCARE

To help in delivering quality healthcare, particularly to those belonging to underprivileged and economically weaker sections of the society and also to respond to the need of quick shifting of critical patients to hospitals, Bank has donated 79 ambulances and medical vans in rural and semi urban centres of various States and Union Territories. Further, Bank has donated various medical equipment to Eye Hospitals, Blood Banks and Cancer Hospitals. Major spend under healthcare was assigned to cancer detection & prevention.

SUPPORTING SANITATION

Participating in the National endeavour of Swachh Bharat Mission, Bank has supported reputed NGOs for construction of toilets in needy schools especially girls schools under 'Swachh Vidyalaya Campaign'. During 2014-15, Bank has donated ₹13.64 crores for construction of 435 toilets in 398 schools in nine districts.

LIVELIHOOD CREATION

For skill building of the rural youth, Bank has provided infrastructure support of ₹21 crores to 24 Rural Self Employment Training Institutes (RSETIs). At present 117 RSETIs are being run by the Bank, which is the highest number of RSETIs established by any Bank in the country. RSETIs of the Bank are rendering yeoman service in skilling the rural youth under CSR.

SBI YOUTH FOR INDIA

SBI Youth for India is a unique Indian rural fellowship Programme initiated, funded and managed by State Bank of India (SBI) in partnership with reputed NGOs of the country. It provides a framework for India's bright young minds to join hands with rural communities,

empathizes with their struggles and connects with their aspirations. The selected fellows, mostly from the urban areas and from some of the top institutes/corporates work with experienced NGOs on challenging grass root development projects.

ASSISTANCE DURING NATURAL CALAMITIES

Your Bank has always been at the forefront to help the States affected by natural calamities. During the FY2015, the Bank has lent its helping hand to the States of Jammu & Kashmir and Andhra Pradesh with a donation to the Chief Minister's Relief Fund of the respective States to provide succour to the people affected by flood/cyclone.

HONOURS AND AWARDS: SCALING NEW HEIGHTS OF ACCOLADE FOR CSR

CSR activities of the Bank during the year FY2015 have received wide attention and appreciation. This year witnessed the highest number of awards (25 awards) for the Bank which includes its CSR achievements.

THE COVETED AWARDS INCLUDE:

- ▶ Golden Peacock Award for Sustainability, London.
- ▶ Golden Peacock Award for Corporate Social Responsibility, Mumbai
- ▶ Indo- American Chamber of Commerce Best Bank Award, Mumbai
- ▶ Global Finance Magazine, New York ' Best Emerging Markets Bank in Asia Pacific 2015' Award
- ▶ World Branding Forum, London 'Brand of The Year Award'
- ▶ BFSI ' Environmental Award, Singapore
- ▶ CMO Asia Award for Best CSR Practices, Mumbai
- ▶ Business World Magazine 'Socially Responsible Bank' Award, Mumbai.
- ▶ Golden Globe Tigers Awards for CSR best Practices & Innovations in CSR. - Kuala Lumpur.

GREEN INITIATIVE

State Bank of India, in its constant endeavour to enhance the sustainability of the environment and cutting down on consumption of paper, has encouraged our shareholders to receive the Bank's Annual Report in electronic form (eAR). In order to incentivize the switch over to electronic mode by the shareholders, it was decided by the bank to contribute a nominal sum to a charitable cause for each annual report sent to shareholders.



In recognition of the support and acceptance of eAR by shareholders in FY2014, the Bank has contributed ₹3.09 crores, representing ₹100/- for each eAR, to the SBI Children's Welfare Fund, which is dedicated towards improving the lives of underprivileged and downtrodden children.

The Bank has also taken proactive steps to reduce the direct impact of its operations on the environment. From recycling programs to energy conservation in offices and branches, the Bank is working to reduce its operational footprints on the environment. Some of the measures introduced are:

- ▶ Wind based power projects commissioned and the power generated from these projects power Bank's branches/offices in the States of Maharashtra, Gujarat and Tamil Nadu.
- ▶ Installed Solar ATMs, introduced Green Channel Banking (Paperless Banking)
- ▶ Initiated a pilot project to determine the Carbon footprint levels, which will help in determining the Bank's resource consumption pattern and enable the Bank to take effective steps to implement various measures for sustainable usage in a cost effective way.

- ▶ The Bank has put in place SMART i.e. Specific, Measurable, Achievable, Realistic and Time bound Green Banking Goals, some of which have obtained star rating at all Local Head Office premises from Bureau of Energy Efficiency. Construction of 'Green' buildings, waste water treatment plants, programs to sensitize staff on energy savings are some of the other initiative taken.
- ▶ The recycling plant housed at the basement of the SBI Bhavan converts the waste generated to compost which is used at State Bank Bhavan and State Bank residential quarters.
- ▶ Over 54,000 SBI group ATMs and Cash Deposit machines (CDMs) ensure reduced consumption of paper at Branches.
- ▶ Committed to financing of renewal energy projects (solar) to the tune of 75,000 crores over the next 5 years in view of GOI target for generation of 10,000 MW from renewable energy by 2019 subject to viability/feasibility and other laid down criteria pertaining to financing such projects.
- ▶ Tree plantation drive undertaken during monsoons across all Circles and more than 450,000 trees planted during last three years.
- ▶ Rainwater Harvesting Projects have been implemented in a number of Bank's Buildings across the country.



Donation of "Ventilator for Newly Born Babies" to Sasoon Hospital, Pune



Donation of Medical Van to 'Leprosy Mission Trust India' New Delhi.



V. Associates and Subsidiaries

As a part of mission to provide the entire gamut of financial services across India, the State Bank Group, with a network of 22,887 branches (including 6,554 branches of five Associate Banks), in addition to banking services, the 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.

Associate Banks

The five Associate Banks of SBI had a Market share of 5.22% in deposits and 5.66 % in advances approximately as on 31st March 2015. Associate Banks together have 8,561 number of ATMs, which are shared by entire State Bank Group.

Exhibit 43: The performance highlights of the Associate Banks as on 31st March, 2015

(₹ In crores)

S. No	Name of the Bank	SBI Share of ownership	Total Assets %	Agg. Deposits	Total Adv.	Op. Profit	Net Profit	CD Ratio	CAR %	Gross NPA %	Net NPA %	Return on Equity %	
		Investment	%										
1	State Bank of Bikaner & Jaipur	676.12	75.07	102302	83237	71153	2104	777	85.48	11.57	4.14	2.54	12.92
2	State Bank of Hyderabad	367.55	100.00	154503	131194	108753	2914	1317	82.89	11.26	4.58	2.24	13.73
3	State Bank of Mysore	628.63	90.00	79469	65058	53296	1331	409	81.92	11.42	4.00	2.16	9.40
4	State Bank of Patiala	1659.10	100.00	116709	91987	80648	1599	362	87.67	12.06	5.41	3.88	5.41
5	State Bank of Travancore	505.85	78.91	105595	90328	69907	1372	336	77.39	10.89	3.37	2.04	6.65

Awards and Accolades

- ▶ State Bank of Bikaner & Jaipur was awarded the “Social Banking Excellence Award: 2014: Public Sector Banks Category” by ASSOCHAM.
- ▶ State Bank of Hyderabad Bank has received “Best Bank (Public Sector) Award instituted by ABP News.
- ▶ State Bank of Mysore was awarded Best Bank Award for Tech Savvy – by Chamber of Indian Micro, Small & Medium Enterprises, New Delhi
- ▶ State Bank of Patiala has received “ Best Bank Award For New Initiative- Runner Up” from Chamber of Indian Micro Small and Medium Enterprises (CIMSME) New Delhi.

Subsidiaries

Exhibit 44: Non Banking Subsidiaries

(₹ in crores)

S. No	Name of the Subsidiary Company	Ownership (StateBank interest)/crores	% of Ownership	Net Profit (Losses) for the FY2015
1	SBI Capital Markets Limited (Consolidated)	58.03	100	334.10
2	SBI DFHI Limited	139.15	63.78 *	92.55
3	SBI Mutual Fund Trustee Company Private Limited	0.10	100	0.94
4	SBI Global Factors Limited	137.79	86.18	(46.23)
5	SBI Pension Funds Private Limited	18.00	60*	1.99

* Group holding of SBI Pension is 100% (SBI MF and SBI Capital 20% each) and SBI DFHI 72.17% (ABs 5.27% and SBI Capital 3.12%).



Exhibit 45: Non Banking Subsidiaries: Joint Ventures

(₹ in crores)

S. No	Name of the Subsidiary Company	Ownership(StateBank interest)/crores	% of Ownership	Net Profit (Losses) for the FY2015
1	SBI Funds Management Private Limited	31.50	63	163.43
2	SBI Cards & Payment Services Private Limited	471.00	60	266.70
3	SBI Life Insurance Company Limited	740.00	74	820.04
4	SBI-SG Global Securities Services Private Limited	52.00	65	5.69
5	SBI General Insurance Company Limited	150.22	74	(105.33)
6	GE Capital Business Process Mgt. Services Private Limited	10.80	40	31.03

A. SBICAP CAPITAL MARKETS LIMITED (SBICAP)

SBICAP is India's leading investment bank, offering financial advisory services to varied client base across three product groups – Infrastructure, Non- Infrastructure and Capital Markets (equity and Debt). These services include Project Advisory, Loan Syndication, M&A, Private Equity and Restructuring Advisory.

On a standalone basis, SBICAP posted a PBT of ₹507.90 crores during the FY2015 as against ₹388.89 crores during the FY2014 and a PAT of ₹338 crores in FY2015 against ₹265.47 crores in FY2014.

SBICAP and its 5 subsidiaries together, posted a PBT of ₹509.59 crores during the FY2015 as against ₹389.65 crores during the FY2014 and PAT of ₹334.10 crores during FY2015 as against ₹262.37 crores in FY2014.

SBICAP declared 430% dividend in FY2015 against ₹260% in FY2014.

As a leader in its space, SBICAP has attained recognition in the form of some of the most prestigious awards in the industry namely,

Awards:

- ▶ IFR Asia Regional Awards High Yield Bond - Tata Steel's US\$1.5 billion dual -tranche senior notes.
- ▶ Asiamoney - Regional Capital Markets Awards - Best High Yield Bond- Tata Steel \$ 1.5 billion dual tranche senior bond.

Rankings:

- ▶ No.1 Mandated Lead Arranger in Asia-Pac Ex-Japan Loans League Tables 2014, with Market share of 8.4% as per Bloomberg.

- ▶ No.1 Book Runner Asia-Pac ex-Japan Loans - market share 12.5% as per Bloomberg.
- ▶ No.1 India Loans Mandated Arranger (INR)- Markets Share 75.5% as per Bloomberg.
- ▶ In the India Loans MLA Tables SBI tops the list with market share of 57.3% as per Bloomberg.
- ▶ No.1 Book Runner Asia Pacific & Japan with market share of 14.6% as per PFI Thomson Reuters League table.
- ▶ Ranked No.1 MLA with 7.2% market share in the Dealogic Global Project Finance League Laos rankings 2014.
- ▶ No.1 MLA Asia Pacific Project Finance Loans (19.6%) as per Dealogic.
- ▶ No.1 Asian Project Finance Loans with 28.9% market share as per Dealogic.

1. 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 etc.

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 7.80 lakhs clients in March, 2015. The Company has booked gross revenue of ₹114.01 crores during FY2015 as against ₹79.02 crores in FY2014.

SSL was awarded appreciation certificates from National Stock Exchange of India for being a Top Performing Member in "Gold ETF mobilization" and "New Client Enrollment".



2. SBICAPS 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 sponsor the “Neev Fund” to be managed by SBICAP Ventures Limited SVL will act as the Asset Management Company.

The Funds 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).

3. 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 being built with FIs, Financial Institutions, Law Firms, Accounting Firms, etc to market the business products of SBICAP.

4. SBICAP (SINGAPORE) LIMITED (SSGL)

SSGL, a wholly owned subsidiary of SBI Capital Markets Limited, which commenced business with effect from December 2012. Company has posted Net Profit of ₹7.51 crores during FY2015 as against Net loss of ₹ 2.81 crores during FY2014.

5. SBICAP TRUSTEE CO. LIMITED (STCL)

SBICAP Trustee Co Ltd (STCL), a wholly owned subsidiary of SBI Capital Markets Limited, which commenced security trustee business with effect from 1st August 2008, has posted Net Profit of ₹11.16 crores during FY2015 as against ₹8.81 crores during FY2014. It has made available a facility for online creation of will.

B. SBI DFHI LIMITED (SBI DFHI)

SBI DFHI Ltd 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 ₹92.55 crores in FY2015 as against ₹60.70 crores in FY2014.

The market share of SBI DFHI was 3.03% amongst all market participants and 16.18% amongst Standalone PDs as on March, 2015.

C. SBI CARDS & PAYMENTS SERVICES PRIVATE LIMITED (SBICPSL)

SBICPSL, the stand-alone credit card issuing company in India, is a joint venture between State Bank of India and GE Capital Corporation, wherein SBI holds 60% stake.

SBICPSL is 3rd largest in the industry in terms of Cards in force with 15% market share with a base of 31.58 lakhs as at March, 2015 as compared to 15% market share with a base of 28.58 lakhs as at March, 2014. Company has 11.2% market share in terms of spends in FY2015 against 11% in FY2014.

The company's net profit during the year FY2015 is ₹266.70 Crores. Company has wiped out its accumulated losses and declared dividend in FY2015. SBI Card launched SytleUP Card, a new Co-branded Card in partnership with Fashion at Big Bazaar (A Future Group Enterprise) in December, 2014 and Mumbai Metro Card in March, 2015. SBI Cards has been awarded Gold in the category “Credit Cards” in the Readers Digest Trusted Brand Survey 2015.

D. SBI LIFE INSURANCE COMPANY LIMITED (SBILIFE)

SBI Life Insurance Company Limited is a Joint Venture between State Bank of India and BNP Paribas Cardif in which SBI holds 74% stake. SBI Life has a unique multi-distribution model comprising Bancassurance, Retail Agency, Alternate, Group Corporate and Online Channels for distribution of insurance products.

Market share in New Business Premium (NBP) among all private players as on March, 2015 is 15.9%. SBI Life recorded 10.81% YOY increase in PAT to ₹820 crores in FY2015 against ₹740 crores in FY2014. The ‘Assets under Management’ of SBI Life recorded a YOY growth of 21.99% to reach ₹71,339 crores as on 31st March 2015. The company has been ranked No. 1 in the industry in (NBP) during FY2015 among all Private Insurance players.



Leveraging wider reach achieved through its 750 branch network, SBI Life has systematically brought large rural areas under insurance. The company has sold 22% of total policies in this segment in FY2015. A total of 65,745 lives covered by the company are from the underprivileged social sector. The Company has been substantially exceeding the minimum social and rural regulatory norms.

In FY2015, SBI Life reinforced its outreach initiatives in the realm of child welfare, across different parts of the country, in line with its approved CSR goals. The company has extended its support to nurture not only the educational aspirations of the children but also providing for their physical well-being. Significant measures have been taken to aid the provision of better infrastructure and healthcare facilities to remote areas of the country to ensure that all sections of the society gets an equal opportunity to sustain them in a healthy environment.

Awards and recognitions

- ▶ Best Training Provider of the Year.
- ▶ Best Practice in Learning Transfer for Improving Business Bottom Line.
- ▶ Plaque for commended Annual Report from Institute of Chartered Accountants of India (ICAI) for Excellence in Financial Reporting, 2013 -2014.
- ▶ 3 Awards at World HRD Congress 2015.
- ▶ Award for Excellence in HR through Technology .
- ▶ Award for Best HR Strategy in line with business .
- ▶ Award for Managing Health at work .
- ▶ FINNOVITI - Digital Innovation Award for Connect Life.
- ▶ Inspiring Work Place Award 2014 in BFSI.
- ▶ 'Platinum Award for Excellence in Life Insurance' by Skoch Financial Inclusion and Deepening Awards 2014.
- ▶ Indian Insurance Awards 2014 for 'Non-Urban Coverage-Life Insurance'.
- ▶ Best Life Insurance Company Award by Asia Banking, Financial Services and Insurance Excellence 2014.
- ▶ The Most Admired Life Insurance Company and the Best Life Insurance Company in the Private Sector, in the BFSI 2014 Awards.
- ▶ Most Trusted Private Life Insurance Brand by The Economic Times, Brand Equity and Nielsen Survey for four consecutive years.
- ▶ Golden Peacock National Training Award, 2014.

- ▶ Innovation Awards by BNP Paribas Cardif for 'Online Recruitment Solutions' and for 'Creating New Markets using existing products: QROPS'.

These awards are a testimony to SBI Life's quality and commitment towards customer centricity and professional excellence

While the focus at SBI Life during FY2014 was to revamp entire product portfolio to comply to revised IRDAI regulations; in FY2015, it shifted back to designing specific products to cater to the changing market requirements. To fill these gaps and to provide products as per customer needs, SBI Life introduced various products such as: SBI Life - Guaranteed Savings Plan, a guaranteed income plan; SBI Life - Smart Income Protect, life insurance savings plan with regular cash inflows;; SBI Life - Smart Champ Insurance, a child insurance plan and SBI Life - Suraksha Plus, a group term insurance plan.

E. SBI FUNDS MANAGEMENT PRIVATE LIMITED (SBIFMPL)

SBIFMPL, the Asset Management Company of SBI Mutual Fund, is the 6th largest Fund House in terms of Average "Assets Under Management" and a leading player in the market with over 4 million investors.

SBIFMPL posted a PAT of ₹163.43 crores in FY2015 as against ₹155.57 crores earned during FY2014.

The average "Assets Under Management" (AUM) of the company during the quarter ended March, 2015 stood at ₹72,942 crores with market share of 6.30%.

The Company has a fully owned foreign subsidiary namely SBI Funds Management (International) Private Limited, which is based at Mauritius and manages Off-shore Fund. SBI Funds Management (International) Private Limited is a 100% subsidiary of SBIFMPL.

F. SBI GLOBAL FACTORS LIMITED (SBIGFL)

SBIGFL is a leading provider of factoring services for domestic and international trade. SBI group holds 86.18 % share in the Company. 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.



Notwithstanding challenges in growing top line and improving asset quality in the prevailing economic slowdown, the Company registered an operating profit of ₹49.78 crores during FY2015.

The company is adequately capitalized with AAA/ A1+ ratings from reputed rating agencies for its borrowing programmes.

G. SBI PENSION FUNDS PRIVATE LIMITED (SBIPF)

SBIPF is one of the three Pension Fund Managers (PFM) appointed by Pension Fund Regulatory & Development Authority (PFRDA) for management of Pension Funds under the National Pension System (NPS) for Central Government (except Armed Forces) and State Government employees.

SBIPF, a wholly owned subsidiary of the State Bank Group, commenced its operations from April, 2008. The total "Assets Under Management" of the company as on 31st March, 2015 were ₹31,407 crores (YOY growth of 69 %) against ₹18,624 crores in FY2014.

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 73 %, while in the Government sector it was 35 %. The company maintained its number 1 rank in both Private Sector and Government Sector.

H. 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 company's strong focus is on disciplined pricing, fair and transparent claims management practices.

The cornerstone of the company's growth aspiration will be focussed on the banca channel whilst selectively developing alternate channels and products that meet our business objectives.

Gross Written Premium (GWP) stood at ₹1580 crores for FY2015. Company recorded 33% growth in GWP YOY against an industry growth of 9%.

Overall market share among all insurance companies (including Govt companies) increased from 1.5% to 1.9% and in 3.5% to 4.1% among private players.

Improved in market ranking – overall to 13th from 18th in FY 2014 and to 8th in FY2015 from 12th among the private players.

SBIGIC occupies 2nd position in "Personal Accident" at an overall industry level and 2nd position in Fire among Private Insurers.

Awards and recognitions

- ▶ Winner - iCMG (inter Company Marketing Group) Excellence Award for Enterprise Architecture in 2014.
- ▶ Runner-up – IAIDQ Data Quality Asia Pacific Award 2014.
- ▶ iAAA rating from ICRA for claim paying ability.

I. SBI SG GLOBAL SECURITIES SERVICES PRIVATE LIMITED (SBISG)

SBISG, a joint venture between State Bank of India and Societe Generale, was set up to offer high quality custody and fund administration services to complete the bouquet of financial services on offer by a financial conglomerate.

SBISG commenced commercial operations in Custody in May 2010 and Fund Accounting Services in Sept 2010.

Company's Net profits in ₹5.69 crores in FY2015 as against ₹0.21 crore in FY2014.

The Assets Under Custody as on 31st March, 2015 rose to ₹169,587 crores as against ₹1,15,701 crores on 31st March 2014, while the Assets Under Administration were at ₹79,090 crores in FY2015 as against ₹62,901 crores in FY2014.



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 the Bank as on the 31st March 2015, and of the profit and loss of the 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 the 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 the 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.

Acknowledgement

During the year, Shri Hemant G. Contractor and Shri S. Vishvanathan, Managing Directors, retired on attaining superannuation on 30th April, 2014. Shri Deepak I. Amin nominated u/s 19(d) by the Government has resigned from the Board w.e.f. 8th May, 2014. Sarvashri S. Vankatachalam, D. Sundaram, Parthasarathy Iyengar and Thomas Mathew retired from the Board w.e.f. 24th June, 2014 consequent upon completion of their term. Shri G. S. Sandhu retired from the Board w.e.f. 10th November, 2014. Shri J. B. Mohapatra retired from the Board w.e.f. 21st November, 2014 consequent upon completion of his term. Shri A. Krishna Kumar, Managing Director, retired from the board w.e.f. 30th November, 2014 consequent upon superannuation.

Shri Sanjiv Malhotra, Shri M. D. Mallya, Shri Sunil Mehta and Shri Deepak I. Amin were elected as Shareholder Directors under section 19(c) w.e.f. 26th June, 2014. Shri B. Sriram and Shri V. G. Kannan were appointed as Managing Directors under section 19(b) w.e.f. 17th July, 2014 on the Board. Dr. Hasmukh Adhia was nominated as Director under section 19(e) on the Board w.e.f. 11th November, 2014.

The Directors place on record their appreciation of the contributions made by the respective outgoing Directors, namely, Shri Hemant G. Contractor, Shri S. Vishvanathan, Shri S. Venkatachalam, Shri D. Sundaram, Shri Parthasarathy Iyengar, Shri Thomas Mathew, Shri J. B. Mohapatra, Shri G. S. Sandhu and Shri A. Krishna Kumar, to the deliberations of the Board. The Directors welcome the new Directors Shri Sanjiv Malhotra, Shri M. D. Mallya, Shri Sunil Mehta, Shri Deepak I. Amin, Shri B. Sriram, Shri V. G. Kannan and Dr. Hasmukh Adhia 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 of the dedicated and committed team of employees of the Bank.

For and on behalf of the
Central Board of Directors

Date: 22nd May 2015

Chairman



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 the 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 standards for others to emulate.

The Bank is committed to:

- ▶ Ensuring that the Bank's Board of Directors meet regularly, provide effective leadership and insights in business and functional matters and monitor the 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 Clause 49 of the Listing Agreement with the Stock Exchanges, except where the provisions of Clause 49 are not in conformity with the SBI Act, 1955 and the directives issued by GOI/RBI. 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 2015, there were ten other directors on the Board including eminent professionals representing Technology, Accountancy, Finance and Economics. These included representatives of shareholders and staff of the Bank, nominee officials of Government of India and Reserve Bank of India and directors nominated by the Government of India under Section 19(d) of the State Bank of India Act, 1955. Apart from the whole time Directors, comprising Chairman and three Managing Directors in office, the composition of the Central Board, as on 31st March 2015, was as under:

- ▶ four directors, elected by the shareholders under Section 19(c),
- ▶ one director, nominated by the Central Government under Section 19(cb),

- ▶ three directors, nominated by the Central Government under Section 19(d),
- ▶ one director (official from the Government 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).

The composition of the Board complies with provisions laid down in Clause 49 of the Listing Agreement. There is no inter-se relationship between Directors.

A brief resume of each of the Non-Executive Directors is presented in Annexure I. Particulars of the directorships/ memberships held by all the Directors in various Boards/ Committees are presented 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 meets a minimum of six times a year. During the year 2014-15, **twelve** 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 2014-15

No. of Meetings held	12
Dates of the Meetings	29.04.2014, 23.05.2014, 19.06.2014, 17.07.2014, 08.08.2014, 24.09.2014, 14.11.2014, 18.12.2014, 30.12.2014, 29.01.2015, 13.02.2015, 23.03.2015

Smt. Arundhati Bhattacharya, Chairman, Shri P. Pradeep Kumar, MD & GE (CB), and Shri S.K. Mukherjee attended all the twelve Meetings.

Name of the Director	No. of Meetings held after nomination/ election/during incumbency	No. of Meetings Attended
Shri H. G. Contractor, MD & GE (IB) (upto 30.04.2014)	01	01
Shri A. Krishna Kumar, MD & GE (NB)-upto 30.04.2014 and MD & GE (IB) (w.e.f. 01.05.2014 to 30.11.2014)	07	07
Shri S. Vishvanathan (upto 30.04.2014)	01	01
Shri B. Sriram, MD & GE (NB) (w.e.f. 17.07.2014)	09	07
Shri V. G. Kannan, MD & GE (A&S) (w.e.f. 17.07.2014)	09	07
Shri S. Venkatachalam (upto 24.06.2014)	03	03
Shri D. Sundaram (upto 24.06.2014)	03	02
Shri Parthasarathy Iyengar (upto 24.06.2014)	03	02
Shri Thomas Mathew (upto 24.06.2014)	03	03
Shri Sanjiv Malhotra (w.e.f. 26.06.2014)	09	09
Shri M. D. Mallya (w.e.f. 26.06.2014)	09	08
Shri Sunil Mehta (w.e.f. 26.06.2014)	09	09
*Shri Deepak I. Amin (w.e.f. 26.06.2014)	10	09
Shri Jyoti Bhushan Mohapatra (upto 20.11.2014)	07	06
Dr. Rajiv Kumar	12	04
Shri Harichandra Bahadur Singh	12	09
Shri Tribhuwan Nath Chaturvedi	12	04
Shri Gurdial Singh Sandhu (upto 10.11.2014)	06	01
Dr. Hasmukh Adhia (w.e.f. 11.11.2014)	06	02
Dr. Urjit R. Patel	12	05

* Shri Deepak I. Amin was nominated u/s 19(d) of SBI Act, 1955 by the Government of India from 24th January 2012 for a period of three years. However, he resigned from the Board w.e.f. 8th May 2014 and became Shareholder Director on Bank's Board w.e.f. 26th June 2014.



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 2014-15 are as under:

Attendance of Directors at ECCB Meetings during 2014-15

No. of Meetings held: 53		
S. No.	Directors	No. of Meetings Attended
1	Smt Arundhati Bhattacharya, Chairman	52
2	Shri Hemant G. Contractor, MD & GE (IB) (upto 30.04.2014)	05
3	Shri A. Krishna Kumar, MD & GE (NB) (upto 30.11.2014)	28
4	Shri S. Vishvanathan, MD & GE (A&S) (upto 30.04.2014)	04
5	Shri P. Pradeep Kumar, MD & GE (CB)	49
6	Shri B. Sriram (w.e.f. 17.07.2014)	31
7	Shri V. G. Kannan (w.e.f. 17.07.2014)	29
8	Shri S. Venkatachalam (upto 24.06.2014)	12
9	Shri D. Sundaram (upto 24.06.2014)	09
10	Shri Parthasarathy Iyengar (upto 24.06.2014)	01
11	Shri Thomas Mathew (upto 24.06.2014)	12
12	Shri Sanjiv Malhotra (w.e.f. 26.06.2014)	33
13	Shri M. D. Mallya (w.e.f. 26.06.2014)	36
14	Shri Sunil Mehta (w.e.f. 26.06.2014)	40
15	Shri Deepak I. Amin (upto 08.05.2014 and thereafter w.e.f. 26.06.2014)	30
16	Shri Jyoti Bhushan Mohapatra (upto 20.11.2014)	04
17	Shri S. K. Mukherjee	09
18	Dr. Rajiv Kumar	02
19	Shri Harichandra Bahadur Singh	20
20	Shri Tribhuvan Nath Chaturvedi	02
21	Shri Gurdial Singh Sandhu, Govt. Nominee (upto 10.11.2014)	-
22	Dr. Hasasmukh Adhia (w.e.f. 11.11.2014), Govt. Nominee	-
23	Dr. Urjit R. Patel, RBI Nominee	-

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 nine Board Level Committees viz. Audit Committee, Risk Management Committee, Stakeholders Relationship Committee, Special Committee of the Board for Monitoring of Large Value Frauds (₹1 crore and above), Customer Service Committee, IT Strategy Committee,

Remuneration Committee, Board Committee to Monitor Recovery and Corporate Social Responsibility Committee. These Committees provide effective professional support in the conduct of Board level business in key areas such as Audit & Accounts, Risk Management, resolution of Shareholders'/Investors' grievances, Fraud Review and Control, Review of customer service and redressal of

customer grievances, Technology Management, Payment of Incentives to Executive Directors, Oversight on Recovery of Loans and Advances and Corporate Social Responsibilities. While the Remuneration Committee approves, once in a year, payment of incentives to wholetime Directors, based on Government of India guidelines, 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 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 29th January 2015. The ACB functions as per the RBI guidelines and complies with the provisions of Clause 49 of the Listing Agreement to the extent that they do not violate the directives/guidelines issued by the RBI.

Functions of ACB:

- 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.
- ACB reviews the Bank's Financial, Risk Management, IS Audit Policies and Accounting Policies/Systems of the Bank to ensure greater transparency.
- 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 Clause 49 and other guidelines issued by SEBI from time to time;

▶ Status of implementation of Ghosh and Jilani Committee recommendations.

- ACB obtains and reviews reports from the Compliance Department in the Bank.
- ACB follows up on all the issues raised in RBI's Annual Financial Inspection Reports under Section 35 of the 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' laid down by the Central Board is in place and updated periodically, the last revision effected from 18th December 2014.

Composition & Attendance during 2014-15

The ACB has eight members of the Board of Directors, including two whole time Directors, two official Directors (nominees of GOI and RBI) and four non-official, non-executive Directors. Meetings of the ACB are chaired by a Non-Executive Director. The constitution and quorum requirements, as per RBI guidelines, are complied with meticulously. During the year, eleven 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 2014-15

No. of Meetings held : 11

Dates of the Meetings : 28.04.2014, 22.05.2014, 19.06.2014, 25.07.2014, 07.08.2014, 16.10.2014, 13.11.2014, 26.12.2014, 02.02.2015, 12.02.2015, 12.03.2015

Name of the Director	No. of Meetings held after Nomination / Election / during tenure	No. of Meetings attended
Shri H. G. Contractor, MD & GE (IB) (upto 30.04.2014)	01	01
Shri A. Krishna Kumar, MD & GE (NB) upto 30.04.2014 and thereafter MD & GE (IB) w.e.f. 01.05.2014 and upto 30.11.2014	07	07
Shri P. Pradeep Kumar, MD & GE (CB) w.e.f. 01.05.2014	10	09
Shri B. Sriram, MD & GE (NB) w.e.f. 01.12.2014	04	04
Shri V. G. Kannan, MD & GE (A&S) – Alternate Member	-	01
Shri S. Venkatachalam, Chairman, ACB (upto 24.06.2014)	03	03
Shri D. Sundaram (upto 24.06.2014)	03	03
Shri Thomas Mathew (upto 24.06.2014)	03	03
Shri Sanjiv Malhotra, Chairman, ACB (w.e.f. 26.06.2014)	08	08
Shri M.D. Mallya (w.e.f. 26.06.2014)	08	07
Shri Sunil Mehta (w.e.f. 26.06.2014)	08	08
Dr. Rajiv Kumar	11	04
Shri Gurdial Singh Sandhu (upto 10.11.2014)	06	00
Dr. Hasmukh Adhia (w.e.f. 11.11.2014)	05	00
Dr. Urjit R. Patel	11	07



Risk Management Committee of the Board

The Risk Management Committee of the Board (RMCB) was constituted on 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 29th January 2015 and has, eight members. The Senior Managing Director is the Chairman of the Committee. RMCB meets a minimum of four times a year, once in each quarter. During 2014-15, four meetings of the RMCB were held.

Dates of Meetings of RMCB held & Attendance of Directors during 2014-15

No. of Meetings held : 4

Dates of Meetings : 24.06.2014, 19.09.2014, 16.12.2014, 17.03.2015

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings Attended
Shri P. Pradeep Kumar, MD& GE (CB) (w.e.f. 01.05.2014)	4	4
Shri B. Sriram (w.e.f 29.01.2015)	1	1
Shri V. G. Kannan – Alternate Member	2	2
Shri S. Venkatachalam (upto 24.06.2014)	1	1
Shri D. Sundaram (upto 24.06.2014)	1	1
Shri Thomas Mathew (upto 24.06.2014)	1	1
Shri Sanjiv Malhotra (w.e.f. 26.06.2014)	3	1
Shri M.D. Mallya (w.e.f. 26.06.2014)	3	3
Shri Sunil Mehta (w.e.f. 26.06.2014)	3	3
Dr. Rajiv Kumar	4	-
Shri Deepak I. Amin	3	3
Shri Tribhuwan Nath Chaturvedi	4	-

Stakeholders Relationship Committee

In pursuance of Clause 49 of the Listing Agreement with the Stock Exchanges, Shareholders'/Investors' Grievance Committee of the Board (**SIGCB**) was formed on 30th January 2001, [consequent upon approval from Central Board on 24th September 2014 name changed to Stakeholders Relationship Committee (**SRC**)] 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 29th January 2015 and has, eight members and is chaired by a Non-Executive Director. The Committee met four times during 2014-15 and reviewed the position of complaints.

Dates of Meetings of SIGCB/SRC held & Attendance of Directors during 2014-15

No. of Meetings held : 4

Dates of the Meetings: 07.05.2014, 30.07.2014, 22.10.2014, 16.01.2015

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings Attended
Shri A. Krishna Kumar, MD & GE (NB) upto 30.04.2014 and thereafter MD & GE (IB) w.e.f. 01.05.2014 and upto 30.11.2014	3	3
Shri P. Pradeep Kumar, MD & GE (CB) (w.e.f. 01.05.2014 and upto 23.09.2014)	2	2
As Alternate Member		1
Shri V. G. Kannan, MD & GE (A&S) (w.e.f. 24.09.2014)	2	2
Shri S. Venkatachalam, Chairman of the Committee (upto 24.06.2014)	1	1
Shri Thomas Mathew (upto 24.06.2014)	1	1
Shri M. D. Mallya (w.e.f. 26.06.2014) – Chairman of the Committee	3	3
Shri Sanjiv Malhotra (w.e.f. 26.06.2014)	3	-
Shri Sunil Mehta (w.e.f. 26.06.2014)	3	3
Shri Deepak I. Amin (w.e.f. 26.06.2014)	3	2
Dr. Rajiv Kumar	-	-
Shri Harichandra Bahadur Singh	4	3



Number of shareholders' complaints received so far (during the year): 486
 Number of complaints not solved to the satisfaction of shareholders: NIL
 Number of Pending Complaints: Nil
 Name and designation of Compliance officer: Shri A. K.Gupta, General Manager, Compliance

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 29th January 2015 and has eight members. The Senior Managing Director on the Committee is the Chairman. The Committee met four times during 2014-15:

Special Committee of the Board for Monitoring of Large Value Frauds (₹ 1 crore and above)

The Special Committee of the Board for monitoring of Large Value Frauds (₹1 crore and above) (SCBMF) was constituted on 29th March 2004. The major functions of the Committee are to monitor and review all large value

Dates of Meetings of SCBMF held & Attendance of Directors during 2014-15

No. of Meetings held : 4

Dates of the Meetings: 03.06.2014, 10.09.2014, 26.11.2014, 20.02.2015

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings Attended
Shri A. Krishna Kumar, MD & GE (NB) upto 30.04.2014 and thereafter MD & GE (IB) w.e.f. 01.05.2014 and upto 30.11.2014	3	2
Shri P. Pradeep Kumar, MD & Group Executive (CB)	1	1
Shri B. Sriram, MD & GE (NB) (w.e.f. 17.07.2014)	3	1
Shri V. G. Kannan, MD & GE (A&S) as Alternate Member	-	2
Shri S. Venkatachalam (upto 24.06.2014)	1	1
Shri Thomas Mathew (upto 24.06.2014)	1	1
Shri Sanjiv Malhotra (w.e.f. 26.06.2014)	3	3
Shri M. D. Mallya (w.e.f. 26.06.2014)	3	3
Shri Sunil Mehta (w.e.f. 26.06.2014)	3	3
Shri Deepak I. Amin (w.e.f. 26.06.2014)	3	3
Shri Harichandra Bahadur Singh	4	3

Customer Service Committee of the Board

The Customer Service Committee of the Board (CSCB) was constituted on 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 29th January 2015 and has seven members. The Senior Managing Director on the Committee is the Chairman. During the year 2014-15, four meetings of the Committee were held.



Dates of Meetings of CSCB held & Attendance of Directors during 2014-15

No. of Meetings held : 4

Dates of the Meetings: 13.05.2014, 19.08.2014, 07.11.2014, 28.01.2015

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of meetings Attended
Shri A. Krishna Kumar, MD & GE (NB) upto 30.04.2014 and thereafter MD & GE (IB) w.e.f. 01.05.2014 and upto 30.11.2014	3	2
Shri P. Pradeep Kumar, MD & GE (CB) (w.e.f. 01.05.2014 and upto 23.09.2014)	2	2
As Alternate Member		2
Shri B. Sriram, MD & GE (NB) (w.e.f. 17.07.2014)	3	1
Shri S. Venkatachalam (upto 24.06.2014)	1	1
Shri Thomas Mathew (upto 24.06.2014)	1	1
Shri Sanjiv Malhotra (w.e.f. 26.06.2014)	3	2
Shri M. D. Mallya (w.e.f. 26.06.2014)	3	2
Shri Sunil Mehta (w.e.f. 26.06.2014)	3	2
Shri Jyoti Bhushan Mohapatra (upto 20.11.2014)	3	-
Shri S. K. Mukherjee	4	3
Shri Harichandra Bahadur Singh	4	3
Shri Tribhuvan Nath Chaturvedi	4	-

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 the 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:

- approving IT strategy and policy documents, ensuring that the management has put an effective strategic planning process in place;
- ensuring that the IT Organisational structure complements the business model and its direction;

- ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- evaluating effectiveness of management's monitoring of IT risks and overseeing the aggregate funding of IT at the Bank level; and
- reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value).

The Committee was last reconstituted on 29th January 2015 with six members and is chaired by a Non-Executive Director. The Committee met four times during 2014-15.

Dates of Meetings of ITSC held & Attendance of Directors during 2014-15

No. of Meetings held : 4

Dates of the Meetings : 29.05.2014, 04.09.2014, 21.11.2014, 25.02.2015

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings Attended
Shri A. Krishna Kumar, MD & GE (NB) upto 30.04.2014 and thereafter MD & GE (IB) w.e.f. 01.05.2014 and upto 30.11.2014	3	1
Shri P. Pradeep Kumar, MD & Group Executive (CB)	4	3
Shri B. Sriram, MD & GE (NB) (w.e.f. 17.07.2014)	3	3
Shri D. Sundaram, Chairman of the Committee (upto 24.06.2014)	1	1
Shri S. Venkatachalam (upto 24.06.2014)	1	1
Shri Parthasarathy Iyengar (upto 24.06.2014)	1	-
Shri Thomas Mathew (upto 24.06.2014)	1	-
Shri Deepak I. Amin, Chairman of the Committee, w.e.f. 26.06.2014	3	3
Shri Sanjiv Malhotra (w.e.f. 26.06.2014)	3	2
Shri M. D. Mallya (w.e.f. 26.06.2014)	3	3
Shri Sunil Mehta (w.e.f. 26.06.2014)	3	3



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 the Government of India in March 2007. The Committee was last reconstituted on 29th January 2015. The Committee has four members consisting of (i) the Government Nominee Director, (ii) the RBI Nominee Director and (iii) two other Directors – Shri M. D. Mallya and Shri Deepak I. Amin. The Committee scrutinised and recommended payment of incentives to whole time Directors for the year ended 31.03.2014.

Board Committee to Monitor Recovery

In terms of Government 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 has six members consisting of Chairman, four Managing Directors and the Government Nominee Director. The Committee met four times during the year and reviewed the NPA management and large NPA accounts of the Bank.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSR) was constituted on 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 29th January 2015 and has seven members. The Senior Managing Director on the Committee is the Chairman. During the year 2014-15, two meetings of the Committee were held.

Dates of Meetings of CSRC held & Attendance of Directors during 2014-15

No. of Meetings held : 2

Dates of the Meetings: 03.12.2014, 29.01.2015

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of meetings Attended
Shri P. Pradeep Kumar, MD & GE (CB)	2	2
Shri B. Sriram, MD & GE (NB)	2	2
Shri Sanjiv Malhotra	2	1
Shri M. D. Mallya	2	2
Shri Sunil Mehta	2	2
Shri Deepak I. Amin	2	2
Shri Harichandra Bahadur Singh	2	1

Nomination Committee of the Board

In terms of RBI guidelines, a Nomination Committee of three independent Directors (Shri S. Venkatachalam, Chairman of the Committee, Shri D. Sundaram and Shri Harichandra B. Singh, Members) was constituted by the Executive Committee of the Central Board at its meeting held on 31st May 2014 to carry out the necessary due diligence and arrive at the 'fit and proper' status of candidates filing nominations for Election as Directors by Shareholders. The Nomination Committee met on 5th June 2014 and declared the 'fit and proper' status of the candidates accordingly.

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

2015, Local Boards at Ten LHOs and Committees of the Local Boards at the remaining Four 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. At present, Sitting Fees of ₹10,000/- is paid for attending the meetings of the Central Board and ₹5,000/- for attending the meetings of Other Board level Committees. Sitting fees are, however, not paid to the Chairman and Managing Directors of the Bank and GOI Nominee/RBI Nominee Directors. Details of Sitting fees paid during the year 2014-15 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 2014-15. Declaration to this effect signed by the Chairman is placed in Annexure-V. The Code is posted on the Bank's website.

Developments during the Year

In an effort to keep the Directors abreast with better understanding of Corporate Governance, the Bank took the following initiatives during the year:

- i) Two Directors participated at Programme for Non-Executive Directors on the Boards of Public Sector Banks Board on Corporate Governance, HR Challenges in Banks on 17th November 2014, organised by Centre for Advances Financial Research and Learning (CAFRAL) at Mumbai.
- ii) Two Directors participated at Programme for Non-Executive Directors on the Boards of Public Sector Banks Board to upgrade skills of Directors on Risk Management, Basel II, and Risk Based Supervision on 27th and 28th February 2015, organised by Centre for Advances Financial Research and Learning (CAFRAL) at Delhi.

Salary and Allowances paid to the Chairman and Managing Directors in 2014-15

	Basic	DA	Incentives	Others	Arrears	Total Remuneration
Chairman						
Smt. Arundhati Bhattacharya (01.04.2014 to 31.03.2015)	9,60,000.00	10,34,400.00	3,83,000.00	-	-	23,77,400.00
Managing Directors						
Shri P.Pradeep Kumar (01.04.2014 to 31.03.2015)	9,26,385.00	9,98,027.00	1,56,250.00	-	-	20,80,662.00
Shri B. Sriram (17.07.2014 to 31.03.2015)	6,40,532.00	6,85,370.00	-	-	-	13,25,902.00
Shri V. G. Kannan (17.07.2014 to 31.03.2015)	6,40,532.00	6,85,370.00	-	-	-	13,25,902.00
Shri. Hemant G. Contractor (ex-MD) (01.04.2014 to 30.04.2014)	80,000.00	1,04,000.00	5,00,000.00	-	-	6,84,000.00
Shri. A Krishna Kumar (Ex-MD) (01.04.2014 to 30.11.2014)	6,40,000.00	6,92,000.00	5,00,000.00	-	-	18,32,000.00
Shri S. Visvanathan (ex- MD) (01.04.2014 to 30.04.2014)	77,765.00	1,01,095.00	5,00,000.00	-	-	6,78,860.00

Disclosure

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 interests of the Bank at large.

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.

A Whistle Blower Policy has been put in place and displayed on "State Bank times" for reporting any unethical practices or behaviour by employees in violation of their service rules, with a provision for protection of interest / identity of the whistleblower.

Policy on materiality of related party transactions and policy for determining material subsidiaries are available on the

bank's website-www.sbi.co.in/www.statebankofindia.com under link corporate goverances-policies

The Bank has complied in all respects with the requirements of Clause 49 of the Listing agreement with the Stock exchanges, 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.

Mandatory requirements of Clause 49 as to the composition of the Board of Directors, composition and quorum of the Audit Committee, Non-executive Directors' compensation, the appointment, re-appointment of the Statutory auditors and fixation of their fees are not binding on the Bank, as separate provisions in the State Bank of India act, SBI General regulations and the reserve Bank of India guidelines deal with the same.



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 2014-15 were published in the leading newspapers of the country. The results were also displayed on the Bank's website (www.sbi.co.in and www.statebankofindia.com). The Annual Report is sent to all shareholders of the Bank. The Bank's website displays, inter alia, 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 and half-yearly 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.

Attendance at the Annual General Meeting

The last Annual General Meeting (AGM) for the year 2013-14, held on 3rd July 2014, was attended by 10 Directors, viz., Smt. Arundhati Bhattacharya, Shri A. Krishna Kumar, Shri P. Pradeep Kumar, Shri. M. D. Mallya, Shri Sunil Mehta, Shri Sanjeev Malhotra, Shri Deepak I. Amin, Shri S. K. Mukherjee, Shri Jyoti Bhushan Mohapatra and Shri Harichandra Bahadur Singh. AGM (2012-13) was held on 21st June, 2013 and AGM (2011-12) was held on 22nd June, 2012. All three AGMs were held in Mumbai and no Special Resolutions were passed at the previous three AGMs.

General Shareholder Information

The Annual General Meeting of the Shareholders	: Date: 02.07.2015, Time: 3.00 pm. Venue: Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai-400021
Financial Calendar	: 01.04.2014 to 31.03.2015
Period of Book Closure Date	: 30.05.2015 to 03.06.2015 Record Date : 29.05.2015
Dividend	: ₹3.50 per share
Payment Date	: 18.06.2015
Electronic Clearing	: Dividend on SBI shares is also being paid through various electronic modes
Listing on Stock Exchanges	: BSE Mumbai, Ahmedabad, Kolkata, New Delhi, 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 in terms of the Listing Agreements are regularly carried out by an independent Company Secretary / Chartered Accountant.
Registrar and Transfer Agent and their Unit Address	: M/s Datamatics Financial Services Limited Plot B-5, and Part B, Cross Lane, MIDC, Marol, Andheri (E), Mumbai 400 093.
Board Phone Numbers	: 022-6671 2151 to 56 (between 10 a.m. to 1.00 p.m. and 2 p.m. to 4.30 p.m.)
Direct Numbers	: 022-6671 2198, 022-667121 99, 022-6671 2201 to 6671 2203
E-mail address	: sbi_eq@dfssl.com
Fax	: (022) 6671 2204
Address for Correspondence	: State Bank of India, Shares & Bonds Department, Corporate Centre, 14th Floor, State Bank Bhavan, Madam 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
Trustees of Bonds (Capital Instruments) issued in INR	: IDBI Trusteeship Services Limited



Reduction in face value of equity shares (sub-division of shares)

In terms of the provisions of Section 4 of the State Bank of India Act, 1955, the Central Board of the Bank at its meeting held on September 24th, 2014 had considered and approved reduction of the face value of equity shares of the Bank from ₹10 per share to Re.1 per share and to increase the number of issued shares in proportion thereof. The share split was done w.e.f. 22.11.2014 (record date 21.11.2014), following this the number of shareholders has increased more than 4 lakhs reflecting the strong interest in SBI share.

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, the Bank has permitted in April 2013 two-way fungibility to the Bank's GDR programme, following permission of two way fungibility from GOI / RBI.

The Bank had 1,60,43,156 GDRs as on 31.03.2015 representing 16,04,31,560 shares. GDR to underlying shares ratio was increased from 1:2 to 1:10 (w.e.f. 24.11.2014), following of share split.

Unclaimed Shares

Category of shareholder	No. of Shareholders	Outstanding Shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the beginning of the year	1,056	25,100
Number of shareholders, who approached the Issuer for transfer of shares from the Unclaimed Suspense account during the year	8	171
Number of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year	8	171
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year	1,048	24,929* (2,49,290 After Split of Shares (Record date 21.11.2014))

Dividend History

SBI has the distinction of making uninterrupted dividend payment to the shareholders for the last many years.

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 3.42% in BSE Sensex and 2.80% in NSE Nifty as on 31.03.2015.

Table: Market Price Data (Closing Values)

Months	BSE		NSE		LSE (GDR)	
	High	Low	High	Low	High	Low
Apr-14	2105.30	1894.55	2106.20	1893.65	69.15	63.00
May-14	2755.25	2044.85	2753.50	2044.55	94.65	67.88
Jun-14	2732.15	2579.25	2739.80	2580.65	92.75	85.92
Jul-14	2701.10	2412.10	2702.25	2411.05	90.75	80.58
Aug-14	2523.60	2361.80	2524.70	2362.50	83.20	74.08
Sep-14	2625.60	2378.35	2630.40	2377.70	86.48	78.35
Oct-14	2701.65	2369.80	2702.80	2367.60	87.58	77.38
Nov-14	321.45	271.92	321.40	271.93	51.60	44.12
Dec-14	320.25	295.90	320.30	295.60	51.40	44.45
Jan-15	334.45	299.95	334.60	299.90	54.50	47.18
Feb-15	307.80	279.75	307.50	279.50	50.10	45.12
Mar-15	302.75	256.90	302.60	256.65	48.62	40.90

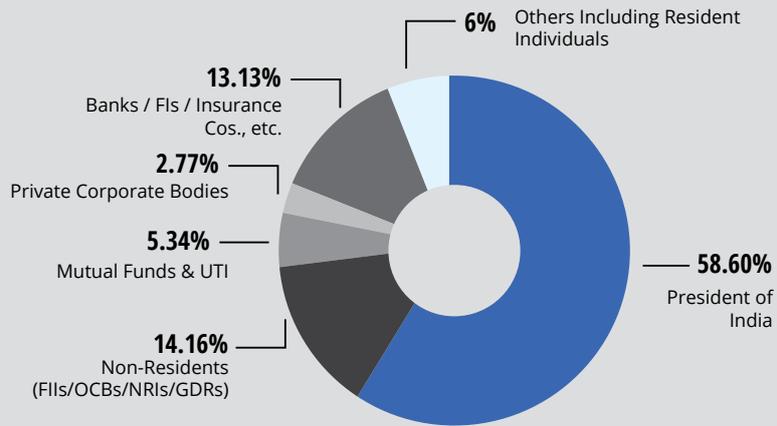
Face value of shares reduced from ₹10 to Re 1 (record date 21.11.2014)

GDR to underlying shares ratio increased from 1:2 to 1:10 (w.e.f. 24.11.2014)

Book Value per Share ₹160.84; Economic Value Added (EVA): ₹6201 crores



Exhibit: XX Distribution of Shareholding as on 31st March, 2015



Top Ten Shareholders

Sr. No.	Name	% of Shares in Total Equity
1	PRESIDENT OF INDIA	58.60
2	LIFE INSURANCE CORPORATION OF INDIA - (Financial Institutions)	11.82
3	THE BANK OF NEW YORK MELLON (as Depository to our GDR)	2.15
4	HDFC TRUSTEE COMPANY LIMITED (Mutual Fund)	2.01
5	RELIANCE CAPITAL TRUSTEE CO. LTD (Mutual Fund)	0.79
6	SKAGEN KON-TIKI VERDIPAPIRFOND (Foreign Institutional Investors)	0.75
7	ABU DHABI INVESTMENT AUTHORITY (Foreign Institutional Investors)	0.61
8	GENERAL INSURANCE CORPORATION OF INDIA (Financial Institution)	0.55
9	ICICI PRUDENTIAL LIFE INSURANCE CO. LTD (Private Corporate Bodies)	0.49
10	ICICI PRUDENTIAL MUTUAL FUND (Mutual Fund)	0.42



Annexure I

Brief Resumes of the Non-Executive Directors on the Board as on 31st March 2015

Shri Sanjiv Malhotra

(Date of Birth: 1st October 1951)

Shri Malhotra has 40 years of Global Banking and Finance experience at senior positions in Risk Management, Corporate and Investment Banking, Consumer Finance and Micro Enterprise lending, Private Equity.

Shri M. D. Mallya

(Date of Birth: 09th November 1952)

Shri Mallya was Chairman & Managing Director of Bank of Maharashtra. Shri Mallya worked towards turnaround of the Bank, particularly by strengthening Technology, HR and the Organisational Structure.

Shri Mallya was also the Chairman & Managing Director of Bank of Baroda during May 2008 and November 2012. His inspiring leadership and innovative strategic steps initiated resulted in the Bank achieving excellent performance and receiving wide recognition in the form of many laurels and accolades.

Shri Sunil Mehta

(Date of Birth: 22nd August 1957)

Shri Sunil Mehta has over 32 years of proven leadership experience in Banking, Insurance, Financial Services and Investments with Citibank and AIG. As Country Head of AIG for 13 years, Shri Mehta was responsible for setting up in India and overseeing ten businesses covering Life & Non-Life Insurance, Private Equity, Asset Management, Real Estate, Home & Consumer Finance, Software Development, Mortgage Guarantee and Aircraft Leasing. Shri Mehta worked at Citibank for 18 years in various senior positions which included Head of Corporate Bank in India and Senior Credit Officer. He is currently Chairman & MD, SPM Capital Advisers Pvt Ltd and is also on the Board of several other notable organisations.

Shri Deepak I. Amin

(Date of Birth: 20th April 1966)

Shri. Deepak I. Amin holds a B.Tech in Computer Science from IIT Bombay and M.S. in Computer Science from University of Rhode Island, USA. Mr. Amin was the co-founder and CEO of Covelix, Inc. a Seattle and India based international software consulting (acquired by Emtec Inc.) Prior to this, Mr. Amin was the founder and CEO of vJungle, Inc., a web services software infrastructure company, which was acquired by Streamserve, Inc. Mr. Amin also worked at Microsoft for many years as a Lead Engineer in Microsoft Windows Networking teams and was a senior engineer in the original Internet Explorer browser team at Microsoft, USA. Mr. Amin is on the

Technology Advisory Board of Grameen Foundation of Nobel Laureate Dr. Muhammad Yunus providing scalable financial and technology solutions for improving financial inclusion of the world's poorest women.

Shri S. K. Mukherjee

(Date of Birth: 27th November 1955)

Shri S. K. Mukherjee is an Officer Employee director u/s 19(cb) of SBI Act, nominated by the Central Government, w.e.f. 4th October 2012.

Dr. Rajiv Kumar

(Date of Birth: 6th July 1951)

Dr. Rajiv Kumar is a Director re-nominated by the Central Government u/s 19(d) of SBI Act, w.e.f. 6th August 2012, for a period of three years. Dr. Kumar holds a D. Phil from Oxford University, a renowned Economist, with earlier stints in FICCI (Director General), ICRIER (Chief Executive Officer) and with Asian Development Bank. Dr. Kumar is currently a Senior Fellow at Centre for Policy Research, New Delhi.

Shri Harichandra Bahadur Singh

(Date of Birth: 16th September 1963)

Shri Harichandra Bahadur Singh is a Director nominated by the Central Government u/s 19(d) of SBI Act, w.e.f. 24th September 2012, for a period of three years. Shri Singh has exposure to Agriculture, Rural Economy & SME business. He was Director on Punjab & Sind Bank during the period 24.12.2008 to 08.12.2010.

Shri Tribhuwan Nath Chaturvedi

(Date of Birth: 15th January 1959)

Shri Tribhuwan Nath Chaturvedi is a Director nominated by the Central Government u/s 19(d) of the SBI Act, w.e.f. 29th August 2013, for a period of three years. Shri Chaturvedi is a Practicing Chartered Accountant and Senior Partner in T N Chaturvedi & Co., Chartered Accountants, New Delhi. Shri Chaturvedi has wide experience and expertise in the area of Finance & Accounts, Taxation and Corporate Laws. Shri Chaturvedi earlier served as Shareholder Director on the Board of Punjab National Bank for a period of three years (27th December 2008 to 26th December 2011).

Dr. Hasmukh Adhia

(Date of Birth: 3rd November 1958)

Dr. Hasmukh Adhia is a Director u/s 19(e) of SBI Act, nominated by the Central Government, w.e.f. 11th November 2014. Dr. Hasmukh Adhia is Secretary, Financial Services, Ministry of Finance, Government of India.

Dr. Urjit R. Patel

(Date of Birth: 28th October, 1963)

Dr. Urjit R. Patel is a Director u/s 19(f) of SBI Act, nominated by the Central Government, w.e.f. 6th February 2013. Dr. Urjit R. Patel is Deputy Governor, Reserve Bank of India.



Annexure II

Details of Memberships/Chairmanships held by the Directors on the Boards/Board-level Committees of the Bank@/Other Companies as on 31.03.2015

S. No.	Name of Director	Occupation & Address	Appointed to Board since	Number of Companies including the Bank (Details given in Annexure II A)
1.	Smt. Arundhati Bhattacharya	Chairman No.5, Dunedin, J. M. Mehta Road, Mumbai – 400 006	07.10.2013	Chairman : 14 Director : 01
2.	Shri P. Pradeep Kumar	Managing Director M-1, Kinnellan Towers, 100A, Napean Sea Road, Mumbai – 400 006	27.12.2013	Director : 01 Committee Member : 01
3.	Shri B. Sriram	Managing Director M-2, Kinnellan Towers 100A, Napean Sea Road, Mumbai – 400 006	17.07.2014	Director : 05 Committee Member : 03
4.	Shri V. G. Kannan	Managing Director D-11, Kinnellan Towers, 100A, Napean Sea Road, Mumbai – 400 006	17.07.2014	Director : 18 Committee Member : 05
5.	Shri Sanjiv Malhotra	Chartered Accountant 6 Motabhoy Mansion, 130 Maharishi Karve Marg, Churchgate Mumbai – 400 020	26.06.2014	Director : 01 Chairman of Committee:01 Committee Member : 01
6.	Shri M. D. Mallya	Retired Bank Executive C-601 Ashok Towers, Dr. S. S. Rao Marg, Opp. M. G. Hospital, Parel Mumbai – 400 012	26.06.2014	Director : 11 Chairman of Committee:03 Committee Member :04
7.	Shri Sunil Mehta	Chairman & MD SPM Capital Advisers P. Ltd. 203-A Vivarea, Sane Guruji Marg, Mahalaxmi (East), Mumbai – 400 011	26.06.2014	Director : 04 Committee Member : 02
8.	Shri Deepak I. Amin	Advisor 104 Neel Kanth Tirth, 6th Road, Chembur, Mumbai – 400 071	26.06.2014	Director : 02 Committee Member :01
9.	Shri S. K. Mukherjee Officer Employee Director	Dy. Manager, State Bank of India, Administrative Unit, Bhangagarh, Guwahati – 781 005	04.10.2012	Director : 01
10.	Dr. Rajiv Kumar	Economist, C-215 Ground Floor Sarvodaya Enclave, New Delhi – 110 017	06.08.2012	Director : 01 Committee Member : 02
11.	Shri Harichandra Bahadur Singh	Agri. & Business RR Kothi, Canal Road, Raibareli – 229001 (UP)	24.09.2012	Director : 01 Committee Member : 01
12.	Shri Tribhuvan Nath Chaturvedi	C/o. T.N. Chaturvedi & Co., 406, Chiranjiv Tower, 43 Nehru Place, New Delhi – 110 019	29.08.2013	Director : 01
13.	Dr. Hasmukh Adhia GOI Nominee	Secretary, (Financial Services) Ministry of Finance, Government of India, (Banking Division), Jeevan Deep Bldg., Parliament Street, New Delhi – 110 001	11.11.2014	Director : 05 Committee Member : 01
14.	Dr. Urjit R. Patel Reserve Bank of India Nominee	Deputy Governor, Reserve Bank of India, Central Office, Shaheed Bhagat Singh Road, Mumbai – 400 001	06.02.2013	Director : 03 Committee Member : 02

@Only Memberships/Chairmanships of Audit Committee and Stakeholders Relationship Committee are reckoned in due compliance with para I (C) (ii) Clause 49 of the Listing Agreement with Stock Exchange.



ANNEXURE IIA

Total Number of Memberships/Chairmanships held by the Directors on the Boards/ Board-level Committees of the Bank@/Other Companies as on 31.03.2015

(@Only Memberships/Chairmanships of Audit Committee and Stakeholders Relationship Committee are reckoned)

1. Smt. Arundhati Bhattacharya

S. No.	Name of the Company/Name of the Concern/Society	Member/Director/Chairman
1	State Bank of India	Chairman
2	State Bank of Patiala	Chairman
3	State Bank of Bikaner & Jaipur	Chairman
4	State Bank of Hyderabad	Chairman
5	State Bank of Mysore	Chairman
6	State Bank of Travancore	Chairman
7	SBI Global Factors Ltd.	Chairman
8	SBI Pension Funds P. Ltd.	Chairman
9	SBI Life Insurance Company Ltd.	Chairman
10	SBI Capital Markets Ltd.	Chairman
11	SBI Funds Management P. Ltd.	Chairman
12	SBI General Insurance Company Ltd.	Chairman
13	SBIDFHI Ltd.	Chairman
14	SBI Cards & Payment Services P. Ltd.	Chairman
15	Export-Import Bank of India	Director

2. Shri P. Pradeep 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	Managing Director	Audit Committee of the Board-Member

3. 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	Audit Committee of the Board-Member Stakeholders Relationship Committee-Member
2	SBICAP Securities Ltd.	Director	
3	SBI Life Insurance Company Ltd.	Director	
4	SBI Cards & Payment Services P. Ltd.	Director	Audit Committee of the Board-Member
5	GE Capital Business Process Management Services P. Ltd	Director	



4. Shri V. G. Kannan, Managing Director

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	Stakeholders Relationship Committee-Member
2	SBI Capital Markets Ltd.	Director	Audit Committee of the Board-Member
3	SBI Cap Securities Ltd.	Director	
4	SBI Cap Ventures Ltd.	Director	-
5	SBICAP UK Limited	Director	-
6	SBICAP Singapore Ltd.	Director	
7	SBI DFHI Limited	Director	Audit Committee of the Board - Member
8	SBI General Insurance Co. Ltd.	Director	
9	SBI Global Factors Ltd.	Director	Audit Committee of the Board - Member
10	SBI Life Insurance Company Ltd.	Director	
11	SBI Funds Management P. Ltd	Director	
12	SBI Pension Funds P. Ltd.	Director	Audit Committee of the Board - Member
13	SBI Cards & Payment Services P. Ltd.	Director	
14	State Bank of Bikaner & Jaipur	Director	
15	State Bank of Hyderabad	Director	
16	State Bank of Mysore	Director	
17	State Bank of Patiala	Director	
18	State Bank of Travancore	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	Audit Committee of the Board - Chairman Stakeholders Relationship Committee-Member

6. Shri M. D. Mallya

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 Stakeholders Relationship Committee- Chairman
2	India Infradebt Limited	Director	Audit Committee of the Board - Chairman
3	Nitेश Estates Ltd.	Director	Audit Committee of the Board - Member
4	Emami Limited	Director	
5	Nitेश Housing Dev. (P) Ltd.	Director	
6	Nitेश Urban Dev. (P) Ltd.	Director	
7	Nitेश Indiranagar Retail (P) Ltd.	Director	
8	IFMR Rural Channel & Services (P) Ltd.	Director	Audit Committee of the Board - Chairman
9	Seven Islands Shipping Ltd.	Director	Audit Committee of the Board - Member
10	Interglob Aviation Ltd.	Director	
11	Pudhuaaru Financial Services Ltd.	Director	Audit Committee of the Board - Member



7. Shri Sunil Mehta

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 Stakeholders Relationship Committee- Member
2	IL&FS AMC Trustee Ltd.	Director	-
3	Asia Society India Centre (Section 25 Company)	Director	-
4	SPM Capital Advisers P. Ltd.	Director	-

8. Shri Deepak I. Amin

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	Stakeholders Relationship Committee- Member
2	Radian Advisors P. Ltd.	Director	-

9. Shri S. K. Mukherjee

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	-

10. Dr. 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 Stakeholders Relationship Committee - Member

11. Shri Harichandra Bahadur Singh

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	Stakeholders Relationship Committee - Member

12. Shri Tribhuwan Nath Chaturvedi

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	-



13. Dr. Hasmukh Adhia

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
2	Reserve Bank of India	Director	-
3	Life Insurance Corporation of India	Director	-
4	Indian Infrastructure Finance Company Ltd	Director	-
5	Export Import Bank of India	Director	-

14. Dr. Urjit R. Patel

S. No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
1	Reserve Bank of India	Director	-
2	State Bank of India	Director	Audit Committee of the Board -Member
3	National Housing Bank	Director	Audit Committee of the Board -Member

Annexure III

Details of Shareholding of Directors on the Bank's Central Board as on 31.03.2015

S. No.	Name of Director	No. of Shares
1.	Smt. Arundhati Bhattacharya	2,000
2.	Shri P. Pradeep Kumar	3,250
3.	Shri B. Sriram	nil
4.	Shri V. G. Kannan	2,030
5.	Shri Sanjiv Malhotra	8,800
6.	Shri M. D. Mallya	5,000
7.	Shri Sunil Mehta	5,000
8.	Shri Deepak I. Amin	5,000
9.	Shri S. K. Mukherjee	800
10.	Dr. Rajiv Kumar	2,300
11.	Shri Harichandra Bahadur Singh	nil
12.	Shri Tribhuwan Nath Chaturvedi	2,000
13.	Dr. Hasmukh Adhia	nil
14.	Dr. Urjit R. Patel	nil



Annexure IV

Details of Sitting Fees paid to Directors for attending Meetings of the Central Board and Board-Level Committees during 2014-15

S. No.	Name of Director	Meetings of Central Board (₹)	Meetings of Other Board Level Committees (₹)	Total (₹)
1	Shri S. Venkatachalam	30,000	110,000	140,000
2	Shri D. Sundaram	20,000	80,000	100,000
3	Shri Parthasarathy Iyengar	5,000	20,000	25,000
4	Shri Thomas Mathew	30,000	100,000	130,000
5	Shri Sanjiv Malhotra	90,000	260,000	350,000
6	Shri M.D. Mallya	80,000	305,000	385,000
7	Shri Sunil Mehta	90,000	330,000	420,000
8	Shri Deepak I. Amin	90,000	220,000	310,000
9	Shri Jyoti B. Mohapatra	60,000	20,000	80,000
10	Shri S.K. Mukherjee	120,000	60,000	180,000
11	Dr. Rajiv Kumar	40,000	30,000	70,000
12	Shri Harichandra Bahadur Singh	90,000	155,000	245,000
13	Shri Tribhuvan Nath Chatutvedi	40,000	10,000	50,000

ANNEXURE V DECLARATION

AFFIRMATION OF COMPLIANCE WITH THE BANK'S CODE OF CONDUCT (2014-15)

I declare that all Board Members and Senior Management have affirmed compliance with the Bank's Code of Conduct for the Financial Year 2014-15.

ARUNDHATI BHATTACHARYA
CHAIRMAN

Date: 7th April, 2015

CLAUSE 49 X-A, ANNEXURE XIII TO LISTING AGREEMENT NON- MANDATORY REQUIREMENTS

- The Board-** As the Bank has an Executive Chairman, this is not applicable.
- Shareholders Rights-** The half- yearly declaration of financial performance is not being sent to each household of shareholders.
- Audit Qualifications-** The financial statements of the Bank are without any audit qualifications.
- Separate post of Chairman and CEO-** The appointment of the Chairman and the four Managing Directors is as per the provisions of the SBI Act, 1955.
- Reporting of Internal Auditor-** In the Bank, the head of Internal Audit reports directly to the Audit Committee of the Board.



Auditors' Certificate On Corporate Governance

To the shareholders of State Bank of India

We have examined the compliance of conditions of Corporate Governance by STATE BANK OF INDIA (the "Bank"), for the year ended 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the Bank with the Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of 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 expression of opinion on the financial statement of the Bank.

In our opinion and to the best of our information and according to the explanation 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 Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Bank as per the records maintained by the Stakeholders' Relationship Committee.

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 S. Venkatram & Co.,
Chartered Accountants

G.Narayanaswamy
Partner
M.No.002161
FRN No.004656 S

Place: Kolkata
Date :22nd May, 2015



Business Responsibility Report

Preamble

State Bank of India (SBI), with a history of over 200 years, is one of the oldest financial institutions in India with footprints in a large number of countries across the globe. The Group has an extensive network, with over 20,000 branches in India and 191 offices in 36 countries across the world. State Bank of India tries to ensure that financial resources are made available in an easy and accessible manner to all sections of society. From its inception the Bank has firmly believed in its core values:

Customer first, Provide services to the remotest part of the country, Nurture pride in India.

SBI believes that an organization will be able to achieve sustainable economic growth only when it can deliver inclusive development for all. Translating this belief into actions, SBI continually strives to intertwine Environmental, Social and Governance aspects with all facets of business operations. This is implemented through a comprehensive Corporate Responsibility policy supported by a robust governance structure. The policy and its elements are applicable to all Departments / Verticals / Business Groups of State Bank of India.

SBI's corporate responsibility policy considers following corporate responsibility issues:

- ▶ Improved access to banking in the remote areas.
- ▶ Minimizing environmental footprint.
- ▶ Helping underprivileged communities to be self-reliant.

This report illustrates SBI's efforts towards creating long lasting value for all its stakeholders in a responsible manner. The Business Responsibility Report (BRR), covers SBI's domestic operations and is aligned with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE) released by Ministry of Corporate Affairs, and is in accordance with Securities and Exchange Board of India's (SEBI) Clause 55 of the listing agreement with stock exchanges.

Through this report, SBI presents the key issues that would be of interest to SBI and its stakeholders. The report is a transparent and balanced disclosure of SBI's business impacts and performance against nine principles as mentioned in National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business

(NVG-SEE) released by the Ministry of Corporate Affairs, Government of India.

Section A: General Information about the Company

State Bank of India was formed by an Act of the Parliament and took over the Imperial Bank in 1955. The strength to withstand and grow in the face of adversity has hallmarked SBI as a leader amongst the financial institutions worldwide. Today, with a history of over 200 years it is the largest commercial bank in terms of assets, deposits, profits, branches, customers and employees. SBI prides itself as the Banker to every Indian. The majority of Indians form the bank's stakeholders/customers in one way or the other. All the business initiatives and products of the Bank are examined at the formulation stage from the angle of the societal benefit they deliver. This is ensured through the extensive network of 16,333 branches of the Bank, out of which 10,754 branches are located in rural and semi urban areas. SBI is also the market leader in agriculture finance.

The SBI group consists of 5 associate banks and a number of subsidiaries formed for niche business viz. merchant banking, life insurance, general insurance, mutual funds etc. The group has an extensive network with over 20,000 plus branches in India and another 191 foreign offices spread over 36 countries across the world. The SBI group has more than 54,000 ATMs, one of the largest ATM networks in the world. The Bank's ATMs are located in all parts of the country including some of the remotest and inaccessible parts.

SBI's non-banking subsidiaries/joint ventures are market leaders in their respective areas and provide wide range of services, which include life insurance, merchant banking, mutual funds, credit cards, factoring services, security trading and primary dealership, making the SBI Group a truly large financial supermarket and India's financial icon.

Allied financial services like insurance, mutual fund, financial leasing, card business etc. are offered through the Bank's associates and/or subsidiaries to all customer segments whether Government, Corporates or Individuals. The Bank's products & services categories can be largely categorised under the following three heads:

1. Deposits
2. Loans and Advances
3. Remittances and Collections



The Bank's activities are covered under "Group K: Financial and Insurance Activities of National Industrial Classification (All Economic Activities) - 2008" published by Ministry of Statistics and Programme Implementation. The Bank's activities fall under the following industrial activity code:

GROUP	CLASS	DESCRIPTION
641	6419	Monetary Intermediation Other Monetary Intermediation

The Bank's domestic operations are carried out through 14 Circles (Local Head Offices) and 81 Modules (Zonal Offices) that are located in major cities throughout the country. The International Banking services offer a full range of cross border finance solutions for the benefit of its Indian customers, non-resident Indians, foreign entities and banks. With presence across all time zones, State Bank of India and its affiliate banks provide 360 degree services to its global clientele. The International Banking Network is spread across 36 countries with 191 offices. Some of the Bank's International locations include UK, USA, Germany, France, Canada, Russia, South Africa, China, Singapore, Japan, the Middle East and Australia.

The Bank maintains correspondent banking arrangements with 346 reputed international Banks spread over 88 countries. Bank's Joint Ventures and Subsidiaries abroad, further underline the Bank's international presence.

Other details about the Bank:

Address:

State Bank of India,
State Bank Bhavan, Corporate Centre,
Madame Cama Road, Nariman Point,
Mumbai - 400 021, India

Website: <http://www.sbi.co.in>
<http://www.statebankofindia.com>

E-mail id: gm.snb@sbi.co.in

Financial Year reported: 2014 - 2015

Section B: Financial Details of the Company

Details for Financial Year 2014-15:	INR
Paid-up capital	747 crores
Total Income	1,74,972.96 crores
Profit After Tax (PAT)	13,101.57 crores
Spending on Corporate Social Responsibility (CSR) as a percentage of PAT in INR (FY2014-15)	1.06 %
Total Deposits	15,76,793 crores
Total Advances	13,35,424 crores
Total Business	29,12,217 crores

As one of the leading financial institutions in the country, the Bank takes its social responsibility seriously. SBI Branches and Administrative Offices have initiated and encouraged many activities in a wide variety of fields for the betterment of the society. It is noteworthy to mention that SBI had initiated services called Innovative Banking in 1973 to carry out its Corporate Social activities.

Corporate Social Responsibility is embedded in many of the Bank's business initiatives and it covers various social, environmental and welfare activities. The Bank has a comprehensive Corporate Social Responsibility (CSR) Policy, approved by the Executive Committee of the Central Board in August 2011. The Bank's CSR activities touch the lives of millions of the poor and needy across the length and breadth of the country.

The focus areas of the Bank's CSR activities are listed hereunder but not limited to:

- ▶ Education & Healthcare.
- ▶ Environment protection.
- ▶ Entrepreneurial & Skill Development programmes.
- ▶ Disaster Relief.
- ▶ Swachh Bharat Abhiyan.

The budget for the Bank's Corporate Social Responsibility (CSR) spend for FY2014-15 was 1 % of the previous year's PAT which amounts to INR 109.00 crores. The Bank's actual spend on CSR activities for FY2014-15 was INR 115.80 crores.

Further details of the Bank's CSR activities have been covered in the "Corporate Social Responsibility" section of the Annual Report 2014-15.

Section C: Other Details

Participation of subsidiaries and business partners in BR initiatives:

The details of the Subsidiaries and Joint Ventures are provided in the Bank's Annual Report for FY2014-15. The Bank's Associates and Subsidiaries fully endorse the BR Principles. However, the initiatives and programs on social and environment issues are decided on and undertaken by the independent Boards of the Associates and Subsidiaries. The Bank expects and encourages its suppliers/distributors to conduct their business in a responsible manner.

Section D: Business Responsibility (BR) Information

Governance related to BR

Director responsible for implementation of the BR policy/policies



DIN Number (if applicable)	02993708
Name	Shri. B. Sriram
Designation	Managing Director & Group Executive (National Banking)
Business Responsibility Head	
DIN Number (if applicable)	06891568
Name	Shri Vinod Pande
Designation	General Manager (Corporate Communication & Change Management)
Telephone Number	022-22870923
e-mail id	gm.ccc@sbi.co.in

As stated in the Business Responsibility Policy of the Bank, the BR performance of the Bank is evaluated annually by the Board of Directors. The Nodal Officer, heading the BR function, is responsible for the BR performance of the Bank. Further, the Bank's BR Policy is updated from time to time by the Nodal Officer (in the event of any amendments to the laws, rules and regulations, as applicable).

About the BR Report

Business Responsibility report of the Bank, is published on an annual basis since FY2012-13, (Present one is 3rd) in accordance with SEBI requirements. The BR report for FY2014-15 can be accessed on the Bank's website <http://www.sbi.co.in> or <http://statebankofindia.com> under the link Corporate Governance / CSR / BR Report.

Principle-wise (as per NVGs) BR Policy/policies (reply in Y/N)

S No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for (each Principle as stated in NVG)	Yes								
2	Has the policy been formulated in consultation with the relevant stakeholders?	Yes								
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	SBI's Business Responsibility Policy is based on National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business as released by Ministry of Corporate Affairs, Government of India, in July 2011								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Yes. The BR policy has been approved by the Central Board of Directors.								
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes								
6	Indicate the link for the policy to be viewed online	http://www.sbi.co.in or http://statebankofindia.com under the link Corporate Governance / CSR / BR Report.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8	Does the company have an in-house structure to implement the policy/policies?	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	SBI has adopted the Business Responsibility Policy in FY2012-13 and the working of the Policy is evaluated on an ongoing basis.								

Section E: Principle-wise Performance

Principle 1: Practising Good Corporate Governance

The Bank is committed to the best practices in the area of Corporate Governance, in letter and in spirit and believes that good corporate governance is much more than complying with legal and regulatory requirements. Good governance facilitates effective management and enables the Bank to maintain a high level of business ethics and to optimize the value for all its stakeholders.



The objectives can be summarized as:

- ▶ To protect and enhance shareholder's 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 has laid down a well-defined Code of Conduct for its Directors on the Central Board and its Core Management. This Code of Conduct attempts to set forth the guiding principles on which the Bank operates and conducts its daily business with its multitudinous stakeholders, government and regulatory agencies, media, and anyone else with whom it is connected. To get further details, the Code can be easily accessed at the Bank's website. The Bank has also set in place various Policies, with due approval from its Central Board / Executive Committee of the Central Board, encompassing the entire gamut of its performance and operations in India and abroad. The Bank's Business Responsibility Policy also covers aspects related to ethics, bribery and corruption.

Principle 2: Providing Sustainable Products and Services

The Bank has practised responsible banking for decades and established consistent commitment to productive economic activity. It has always been at the forefront of innovation, either through its products or its operations/ services. Banking system is witnessing new challenges in its traditional business domain from new digitally enabled entrants. Payment systems, of late, is the most sought-after aspect of banking business on account of the growing penetration of smart phones and e-commerce and a good number of innovative products/mobile apps have been launched.

The Bank, through Corporate Strategy & New Businesses (CS & NB) department has initiated various measures to meet the emerging challenges, namely:

- a) **Digital Banking Project: sbiINTOUCH-** It helps to enhance customer experiences & provides seamless and fulfilling banking services through simplification of products and services, like opening of account with personalised debit card, cash deposit/withdrawal, fund transfer, enquiries, interactive screens for information on educational institutes, upcoming housing projects, car dealers/ models/ prices along with eligibility for a bank loan. Also Video conferencing with the experts, on line servicing, cross selling of SBI Life, General Insurance, Mutual Funds, e-trade etc. have been promoted.

- b) **Mobile Banking Services:** SBI is the market leader with a market share of 46% in the number of Mobile Banking Transactions.
- c) Scaling up of merchant acquisitions and facilitating transactions through innovative measures.
- d) Bringing in of more banks and merchants into the fold through State Bank Aggregator Service (SBlePay) to strengthen the aggregation business and offer a full range of services to facilitate e-commerce/m-commerce transactions. SBlePay has also acquired the security certifications PA-DSS and ISO27001:2013.
- e) Enhancing customer experience in the card domain through the initiation of Green Channel Counter, Self Service Kiosk, Green Remit Card, prepaid cards like Smart Pay-out card, Smart change card, eZ- Pay Card, Vishwa Yatra Card, Gift card. These are some of the Bank's green initiatives which have social benefits too.
- f) **Swayam:** A Barcode based passbook printing kiosk. In a short span of four months more than 1 crore passbooks were printed.

The Bank procures most of its consumables through locally based suppliers. The Bank's commitment to small and micro enterprises is enshrined in a code of commitment to the segment which ensures easy, speedy and transparent access to banking services in their daily operations and in times of financial difficulties in the unit.

Principle 3: Caring for Human Capital

SBI believes that workforce is the greatest asset that propels the growth engine. Employees are considered as "Change Catalysts" and the Bank nurtures and channelizes the expertise and talent of people for growth, performance, feedback, motivation and training. The achievements and efforts are appreciated, acknowledged & rewarded.

Employee Strength

The Bank is one of the largest employers in the country having 2,13,238 employees as at the end of FY2014-15, of which 44,790 are female employees and 2,692 persons with disabilities. As on 31st March 2015 the number of contract workers is 261.

Employee Benefits

The vision of the Bank for its human resources is to create an enabling environment to enhance the efficiency of the organization. The aim is to encourage the employees to perform to their best ability by a system of proper placements and incentives, while creating an atmosphere of trust and a feeling that the organization cares about the wellbeing and personal aspirations of the staff. This helps align personal aspirations with professional goals and helps enhance efficiency. The Bank runs multiple benefit schemes for its employees like provident fund, gratuity, pension, medical benefits, concessionary interest rates on



advances, higher interest rates on deposits, scholarships to employees' children, holiday homes, grant of sabbatical to employees, executive health check-up etc.

Freedom of Association

The Bank has two recognized Employee Associations – One for Supervisory Staff and the other for Award Staff.

The names of the associations are:

1. All India State Bank of India Officer's Federation.
2. All India State Bank of India Staff Federation.

The majority of staff and officers are members of these federations.

Human Rights

Recruitment policy of the Bank does not permit any engagement of child labour, forced labour or involuntary labour. An independent complaint committee has been constituted at Local Head Offices (LHOs), Administrative Offices and Regional Business Offices (RBOs) & a Contact Coordinator placed at Corporate Centre to promptly and appropriately handle complaints of sexual harassment at work places. The Bank refrains from any discrimination on the basis of caste, creed, gender or religion and strives to ensure a healthy work-life balance for its employees. No significant complaints are pending for the FY2014-15.

Employee Training & Development

Training at the Bank is proactive, planned and a continuous process and is integral to the Bank. The Bank has a very elaborate training network comprising of 47 Learning Centres and 5 Apex Institutes developed over 50 years to cater to competence building. Bank has developed a Strategic Training Partnership between training system and business units.

The Business units are involved in each phase of the training i.e.

- a) Program designing
- b) Implementation
- c) Review

The relevance and the need for the courses are reviewed on a timely basis. All programs designed under STRAPS are uniform in content and presentation in order to maintain uniformity in training. The Strategic Training Unit ensures:

- ▶ All employees undergo at least one institutional training during the year.
- ▶ Training programs are aligned with current corporate priorities / requirements of Business Units.
- ▶ A culture of self-learning is inculcated in every employee.

- ▶ Active promotion of online learning, including mandatory role-based lessons and supported by Rewards & Recognitions

E-learning has proved to be an effective platform in providing supplementary support to institutional training. Some of the highlights of 2014-15:

Number of employees that underwent safety/skill up-gradation training during 2014-15:

Description	No. of Employees
Permanent Employees	2,12,704
Permanent Women Employees	37,535
Contract Workers	170
Employees with disabilities	3,421
Total no. of training hours	1,89,321 hours

- ▶ Short duration e-capsules (of 15 minutes each) uploaded for faster dissemination of knowledge amongst employees, especially frontline staff.
- ▶ Mobile nuggets (short study materials on mobile handsets) made available on pilot basis.
- ▶ All employees are made aware of gender sensitivity at work place.
- ▶ Senior officials are motivated to pursue Harvard Management Courses, an online course on management issues under tie up with Harvard Business School. Video lectures on industry specific inputs are arranged for senior executives.

Principle 4: Engaging with Stakeholders

Bank is a trustee and custodian of public money and in order to fulfill its fiduciary obligation and responsibilities, it has to maintain and continue to enjoy the trust and confidence of public at large. The Bank acknowledges the need to uphold the integrity of every transaction it enters into and believes that honesty and integrity in its internal conduct would be judged by its external behaviour. The Bank initiates policies, which are customer centric and which promote financial prudence.

The Bank communicates with the stakeholders through a variety of channels, such as e-mails, website, conference call, Press Meets, Advertising, one-on-one meeting, analysts' meet and attendance at Investor Conference throughout the world. Stakeholder engagement is embedded in all areas of the Bank. The Bank seeks feedback through its customer-facing channels, listens to all shareholders' concerns and from its employees through specifically provided channels. The engagement with stakeholders is done through social media like Facebook & twitter, and through active participation in a variety of industry and community associations.



Principle 5: Respecting Human Rights

The Bank recognizes its responsibility to respect human rights within its sphere of influence which it defines as:

- ▶ Employees
- ▶ Suppliers and Service Providers
- ▶ Retail clients and corporate clients
- ▶ Local communities

The bank has a direct obligation to protect the human rights of its employees, including the right to equal opportunities, fair working conditions and protection from discrimination. The Bank does not use child labor or forced labor among its staff and seeks to influence its principal suppliers to respect human rights. SBI makes a positive contribution to local communities through its various CSR and microfinance activities.

Principle 6: Caring for Environment

The Bank is committed to keeping its environmental footprint as small as possible and has taken proactive steps to reduce the direct impact of its operations on the environment. From recycling programs to energy conservation in offices and branches, the Bank is also working to reduce its operational footprints on the environment. Some of the measures introduced are:

- ▶ Commissioning Wind based power projects and using the power generated from these projects in the Bank's branches/offices in the States of Maharashtra, Gujarat and Tamil Nadu.
- ▶ Installation of Solar ATMs, and introduction of Green Channel Banking (Paperless Banking).
- ▶ Initiating a pilot project to determine the Carbon footprint levels, which will help in determining the Bank's resource consumption pattern and enable the Bank to take effective steps to implement various measures for sustainable usage in a cost effective way.
- ▶ Putting in place – SMART, Specific, Measurable, Achievable, Realistic and Time bound Green Banking Goals, some of which have obtained star rating at all Local Head Office premises from the Bureau of Energy Efficiency, and construction of 'Green' buildings, waste water treatment plants. Programs to sensitize staff on energy savings have also been initiated.
- ▶ The recycling plant housed at the basement of the SBI Bhavan, converts the waste generated into compost, which is used at SBI Bhavan and SBI residential quarters.
- ▶ Over 54,000 group ATMs and Cash Deposit Machines (CDMs) ensuring reduced consumption of paper at Branches.

- ▶ Commitment to Financing of Renewal Energy Projects (solar) to the tune of 75,000 Cr over the next 5 yrs, in view of GOI target to generate 10,000 MWs from renewable energy by 2019, subject to viability/feasibility and other laid down criteria pertaining to financing such projects.
- ▶ Tree plantation drives undertaken during monsoons, across all Circles with more than 450,000 trees having been planted in last three years.
- ▶ All Local Head Offices to install at least one waste water treatment plant in at least one identified building in the Circle.
- ▶ Rainwater Harvesting Projects having been implemented in a number of Bank's Buildings across the country.
- ▶ Electronic waste policy having been approved by the Central Board with a view to address the environmental issues.

The Bank's operations generate minimal emissions/waste and, hence, the quantity of emission/waste generated by the Bank was far below the permissible limits given by the Central Pollution Control Board. The Bank did not receive any show cause/legal notice by either the State or Central Pollution Control Board during the reporting period 2014-15.

Principle 7: Advocating Public Policy

The Bank's participation in public policy making process is multi-layered. At the leadership level, the Top Management meets regularly with Policy makers and regulatory authorities. At the policy development level, top executives meet with regulators, governments and government agencies on issues relevant to the financial services industry. This engagement takes a number of forms, including participation in government advisory bodies.

The Bank has been an active member of various banking and finance-related Trade bodies, Chambers and Associations. Some of the major associations which SBI is a part of are listed hereunder:

- ▶ Indian Banks' Association (IBA),
- ▶ Foreign Exchange Dealers Association of India (FEDAI),
- ▶ Fixed Income Money Market and Derivatives Association (FIMMDA),
- ▶ The Bank is also associated with ASSOCHAM, CII etc.

The Bank's advocacy of policy has been for the overall benefit to the society, and does not serve any sectarian interest.



Principle 8: Enabling Inclusive Growth

State Bank of India has been in the forefront of Financial Inclusion initiatives in the country. The Bank is the pioneer in the Business Correspondent (BC) model, an alternative for providing banking services to cater specially to the low income groups, both in the urban as well as the rural sector, a segment which is still characterized by small value transactions. The BC model with over 57,575 Customer Service Points (CSPs) across the country, provides various products and services like savings deposit accounts, term deposit accounts, micro loans, remittances, loan repayments, micro-pension etc. The Bank has successfully leveraged technology for Financial Inclusion by introducing Internet based Kiosk Banking, Card based and Cell phone messaging channels.

The success in Pradhan Mantri Jan Dhan Yojana (PMJDY) was another feather in the cap, where 3.3 crores accounts were opened till 31.03.2015 and 2.97 crore RuPay debit cards were issued to eligible customers, a substantial number from the difficult areas of the country. This is a testimony of the Banks commitment to serve residents across all geographies of the country. The value of transactions handled through Business Correspondents has increased by 73% from INR 22,525 crore in Mar 14 to INR 38,973 crores in March 15.

The Bank has actively participated in SHG-Bank Credit linkage programme since its inception in 1992 and is the market leader in SHG financing with a credit deployment of INR 4,586 crores to 3.85 lac SHGs, 91% of which are women SHGs (data as on 31.03.2015). The continued focus on the development of innovative and technology enabled channels, for delivering banking services among the rural populace, has resulted in the successful launch of several new initiatives like Aadhaar Enabled Payment Systems (AEPS), automated e-KYC, IMPS, Micro ATM rollout, SB-OD facility under PMJDY and DBT/DBTL payments. The Bank is also the sole Sponsor Bank for the Modified Direct Benefit Transfer for LPG subsidy (MDBTL) and handled over 29 crore DBTL transactions in a short period of time, from 15.11.2014 to 31.03.2015. All these, in the years to come, will usher in a cashless society /ecosystem having great social and environmental benefits.

Principle 9: Serving Customers

Process innovations

- ▶ Relationship Management platform was strengthened across business verticals, which included accounts management teams for corporate customers, premier banking services for high net worth customers, relationship managers for SMEs (ME&SE)
- ▶ The number of processing cells (RACPCs / SMECCs), supported by loan origination software, were increased and revamped, for quicker processing of loans

- ▶ Touch-points with customers were expanded, through opening of branches and increasing Customer Service Points (CSPs), BC outlets in remote area.
- ▶ Cluster models were introduced at all currency chest branches for efficient cash management, at semi-urban/rural area.

- The Bank has implemented a highly successful grievance redressal system and mechanisms to enable its customers to voice their concerns and provide feedback. The Bank's vision statement clearly spells out the centrality of the customer in the Bank's business strategies and operations. A multi-tiered structure of committees constantly review existing services and suggest improvements. Important issues raised by these Committees and action taken thereon, as well as analysis of the consolidated data for customer grievances from all Circles are placed before the Customer Service Committee of the Board every quarter, to identify common, systemic and policy issues that require rectification.
- The Bank has a well-defined and documented Grievance Redressal Policy which provides for:
- A board approved grievance redressal system with General Managers as nodal officers in all 14 Circles and a Principal nodal officer at Corporate Centre.
- A dedicated Customer Care Cell
- Bank's Web based Complaint Management System (CMS) has been redesigned and launched as a single online Grievance Lodging and Redressal System for the Bank. Customers can lodge their grievances through various channels, including written complaint at branch, by calling at the toll free number of Bank's Contact Centre, online, through the Bank's website, e-mails or by sending SMS message 'UNHAPPY' to a specified number). Only 1.88% complaints are pending as on 31/03/2015.

The Bank has been able to redress majority of the customer grievances within a period of three weeks of complaint as against the time limit of 30 days. The Bank has also been able to resolve almost all ATM related complaints within the RBI stipulated period of 7 days.



State Bank of India

Balance Sheet as on 31st March, 2015

(000s omitted)

	Schedule No.	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
CAPITAL AND LIABILITIES			
Capital	1	746,57,31	746,57,31
Reserves & Surplus	2	127691,65,34	117535,67,65
Deposits	3	1576793,24,50	1394408,50,48
Borrowings	4	205150,29,26	183130,88,26
Other Liabilities and Provisions	5	137698,03,57	96926,65,38
TOTAL		2048079,79,98	1792748,29,08
ASSETS			
Cash and Balances with Reserve Bank of India	6	115883,84,35	84955,66,05
Balances with Banks and money at call and short notice	7	58977,46,02	47593,97,22
Investments	8	495027,39,52	398799,57,13
Advances	9	1300026,39,29	1209828,71,92
Fixed Assets	10	9329,16,42	8002,15,51
Other Assets	11	68835,54,38	43568,21,25
TOTAL		2048079,79,98	1792748,29,08
Contingent Liabilities	12	1000627,25,78	1017329,95,45
Bills for Collection	-	92795,24,84	74028,41,81
Significant Accounting Policies	17		
Notes to Accounts	18		



Schedules

SCHEDULE 1 - CAPITAL

	(000s omitted)	
	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
Authorised Capital : 5000,00,00,000 shares of ₹ 1* each (Previous Year 500,00,00,000 shares of ₹ 10 each)	5000,00,00	5000,00,00
Issued Capital : 746,65,61,670 Equity Shares of ₹ 1 each (Previous Year 74,66,56,167 Equity Shares of ₹ 10 each)	746,65,61	746,65,61
Subscribed and Paid-up Capital : 746,57,30,920 Equity Shares of ₹ 1 each (Previous Year 74,65,73,092 Equity Shares of ₹ 10 each) [The above includes 16,04,31,560 Equity Shares of ₹ 1 each (Previous Year 1,58,73,554 Equity Shares of ₹ 10 each) represented by 1,60,43,156 (Previous Year 79,36,777) Global Depository Receipts]**	746,57,31	746,57,31
TOTAL	746,57,31	746,57,31

* The face value of the equity shares of the Bank was reduced from ₹ 10 per share to ₹ 1 per share vide resolution dated September 24, 2014 w.e.f. November 22, 2014 (Record Date November 21, 2014).

** GDR/ Equity Share ratio was changed from 1:2 to 1:10 w.e.f. November 24, 2014.

SCHEDULE 2 - RESERVES & SURPLUS

	(000s omitted)	
	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
I. Statutory Reserves		
Opening Balance	43810,33,00	40470,71,09
Additions during the year	4029,07,98	3339,61,91
Deductions during the year	-	-
	47839,40,98	43810,33,00
II. Capital Reserves		
Opening Balance	1744,01,05	1527,25,75
Additions during the year	105,50,44	216,75,30
Deductions during the year	-	-
	1849,51,49	1744,01,05
III. Share Premium		
Opening Balance	41444,68,60	31501,19,81
Additions during the year	-	9969,10,90
Deductions during the year	-	25,62,11
	41444,68,60	41444,68,60
IV Foreign Currency Translation Reserve		
Opening Balance	6040,01,00	3475,33,39
Additions during the year	158,29,42	2564,67,61
Deductions during the year	25,95,71	-
	6172,34,71	6040,01,00



Schedules

(000s omitted)

	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
V. Revenue and Other Reserves*		
Opening Balance	24496,31,52	21224,81,17
Additions during the year	5889,05,56	4796,63,50
Deductions during the year	-	1525,13,15
	30385,37,08	24496,31,52
VI. Balance of Profit and Loss Account	32,48	32,48
*Note: Revenue and Other Reserves include (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) (ii) Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 ₹ 6719,06,15 thousand (Previous Year ₹ 5544,98,43 thousand)		
TOTAL	127691,65,34	117535,67,65

SCHEDULE 3 - DEPOSITS

(000s omitted)

	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
A. I. Demand Deposits		
(i) From Banks	5941,51,45	6041,38,80
(ii) From Others	118630,78,84	107191,08,49
II. Savings Bank Deposits	527332,81,84	485167,93,49
III. Term Deposits		
(i) From Banks	9179,86,77	34117,68,40
(ii) From Others	915708,25,60	761890,41,30
TOTAL	1576793,24,50	1394408,50,48
B. I. Deposits of Branches in India	1487236,32,78	1305983,94,89
II. Deposits of Branches outside India	89556,91,72	88424,55,59
TOTAL	1576793,24,50	1394408,50,48



Schedules

SCHEDULE 4 - BORROWINGS

(000s omitted)

	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
I. Borrowings in India		
(i) Reserve Bank of India	2595,00,00	12200,00,00
(ii) Other Banks	674,52,05	1121,44,41
(iii) Other Institutions and Agencies	3490,55,76	8280,19,25
(iv) Capital Instruments :		
a. Innovative Perpetual Debt Instruments (IPDI)	2165,00,00	2165,00,00
b. Subordinated Debt	36471,39,60	36671,39,60
	38636,39,60	38836,39,60
TOTAL	45396,47,41	60438,03,26
II. Borrowings outside India		
(i) Borrowings and Refinance outside India	155847,56,85	118948,16,25
(ii) Capital Instruments :		
Innovative Perpetual Debt Instruments (IPDI)	3906,25,00	3744,68,75
TOTAL	159753,81,85	122692,85,00
GRAND TOTAL	205150,29,26	183130,88,26
Secured Borrowings included in I & II above	4581,96,92	3339,91,31

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(000s omitted)

	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
I. Bills payable	20184,69,67	19165,70,27
II. Inter-office adjustments (Net)	39061,18,75	1502,58,08
III. Interest accrued	20560,45,58	15772,86,89
IV. Deferred Tax Liabilities (Net)	2353,11,87	3351,52,25
V. Others (including provisions)*	55538,57,70	57133,97,89
TOTAL	137698,03,57	96926,65,38

* includes Share application money of ₹ 2970,00,00 thousand received from the Government of India against preferential issue of equity shares.



Schedules

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(000s omitted)

	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
I. Cash in hand (including foreign currency notes and gold)	14943,22,17	12456,56,04
II. Balance with Reserve Bank of India		
(i) In Current Account	100940,62,18	72499,10,01
(ii) In Other Accounts	-	-
TOTAL	115883,84,35	84955,66,05

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE

(000s omitted)

	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
I. In India		
(i) Balances with banks		
(a) In Current Accounts	193,75,88	916,04,64
(b) In Other Deposit Accounts	20105,52,16	13292,53,15
(ii) Money at call and short notice		
(a) With banks	2240,00,00	3650,00,00
(b) With other institutions	-	-
TOTAL	22539,28,04	17858,57,79
II. Outside India		
(i) In Current Accounts	21059,05,65	9555,80,00
(ii) In Other Deposit Accounts	1946,13,70	2836,10,73
(iii) Money at call and short notice	13432,98,63	17343,48,70
TOTAL	36438,17,98	29735,39,43
GRAND TOTAL (I and II)	58977,46,02	47593,97,22



Schedules

SCHEDULE 8 - INVESTMENTS

	(000s omitted)	
	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
I. Investments in India in :		
(i) Government Securities	377654,15,03	308394,62,24
(ii) Other approved securities	-	-
(iii) Shares	4336,48,56	3009,16,29
(iv) Debentures and Bonds	30527,76,51	26424,80,57
(v) Subsidiaries and/ or Joint Ventures (including Associates)	7596,50,49	6153,70,49
(vi) Others (Units of Mutual Funds, Commercial Papers, Priority Sector Deposits etc.)	44555,47,08	30557,63,96
TOTAL	464670,37,67	374539,93,55
II. Investments outside India in :		
(i) Government Securities (including local authorities)	5758,32,99	3465,14,10
(ii) Subsidiaries and/ or Joint Ventures abroad	2185,68,69	2183,71,39
(iii) Other Investments (Shares, Debentures etc.)	22413,00,17	18610,78,09
TOTAL	30357,01,85	24259,63,58
GRAND TOTAL (I and II)	495027,39,52	398799,57,13
III. Investments in India :		
(i) Gross Value of Investments	464903,63,14	375190,53,48
(ii) Less: Aggregate of Provisions / Depreciation	233,25,47	650,59,93
(iii) Net Investments (vide I above) TOTAL	464670,37,67	374539,93,55
IV. Investments outside India :		
(i) Gross Value of Investments	30603,67,21	25156,84,83
(ii) Less: Aggregate of Provisions / Depreciation	246,65,36	897,21,25
(iii) Net Investments (vide II above) TOTAL	30357,01,85	24259,63,58
GRAND TOTAL (III and IV)	495027,39,52	398799,57,13



Schedules

SCHEDULE 9 - ADVANCES

(000s omitted)

	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
A. I. Bills purchased and discounted	95605,93,62	77755,08,56
II. Cash credits, overdrafts and loans repayable on demand	538576,40,18	522860,87,39
III. Term loans	665844,05,49	609212,75,97
TOTAL	1300026,39,29	1209828,71,92
B. I. Secured by tangible assets (includes advances against Book Debts)	988275,84,14	949116,35,89
II. Covered by Bank/ Government Guarantees	52640,93,65	61654,47,71
III. Unsecured	259109,61,50	199057,88,32
TOTAL	1300026,39,29	1209828,71,92
C. I. Advances in India		
(i) Priority Sector	288952,35,26	280819,50,12
(ii) Public Sector	99444,50,78	74172,44,97
(iii) Banks	261,94,79	99,98,62
(iv) Others	678592,56,54	642792,39,65
TOTAL	1067251,37,37	997884,33,36
II. Advances outside India		
(i) Due from banks	49656,27,37	47670,95,07
(ii) Due from others		
(a) Bills purchased and discounted	28459,86,93	11768,61,70
(b) Syndicated loans	73482,21,58	84589,24,23
(c) Others	81176,66,04	67915,57,56
TOTAL	232775,01,92	211944,38,56
GRAND TOTAL (C-I & C-II)	1300026,39,29	1209828,71,92



Schedules

SCHEDULE 10 - FIXED ASSETS

(000s omitted)

	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
I. Premises		
At cost as on 31st March of the preceding year	3112,45,97	2816,74,52
Additions during the year	312,37,37	312,32,09
Deductions during the year	5,44,23	16,60,64
Depreciation to date	447,32,80	1021,60,07
	2972,06,31	2090,85,90
II. Other Fixed Assets (including furniture and fixtures)		
At cost as on 31st March of the preceding year	15573,29,35	13618,43,55
Additions during the year	2758,28,85	2750,04,30
Deductions during the year	789,22,75	795,18,50
Depreciation to date	11472,61,90	9947,69,74
	6069,73,55	5625,59,61
III. Leased Assets		
At cost as on 31st March of the preceding year	233,62,47	782,89,10
Additions during the year	-	-
Deductions during the year	24,92,27	549,26,63
Depreciation to date including provision	208,70,20	233,62,47
	-	-
IV. Assets under Construction (Including Premises)	287,36,56	285,70,00
TOTAL (I, II, III and IV)	9329,16,42	8002,15,51

SCHEDULE 11 - OTHER ASSETS

(000s omitted)

	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
I. Inter-office adjustments (Net)	-	-
II. Interest accrued	15020,62,03	13416,73,64
III. Tax paid in advance / tax deducted at source	9257,46,09	11880,51,10
IV. Deferred Tax Assets (Net)	365,98,57	513,69,19
V. Stationery and stamps	104,48,23	116,21,78
VI. Non-banking assets acquired in satisfaction of claims	4,25,91	4,25,91
VII. Others	44082,73,55	17636,79,63
TOTAL	68835,54,38	43568,21,25



Schedules

SCHEDULE 12 - CONTINGENT LIABILITIES

(000s omitted)

	As on 31.03.2015 (Current Year) ₹	As on 31.03.2014 (Previous Year) ₹
I. Claims against the bank not acknowledged as debts	14132,87,81	13578,51,87
II. Liability for partly paid investments	463,08,37	519,40,99
III. Liability on account of outstanding forward exchange contracts	568894,47,16	573861,67,93
IV. Guarantees given on behalf of constituents		
(a) In India	123711,14,64	103663,00,11
(b) Outside India	63673,91,98	71539,24,21
V. Acceptances, endorsements and other obligations	97765,09,54	125106,49,61
VI. Other items for which the bank is contingently liable	131986,66,28	129061,60,73
TOTAL	1000627,25,78	1017329,95,45



State Bank of India

Profit and Loss Account for the year ended 31st March, 2015

(000s omitted)

	Schedule No.	Year ended 31.03.2015 (Current Year) ₹	Year ended 31.03.2014 (Previous Year) ₹
I. INCOME			
Interest earned	13	152397,07,42	136350,80,39
Other Income	14	22575,89,26	18552,91,64
TOTAL		174972,96,68	154903,72,03
II. EXPENDITURE			
Interest expended	15	97381,82,36	87068,63,25
Operating expenses	16	38677,64,14	35725,85,13
Provisions and contingencies		25811,92,98	21218,06,48
TOTAL		161871,39,48	144012,54,86
III. PROFIT			
Net Profit for the year		13101,57,20	10891,17,17
Profit brought forward		32,48	33,93
TOTAL		13101,89,68	10891,51,10
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		4029,07,98	3339,61,91
Transfer to Capital Reserve		105,50,44	216,75,30
Transfer to Revenue and other Reserves		5889,05,56	4796,63,50
Dividend for the previous year paid during the year (including Tax on Dividend)		-	1,45
Dividend for the current year			
(i) Interim Dividend		-	1119,85,96
(ii) Final Dividend Proposed		2648,17,28	1119,85,96
Tax on Dividend for the Current year		429,75,94	298,44,54
Balance carried over to Balance Sheet		32,48	32,48
TOTAL		13101,89,68	10891,51,10
Basic Earnings per Share		₹ 17.55	₹ 15.68
Diluted Earnings per Share		₹ 17.55	₹ 15.68
Significant Accounting Policies	17		
Notes to Accounts	18		



Schedules

SCHEDULE 13 - INTEREST EARNED

(000s omitted)

	Year ended 31.03.2015 (Current Year) ₹	Year ended 31.03.2014 (Previous Year) ₹
I. Interest / discount on advances / bills	112343,91,20	102484,10,37
II. Income on investments	37087,76,73	31941,87,36
III. Interest on balances with Reserve Bank of India and other inter-bank funds	505,12,35	409,30,71
IV. Others	2460,27,14	1515,51,95
TOTAL	152397,07,42	136350,80,39

SCHEDULE 14 - OTHER INCOME

(000s omitted)

	Year ended 31.03.2015 (Current Year) ₹	Year ended 31.03.2014 (Previous Year) ₹
I. Commission, exchange and brokerage	13172,83,13	12611,29,65
II. Profit / (Loss) on sale of investments (Net)	3618,04,99	2279,40,50
III. Profit/ (Loss) on revaluation of investments (Net)	-	(202,68,32)
IV. Profit / (Loss) on sale of land, buildings and other assets (Net)	(42,74,99)	(38,64,16)
V. Profit / (Loss) on exchange transactions (Net)	1935,95,56	1895,27,58
VI. Income earned by way of dividends, etc., from subsidiaries/ companies and/ or joint ventures abroad/ in India	677,03,43	496,85,99
VII. Income from financial lease	5,75	2,57,65
VIII. Miscellaneous Income	3214,71,39	1508,82,75
TOTAL	22575,89,26	18552,91,64

SCHEDULE 15 - INTEREST EXPENDED

(000s omitted)

	Year ended 31.03.2015 (Current Year) ₹	Year ended 31.03.2014 (Previous Year) ₹
I. Interest on deposits	89148,45,02	78123,35,62
II. Interest on Reserve Bank of India / Inter-bank borrowings	3972,04,27	5150,79,30
III. Others	4261,33,07	3794,48,33
TOTAL	97381,82,36	87068,63,25



Schedules

SCHEDULE 16 - OPERATING EXPENSES

(000s omitted)

	Year ended 31.03.2015 (Current Year) ₹	Year ended 31.03.2014 (Previous Year) ₹
I. Payments to and provisions for employees	23537,06,76	22504,27,73
II. Rent, taxes and lighting	3406,94,48	2958,82,55
III. Printing and stationery	373,50,46	344,84,96
IV. Advertisement and publicity	284,63,61	278,25,69
V. (a) Depreciation on Bank's property (other than Leased Assets)	1116,49,32	1333,93,66
(b) Depreciation on Leased Assets	-	-
VI. Directors' fees, allowances and expenses	60,71	1,08,57
VII. Auditors' fees and expenses (including branch auditors' fees and expenses)	178,99,93	168,34,19
VIII. Law charges	191,62,37	192,55,28
IX. Postages, Telegrams, Telephones, etc.	656,82,87	673,51,37
X. Repairs and maintenance	545,07,28	434,00,14
XI. Insurance	1594,35,89	1468,43,71
XII. Other expenditure	6791,50,46	5367,77,28
TOTAL	38677,64,14	35725,85,13



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 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 is accounted on an accrual basis where the right to receive the dividend is established.
- 1.7 All other commission and fee incomes are recognised on their realisation except for: (i) Guarantee commission on deferred payment guarantees, which is spread over the period of the guarantee; (ii) Commission on Government Business and ATM interchange fees, which are recognised as they accrue; and (iii) Upfront fees on restructured accounts, which is apportioned over the restructured period.
- 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 Government Securities are recorded on "Settlement Date". Investments other than Government Securities are recorded on "Trade 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) Securities purchased/sold under LAF with RBI are debited/credited to Investment Account and reversed on maturity of the transaction. Interest expended/earned thereon is accounted for as expenditure/revenue.

3. Loans /Advances and Provisions thereon:

3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines 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.

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 "Other liabilities & Provisions – Others".

6. Derivatives:

- 6.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, and 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. Effectiveness of hedge is established at the inception of Contracts and periodically thereafter.
- 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 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".

- 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:

Sl. No.	Description of Fixed Assets	Method of charging depreciation	Depreciation/ amortisation rate
1	Computers & ATM	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	-	100% depreciated in the year of purchase
4	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:

Premises	60 years
Vehicles	5 years
Safe Deposit Lockers	20 years
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.

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 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.

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 Plan

- 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 a maximum amount of ₹ 10 lacs. 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 Plans:**

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 joiners 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/virtually certain.

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.

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 ₹ Crores)

Sr. No.	Items	As at	
		31st March 2015	31st March 2014
(i)	Common Equity Tier 1 Capital Ratio (%)	N.A.	
(ii)	Tier 1 capital ratio (%)	10.10 %	9.98 %
(iii)	Tier 2 capital ratio (%)	2.69%	2.98 %
(iv)	Total Capital Ratio (%)	12.79%	12.96 %

AS PER BASEL III

Sr. No.	Items	As at	
		31st March 2015	31st March 2014
(i)	Common Equity Tier 1 Capital Ratio (%)	9.31%	9.59 %
(ii)	Tier 1 capital ratio (%)	9.60%	9.72 %
(iii)	Tier 2 capital ratio (%)	2.40%	2.72 %
(iv)	Total Capital Ratio (%)	12.00%	12.44 %
(v)	Percentage of the Shareholding of Government of India	58.60 %	58.60 %
(vi)	Number of Shares held by Government of India*	4,37,45,98,250	4,37,45,98,250
(vii)	Amount of Equity Capital raised	2,970.00**	10,031.65
(viii)	Amount of Additional Tier 1(AT 1) capital raised of which		
	a) PNCPS:	-	-
	b) PDI:	-	-
(ix)	Amount of Tier 2 capital raised of which		
	a) Debt Capital instruments:	-	2,000
	b) Preference Share Capital Instruments: {Perpetual Cumulative Preference Shares (PCPS)/ Redeemable Non-cumulative Preference Shares (RNCPS)/ Redeemable Cumulative Preference Shares (RCPS)}	-	-

* The face value of shares of the Bank was split from ₹ 10 per share to ₹ 1 per share w.e.f. 22.11.2014 (Record Dated 21.11.2014)

** Shares allotted on 1st April 2015 (presently considered under AT 1)

2. Share Capital

- During the year, the Bank received application money of ₹ 2,970.00 crores from Government of India against preferential issue of 10,04,77,012 equity shares of ₹ 1 each to Government of India, on 31.03.2015 including share premium of ₹ 2,959.95 crores. The equity shares were allotted on 01.04.2015.
- In terms of the provisions of Section 4 of the State Bank of India Act, 1955, the Central Board of the Bank at its meeting held on September 24, 2014 had considered and approved reduction of the face value of equity shares of the Bank from ₹ 10 per share to ₹ 1 per share and to increase the number of issued shares in proportion thereof. The share split was done on November 21, 2014.
- The Bank has kept in abeyance the allotment of 8,30,750 (Previous Year 83,075 Equity Shares of ₹ 10 each) Equity Shares of ₹ 1 each issued as a part of Rights issue - 2008, since they are subject to title disputes or are subjudice.
- Expenses in relation to the issue of shares: Nil (Previous Year ₹ 25.62 crores) debited to Share Premium Account.

3. Innovative Perpetual Debt Instruments (IPDI)

A. Foreign

The details of IPDI issued in foreign currency, which qualify for Hybrid Tier I Capital and outstanding are as under:

₹ In crores

Particulars	Date of Issue	Tenor	Amount	Equivalent ₹ as on 31st March 2015	Equivalent ₹ as on 31st March 2014
Bond issued under the MTN Programme - 12th series*	15.02.2007	Perpetual Non call 10.25 years	USD 400 million	2,500.00	2,396.60
Bond issued under the MTN Programme - 14th series#	26.06.2007	Perpetual Non call 10 yrs 1day	USD 225 million	1,406.25	1,348.09
Total			USD 625 million	3,906.25	3,744.69

* If the Bank does not exercise call option by 15th May 2017, the interest rate will be raised and fixed rate will be converted to floating rate.

If the Bank does not exercise call option by 27th June 2017, the interest rate will be raised and fixed rate will be converted to floating rate.



These bonds are unsecured bonds and are listed in Singapore stock exchange (SGX- Bonds Board).

B. Domestic

The details of outstanding domestic IPDIs are as under:-

₹ In crores				
Sl. 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	SBI NON CONVERTIBLE PERPETUAL BONDS 2009-10 (Tier I) Series II	1,000.00	27.01.2010	9.05
3	SBI NON CONVERTIBLE PERPETUAL BONDS 2007-08 SBIN Series VI (Tier I)	165.00	28.09.2007	10.25
TOTAL		2,165.00*		

*Includes ₹ 2,000 crores raised during the F.Y. 2009-10, of which ₹ 550 crores 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 crores					
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 2005 (Lower Tier II)	3,283.00	05.12.2005 05.05.2015	7.45	113
2	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (Upper Tier II)	2,327.90	05.06.2006 05.06.2021	8.80	180
3	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (II) (Upper Tier II)	500.00	06.07.2006 06.07.2021	9.00	180
4	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (III) (Upper Tier II)	600.00	12.09.2006 12.09.2021	8.96	180
5	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (IV) (Upper Tier II)	615.00	13.09.2006 13.09.2021	8.97	180
6	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (V) (Upper Tier II)	1,500.00	15.09.2006 15.09.2021	8.98	180
7	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (VI) (Upper Tier II)	400.00	04.10.2006 04.10.2021	8.85	180
8	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (VII) (Upper Tier II)	1,000.00	16.10.2006 16.10.2021	8.88	180
9	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (VIII) (Upper Tier II)	1,000.00	17.02.2007 17.02.2022	9.37	180
10	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (IX) (Lower Tier II)	1,500.00	28.03.2007 27.06.2016	9.85	111
11	SBI NON CONVERTIBLE (Private placement) Bonds 2007-08 (I) (Upper Tier II)	2,523.50	07.06.2007 07.06.2022	10.20	180
12	SBI NON CONVERTIBLE (Private placement) Bonds 2007-08 (II) (Upper Tier II)	3,500.00	12.09.2007 12.09.2022	10.10	180
13	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (I) (Upper Tier II)	2,500.00	19.12.2008 19.12.2023	8.90	180



₹ In crores

Sr. No.	Nature Of Bonds	Principal Amount	Date Of Issue /Date Of Redemption	Rate Of Interest % P.A.	Maturity Period In Months
14	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09(II) (Lower Tier II)	1,500.00	29.12.2008 29.06.2018	8.40	114
15	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (III) (Upper Tier II)	2,000.00	02.03.2009 02.03.2024	9.15	180
16	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (IV) (Lower Tier II)	1,000.00	06.03.2009 06.06.2018	8.95	111
17	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (V) (Upper Tier II)	1,000.00	06.03.2009 06.03.2024	9.15	180
18	SBI NON CONVERTIBLE (Private placement) Bonds 2005-06 SBS (Series I)(Lower Tier II)	200.00	09.03.2006 09.06.2015	8.15	111
19	SBI NON CONVERTIBLE (Private placement) Bonds 2006-07 SBS (Series II)(Lower Tier II)	225.00	30.03.2007 30.06.2016	9.80	111
20	SBI NON CONVERTIBLE (Private placement) Bonds 2005-06 SBIN (Series II) (Lower Tier II)	140.00	29.09.2005 29.09.2015	7.45	120
21	SBI NON CONVERTIBLE (Private placement) Bonds 2005-06 SBIN (Series III) (Lower Tier II)	110.00	28.03.2006 28.03.2016	8.70	120
22	SBI NON CONVERTIBLE (Private placement) Bonds 2006-07 SBIN (Series IV) (Upper Tier II)	100.00	29.12.2006 29.12.2021	8.95	180
23	SBI NON CONVERTIBLE (Private placement) Bonds 2006-07 SBIN (Series V) (Upper Tier II)	200.00	22.03.2007 22.03.2022	10.25	180
24	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 SBIN (SERIES VII)(Upper Tier II)	250.00	24.03.2009 24.03.2024	9.17	180
25	SBI Public Issue of Lower Tier II Non-Convertible Bonds 2010 (Series I)	133.08	04.11.2010 04.11.2020	9.25	120
26	SBI Public Issue of Lower Tier II Non- Convertible Bonds 2010 (Series II)	866.92	04.11.2010 04.11.2025	9.50	180
27	SBI Public Issue of Lower Tier II Non- Convertible Bonds 2011 Retail (Series 3)	559.40	16.03.2011 16.03.2021	9.75	120
28	SBI Public Issue of Lower Tier II Non- Convertible Bonds 2011 Non Retail (Series 3)	171.68	16.03.2011 16.03.2021	9.30	120
29	SBI Public Issue of Lower Tier II Non- Convertible Bonds 2011 Retail (Series 4)	3,937.60	16.03.2011 16.03.2026	9.95	180
30	SBI Public Issue of Lower Tier II Non- Convertible Bonds 2011 Non Retail (Series 4)	828.32	16.03.2011 16.03.2026	9.45	180
31	SBI NON CONVERTIBLE (Private Placement) Bonds 2013-14 (Tier II)	2,000.00	02.01.2014 02.01.2024	9.69	120
TOTAL		36,471.40			



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 crores

Particulars	As at 31st March 2015	As at 31st March 2014
1. Value of Investments		
i) Gross value of Investments		
(a) In India	4,64,903.63	3,75,190.53
(b) Outside India	30,603.67	25,156.85
ii) Provisions for Depreciation		
(a) In India	233.25	650.60
(b) Outside India	246.65	897.21
iii) Net value of Investments		
(a) In India	4,64,670.38	3,74,539.93
(b) Outside India	30,357.02	24,259.64
2. Movement of provisions held towards depreciation on investments		
i) Balance at the beginning of the year	1,547.81	1,098.44
ii) Add: Provisions made during the year	168.29	1,337.20
iii) Less: Provision utilised during the year	511.13	151.90
iv) Add: Foreign Exchange revaluation adjustment	33.29	38.02
v) Less: Write back of excess provision during the year.	758.36	773.95
vi) Balance at the end of the year	479.90	1,547.81

Notes:

- Investments in Government Securities is net of ₹ 36,761 crores (Previous Year ₹ 25,852 crores) utilised under Liquidity Adjustment Facility (LAF).
- Securities amounting to ₹ 13,779.33 crores (Previous Year ₹ 6,587.88 crores) are kept as margin with Clearing Corporation of India Limited/NSCCL/MCX/USEIL towards Securities Settlement.
- During the year, the Bank infused additional capital in its subsidiaries viz. i) State Bank of Travancore ₹ 385.00 crores (75.01% to 78.91%), ii) SBI General Insurance Company Limited ₹ 310.80 crores (remained at 74%), iii) State Bank of Patiala ₹ 752.00 crores (remained at 100%) and iv) SBI (Mauritius) Ltd ₹ 1.97 crores (96.60% to 96.36%)
- The Bank has invested a further sum of ₹ 379.26 crores in State Bank of Travancore against Rights Issue which is pending allotment on 31.03.2015.
- The Bank has invested a sum of ₹ 161.91 crores in PT Bank SBI Indonesia in December 2014 which is pending allotment as on 31st March 2015.



2. Repo Transactions [including Liquidity Adjustment Facility (LAF)]

The details of securities sold and purchased under repos and reverse repos including LAF during the year are given below:

₹ In crores

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as on 31st March 2015
Securities sold under repos				
i. Government Securities	- (-)	54,102.00 (60,000.00)	9,789.59 (19,082.92)	37,603.23 (54,102.00)
ii. Corporate Debt Securities	- (442.80)	516.56 (2,166.74)	258.28 (496.99)	- (795.82)
Securities purchased under reverse repos				
i. Government Securities	- (5.77)	22,010.12 (6,278.73)	2,434.51 (278.22)	- (-)
ii. Corporate Debt Securities	- (-)	- (-)	- (-)	- (-)

(Figures in brackets are for Previous Year)

3. 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 crores

Sl. No.	Issuer	Amount	Extent of Private Placement	Extent of "Below Investment Grade" Securities *	Extent of "Unrated" Securities *	Extent of "Unlisted" Securities *
(i)	PSUs	14,751.97 (12,885.97)	3,445.03 (2,383.19)	419.01 (571.62)	418.76 (714.96)	719.01 (829.48)
(ii)	FIs	15,395.58 (11,488.61)	8,484.47 (2,377.99)	- (-)	- (-)	200.00 (200.00)
(iii)	Banks	22,060.06 (20,117.67)	9,963.70 (5,633.01)	798.34 (27.41)	- (-)	- (192.10)
(iv)	Private Corporates	30,846.04 (20,360.19)	16,654.33 (4,922.74)	1,594.50 (184.09)	933.07 (1,143.91)	238.39 (126.37)
(v)	Subsidiaries / Joint Ventures **	9,785.06 (8,340.29)	- (-)	- (-)	- (-)	- (-)
(vi)	Others	25,014.41 (18,760.03)	- (-)	719.38 (119.34)	852.70 (499.09)	749.36 (375.77)
(vii)	Provision held towards depreciation	479.90 (1547.81)	- (-)	6.05 (-)	93.72 (337.13)	62.67 (-)
	Total	1,17,373.22 (90,404.95)	38,547.53 (15,316.93)	3,525.18 (902.46)	2,110.81 (2,020.83)	1,844.09 (1,723.72)

(Figures in brackets are for Previous Year)

* Investment in Equity, Equity Oriented Mutual Funds, Venture Capital, Rated Assets Backed Securities, Central 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.

Others include an amount of ₹ 10,680.55 crores (Previous Year ₹ 11,321.50 crores) under RIDF Scheme of NABARD and ₹ 2,588.09 crores (Previous Year ₹ 1,141.60 crores) under Urban & Rural Housing Fund of NABARD.



b) Non Performing Non-SLR Investments

₹ In crores

Particulars	Current Year	Previous Year
Opening Balance	935.24	1042.49
Additions during the year	48.11	206.11
Reductions during the year	581.63	313.36
Closing balance	401.72	935.24
Total provisions held	394.17	892.29

c) 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.

18.3. Derivatives

A. Forward Rate Agreements / Interest Rate Swaps

₹ In crores

Particulars	As at 31st March 2015	As at 31st March 2014
i) The notional principal of swap agreements#	92,965.61	1,53,015.27
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	1,945.78	2,830.11
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	996.24	987.06

IRS/FRA amounting to ₹ 14,072.53 crores (Previous Year ₹ 12,926.36 crores) 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.

B. Exchange Traded Interest Rate Derivatives

₹ In crores

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 Security	19,014.13	888.23
2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2015		
A	Interest Rate Futures	Nil	Nil
B	10 Year Government of India Security	2.00	2.00
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. Interest Rate Derivatives dealt by the Bank are rupee interest rate swaps, foreign currency interest rate swaps and forward rate agreements. 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 enters into derivatives contracts to cover such exposures. Derivatives are used by the Bank both for trading as well as hedging on balance sheet items. The Bank also deals in a mix of these generic instruments. The Bank has done Option deals and Structured Products with customers. The Bank also runs option position in USD/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/equity prices 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 (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. The Bank is in the process of shifting towards VAR based limits, in line with RBI guidelines. 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 2014-15.
- 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.



(B) Quantitative Risk Exposure

₹ In crores

Particulars	Currency Derivatives		Interest Rate Derivatives	
	Current Year	Previous Year	Current Year	Previous Year
(I) Derivatives				
(Notional Principal Amount)				
(a) For hedging	4,450.61 @	9,989.90@	69,056.07 #	60,742.05#
(b) For trading*	2,42,870.49	4,85,254.19	62,128.01	92,273.20
(II) Marked to Market Positions				
(a) Asset	3,152.45	14,876.90	979.00	482.13
(b) Liability	2,280.85	18,761.24	667.47	256.11
(III) Credit Exposure	11,206.42	27,578.81	3,774.49	3,907.81
(IV) Likely impact of one percentage change in interest rate (100* PV01)				
(a) on hedging derivatives	0.02	0.05	(92.42)#	(128.55)
(b) on trading derivatives	2.88	10.53	24.44	1.02
(V) Maximum and Minimum of 100* PV 01 observed during the year				
(a) on hedging - Maximum	0	0.08	-79.11	49.11
- Minimum	-0.03	0.00	-88.24	(130.06)
(b) on trading - Maximum	6.22	16.49	0.38	59.00
- Minimum	0.039	(1.70)	0.2225	(22.16)

@ The swaps amounting to ₹ 8,486.92 crores (Previous Year ₹ 8,040.52 crores) 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 ₹ 14,072.53 crores (Previous Year ₹ 12,926.36 crores) 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 - ₹ 7,757.17 crores (Previous Year ₹ 531.58 crores) and Interest Rate Derivatives - ₹ 62.39 crores (Previous Year ₹ 53.99 crores)

1. The outstanding notional amount of derivatives done between Global Markets Unit and International Banking Group as on 31st March 2015 amounted to ₹ 30,379.01 crores (Previous Year ₹ 21,552.45 crores) and the derivatives done in-between SBI Foreign Offices as on 31st March 2015 amounted to ₹ 14,995.17 crores (Previous Year ₹ 29,754.93 crores).
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 2015 amounted to ₹ 1,29,113.66 crores (Previous Year ₹ 74,877.22 crores).



18.4. Asset Quality

a) Non-Performing Assets

₹ In crores

Particulars	As at 31st March 2015	As at 31st March 2014
i) Net NPAs to Net Advances (%)	2.12%	2.57%
ii) Movement of NPAs (Gross)		
(a) Opening balance	61,605.35	51,189.39
(b) Additions (Fresh NPAs) during the year	29,435.02	41,216.67
Sub-total (I)	91,040.37	92,406.06
Less:		
(c) Reductions due to upgradations during the year	3,776.15	10,183.27
(d) Reductions due to recoveries (Excluding recoveries made from upgraded accounts)	9,235.42	7,734.94
(e) Technical/ Prudential Write-offs	Nil	Nil
(f) Reductions due to Write-offs during the year	21,303.46\$	12,882.50
Sub-total (II)	34,315.03	30,800.71
(f) Closing balance (I-II)	56,725.34	61,605.35
iii) Movement of Net NPAs		
(a) Opening balance	31,096.07	21,956.48
(b) Additions during the year	9,504.61	22,293.57
(c) Reductions during the year	13,010.10	13,153.98
(d) Closing balance	27,590.58	31,096.07
iv) Movement of provisions for NPAs		
(a) Opening balance	30,509.28	29,232.91
(b) Provisions made during the year	19,930.41	18,923.10
(c) Write-off / write-back of excess provisions	21,304.93	17,646.73
(d) Closing balance	29,134.76	30,509.28

Opening and closing balances provision for NPAs include ECGC claims received and held pending adjustment of ₹ 69.30 crores (Previous Year ₹ 71.12 crores) and ₹ 62.64 crores (Previous Year ₹ 69.30 crores) respectively.

\$ Includes NPAs of ₹ 10,852.55 crores sold to ARCs for an aggregate consideration of ₹ 4,294.60 crores.



b) Restructured Accounts

₹ In crores

Sl. No.	Type of Restructuring Asset Classification Particulars	Under CDR Mechanism (1)				Under SME Debt Restructuring Mechanism (2)						
		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	
1	Restructured Accounts as on April 1, 2014 (Opening position)	No. of Borrowers	110	13	40	3	166	483	35	78	9	605
		Amount outstanding	(105)	(10)	(30)	(-)	(145)	(326)	(51)	(127)	(3)	(507)
		Provision thereon	21,134.61	836.09	5,066.44	499.74	27,536.88	3,834.26	251.71	1,209.96	86.17	5,382.10
			(14914.32)	(586.44)	(2119.60)	(-)	(17620.36)	(2064.70)	(450.71)	(522.11)	(0.34)	(3037.86)
2	Fresh Restructuring during the current FY	No. of Borrowers	1,636.32	60.34	520.73	0.10	2,217.49	117.21	22.89	169.89	0.04	310.03
		Amount outstanding	(1384.65)	(39.78)	(82.90)	(-)	(1507.33)	(106.89)	(66.20)	(52.92)	(-)	(226.01)
		Provision thereon	47	4	8	(-)	59	97	29	20	1	147
			(48)	(6)	(7)	(1)	(62)	(254)	(24)	(62)	(-)	(340)
3	Upgradation to restructured standard category during current FY	No. of Borrowers	8,208.93	839.32	648.19	-	9,696.44	1,616.65	194.15	364.74	1.14	2,176.68
		Amount outstanding	(11870.52)	(691.25)	(867.57)	(57.43)	(13486.76)	(2656.82)	(207.91)	(703.13)	(48.70)	(3616.55)
		Provision thereon	664.08	90.44	14.81	-	769.33	82.76	6.98	2.67	-	92.40
			(944.21)	(26.58)	(286.56)	(57.43)	(1314.78)	(75.20)	(19.05)	(98.34)	(-2.74)	(189.85)
4	Restructured 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	5	-2	-3	-	-	2	-	-2	-	-
		Amount outstanding	(1)	(2)	(-3)	(-)	(-)	(6)	(-4)	(-2)	(-)	(-)
		Provision thereon	699.09	-38.09	-660.99	-	-	3.87	0.00	-3.87	-	-
			(126.84)	(17.59)	(-144.43)	(-)	(-)	(50.25)	(-50.25)	(-)	(-)	(-)
5	Downgradations of restructured accounts during current FY	No. of Borrowers	29.74	-1.49	-28.26	-	-	-	-	-	-	-
		Amount outstanding	(0.58)	0.00	(-0.58)	(-)	(-)	(6.08)	(-6.08)	(-)	(-)	(-)
		Provision thereon	-20	-	-	-	-20	-68	-	-	-	-68
			(-9)	-	-	-	(-9)	(-10)	-	-	-	(-10)
6	Write-offs of restructured accounts during current FY	No. of Borrowers	-1,800.54	-	-	-	-1,800.54	-243.42	-	-	-	-243.42
		Amount outstanding	(-388.15)	(-441.39)	(4829.84)	(442.30)	(-388.15)	(-35.76)	(-73.51)	(37.15)	(-)	(-35.76)
		Provision thereon	-76.29	-	-	-	-76.29	-3.12	-	-	-	-3.12
			(-15.61)	(-0.70)	(353.74)	(0.10)	(-15.61)	(-0.02)	-	-	-	(-0.02)
7	TOTAL Restructured Accounts as on 31st March, 2015 (Closing Position)	No. of Borrowers	-16	-4	17	3	-	-90	39	43	8	-
		Amount outstanding	(26)	(-)	(24)	(2)	(-)	(-23)	(-4)	(20)	(7)	(-)
		Provision thereon	-2,725.70	-268.98	2,517.19	477.49	-	-1,177.97	23.53	904.13	250.32	-
			(-4830.76)	(-441.39)	(4829.84)	(442.30)	(-)	(-418.37)	(-73.51)	(454.73)	(37.15)	(-)
8	TOTAL Restructured Accounts as on 31st March, 2015 (Closing Position)	No. of Borrowers	-122.91	-12.37	87.62	47.66	-	-31.35	-10.32	24.32	17.35	-
		Amount outstanding	(-353.14)	(-0.70)	(353.74)	(0.10)	(-)	(-49.08)	(-8.99)	(55.28)	(2.78)	(-)
		Provision thereon	-5	-4	-15	-4	-28	-109	-13	-32	-7	-161
			(9)	(5)	(18)	(1)	(32)	(70)	(32)	(129)	(1)	(232)
9	TOTAL Restructured Accounts as on 31st March, 2015 (Closing Position)	No. of Borrowers	-437.08	-368.57	-2,534.90	-499.74	-3,840.28	-707.83	-100.36	-272.82	-252.35	-1,333.36
		Amount outstanding	(558.17)	(17.79)	(2606.14)	(-)	(3182.10)	(483.36)	(283.16)	(470.01)	(0.02)	(1236.55)
		Provision thereon	-283.90	-33.03	-411.51	-0.10	-728.53	-43.64	-9.59	-125.10	-17.39	-195.73
			(324.37)	(5.31)	(201.89)	(57.43)	(589.00)	(21.86)	(47.29)	(36.66)	(-)	(105.81)
10	TOTAL Restructured Accounts as on 31st March, 2015 (Closing Position)	No. of Borrowers	121	7	47	2	177	315	90	107	11	523
		Amount outstanding	(110)	(13)	(40)	(3)	(166)	(483)	(35)	(78)	(9)	(605)
		Provision thereon	25,079.31	999.76	5,035.94	477.49	31,592.49	3,325.56	369.03	2,202.13	85.28	5,982.00
			(21134.61)	(836.09)	(5066.44)	(499.74)	(27536.88)	(3834.26)	(251.71)	(1209.96)	(86.17)	(5382.10)
11	TOTAL Restructured Accounts as on 31st March, 2015 (Closing Position)	No. of Borrowers	1,847.05	103.90	183.40	47.66	2,182.00	121.85	9.95	71.77	0.00	203.58
		Amount outstanding	(1636.32)	(60.34)	(520.73)	(0.10)	(2217.49)	(117.21)	(22.89)	(169.89)	(0.04)	(310.03)
		Provision thereon										





Sl. No.	Type of Restructuring Asset Classification Particulars	Others						TOTAL					
		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total		
1	Restructured Accounts as on April 1, 2014 (Opening position)	No. of Borrowers	3,771 (5213)	1,088 (676)	750 (411)	77 (49)	5,686 (6349)	4,364 (5644)	1,136 (737)	868 (568)	89 (52)	6,457 (7001)	
		Amount outstanding	18,081.62 (15248.66)	1,829.00 (1914.98)	5,942.25 (5236.83)	165.81 (52.17)	26,018.68 (22452.63)	43,050.49 (32227.68)	2,916.80 (2952.13)	12,218.66 (7878.54)	751.72 (52.51)	58,937.66 (43110.86)	
		Provision thereon	662.79 (487.40)	173.87 (81.20)	283.00 (742.99)	3.66 (3.55)	1,123.32 (1315.13)	2,416.31 (1978.94)	257.10 (187.17)	973.62 (878.81)	3.81 (3.55)	3,650.84 (3048.47)	
		No. of Borrowers	364 (772)	288 (367)	580 (487)	119 (19)	1,351 (1645)	508 (1074)	321 (397)	608 (556)	120 (20)	1,557 (2047)	
2	Fresh Restructuring during the current FY	Amount outstanding	14,711.51 (10856.98)	3,74.93 (834.37)	1,343.34 (1270.04)	469.19 (64.97)	16,898.97 (13026.36)	24,537.09 (25384.32)	1,408.40 (1733.52)	2,356.27 (2840.73)	470.33 (171.10)	28,772.09 (30129.68)	
		Provision thereon	713.32 (464.39)	16.16 (168.76)	302.36 (378.88)	47.07 (1.17)	1,078.90 (1013.20)	1,460.15 (1483.81)	113.58 (214.39)	319.84 (763.78)	47.07 (55.86)	1,940.63 (2517.83)	
		No. of Borrowers	(66)	(57)	(9)	(-)	(-)	(73)	(59)	(-14)	(-)	(-)	
		Amount outstanding	273.81 (288.60)	-229.23 (-13.18)	-0.05 (-275.43)	-44.52 (-)	0.00 (-)	976.76 (465.69)	-267.32 (-45.84)	-664.92 (-419.86)	-44.52 (-)	(-)	
3	Upgradation to restructured standard category during current FY	Provision thereon	0.00 (26.23)	1.17 (0.15)	-1.17 (-26.08)	-	29.74 (-)	-0.32 (-6.23)	-29.43 (-26.66)	0.00 (-)	(-)		
		No. of Borrowers	7 (66)	-3 (-57)	-3 (-9)	-1 (-)	14 (-)	14 (73)	-5 (-59)	-8 (-14)	-1 (-)		
		Amount outstanding	273.81 (288.60)	-229.23 (-13.18)	-0.05 (-275.43)	-44.52 (-)	0.00 (-)	976.76 (465.69)	-267.32 (-45.84)	-664.92 (-419.86)	-44.52 (-)		
		Provision thereon	0.00 (26.23)	1.17 (0.15)	-1.17 (-26.08)	-	29.74 (-)	-0.32 (-6.23)	-29.43 (-26.66)	0.00 (-)	(-)		
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	-385 (-74)				-385 (-74)	-473 (-93)				-473 (-93)	
		Amount outstanding	-1,301.54 (-3604.84)				-1,301.54 (-3604.84)	-3,345.50 (-4028.75)				-3,345.50 (-4028.75)	
		Provision thereon	-34.20 (-5.48)				-34.20 (-5.48)	-113.61 (-21.11)				-113.61 (-21.11)	
		No. of Borrowers	-1,112 (-950)	465 (583)	302 (351)	345 (16)	-	-1,218 (-999)	500 (579)	362 (395)	356 (25)	-	
5	Downgradations of restructured accounts during current FY	Amount outstanding	-2,429.70 (-2986.85)	-285.92 (188.84)	2,479.08 (2616.86)	236.53 (181.15)	-	-6,333.37 (-8235.98)	-531.37 (-326.06)	5,900.40 (7901.43)	964.34 (660.61)	-	
		Provision thereon	-58.40 (-88.79)	0.24 (-28.57)	54.22 (108.72)	3.94 (8.65)	-	-212.65 (-491.01)	-22.45 (-38.26)	166.16 (517.75)	68.95 (11.53)	-	
		No. of Borrowers	-1,969 (1256)	-565 (481)	-278 (490)	-77 (7)	-2,889 (2234)	-2,083 (1335)	-582 (518)	-325 (637)	-88 (8)	-3,078 (2498)	
		Amount outstanding	-1,897.74 (1720.94)	-917.96 (1096.01)	-4,624.50 (2906.05)	-521.74 (132.48)	-7,961.95 (5855.47)	-3,042.65 (2762.47)	-1,386.89 (1396.96)	-7,432.22 (5982.19)	-1,273.83 (132.50)	-13,135.59 (10274.12)	
6	Write-offs of restructured accounts during current FY	Provision thereon	-187.81 (195.76)	-178.86 (47.36)	-499.44 (946.72)	-48.93 (9.69)	-915.04 (1199.54)	-515.35 (541.99)	-221.48 (99.96)	-1,036.05 (1185.28)	-66.43 (67.12)	-1,839.30 (1894.36)	
		No. of Borrowers	676 (3771)	1,273 (1088)	1,351 (750)	463 (77)	3,763 (5686)	1,112 (4364)	1,370 (1136)	1,505 (868)	476 (89)	4,463 (6457)	
		Amount outstanding	27,437.97 (18081.62)	770.82 (1829.00)	5,140.13 (5942.25)	305.27 (165.81)	33,654.17 (26018.68)	55,842.83 (43050.49)	2,139.61 (2916.79)	12,378.20 (12218.66)	868.03 (751.72)	71,228.67 (58937.66)	
		Provision thereon	1,095.69 (688.00)	12.58 (173.87)	138.97 (257.78)	5.73 (3.66)	1,252.98 (1123.32)	3,064.59 (2441.53)	126.43 (257.10)	394.14 (948.40)	53.39 (3.81)	3,638.56 (3650.84)	

Note:

- ₹ 6,986.70 crores has been additionally sanctioned to existing restructured borrowers during the year.
- Increase in outstanding of ₹ 3,491.65 crores included in Fresh Additions
- Closure of ₹ 3,794.15 crores and decrease in Outstanding of ₹ 3,827.03 crores is included in Write off.
- Total Column does not include standard assets moved out of higher provisioning.

c) Details of Technical Write-offs and the recoveries made thereon:

₹ In crores

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	Nil	Nil
iii) Sub-total (A)	Nil	Nil
iv) Less: Recoveries made from previously technical/prudential written-off accounts during the year (B)	Nil	Nil
v) Closing balance as at March 31 (A-B)	Nil	Nil

d) Details of financial assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction

₹ In crores

Particulars	Current Year	Previous Year
i) No. of Accounts	5,904	255
ii) Aggregate value (net of provisions) of accounts sold to SC/RC	6,981.42	1,487.52
iii) Aggregate consideration*	4,406.07	1,604.92
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain / (loss) over net book value #	(2,575.35)	117.40

* SRs received as part of considerations have been recognised at lower of Net book Value/ Face Value price as per RBI Guidelines.

Includes interest recognised amounting to ₹ 7.52 crores.

e) Details of Investments in Security Receipts against NPAs sold to Securitisation Company (SC) / Reconstruction Company (RC)

₹ In crores

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	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Book Value of Investments in Security Receipts as on 31st March 2015	1,427.26	4,703.28	29.37	30.07	1,456.63	4,733.35
Book Value of Investments in Security Receipts made during the year	1,311.90	3,337.48	0.98	2.05	1,312.88	3,339.53

f) Excess Provision reversed to Profit & Loss Account on account of Sale of NPAs to Securitisation Company (SC) / Reconstruction Company (RC)

₹ In crores

Particulars	As at 31st March 2015
Excess Provision reversed to P&L Account in case of Sale of NPAs	177.42



g) Details of non-performing financial assets purchased

₹ In crores

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 crores

Particulars	Current Year	Previous Year
1) No. of Accounts sold	1,825	236
2) Aggregate outstanding	10,852.55	3,725.90
3) Aggregate consideration received	4,294.60	1,672.98

i) Provision on Standard Assets

The Provision on Standard Assets held by the Bank as on 31st March 2015 is as under:

₹ In crores

Particulars	As at 31st March 2015	As at 31st March 2014
Provision towards Standard Assets	9,018.36	6,575.43

j) Business Ratios

Particulars	Current Year	Previous Year
i. Interest Income as a percentage to Working Funds	7.61%	7.57%
ii. Non-interest income as a percentage to Working Funds	1.13%	1.03%
iii. Operating Profit as a percentage to Working Funds	1.94%	1.78%
iv. Return on Assets*	0.68%	0.65%
v. Business (Deposits plus advances) per employee (₹ in crores)	12.34	10.64
vi. Profit per employee (₹ in thousands)	602.00	485.47

* (on net-assets basis)



k) Asset Liability Management: Maturity pattern of certain items of assets and liabilities as at 31st March 2015

₹ In crores

	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 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	57,851.81 (79,195.61)	26,454.56 (31,805.04)	18,078.37 (25,840.40)	26,277.89 (26,421.54)	93,336.98 (88,873.24)	1,39,455.40 (1,04,788.39)	2,28,347.53 (1,88,422.31)	3,74,749.76 (2,92,956.16)	1,68,526.42 (4,07,573.64)	4,43,714.53 (4,07,573.64)	15,76,793.25 (13,94,408.50)
Advances	93,953.48 (1,29,202.87)	6,324.43 (7,791.49)	11,181.43 (13,189.69)	16,981.77 (7,071.30)	68,614.55 (41,231.15)	73,835.91 (42,066.55)	85,919.15 (68,304.91)	6,42,058.59 (5,60,674.65)	1,27,338.29 (1,30,009.54)	1,73,818.79 (2,10,286.57)	13,00,026.39 (12,09,828.72)
Investments	0.00 (32.25)	829.89 (219.80)	3,679.12 (138.78)	6,646.84 (7,597.95)	17,213.44 (15,528.10)	15,488.30 (5,819.14)	22,612.72 (17,899.02)	69,509.35 (52,850.51)	82,072.36 (81,912.51)	2,76,975.38 (2,16,801.51)	4,95,027.40 (3,98,799.57)
Borrowings	11,052.35 (1,573.81)	14,325.60 (12,195.05)	3,967.91 (5,335.61)	14,275.11 (5,803.97)	43,859.71 (33,984.67)	24,441.00 (21,323.88)	19,666.56 (27,551.44)	20,958.59 (23,574.78)	16,620.43 (19,617.62)	35,983.03 (32,170.05)	2,05,150.29 (1,83,130.88)
Foreign Currency Assets #	81,569.01 (91,335.00)	1,910.62 (1,933.42)	2,541.70 (2,066.88)	7,449.89 (4,470.93)	17,120.90 (15,883.68)	28,290.16 (11,369.86)	21,562.61 (17,891.03)	49,095.23 (44,682.10)	44,185.46 (40,029.55)	39,850.95 (37,356.73)	2,93,576.53 (2,67,019.18)
Foreign Currency Liabilities \$	33,991.88 (27,799.57)	14,174.37 (13,613.23)	4,943.86 (3,956.01)	17,085.47 (9,385.88)	52,563.89 (47,340.79)	34,153.04 (20,377.06)	39,677.83 (46,983.85)	52,273.23 (49,453.36)	34,428.42 (32,992.43)	7,999.68 (2,274.94)	2,91,291.67 (254,177.12)

Foreign Currency Assets represent advances and investments (net of provision thereof)

\$ Foreign Currency Liabilities represent borrowings and deposits.

(Figures in brackets are as at 31st March 2014)



18.5. Exposures

The Bank is lending to sectors, which are sensitive to asset price fluctuations.

a) Real Estate Sector

₹ In crores

Particulars	As at 31st March 2015	As at 31st March 2014
(I) Direct exposure		
i) Residential Mortgages	1,83,082.23	1,56,145.83
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	1,83,082.23	1,56,145.83
Of which (i) Individual housing loans up to ₹ 25 lakh in Metropolitan centres (Population < 10 lacs) and ₹ 15 lakh in other centres for purchase/construction of dwelling unit per family.	94,330.55	69,270.80
ii) Commercial Real Estate		
Lending secured by mortgages on Commercial Real Estates (office building, retail space, multi purpose commercial premises, multi family 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.	20,761.65	17,503.82
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	614.48	714.76
a) Residential	603.28	453.77
b) Commercial Real Estate	11.20	260.99
(II) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	18,930.16	16,799.84
Total	2,23,388.52	1,91,164.25

b) Capital Market

₹ In crores

Particulars	As at 31st March 2015	As at 31st March 2014
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.	3,727.32	3,087.02
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.	8.11	5.04
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.	7,358.66	3,191.71
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.	308.13	133.55
5) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	26.87	20.47



₹ In crores

Particulars	As at	As at
	31st March 2015	31st March 2014
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.	285.76	420.77
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.	0.34	0.41
10) Exposures to Venture Capital Funds (both registered and unregistered)	1,873.05	1,172.90
Total Exposure to Capital Market	13,588.24	8,031.87

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 crores

Risk Category	Exposure (Net)		Provision held	
	As at	As at	As at	As at
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
Insignificant	1.68	Nil	Nil	Nil
Very Low	52,107.06	38,952.89	56.89	Nil
Low	883.78	240.69	Nil	Nil
Low Medium	26,774.43	31,557.39	Nil	21.98
Medium	3,148.82	3,413.04	Nil	Nil
High	5,790.96	1,085.53	Nil	Nil
Very High	2,296.82	1,938.39	Nil	Nil
Restricted	3,390.41	2,397.95	Nil	Nil
Off-Credit	0	Nil	Nil	Nil
Total	94,393.96	79,585.88	56.89	21.98

d) Single Borrower and Group Borrower exposure limits exceeded by the Bank

The Bank had taken single borrower exposure in excess of prudential limit in the cases given below:

₹ In crores

Name of the Borrower	Exposure Ceiling	Exposure Sanctioned (Peak Level)	Period during which limit exceeded	Outstanding as on 31st March 2015
Indian Oil Corporation Limited (IOCL)\$	35,037.66	40,019.17	April 2014 to Sept. 2014	17,499.24
Bharat Heavy Electricals Limited (BHEL)	21,022.60	25,012.78	June 2014 to March 2015	20,694.75
Reliance Industries Limited	21,022.60	24,164.15	June 2014 to March 2015	17,404.42



Note :-

No breaches of Prudential Norms since Exposures on IOCL, BHEL and RIL are within the discretion given to Banks by RBI for taking additional 5% exposure over the prudential limits.

\$ RBI has exempted exposure of USD 1 Billion (₹ 6,250 crores) taken on IOCL from prudential exposure norms, which is included in above exposure. After excluding . ₹ 6,250 crores, exposure on IOCL is ₹ 34,325 crores, 24.49% of bank's capital fund.

Exposures on all the Borrower Groups were within the Prudential Norms during the year (2014-15)

e) Unsecured Advances

		₹ In crores	
Particulars	As at 31st March 2015	As at 31st March 2014	
a) Total Unsecured Advances of the bank	2,59,109.61	1,99,057.88	
i) Of which amount of advances outstanding against charge over intangible securities such as rights, licences, authority etc.	5,832.72	5,654.07	
ii) The estimated value of such intangible securities (as in (i) above).	6,005.01	24,391.94	

18.6. Miscellaneous

a) Disclosure of Penalties imposed by RBI

Nil (Previous year ₹ 3.00 crores)

The Authority of Prudential Control and Resolution, Paris, France has imposed a penalty of Euro 300,000 on SBI Paris branch.

b) Penalty for Bouncing of SGL forms

No penalty has been levied on the Bank for bouncing of SGL Forms.

18.7. Disclosure Requirements as per the Accounting Standards

a) Effect of Changes in Accounting Policies

Depreciation Policy on Fixed Assets

During the year the method of depreciation on Fixed Assets has been changed to straight line method (SLM), on the basis of useful life determined on technical evaluation, as against WDV method with Income Tax Rates being used hitherto. Consequent to the change, depreciation of prior period amounting to ₹ 465.22 crores has been found to be in excess and the depreciation charged for the year is higher by ₹ 44.46 crores. As a result the fixed assets and profit before tax are higher by ₹ 420.76 crores.

b) Employee Benefits

i. Defined Benefit Plans

1. (a) 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:-



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 2014	45,236.99	39,564.21	6,838.07	7,050.57
Current Service Cost	897.53	872.37	108.88	151.79
Interest Cost	4,193.47	3,362.96	639.36	581.67
Past Service Cost (Vested Benefit)	-	-	-	-
Actuarial losses / (gains)	4,537.90	4,200.33	533.18	(135.41)
Benefits paid	(1,346.63)	(58.67)	(937.14)	(810.55)
Direct Payment by Bank	(1,903.22)	(2,704.21)	-	-
Closing defined benefit obligation at 31st March 2015	51,616.04	45,236.99	7,182.35	6,838.07
Change in Plan Assets				
Opening fair value of Plan Assets as at 1st April 2014	42,277.01	35,017.57	7,090.59	6,549.31
Expected Return on Plan Assets	3,678.10	3,011.51	616.88	569.79
Contributions by employer	2493.62	3,971.20	233.88	758.17
Benefits Paid	(1,346.63)	(58.67)	(937.14)	(810.55)
Actuarial Gains / (Loss) on plan Assets	2,285.87	335.40	106.04	23.87
Closing fair value of plan assets as at 31st March 2015	49,387.97	42,277.01	7,110.25	7,090.59
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of Funded obligation at 31st March 2015	51,616.04	45,236.99	7,182.35	6,838.07
Fair Value of Plan assets at 31st March 2015	49,387.97	42,277.01	7,110.25	7,090.59
Deficit/(Surplus)	2,228.07	2,959.98	72.10	(252.52)
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	2,228.07	2,959.98	72.10	(252.52)
Amount Recognised in the Balance Sheet				
Liabilities	51,616.04	45,236.99	7,182.35	6,838.07
Assets	49,387.97	42,277.01	7,110.25	7,090.59
Net Liability / (Asset) recognised in Balance Sheet	2,228.07	2,959.98	72.10	(252.52)
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	2,228.07	2,959.98	72.10	(252.52)
Net Cost recognised in the profit and loss account				
Current Service Cost	897.53	872.37	108.88	151.79
Interest Cost	4,193.47	3,362.96	639.36	581.67
Expected return on plan assets	(3,678.10)	(3,011.51)	(616.88)	(569.79)
Past Service Cost (Amortised) Recognised	-	-	-	200.00
Past Service Cost (Vested Benefit) Recognised	-	-	-	-
Net actuarial losses /(Gain) recognised during the year	2,252.03	3,864.93	427.14	(159.28)
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	3,664.93	5,088.75	558.50	204.39
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	3,678.10	3,011.51	616.88	569.79
Actuarial Gain/ (loss) on Plan Assets	2,285.87	335.40	106.04	23.87
Actual Return on Plan Assets	5,963.97	3,346.91	722.92	593.66
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet				
Opening Net Liability/ (Asset) as at 1st April 2014	2,959.98	4,546.64	(252.52)	301.26
Expenses as recognised in profit and loss account	3,664.93	5,088.75	558.50	204.39
Paid by Bank Directly	(1,903.22)	(2,704.21)	-	-
Debited to Other Provision	-	-	-	-
Recognised in Reserve	-	-	-	-
Employer's Contribution	(2,493.62)	(3,971.20)	(233.88)	(758.17)
Net liability/(Asset) recognised in Balance Sheet	2,228.07	2,959.98	72.10	(252.52)



Investments under Plan Assets of Pension Fund & Gratuity Fund as on 31st March 2015 are as follows:

	Pension Fund	Gratuity Fund
Category of Assets	% of Plan Assets	% of Plan Assets
Central Govt. Securities	32.53	24.34
State Govt. Securities	22.45	17.66
Debt Securities, Money Market Securities and Bank Deposits	41.15	32.54
Insurer Managed Funds	-	22.23
Others	3.87	3.23
Total	100.00	100.00

Principal actuarial assumptions

Particulars	Pension Plans		Gratuity Plans	
	Current year	Previous year	Current year	Previous year
Discount Rate	8.21%	9.27%	8.21%	9.35%
Expected Rate of return on Plan Asset	8.70%	8.70%	8.70%	8.70%
Salary Escalation	5.00%	5.00%	5.00%	5.00%

Surplus/ Deficit in the Plan

Gratuity Plan

Amount recognized in the Balance Sheet	Year ended 31-03-2010	Year ended 31-03-2011	Year ended 31-03-2012	Year ended 31-03-2013	Year ended 31-03-2014	Year ended 31-03-2015
Liability at the end of the year	3,889.14	5,817.19	6,462.82	7,050.57	6,838.07	7,182.35
Fair value of Plan Assets at the end of the year	3,811.28	4,102.25	5,251.79	6,549.31	7,090.59	7,110.25
Difference	77.86	1,714.94	1,211.03	501.26	(252.52)	72.10
Unrecognised Past Service Cost	-	400.00	300.00	200.00	-	-
Unrecognised Transition Liability	-	-	-	-	-	-
Amount Recognized in the Balance Sheet	77.86	1,314.94	911.03	301.26	(252.52)	72.10

Experience adjustment

Amount recognized in the Balance Sheet	Year ended 31-03-2010	Year ended 31-03-2011	Year ended 31-03-2012	Year ended 31-03-2013	Year ended 31-03-2014	Year ended 31-03-2015
On Plan Liability (Gain) /Loss	(0.40)	879.37	367.64	459.56	210.19	(24.69)
On Plan Asset (Loss) /Gain	7.89	1.94	32.58	62.46	23.87	106.04

Surplus/Deficit in the plan

Pension

Amount recognized in the Balance Sheet	Year ended 31-03-2010	Year ended 31-03-2011	Year ended 31-03-2012	Year ended 31-03-2013	Year ended 31-03-2014	Year ended 31-03-2015
Liability at the end of the year	21,715.61	33,879.30	36,525.68	39,564.21	45,236.99	51,616.04
Fair value of Plan Assets at the end of the year	14,714.83	16,800.10	27,205.57	35,017.57	42,277.01	49,387.97
Difference	7,000.78	17,079.20	9,320.11	4,546.64	2,959.98	2,228.07
Unrecognised Past Service Cost	-	-	-	-	-	-
Unrecognised Transition Liability	-	-	-	-	-	-
Amount Recognized in the Balance Sheet	7,000.78	17,079.20	9,320.11	4,546.64	2,959.98	2,228.07

Experience adjustment

Amount recognized in the Balance Sheet	Year ended 31-03-2010	Year ended 31-03-2011	Year ended 31-03-2012	Year ended 31-03-2013	Year ended 31-03-2014	Year ended 31-03-2015
On Plan Liability (Gain) /Loss	5,252.37	1,188.70	1,677.80	345.90	7,709.67	1,732.86
On Plan Asset (Loss) /Gain	233.12	282.65	130.16	419.58	335.40	2,285.87



- (b) 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, which has been relied upon by the auditors.
- (c) During the year, the Bank has aligned its policy with regard to valuation of plan assets from Book Value to Fair Value in accordance with Accounting Standard 15 issued by ICAI. As a result of the change, the value of plan assets has increased by ₹ 2,069 crores in respect of Pension Fund and by ₹ 113.87 crores in respect of Gratuity Fund.

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. 2014-15.

The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuary appointed by the Bank:-

₹ in crores

Particulars	Provident Fund	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2014	21,804.39	20,742.83
Current Service Cost	527.14	529.53
Interest Cost	1869.09	1,838.65
Employee Contribution (including VPF)	661.66	656.87
Actuarial losses/(gains)	-	-
Benefits paid	(2,363.77)	(1,963.49)
Closing defined benefit obligation at 31st March 2015	22,498.51	21,804.39
Change in Plan Assets		
Opening fair value of Plan Assets as at 1st April 2014	22,366.42	21,223.41
Expected Return on Plan Assets	1,869.09	1,838.65
Contributions	1,188.80	1,186.40
Benefits Paid	(2,363.77)	(1,963.49)
Actuarial Gains / (Loss) on plan Assets	137.28	81.45
Closing fair value of plan assets as at 31st March 2015	23,197.82	22,366.42
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at 31st March 2015	22,498.51	21,804.39
Fair Value of Plan assets at 31st March 2015	23,197.82	22,366.42
Deficit/(Surplus)	(699.31)	(562.03)
Net Asset not recognised in Balance Sheet	699.31	562.03
Net Cost recognised in the profit and loss account		
Current Service Cost	527.14	529.53
Interest Cost	1869.09	1,838.65
Expected return on plan assets	(1,869.09)	(1,838.65)
Interest shortfall reversed	-	-
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	527.14	529.53
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2014	-	-
Expense as above	527.14	529.53
Employer's Contribution	(527.14)	(529.53)
Net Liability/(Asset) Recognized In the Balance Sheet	-	-



Investments under Plan Assets of Provident Fund as on 31st March 2015 are as follows:

Category of Assets	Provident Fund % of Plan Assets
Central Govt. Securities	40.62
State Govt. Securities	18.88
Debt Securities, Money Market Securities and Bank Deposits	0.14
Public and Private Sector Bonds	36.05
Insurer Managed Funds	-
Others	4.31
Total	100.00

Principal actuarial assumptions

Particulars	Provident Fund	
	Current year	Previous year
Discount Rate	8.21%	9.35%
Guaranteed Return	8.75%	8.75%
Attrition Rate	2.00%	2.00%

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. 2014-15, the Bank has contributed ₹ 145.51 crores (Previous Year ₹ 115.25 crores).

iii. Other Long Term Employee Benefits

Amount of ₹ 636.97 Crores (Previous Year (-) ₹ 164.29 Crores) is provided/ (written back) towards 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 long Term Employee Benefits during the year:

₹ in crores

Sr. No.	Long Term Employee Benefits	Current Year	Previous Year
1	Privilege Leave (Encashment) incl. leave encashment at the time of retirement	677.02	366.46
2	Leave Travel and Home Travel Concession (Encashment/ Availment)	(51.00)	(33.11)
3	Sick Leave	-	(392.42)
4	Silver Jubilee Award	1.71	(22.99)
5	Resettlement Expenses on Superannuation	6.22	(2.07)
6	Casual Leave	-	(82.55)
7	Retirement Award	3.02	2.39
Total		636.97	(164.29)



c) 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 Management 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 crores

Business Segment	Treasury		Corporate / Wholesale Banking		Retail Banking	Other Banking Operations	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Current Year	Previous Year
Revenue #	41,095.95	(34,763.95)	61,445.90	(54,180.43)	71,248.38	-	1,73,790.23
Unallocated Revenue #					(65,543.48)	(-)	(1,54,487.86)
Total Revenue							1,182.73
							(415.86)
Result #	7,554.38	(2800.61)	-308.47	(884.27)	14,758.80	-	22,004.71
Unallocated Income(+) / Expenses(-) - net #					(15,762.74)	(-)	(19,447.62)
Profit before tax #							-2,690.75
Tax #							(-3273.73)
Extraordinary Profit #							19313.96
Net Profit #							(16,173.89)
							6,212.39
							(5,282.72)
							-
							(-)
							13,101.57
							(10,891.17)
Other Information:							
Segment Assets *	5,12,933.07	(4,23,098.66)	7,83,222.15	(7,07,907.27)	7,35,200.07	-	20,31,355.29
Unallocated Assets *					(6,45,978.57)	(-)	(17,76,984.50)
Total Assets*							16,724.51
							(15,763.79)
							20,48,079.80
							(17,92,748.29)
Segment Liabilities *	3,08,334.71	(2,14,629.31)	6,88,172.53	(6,20,852.90)	8,68,722.52	-	18,65,229.76
Unallocated Liabilities*					(7,87,170.47)	(-)	(16,22,652.68)
Total Liabilities *							54,411.81
							(51,813.36)
							19,19,641.57
							(16,74,466.04)

(Figures in brackets are for previous year)

Part B: Secondary (Geographic Segments)

₹ In crores

	Domestic		Foreign		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue #	1,64,304.43	1,45,647.12	9,485.80	8,840.74	1,73,790.23	1,54,487.86
Result#	17,746.10	16,377.14	4,258.61	3,070.48	22,004.71	19,447.62
Assets *	17,47,311.56	15,25,258.51	3,00,768.24	2,67,489.78	20,48,079.80	17,92,748.29
Liabilities*	16,18,873.33	14,06,976.26	3,00,768.24	2,67,489.78	19,19,641.57	16,74,466.04

For the year ended 31st March 2015

* As at 31st March 2015



d) Related Party Disclosures:

1. Related Parties

A. SUBSIDIARIES

i. DOMESTIC BANKING SUBSIDIARIES

1. State Bank of Bikaner & Jaipur
2. State Bank of Hyderabad
3. State Bank of Mysore
4. State Bank of Patiala
5. State Bank of Travancore

ii. FOREIGN BANKING SUBSIDIARIES

1. SBI (Mauritius) Ltd.
2. State Bank of India (Canada)
3. State Bank of India (California)
4. Commercial Indo Bank Llc , Moscow
5. PT Bank SBI Indonesia
6. Nepal SBI Bank Ltd.
7. State Bank of India (Botswana) Ltd.

iii. DOMESTIC NON-BANKING SUBSIDIARIES

1. SBI Capital Markets Ltd.
2. SBI DFHI Ltd.
3. SBI Mutual Fund Trustee Company Pvt. Ltd.
4. SBICAP Securities Ltd.
5. SBICAP Ventures Ltd.
6. SBICAP Trustee Company Ltd.
7. SBI Cards and Payment Services Pvt. Ltd.
8. SBI Fund Management Pvt. Ltd.
9. SBI Life Insurance Company Ltd.
10. SBI Pension Funds Pvt. Ltd.
11. SBI – SG Global Securities Services Pvt. Ltd.
12. SBI Global Factors Ltd.
13. SBI General Insurance Company Ltd.
14. SBI Payment Services Pvt. Ltd.

iv. FOREIGN NON-BANKING SUBSIDIARIES

1. SBICAP (UK) Ltd.
2. SBI Funds Management (International) Pvt. Ltd.
3. SBICAP (Singapore) Ltd.

B. JOINTLY CONTROLLED ENTITIES

1. GE Capital Business Process Management Services Pvt. Ltd
2. C-Edge Technologies Ltd.
3. Macquarie SBI Infrastructure Management Pte. Ltd.
4. Macquarie SBI Infrastructure Trustee Ltd.

5. SBI Macquarie Infrastructure Management Pvt. Ltd.
6. SBI Macquarie Infrastructure Trustee Pvt. Ltd.
7. Oman India Joint Investment Fund – Management Company Pvt. Ltd.
8. Oman India Joint Investment Fund – Trustee Company Pvt. 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. Meghalaya Rural Bank
6. Langpi Dehangi Rural Bank
7. Madhyanchal Gramin 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. Marudhara Gramin Bank (upto 31.03.2014)
16. Rajasthan Marudhara Gramin Bank (formed on amalgamation of Marudhara Gramin Bank- sponsored by SBBJ and Mewar Aanchalik Gramin Bank sponsored by ICICI Bank limited w.e.f 1.4.2014)
17. Telangana Grameena Bank (erstwhile Deccan Grameena Bank) w.e.f. 20th Oct 2014
18. Kaveri Grameena Bank
19. 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. Smt. Arundhati Bhattacharya, Chairman
2. Shri Hemant G. Contractor, Managing Director & Group Executive (International Banking) (upto 30.04.2014)
3. Shri A. Krishna Kumar
 - Managing Director & Group Executive (National Banking) (upto 16.04.2014)
 - Managing Director & Group Executive (International Banking) (additional charge of Managing Director & Group Executive (National Banking) (from 01.05.2014 to 16.07.2014)
 - Managing Director & Group Executive (International Banking) (17.04.2014 to 30.11.2014)
4. Shri S. Vishvanathan, Managing Director & Group Executive (Associates & Subsidiaries) (upto 30.04.2014)

5. Shri P. Pradeep Kumar
 - Managing Director & Group Executive (International Banking) (additional charge of Managing Director & Group Executive (Associates & Subsidiaries) (from 01.05.2014 to 16.07.2014)
 - Managing Director & Group Executive (Corporate Banking)
6. Shri V.G. Kannan, Managing Director & Group Executive (Associates & Subsidiaries) (from 17.07.2014)
7. Shri B. Sriram, Managing Director & Group Executive (National Banking) (from 17.07.2014)

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 crores

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
A. Outstanding as at 31st March			
Borrowings	-	-	-
	(-)	(-)	(-)
Deposit	35.80	-	35.80
	(95.32)	(-)	(95.32)
Other Liabilities	0.02	-	0.02
	(0.82)	(-)	(0.82)
Balance with Banks	2.12	-	2.12
	(-)	(-)	(-)
Advance	-	-	-
	(-)	(-)	(-)
Investment	41.55	-	41.55
	(41.55)	(-)	(41.55)
Non-fund commitments (LCs/BGs)	-	-	-
	(-)	(-)	(-)



Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
B. Maximum outstanding during the year			
Borrowings	-	-	-
	(-)	(-)	(-)
Deposit	57.06	-	57.06
	(100.75)	(-)	(100.75)
Other Liabilities	0.02	-	0.02
	(0.82)	(-)	(0.82)
Balance with Banks	5.94	-	5.94
	(-)	(-)	(-)
Advance	-	-	-
	(2.02)	(-)	(2.02)
Investment	41.55	-	41.55
	(41.55)	(-)	(41.55)
Non-fund commitments (LCs/BGs)	-	-	-
	(-)	(-)	(-)
C. During the year ended 31st March			
Interest Income	-	-	-
	(0.02)	(-)	(0.02)
Interest expenditure	2.78	-	2.78
	(4.00)	(-)	(4.00)
Income earned by way of dividend	33.82	-	33.82
	(12.24)	(-)	(12.24)
Other Income	-	-	-
	(-)	(-)	(-)
Other expenditure	3.09	-	3.09
	(-)	(-)	(-)
Profit/(loss) on sale of land/building and other assets	-	-	-
	(-)	(-)	(-)
Management contracts	-	1.03	1.03
	(-)	(1.08)	(1.08)

Figures in brackets are for Previous Year

There are no materially significant related party transactions during the year.



e) Liability for Operating Leases

Premises taken on operating lease are given below:

₹ In crores

Particulars	As at 31st March 2015	As at 31st March 2014
Not later than 1 year	191.05	135.06
Later than 1 year and not later than 5 years	674.79	434.85
Later than 5 years	178.17	109.27
Total*	1044.01	679.18
Amount of lease payments recognised in the P&L Account for the year.	1659.09	153.90

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the Bank.

* In respect of Non-Cancellable leases only.

f) 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.

Particulars	Current Year	Previous Year
Basic and diluted		
Number of Equity Shares outstanding at the beginning of the year	746,57,30,920	684,03,39,710
Number of Equity Shares issued during the year	0	62,53,91,210
Number of Equity Shares outstanding at the end of the year	746,57,30,920	746,57,30,920
Weighted average number of equity shares used in computing basic earnings per share	746,57,30,920	6,94,78,39,100
Weighted average number of shares used in computing diluted earnings per share	7,46,60,06,199	6,94,78,39,100
Net profit (₹ In crores)	13,101.57	10,891.17
Basic earnings per share (₹)	17.55	15.68
Diluted earnings per share (₹)	17.55	15.68
Nominal value per share (₹)	1	1

* The face value of shares of the Bank was split from ₹ 10 per share to ₹ 1 per share w.e.f. 22.11.2014. All the shares and per share information reflect the effect of the split for each period presented.

Diluted earnings per share is computed taking into consideration the amount received for equity shares allotted on 1st April 2015.

g) Accounting for Taxes on Income

i. Current Tax :-

During the year the Bank has debited to Profit & Loss Account ₹ 6,719.11 crores (Previous Year ₹ 4,359.74 crores) 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.

ii. Deferred Tax :-

During the year, ₹ 477.56 crores has been credited to Profit and Loss Account (Previous Year ₹ 1,055.25 crores debited) on account of deferred tax.

iii. The Bank has a net Deferred Tax Liability (DTL) of ₹ 1,987.14 crores (Previous Year net DTL of ₹ 2,837.83 Crores), which comprises of DTL of ₹ 2,353.12 crores included under 'Other Liabilities and Provisions' and Deferred Tax Assets (DTA) of ₹ 365.98 crores included under 'Other Assets'. The major components of DTA and DTL is given below:

₹ In crores

Particulars	As at 31st March 2015	As at 31st March 2014
Deferred Tax Assets (DTA)		
Provision for Defined Benefit Schemes on account of Wage Revision	451.63	72.05
Provision for long term employee Benefits	1,831.55	1,235.19
Provision/ Additional Provision on specified Restructured Standard Assets/Standard Assets over the specified RBI Prudential Norms	1,132.65	516.43
Net DTAs on account of Foreign Offices	364.19	511.82
Total	3,780.02	2,335.49



Particulars	₹ In crores	
	As at 31st March 2015	As at 31st March 2014
Deferred Tax Liabilities (DTL)		
Depreciation on Fixed Assets	155.22	8.56
Interest on securities*	3,286.61	3,280.02
Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961	2,325.33	1,884.74
Total	5,767.16	5,173.32
Net Deferred Tax Assets/ (Liabilities)	(1,987.14)	(2,837.83)

* Includes ₹ 371.69 Crores transferred to Income Tax Account (Previous Year ₹ 336.62 Crores transferred to Income Tax Account).

\$ Includes ₹ 1,525.13 Crores transferred from Revenue and Other reserves in accordance with RBI circular.

h) Investments in Jointly Controlled Entities

Investments include ₹ 38.28 crores (Previous Year ₹ 38.28 crores) representing Bank's interest in the following jointly controlled entities

Sr. No	Name of the Company	Amount ₹ In crores	Country of Residence	Holding %
1	GE Capital Business Process Management Services Pvt. Ltd.	9.44 (9.44)	India	40%
2	C - Edge Technologies Ltd.	4.90 (4.90)	India	49%
3	Maquarie SBI Infrastructure Management Pte. Ltd.	2.25 (2.25)	Singapore	45%
4	SBI Macquarie Infrastructure Management Pvt. Ltd.	18.57 (18.57)	India	45%
5	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	0.03 (0.03)	India	45%
6	Maquarie SBI Infrastructure Trustee Ltd. #	0.78 (0.78)	Bermuda	45%
7	Oman India Joint Investment Fund – Management Company Pvt. Ltd.	2.30 (2.30)	India	50%
8	Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.	0.01 (0.01)	India	50%

Indirect holding through Maquarie SBI Infra Management Pte. Ltd., against which the Company has made 100% provision, except additional investment made during the FY2013-14. (Figures in brackets relate to previous year)

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:

Particulars	₹ In crores	
	As at 31st March 2015	As at 31st March 2014
Liabilities		
Capital & Reserves	159.14	130.61
Deposits	-	-
Borrowings	8.15	10.91
Other Liabilities & Provisions	76.93	109.30
Total	244.22	250.82
Assets		
Cash and Balances with RBI	-	-
Balances with Banks and money at call and short notice	96.36	111.79
Investments	9.69	0.65



₹ In crores

Particulars	As at 31st March 2015	As at 31st March 2014
Advances	-	-
Fixed Assets	35.75	42.03
Other Assets	102.42	96.35
Total	244.22	250.82
Capital Commitments		
Other Contingent Liabilities	3.51	2.95
Income		
Interest earned	6.09	6.13
Other income	285.04	249.15
Total	291.13	255.28
Expenditure		
Interest expended	1.23	1.52
Operating expenses	223.70	198.54
Provisions & contingencies	18.73	13.97
Total	243.66	214.03
Profit	47.47	41.25

i) Impairment of Assets

In the opinion of the Bank's Management, there is no impairment to the assets during the year to which Accounting Standard 28 - "Impairment of Assets" applies.

j) Description of Contingent Liabilities (AS-29)

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 crores

Particulars	Current Year	Previous Year
Opening balance	327.31	256.21
Additions during the year	206.59	87.59
Reductions during the year	90.32	16.49
Closing balance	443.58	327.31

Particulars	Current Year	Previous Year
-Write Back of Income Tax	(39.16)	(142.28)
-Other Tax	10.00	10.00
Provision for Depreciation on Investments	(590.07)	563.25
Withdrawal from Counter Cyclical Buffer	(382.00)	(750.00)
Provision on Non-Performing Assets	16,863.64	14,478.45
Provision on Restructured Assets	802.65	495.12
Provision on Standard Assets	2,435.37	1,260.69
Other Provisions	469.95	(112.16)
Total	25,811.93	21,218.06

18.8. Additional Disclosures

1. Provisions and Contingencies

₹ In crores

Particulars	Current Year	Previous Year
Provision for Taxation		
-Current Tax	6,719.11	4,359.74
-Deferred Tax	(477.56)	1,055.25

2. Floating Provisions

₹ In crores

Particulars	Current Year	Previous Year
Opening Balance	25.14	25.14
Addition during the year	-	-
Draw down during the year	-	-
Closing Balance	25.14	25.14



3. Withdrawal from Reserves

During the year, the Bank has withdrawn following amount from the Reserves:

₹ In crores

Particulars	As at	As at
	31st March 2015	31st March 2014
For Creation of Deferred Tax Liability on Special Reserve created u/s 36(1)(viii) of Income Tax Act	-	1,525.13

4. Status of complaints

A. Customer complaints

Particulars	As at	As at
	31st March 2015	31st March 2014
No. of complaints pending at the beginning of the year	21,413	32,705
No. of complaints received during the year	16,34,042	15,03,638
No. of complaints redressed during the year	16,24,559	15,14,930
No. of complaints pending at the end of the year	30,896	21,413

B. Awards passed by the Banking Ombudsman

Particulars	Current Year	Previous Year
	No. of unimplemented Awards at the beginning of the year	9
No. of Awards passed by the Banking Ombudsman during the year	39	63
No. of Awards implemented during the year	33	82
No. of unimplemented Awards at the end of the year	15	9

5. Payment to Micro, Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006

As per the information available with the Bank, 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 issued for Subsidiaries

The Bank has issued letters of comfort on behalf of its subsidiaries. Outstanding letters of comfort as on 31st March 2015 aggregate to ₹ 715.16 Crores (Previous Year: ₹ 1,914.97 Crores). In the Bank's assessment no financial impact is likely to arise.

7. Provisioning Coverage Ratio (PCR):

The Provisioning to Gross Non-Performing Assets ratio of the Bank as on 31st March 2015 is 69.13% (Previous Year 62.86%).

8. Fees/remuneration received in respect of the bancassurance business

₹ In crores

Name of Company	Current Year	Previous Year
SBI Life Insurance Co. Ltd.	281.16	222.05
SBI General Insurance Co. Ltd.	62.86	48.41
Manu Life Financial Limited and NTUC	0.57	0.61
Tokio Marine, ACE	0.21	1.52
TOTAL	344.80	272.59

9. Concentration of Deposits, Advances Exposures & NPAs

a) Concentration of Deposits

₹ In crores

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	1,01,148.22	1,03,157.26
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	6.41%	7.40%

b) Concentration of Advances

₹ In crores

Particulars	Current Year	Previous Year
Total Advances to twenty largest borrowers	2,06,512.83	2,22,862.28
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	15.46%	17.90%



c) Concentration of Exposures

₹ In crores

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/ customers	3,45,152.13	3,32,789.45
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the Bank on borrowers/customers	15.88%	16.88%

d) Concentration of NPAs

₹ In crores

Particulars	Current Year	Previous Year
Total Exposure to top four NPA accounts	1,839.51	4,782.78

10. Sector -wise NPAs

₹ In crores

Sr. Sector No.	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	1,12,752.88	10,216.74	9.06	1,09,783.93	10,327.11	9.41
2 Industry (Micro & Small, Medium and Large)	65,699.72	7,087.13	10.79	65,688.11	4,174.09	6.35
3 Services	26,146.41	1,699.94	6.50	26,803.49	2,424.62	9.05
4 Personal Loans	90,352.32	1,202.51	1.33	80,907.18	1,659.29	2.05
Sub-total (A)	2,94,951.33	20,206.32	6.85	2,83,182.71	18,585.11	6.56
B Non Priority Sector						
1 Agriculture & allied activities	5,024.05	199.91	3.98	20,282.48	224.86	1.11
2 Industry (Micro & Small, Medium and Large)	7,54,514.38	31,167.29	4.13	9,36,507.69	34,566.58	3.69
3 Services	1,75,822.54	4,017.66	2.29	1,54,668.80	6,977.35	4.51
4 Personal Loans	1,93,469.42	1,152.20	0.60	1,74,799.43	1,679.34	0.96
Sub-total (B)	11,28,830.39	36,537.06	3.24	12,86,258.40	43,448.13	3.38
C Total (A+B)	14,23,781.72	56,743.38	3.99	15,69,441.11	62,033.24	3.95



11. Overseas Assets, NPAs and Revenue

₹ In crores

Sr. No.	Particulars	Current Year	Previous Year
1	Total Assets	3,00,768.24	2,67,489.78
2	Total NPAs (Gross)	2,618.65	3,786.64
3	Total Revenue	9,485.80	8,840.74

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 crores

Sr. No.	Particulars	Number	Amount
1	No. of the SPVs sponsored by the Bank for securitization transactions	Nil	Nil
2	Total amount of securitized assets as per the books of the SPVs sponsored by the bank	Nil	Nil
3	Total amount of exposures retained by the bank to comply with MMR as on the date of balance sheet		
	a) Off-balance sheet exposures	Nil	Nil
	i. First Loss		
	ii. Others		
	b) On-balance sheet exposures	Nil	Nil
	i. First Loss		
	ii. Others		
4	Amount of exposures to securitisation transactions other than MMR		
	a) Off-balance sheet exposures		
	i. Exposures to own securitisations	Nil	Nil

₹ In crores

Sr. No.	Particulars	Number	Amount
	1. First Loss		
	2. Others		
	ii. Exposures to third party securitisations		
	1. First Loss		
	2. Others		
b)	On-balance sheet exposures	Nil	Nil
	i. Exposures to own securitisations		
	1. First Loss		
	2. Others		
	ii. Exposures to third party securitisations		
	1. First Loss		
	2. Others		

14. Credit Default Swaps

₹ In crores

Sr. No.	Particulars	Current Year		Previous Year	
		As Buyer	As Seller	As Buyer	As Seller
		Protection Buyer	Protection Seller	Protection Buyer	Protection Seller
1	No. of transactions during the year				
	a) of which transactions that are/may be physically settled	Nil	Nil	Nil	Nil
	b) cash settled	Nil	Nil	Nil	Nil
2	Amount of protection bought / sold during the year				
	a) of which transactions which are/ may be physically settled	Nil	Nil	Nil	Nil
	b) cash settled	Nil	Nil	Nil	Nil
3	No. of transactions where credit event payment was received / made during the year				
	a) pertaining to current year's transactions	Nil	Nil	Nil	Nil



₹ In crores

Sr. No.	Particulars	Current Year		Previous Year	
		As	As	As	As
		Protection Buyer	Protection Seller	Protection Buyer	Protection Seller
4	Net income/ profit (expenditure/ loss) in respect of CDS transactions during year-to-date:				
	a) premium paid / received	Nil	Nil	Nil	0.83
	b) Credit event payments:				
	• made (net of the value of assets realised)	Nil	Nil	Nil	Nil
	• received (net of value of deliverable obligation)	Nil	Nil	Nil	Nil
5	Outstanding transactions as on March 31:				
	a) No. of Transactions	Nil	Nil	Nil	Nil
	b) Amount of protection	Nil	Nil	Nil	Nil
6	Highest level of outstanding transactions during the year:				
	a) No. of Transactions (as on 1st April)	Nil	Nil	Nil	1
	b) Amount of protection (as on 1st April)	Nil	Nil	Nil	59.39

15. Intra-Group Exposures:

₹ In crores

Particulars		
i	Total amount of intra-group exposures	15,442.79
ii	Total amount of top-20 intra-group exposures	15,442.79
iii	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	0.71
iv	Details of breach of limits on intra-group exposures and regulatory action thereon	-

16. Unclaimed Liabilities transferred to Depositor Education and Awareness Fund (DEAF)

₹ In crores

Particulars	Current Year
Opening balance of amounts transferred to DEAF	-
Add : Amounts transferred to DEAF during the year	757.14
Less : Amounts reimbursed by DEAF towards claims	-
Closing balance of amounts transferred to DEAF	757.14

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 with Unhedged Foreign Currency Exposure' has provided for ₹ 293.08 crores towards Currency Induced Credit Risk and allocated incremental Capital for Currency Induced Credit Risk amounting to ₹ 408.44 crores.



18. Liquidity Coverage Ratio:

(a) Quantitative Disclosure

₹ In crores

	Month end Average for quarter ended 31-Mar-2015	
	Total Unweighted Value(Average)	Total Weighted Value(Average)
High Quality Liquid Assets		
1 Total High Quality Liquid Assets(HQLA)		2,13,955.16
Cash Outflows		
2 Retail Deposits and deposits from small business customers, of which:		
(i) Stable deposits	1,27,899.26	6,394.96
(ii) Less Stable Deposits	9,25,435.65	92,543.57
3 Unsecured wholesale funding, of which:		
(i) Operational deposits (all counterparties)	86,182.04	20,631.04
(ii) Non-operational deposits (all counterparties)	3,09,173.95	1,86,209.20
(iii) Unsecured debt	0.00	0.00
4 Secured wholesale funding	16,291.56	1,298.81
5 Additional requirements, of which		
(i) Outflows related to derivative exposures and other collateral requirements	1,48,530.11	1,48,530.11
(ii) Outflows related to loss of funding on debt products	0.00	0.00
(iii) Credit and liquidity facilities	1,26,665.91	19,134.19
6 Other contractual funding obligations	11,087.96	11,087.96
7 Other contingent funding obligations	3,33,646.81	16,682.33
8 TOTAL CASH OUTFLOWS	20,84,913.25	5,02,512.17
Cash Inflows		
9 Secured lending(eg. Reverse repos)	5,090.33	0.00
10 Inflows from fully performing exposures	2,13,473.88	1,94,324.78
11 Other cash inflows	44,652.23	44,652.23
12 Total Cash Inflows	2,63,216.44	2,38,977.01
13 TOTAL HQLA		2,13,955.16
14 TOTAL NET CASH OUTFLOWS		2,63,535.16
15 LIQUIDITY COVERAGE RATIO(%)		81.19%

(b) Qualitative Disclosure

Liquidity Coverage Ratio (LCR) standard has been introduced with the objective that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLA)s 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. The stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken. Beginning January 2015, LCR has been mandated at 60% which is to rise in equal steps of 10% to reach 100% by January 2019.

LCR has been defined as Stock of high quality liquid assets (HQLAs).

Total net cash outflows over the next 30 calendar days.

Liquid assets comprise of high quality assets that can be readily sold or used as collateral to obtain funds 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. Level 1 assets are with 0% haircut while Level 2A assets are with a minimum 15% haircut and Level 2B Assets, with a minimum 50% haircut.



The total net cash outflows is the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. Total expected cash inflows and outflows are calculated by multiplying the outstanding balances of various categories of contractual receivables and types of liabilities and off-balance sheet commitments by the rates at which they are expected to flow in or drawn down.

Liquidity management in the Bank is driven by the ALM Policy, approved by the Board. Domestic and International Banking Treasuries are reporting to the Asset Liability Management Committee (ALCO). The ALCO has been empowered by the Bank's Board to formulate the funding strategies to ensure that the funding sources are well diversified and is consistent with the requirements of the Bank. All major decisions of ALCO are being reported to the Board periodically. In addition to monthly LCR reporting, Bank prepares daily Structural Liquidity Statement to assess the liquidity needs of the Bank on an ongoing basis. Further, Dynamic Liquidity Reports are also being prepared to forecast liquidity requirements and strategise accordingly.

Bank's LCR of 81.19% is above the minimum 60% prescribed by RBI. 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, and as 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. 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.

20. Pending Wage Agreement

The Ninth Bipartite Settlement entered into by the Indian Banks' Association on behalf of the member Banks with the All India Unions of Workmen expired on 31st October 2012. In accordance with the

understanding reached by IBA, pending the execution of agreement for wage revision, to be effective from 1st November 2012, a provision of ₹ 2,406 crores (previous year ₹ 1,814 crores) has been made during the year considering 15% increase in salary and allowances on salary slip component.

In addition to the above, the Bank on estimated basis, has made a provision of ₹ 540 crores (previous year ₹ 540 crores) towards Superannuation and other long term employee benefits.

The total provision held by the Bank on account of wage revision (including towards Superannuation and other long term employee benefits) as on 31st March 2015 is ₹ 6,245 crores (previous year ₹ 3,299 crores).

21. Sale of Assets to Reconstruction Companies

The shortfall on account of sale of assets to Reconstruction Companies amounting to ₹ 2803.19 crores is being amortized over a period of two years, in terms of RBI Circular DBOD.BP.BC. No.98/21.04.132/2013-14 dated February 26, 2014. Consequently, ₹ 623.78 crores has been charged to the Profit & Loss Account for the year ended March 31, 2015. The amount unamortised as at March 31, 2015 is ₹ 2179.42 crores.

22. Counter Cyclical Buffer

RBI vide Circular No. DBOD. No.BP.95/21.04.048/2013-14 dated February 7, 2014 on 'Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer' has allowed the banks, to utilise up to 33 per cent of Counter Cyclical Provisioning Buffer (CCPB) held by them as on March 31, 2013, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors. Accordingly, the Bank has utilized the CCPB of ₹ 382 crores (₹ 750 Crores utilised in the FY2013-14) for making specific provision for NPAs, in accordance with the board approved policy and approval of the Board.

23. Previous year figures have been regrouped/reclassified, wherever necessary, to conform 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, 2015

(₹ In 000)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxes	19313,96,20	16173,88,65
Adjustments for :		
Depreciation on Fixed Assets	1116,49,32	1333,93,66
(Profit)/ Loss on sale of Fixed Assets (Net)	42,74,99	38,64,16
(Profit)/ Loss on revaluation of Investments (Net)	-	202,68,32
Provision for Non Performing Assets	17284,28,50	14223,56,87
Provision on Standard Assets	2435,37,49	1260,68,85
Provision for Depreciation on Investments	(590,07,29)	563,25,29
Other Provisions	469,95,29	(112,16,01)
Dividends from Subsidiaries/Joint Ventures/Associates (Investing Activity)	(677,03,43)	(496,85,99)
Interest paid on Capital Instruments (Financing Activity)	3822,78,30	3686,48,24
	43218,49,37	36874,12,04
Adjustments for:		
Increase/ (Decrease) in Deposits	182384,74,02	191668,93,05
Increase/ (Decrease) in Borrowings other than Capital Instruments	22057,84,75	11596,29,40
(Increase)/ Decrease in Investments other than investments in Subsidiaries/Joint Ventures/Associates	(94192,97,80)	(47418,49,03)
(Increase)/ Decrease in Advances	(107481,95,87)	(178435,73,48)
Increase/ (Decrease) in Other Liabilities & Provisions	34275,79,04	(473,80,50)
(Increase)/ Decrease in Other Assets	(28436,59,97)	11433,09,86
	51825,33,54	25244,41,34
Taxes Paid	(4258,90,17)	(11136,99,51)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES (A)	47566,43,37	14107,41,83
CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/ Decrease in Investments in Subsidiaries/Joint Ventures/Associates	(1444,77,30)	(1269,51,21)
Dividend received from Subsidiaries/Joint Ventures/Associates	677,03,43	496,85,99
(Increase)/ Decrease in Fixed Assets (Net)	(2490,36,07)	(2333,01,64)
NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES (B)	(3258,09,94)	(3105,66,86)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	-	10006,02,70
Share Application money pending allotment received	2970,00,00	-
Issue/(Redemption) of Capital Instruments	(200,00,00)	2000,00,00
Interest on Capital Instruments	(3822,78,30)	(3686,48,24)
Dividends paid including tax thereon	(1236,33,43)	(4508,37,72)
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES (C)	(2289,11,73)	3811,16,74
EFFECT OF EXCHANGE FLUCTUATION ON TRANSLATION RESERVE (D)	292,45,39	2916,55,11
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C+D)	42311,67,09	17729,46,82
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	132549,63,27	114820,16,45
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	174861,30,36	132549,63,27

Signed by:

Directors

Shri M.D. Mallya
 Shri Sunil Mehta
 Shri Deepak I. Amin
 Shri S.K. Mukherjee
 Shri Harichandra Bahadur Singh
 Shri Tribhuvan Nath Chaturvedi

Shri V.G.Kannan Managing Director & Group Executive (A & S)
Shri B. Sriram Managing Director & Group Executive (NB)
Shri P. Pradeep Kumar Managing Director & Group Executive (CB)

Smt. Arundhati Bhattacharya
 Chairman



Independent Auditor's Report

To
The President of India,
Report on the Financial Statements

1. We have audited the accompanying financial statements of State Bank of India ("the Bank") as at 31st March 2015, which comprises the Balance Sheet as at March 31, 2015, 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 financial statements are the returns of

- i) The Central Offices, **14** Local Head Offices, Global Market Group, International Business Group, Corporate Accounts Group (Central), Mid-Corporate Group (Central), Stressed Assets Management Group (Central) and **42** branches audited by us;
- ii) **8928** Indian Branches audited by other auditors;
- iii) **52** 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 **8144** Indian Branches (including other accounting units) which have not been subjected to audit. These unaudited branches account for **4.19%** of advances, **17.54%** of deposits, **5.30%** of interest income and **16.26%** of interest expenses.

Management's Responsibility for the Financial Statements

2. The Bank's management is responsible for the preparation of these 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 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 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 31st March 2015 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 profit, 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 Schedule 18: "Notes to Accounts" regarding:
 - i) Notes 18.7 - para [a]: change in method/rate of depreciation on Fixed Assets resulting in an increase in profit by ₹420.76 crores.
 - ii) Notes 18.7 - para [b(i)(1c)]: change in valuation of Plan Assets of long-term benefits from Book Value to Fair Value, resulting in increase in the value of Plan Assets by ₹2182.87 crores.
 - iii) Notes 18.8 - para 21: non-amortization of ₹2179.42 crores on account of loss on sale of assets to Reconstruction Companies.
 - iv) Notes 18.8 - para 22: utilization of Counter Cyclical Buffer of ₹382 crores during the year.

Our opinion is not qualified 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 that 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. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the applicable accounting standards.



For S. Venkatram & Co.
Chartered Accountants

G. Narayanaswamy
Partner : M.No.002161
Firm Regn.No.004656S

For S. Jaykishan
Chartered Accountants

Sunirmal Chatterjee
Partner: M.No.017361
Firm Regn.No.309005E

For Prakash & Santosh
Chartered Accountants

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Firm Regn.No.000454C

For Mehra Goel & Co.
Chartered Accountants

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For S. N. Mukherji & Co.
Chartered Accountants

Sudip Kumar Mukherji
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For V. P. Aditya & Co.
Chartered Accountants

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For Dhamija Sukhija & Co.
Chartered Accountants

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For T. R. Chadha & Co.
Chartered Accountants

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For S.R.R.K. Sharma Associates
Chartered Accountants

G. S. Krishnamurthy
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Firm Regn.No.003790S

For V. Sankar Aiyar & Co.
Chartered Accountants

S. Venkatraman
Partner: M.No.034319
Firm Regn.No.109208W

For S. N. Nanda & Co.
Chartered Accountants

Gaurav Nanda
Partner: M.No.500417
Firm Regn.No.000685N

For Sriramamurthy & Co.
Chartered Accountants

J. Lalitha
Partner: M.No.201855
Firm Regn.No.003032S

For K. B. Sharma & Co.
Chartered Accountants

Hemant Sharma
Partner: M.No.503080
Firm Regn.No.002318N

For B. Chhawchharia & Co.
Chartered Accountants

Kshitiz Chhawchharia
Partner: M.No.061087
Firm Regn.305123E

Place: Kolkata
Date: 22 May 2015



State Bank of India

Consolidated Balance Sheet as on 31st March, 2015

(000s omitted)

	Schedule No.	As on 31st March 2015 (Current Year) ₹	As on 31st March 2014 (Previous Year) ₹
CAPITAL AND LIABILITIES			
Capital	1	746,57,31	746,57,31
Reserves & Surplus	2	160640,96,97	146623,96,30
Minority Interest		5497,11,75	4909,15,07
Deposits	3	2052960,78,88	1838852,35,65
Borrowings	4	244663,46,71	223759,70,95
Other Liabilities and Provisions	5	235601,10,84	181603,54,89
TOTAL		2700110,02,46	2396495,30,17
ASSETS			
Cash and Balances with Reserve Bank of India	6	144287,54,67	114095,60,38
Balance with banks and money at call & short notice	7	64299,02,29	53065,74,09
Investments	8	695691,75,26	579401,26,21
Advances	9	1692211,33,41	1578276,68,60
Fixed Assets	10	12379,29,52	10559,78,10
Other Assets	11	91241,07,31	61096,22,79
TOTAL		2700110,02,46	2396495,30,17
Contingent Liabilities	12	1190338,69,09	1172565,68,45
Bills for Collection		105970,51,47	90196,99,38
Significant Accounting Policies	17		
Notes to Accounts	18		

In term of our Report of even date
For **S. VENKATRAM & CO.**
Chartered Accountants

(ARUNDHATI BHATTACHARYA)
CHAIRMAN

(G. NARAYANASWAMY)
Partner

(V. G. KANNAN)
MD & GE (A&S)

(B. SRIRAM)
MD & GE (Nat. Bkg.)

(P. PRADEEP KUMAR)
MD & GE (Corp. Bkg.)

Mem. No. : 002161
Firm Regn. No. : 004656 S

KOLKATA
Dated 22nd May 2015



Schedules

SCHEDULE 1 - CAPITAL

(000s omitted)

	As on 31st March 2015 (Current Year) ₹	As on 31st March 2014 (Previous Year) ₹
Authorised Capital : 5000,00,00,000 equity shares of ₹ 1*/- each (Previous Year 500,00,00,000 equity shares of ₹ 10/- each)	5000,00,00	5000,00,00
Issued Capital : 746,65,61,670 equity shares of ₹ 1/- each (Previous Year 74,66,56,167 equity shares of ₹ 10/- each)	746,65,61	746,65,61
Subscribed and Paid-up Capital : 746,57,30,920 equity shares of ₹ 1/- each (Previous Year 74,65,73,092 equity shares of ₹ 10/- each)	746,57,31	746,57,31
[The above includes 16,04,31,560 equity shares of ₹ 1/- each (Previous Year 1,58,73,554 equity shares of ₹ 10/- each) represented by 1,60,43,156 (Previous Year 79,36,777) Global Depository Receipts**]		
TOTAL	746,57,31	746,57,31

* The face value of the equity shares of the SBI was reduced from ₹ 10 per share to ₹ 1 per share vide resolution dated September 24, 2014 w.e.f November 22, 2014 (Record Date November 21, 2014).

** GDR / Equity Share Ratio was changed from 1:2 to 1:10 w.e.f November 24, 2014.

SCHEDULE 2 - RESERVES & SURPLUS

(000s omitted)

	As on 31st March 2015 (Current Year) ₹	As on 31st March 2014 (Previous Year) ₹
I. Statutory Reserves		
Opening Balance	52885,09,44	48821,44,55
Additions during the year	4904,63,53	4097,28,24
Deductions during the year	- 57789,72,97	33,63,35 52885,09,44
II. Capital Reserves #		
Opening Balance	2500,48,95	2213,06,84
Additions during the year	315,51,31	292,76,10
Deductions during the year	- 2816,00,26	5,33,99 2500,48,95
III. Share Premium		
Opening Balance	41444,68,60	31501,19,81
Additions during the year	-	9969,10,90
Deductions during the year	- 41444,68,60	25,62,11 41444,68,60
IV. Foreign Currency Translation Reserves		
Opening Balance	6759,69,99	4014,33,11
Additions during the year	98,24,78	2745,36,88
Deductions during the year	92,23,84 6765,70,93	- 6759,69,99



Schedules

(000s omitted)

	As on 31st March 2015 (Current Year) ₹		As on 31st March 2014 (Previous Year) ₹	
V. Revenue and Other Reserves				
Opening Balance	41001,62,17		36376,40,52	
Additions during the year ##	8228,28,70		6713,92,18	
Deductions during the year	20,94,28	49208,96,59	2088,70,53	41001,62,17
VI. Balance in Profit and Loss Account		2615,87,62		2032,37,15
TOTAL		160640,96,97		146623,96,30

includes Capital Reserve on consolidation ₹ 237,49,80 thousand (Previous Year ₹ 139,10,45 thousand)

net of consolidation adjustments

SCHEDULE 3 - DEPOSITS

(000s omitted)

	As on 31st March 2015 (Current Year) ₹		As on 31st March 2014 (Previous Year) ₹	
A. I. Demand Deposits				
(i) From Banks	7247,03,57		6955,65,38	
(ii) From Others	145818,36,10		133990,18,85	
II. Savings Bank Deposits		656490,39,45		600847,75,93
III. Term Deposits				
(i) From Banks	11852,80,26		35590,60,70	
(ii) From Others	1231552,19,50		1061468,14,79	
TOTAL		2052960,78,88		1838852,35,65
B. I. Deposits of Branches in India		1948918,04,67		1737448,77,50
II. Deposits of Branches outside India		104042,74,21		101403,58,15
TOTAL		2052960,78,88		1838852,35,65



Schedules

SCHEDULE 4 - BORROWINGS

(000s omitted)

	As on 31st March 2015 (Current Year) ₹		As on 31st March 2014 (Previous Year) ₹	
I. Borrowings in India				
(i) Reserve Bank of India		5798,75,00		17292,63,00
(ii) Other Banks		3579,39,47		2662,80,15
(iii) Other Institutions and Agencies		18761,45,07		26481,13,18
(iv) Capital Instruments :				
a. Innovative Perpetual Debt Instruments (IPDI)	3890,00,00		3890,00,00	
b. Subordinated Debts and Bonds	47929,81,20	51819,81,20	46961,61,20	50851,61,20
TOTAL		79959,40,74		97288,17,53
II. Borrowings outside India				
(i) Borrowings and Refinance outside India		160735,38,97		122676,84,67
(ii) Capital Instruments				
a. Innovative Perpetual Debt Instruments (IPDI)	3906,25,00		3744,68,75	
b. Subordinated Debts and Bonds	62,42,00	3968,67,00	50,00,00	3794,68,75
TOTAL		164704,05,97		126471,53,42
GRAND TOTAL (I+II)		244663,46,71		223759,70,95
Secured Borrowings included in I & II above		13595,79,97		11613,32,53

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(000s omitted)

	As on 31st March 2015 (Current Year) ₹		As on 31st March 2014 (Previous Year) ₹	
I. Bills payable		24904,60,85		23548,35,60
II. Inter Bank Adjustments (net)		321,30,21		466,14,52
III. Inter Office adjustments (net)		39770,62,75		2290,42,65
IV. Interest accrued		25563,20,50		20597,45,39
V. Deferred Tax Liabilities (net)		2667,22,18		3912,67,15
VI. Liabilities relating to Policyholders in Insurance Business		70098,11,58		56846,15,54
VII. Others (including provisions)*		72276,02,77		73942,34,04
TOTAL		235601,10,84		181603,54,89

* includes share application money of ₹ 2970,00,00 thousands received from Government of India against preferential issue of equity shares of SBI.



Schedules

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(000s omitted)

	As on 31st March 2015 (Current Year) ₹	As on 31st March 2014 (Previous Year) ₹
I. Cash in hand (including foreign currency notes and gold)	17753,63,55	14849,14,48
II. Balance with Reserve Bank of India		
(i) In Current Account	126533,91,12	99246,45,90
(ii) In Other Accounts	-	-
TOTAL	144287,54,67	114095,60,38

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE

(000s omitted)

	As on 31st March 2015 (Current Year) ₹	As on 31st March 2014 (Previous Year) ₹
I. In India		
(i) Balances with banks		
(a) In Current Accounts	247,81,87	1026,89,51
(b) In Other Deposit Accounts	22349,75,06	15630,13,06
(ii) Money at call and short notice		
(a) With banks	3799,23,66	4135,31,12
(b) With other institutions	-	100,48,66
TOTAL	26396,80,59	20892,82,35
II. Outside India		
(i) In Current Accounts	22355,46,00	11324,56,64
(ii) In Other Deposit Accounts	2631,23,59	3927,18,74
(iii) Money at call and short notice	12915,52,11	16921,16,36
TOTAL	37902,21,70	32172,91,74
GRAND TOTAL (I and II)	64299,02,29	53065,74,09



Schedules

SCHEDULE 8 - INVESTMENTS

(000s omitted)

	As on 31st March 2015 (Current Year) ₹	As on 31st March 2014 (Previous Year) ₹
I. Investments in India in :		
(i) Government Securities	517554,20,64	436532,69,44
(ii) Other approved securities	3516,13,23	3759,91,70
(iii) Shares	27460,41,25	26319,05,18
(iv) Debentures and Bonds	49626,98,14	40790,35,74
(v) Associates	2283,02,14	1967,24,65
(vi) Others (Units of Mutual Funds, Commercial Papers, Priority Sector Deposits etc.)	64138,93,78	45179,10,92
TOTAL	664579,69,18	554548,37,63
II. Investments outside India in :		
(i) Government Securities (including local authorities)	7937,53,43	5690,15,04
(ii) Associates	76,18,20	78,88,78
(iii) Other Investments (Shares, Debentures etc.)	23098,34,45	19083,84,76
TOTAL	31112,06,08	24852,88,58
GRAND TOTAL (I and II)	695691,75,26	579401,26,21
III. Investments in India :		
(i) Gross Value of Investments	665042,15,06	555622,50,80
(ii) Less: Aggregate of Provisions / Depreciation	462,45,88	1074,13,17
(iii) Net Investments (vide I above)	664579,69,18	554548,37,63
IV. Investments outside India :		
(i) Gross Value of Investments	31448,21,49	25766,10,47
(ii) Less: Aggregate of Provisions / Depreciation	336,15,41	913,21,89
(iii) Net Investments (vide II above)	31112,06,08	24852,88,58
GRAND TOTAL (III and IV)	695691,75,26	579401,26,21



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SCHEDULE 9 - ADVANCES

(000s omitted)

	As on 31st March 2015 (Current Year) ₹	As on 31st March 2014 (Previous Year) ₹
A. I. Bills purchased and discounted	108753,54,27	91517,31,35
II. Cash credits, overdrafts and loans repayable on demand	715170,45,86	683760,56,46
III. Term loans	868287,33,28	802998,80,79
TOTAL	1692211,33,41	1578276,68,60
B. I. Secured by tangible assets (includes advances against Book Debts)	1338415,24,90	1280360,65,69
II. Covered by Bank/ Government Guarantees	54987,35,00	63952,71,71
III. Unsecured	298808,73,51	233963,31,20
TOTAL	1692211,33,41	1578276,68,60
C. I. Advances in India		
(i) Priority Sector	425714,33,30	406748,82,39
(ii) Public Sector	121196,09,53	93966,45,02
(iii) Banks	1263,17,82	2357,09,12
(iv) Others	899895,18,92	853186,41,69
TOTAL	1448068,79,57	1356258,78,22
II. Advances outside India		
(i) Due from banks	49750,01,71	47709,25,29
(ii) Due from others		
(a) Bills purchased and discounted	28523,86,79	11805,57,98
(b) Syndicated loans	76503,24,02	86829,50,40
(c) Others	89365,41,32	75673,56,71
TOTAL	244142,53,84	222017,90,38
GRAND TOTAL [C (I) and C (II)]	1692211,33,41	1578276,68,60



Schedules

SCHEDULE 10 - FIXED ASSETS

(000s omitted)

	As on 31st March 2015 (Current Year) ₹		As on 31st March 2014 (Previous Year) ₹	
I. Premises				
At cost as on 31st March of the preceding year	4323,51,56		3789,40,33	
Additions during the year	355,12,36		584,40,50	
Deductions during the year	6,47,27		50,29,27	
Depreciation to date	572,01,06	4100,15,59	1300,32,24	3023,19,32
II. Other Fixed Assets (including furniture and fixtures)				
At cost as on 31st March of the preceding year	20473,94,21		17796,63,21	
Additions during the year	3704,14,33		3603,58,04	
Deductions during the year	985,87,89		926,27,04	
Depreciation to date	15332,15,26	7860,05,39	13286,87,16	7187,07,05
III. Leased Assets				
At cost as on 31st March of the preceding year	343,55,90		891,71,73	
Additions during the year	11,85,99		1,78,47	
Deductions during the year	25,44,92		549,94,30	
Depreciation to date (including provisions)	306,49,84		326,61,01	
	23,47,13		16,94,89	
Less : Lease Adjustment Account	47,045	18,76,68	4,70,45	12,24,44
IV. Assets under Construction (Including Premises)		400,31,86		337,27,29
TOTAL (I, II, III and IV)		12379,29,52		10559,78,10



Schedules

SCHEDULE 11 - OTHER ASSETS

(000s omitted)

	As on 31st March 2015 (Current Year) ₹	As on 31st March 2014 (Previous Year) ₹
I. Inter Office adjustments (net)	2625,04,07	1349,05,72
II. Interest accrued	20948,92,59	18839,02,93
III. Tax paid in advance / tax deducted at source	11790,89,06	13857,90,18
IV. Stationery and Stamps	137,51,42	148,07,48
V. Non-banking assets acquired in satisfaction of claims	24,17,35	25,86,21
VI. Deferred tax assets (net)	949,49,97	939,28,29
VII. Others #	54765,02,85	25937,01,98
TOTAL	91241,07,31	61096,22,79

Includes Goodwill on consolidation ₹ 945,21,86 thousand (P.Y. ₹ 948,35,01 thousand)

SCHEDULE 12 - CONTINGENT LIABILITIES

(000s omitted)

	As on 31st March 2015 (Current Year) ₹	As on 31st March 2014 (Previous Year) ₹
I. Claims against the group not acknowledged as debts	16967,68,59	15997,87,74
II. Liability for partly paid investments	464,57,92	520,90,54
III. Liability on account of outstanding forward exchange contracts	695217,28,45	669552,27,69
IV. Guarantees given on behalf of constituents		
(a) In India	151058,82,39	129416,15,78
(b) Outside India	67589,77,46	75524,66,13
V. Acceptances, endorsements and other obligations	125913,03,37	149365,05,83
VI. Other items for which the group is contingently liable	133127,50,91	132188,74,74
TOTAL	1190338,69,09	1172565,68,45
Bills for collection	105970,51,47	90196,99,38



State Bank of India

Consolidated Profit and Loss Account for the year ended 31st March, 2015

(000s omitted)

	Schedule No.	Year ended 31st March 2015 (Current Year) ₹	Year ended 31st March 2014 (Pervious Year) ₹
I. INCOME			
Interest earned	13	207974,33,97	189062,44,04
Other Income	14	49315,16,86	37882,12,60
TOTAL		257289,50,83	226944,56,64
II. EXPENDITURE			
Interest expended	15	133178,64,45	121479,04,34
Operating expenses	16	73848,01,22	63368,73,77
Provisions and contingencies		32745,48,66	27607,31,21
TOTAL		239772,14,33	212455,09,32
III. PROFIT			
Net Profit for the year (before adjustment for Share in Profit of Associates and Minority Interest)		17517,36,50	14489,47,32
Add: Share in Profit of Associates		314,44,18	317,73,35
Less: Minority Interest		837,50,76	633,43,17
Net Profit for the Group		16994,29,92	14173,77,50
Balance Brought forward		2032,37,15	1422,53,94
TOTAL		19026,67,07	15596,31,44
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		4904,63,53	4097,28,24
Transfer to Other Reserves		8301,62,00	6849,72,56
Dividend for the previous year paid during the year (including Tax on Dividend)		-	145
Dividend for the current year:			
(i) Interim Dividend		-	1119,85,96
(ii) Final Dividend Proposed		2648,17,28	1119,85,96
Tax on Dividend		556,36,64	377,20,12
Balance carried over to Balance Sheet		2615,87,62	2032,37,15
TOTAL		19026,67,07	15596,31,44
Basic Earnings per Share		₹ 22.76	₹ 20.40
Diluted Earnings per Share		₹ 22.76	₹ 20.40
Significant Accounting Policies	17		
Notes to Accounts	18		

In term of our Report of even date
For **S. VENKATRAM & CO.**
Chartered Accountants

(ARUNDHATI BHATTACHARYA)
CHAIRMAN

(G. NARAYANASWAMY)
Partner

(V. G. KANNAN)
MD & GE (A&S)

(B. SRIRAM)
MD & GE (Nat. Bkg.)

(P. PRADEEP KUMAR)
MD & GE (Corp. Bkg.)

Mem. No. : 002161
Firm Regn. No. : 004656 S

KOLKATA
Dated 22nd May 2015



Schedules

SCHEDULE 13 - INTEREST EARNED

(000s omitted)

	Year ended 31st March 2015 (Current Year) ₹	Year ended 31st March 2014 (Pervious Year) ₹
I. Interest / discount on advances / bills	153144,59,00	141382,60,20
II. Income on investments	51002,01,99	44855,68,41
III. Interest on balances with Reserve Bank of India and other inter-bank funds	1159,93,96	1144,71,07
IV. Others	2667,79,02	1679,44,36
TOTAL	207974,33,97	189062,44,04

SCHEDULE 14 - OTHER INCOME

(000s omitted)

	Year ended 31st March 2015 (Current Year) ₹	Year ended 31st March 2014 (Pervious Year) ₹
I. Commission, exchange and brokerage	15841,75,18	15086,59,59
II. Profit / (Loss) on sale of investments (Net)	9671,95,41	4254,27,38
III. Profit / (Loss) on revaluation of investments (Net)	1786,05,64	1882,38,03
IV. Profit / (Loss) on sale of land, building and other assets including leased assets (net)	(51,28,58)	(46,23,72)
V. Profit / (Loss) on exchange transactions (Net)	2385,78,18	2297,23,02
VI. Dividends from Associates in India/ abroad	17,38,47	2,28,75
VII. Income from Finance Lease	5,05	2,57,65
VIII. Credit Card membership/ service fees	750,80,67	575,22,01
IX. Insurance Premium Income (net)	13628,73,49	10672,75,58
X. Miscellaneous Income	5283,93,35	3155,04,31
TOTAL	49315,16,86	37882,12,60



Schedules

SCHEDULE 15 - INTEREST EXPENDED

(000s omitted)

	Year ended 31st March 2015 (Current Year) ₹	Year ended 31st March 2014 (Pervious Year) ₹
I. Interest on deposits	121588,38,03	109350,74,15
II. Interest on Reserve Bank of India / Inter-bank borrowings	5218,58,00	6126,95,06
III. Others	6371,68,42	6001,35,13
TOTAL	133178,64,45	121479,04,34

SCHEDULE 16 - OPERATING EXPENSES

(000s omitted)

	Year ended 31st March 2015 (Current Year) ₹	Year ended 31st March 2014 (Pervious Year) ₹
I. Payments to and provisions for employees	31117,61,37	29868,35,94
II. Rent, taxes and lighting	4506,67,55	3940,37,28
III. Printing & Stationery	510,09,33	471,13,20
IV. Advertisement and publicity	796,87,12	609,53,95
V. (a) Depreciation on Leased Assets	5,19,68	4,10,41
(b) Depreciation on Fixed Assets (other than Leased Assets)	1576,29,70	1938,32,12
VI. Directors' fees, allowances and expenses	5,59,20	6,55,27
VII. Auditors' fees and expenses (including branch auditors' fees and expenses)	262,91,23	253,76,30
VIII. Law charges	322,29,26	315,85,95
IX. Postages, Telegrams, Telephones, etc.	854,98,57	869,16,22
X. Repairs and maintenance	730,45,95	591,75,80
XI. Insurance	2080,02,62	1981,23,84
XII. Other Operating Expenses relating to Credit Card Operations	551,21,23	381,79,64
XIII. Other Operating Expenses relating to Insurance Business	21972,48,10	15839,61,53
XIV. Other Expenditure	8555,30,31	6297,16,32
TOTAL	73848,01,22	63368,73,77



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 (IRDA), 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 29 subsidiaries, 8 Joint Ventures and 21 Associates)** have been prepared on the basis of:
 - a. Audited accounts 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.
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 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 is accounted on an accrual basis where the right to receive the dividend is established.

1.7 All other commission and fee incomes are recognised on their realisation except for (i) Guarantee commission on deferred payment guarantees, which is spread over the period of the guarantee; (ii) Commission on Government Business and ATM interchange fees, which are recognised as they accrue; and (iii) Upfront fees on restructured accounts, which is apportioned over the restructured period.

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 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 and Portfolio Management Services income is 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.
- d. Recovery from funded guarantee schemes is recognised as income in the year of receipt.
- e. 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.
- f. 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. Joining membership fee confers only joining rights and not any other right/privilege and therefore recognised on accrual basis.
- b. Interchange income is recognised on accrual basis.
- c. 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) 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. Premium ceded on reinsurance is accounted in accordance with the terms of the re-insurance treaty or in-principle arrangement with the re-insurer.
- e. 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 are accounted as and when intimated. Benefits paid also includes amount payable on lapsed policies which are accounted for as and when due. Surrenders 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.
- f. Acquisition costs such as commission, medical fees, etc. are costs that are primarily related to the acquisition of new and renewal insurance contracts and are expensed as and when incurred.



- g. 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 IRDA 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 taken 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. The 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 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 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 recognized as and when a loss occurrence is reported. 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 during an accounting period but not reported or claimed (IBNR) or not enough reported (i.e. reported with information insufficient for making a reasonable estimate of likely claim amount) (IBNER) before the end of the accounting period, is the amount determined by the Appointed Actuary/Consulting Actuary based on actuarial principles in accordance with the Guidance Notes issued by the Institute of Actuaries of India with the concurrence of the IRDA and any directions issued by IRDA in this respect.

Custody & Fund accounting services:

The revenue 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.

Trustee Operations:

Mutual Fund Trusteeship fee is recognised at specific rates agreed with relevant schemes, applied on 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, wherever applicable), and is in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996.

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.

2. Investments:

The transactions in Government Securities are recorded on "Settlement Date". Investments other than Government Securities are recorded on "Trade 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.

2.3 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:
- Interest/instalment (including maturity proceeds) is due and remains unpaid for more than 90 days.
 - In the case of equity shares, in the event the investment in the shares of any company is valued at Re. 1 per company on account of the non availability of the latest balance sheet, those equity shares would be reckoned as NPI.
 - 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.
- The above would apply mutatis-mutandis to Preference Shares where the fixed dividend is not paid.
 - 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.
 - 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)**
- 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).
 - Securities purchased / sold under LAF with RBI are debited / credited to Investment Account and reversed on maturity of the transaction. Interest expended / earned thereon is accounted for as expenditure / revenue.
- B. Insurance Business:**
- In case of life and general insurance subsidiaries, investments are made in accordance with the Insurance Act, 1938, the IRDA (Investment) Regulations, 2000, as amended by circulars or notifications issued by IRDA 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 are stated at historical cost, subject to amortisation of premium or accretion of discount.



- Listed equity securities 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 price is not available on a particular valuation day, the closing price of the secondary exchange i.e. BSE Limited ('BSE') is considered.
- Unlisted equity securities are measured at historical cost.
- 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: -

- Government securities with remaining maturity of more than one year are valued at prices obtained from Credit Rating Information Services of India Limited ('CRISIL') except Government of India scrips which are valued at prices obtained from FIMMDA. Debt securities other than Government securities with remaining maturity of more than one year are valued on the basis of CRISIL Bond Valuer. The amortised or average cost of Government and other debt securities with remaining maturity of less than one year are amortised over the remaining life of the securities. Unrealised gains or losses arising on such valuation are recognized in the Profit & Loss Account.
- Listed equity securities 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 price is not available on a particular valuation day, closing price of the secondary exchange i.e. BSE is considered.

- In case of Security Lending and Borrowing (SLB), equity shares lent are valued as per valuation policy for equity shares as mentioned above.
- 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 of equity securities and mutual fund units are recognized in the Profit & Loss Account.
- Unlisted equity securities are measured at historical cost.

3. Loans /Advances and Provisions thereon:

3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines 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 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.

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.

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 extra ordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

5. 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".

6. Derivatives:

6.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, and 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. Effectiveness of hedge is established at the inception of Contracts and periodically thereafter.

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 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".

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 In case of SBI, 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 & ATM	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	-	100% depreciated in the year of purchase
4	Assets given on financial lease upto 31st March 2001	Straight Line Method	At the rates prescribed for the specific asset under the Companies Act, 1956..
5	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: Premises 60 years Vehicles 5 years Safe Deposit Lockers 20 years 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 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/entities, depreciation is provided as per the regulations /norms of the respective countries.

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 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.

10.2 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.

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 Plan

- a. The Bank operates a Provident Fund scheme. All eligible employees are

entitled to receive benefits under the 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 group entities operate separate Gratuity and Pension schemes, which are defined benefit plans.
- c. 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 a maximum amount of ₹ 10 Lacs. 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.
- d. Some group entities provide 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 entities make contributions to funds administered by trustees based on an independent external actuarial valuation carried out annually.
- e. 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:

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 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.
- 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 and is not deferred.

11.3 Employee benefits relating to employees employed at foreign offices/ entities 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, 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/virtually certain.

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.

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 (other than minority) 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 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.

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.

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 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

1. List of Subsidiaries/Joint Ventures/Associates considered for preparation of consolidated financial statements:

1.1 The 29 Subsidiaries, 8 Joint Ventures and 21 Associates including 18 Regional Rural Banks from/upto respective dates of merger during the year (which along with State Bank of India, the parent, constitute the Group), considered in the preparation of the consolidated financial statements, are

A) Subsidiaries:

S. No.	Name of the Subsidiary	Country of incorporation	Group's Stake (%)	
			Current Year	Previous Year
1)	State Bank of Bikaner and Jaipur	India	75.07	75.07
2)	State Bank of Hyderabad	India	100.00	100.00
3)	State Bank of Mysore	India	90.00	90.00
4)	State Bank of Patiala	India	100.00	100.00
5)	State Bank of Travancore	India	78.91	75.01
6)	SBI Capital Markets Ltd.	India	100.00	100.00
7)	SBICAP Securities Ltd.	India	100.00	100.00
8)	SBICAP Trustee Company Ltd.	India	100.00	100.00
9)	SBICAP Ventures Ltd.	India	100.00	100.00
10)	SBI DFHI Ltd.	India	71.58	71.54
11)	SBI Mutual Fund Trustee Company Pvt Ltd.	India	100.00	100.00
12)	SBI Global Factors Ltd.	India	86.18	86.18
13)	SBI Pension Funds Pvt Ltd.	India	92.60	92.60
14)	SBI -SG Global Securities Services Pvt. Ltd. @	India	65.00	65.00
15)	SBI General Insurance Company Ltd. @	India	74.00	74.00
16)	SBI Payment Services Pvt. Ltd.	India	100.00	100.00
17)	State Bank of India (Canada)	Canada	100.00	100.00
18)	State Bank of India (California)	USA	100.00	100.00
19)	SBI (Mauritius) Ltd.	Mauritius	96.60	96.36
20)	PT Bank SBI Indonesia	Indonesia	99.00	99.00
21)	State Bank of India (Botswana) Ltd.	Botswana	100.00	100.00
22)	SBICAP (UK) Ltd.	U.K.	100.00	100.00
23)	SBI Cards and Payment Services Pvt. Ltd. @	India	60.00	60.00
24)	SBI Funds Management Pvt. Ltd. @	India	63.00	63.00
25)	SBI Life Insurance Company Ltd. @	India	74.00	74.00
26)	Commercial Indo Bank Llc , Moscow @	Russia	60.00	60.00
27)	Nepal SBI Bank Ltd.	Nepal	55.10	55.28
28)	SBI Funds Management (International) Private Ltd. @	Mauritius	63.00	63.00
29)	SBICAP (Singapore) Ltd.	Singapore	100.00	100.00

@ 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 is holding in these companies in excess of 50%.



B) Joint Ventures:

S. No.	Name of the Joint Venture	Country of Incorporation	Group's Stake (%)	
			Current Year	Previous Year
1)	C - Edge Technologies Ltd.	India	49.00	49.00
2)	GE Capital Business Process Management Services Pvt Ltd.	India	40.00	40.00
3)	SBI Macquarie Infrastructure Management Pvt. Ltd.	India	45.00	45.00
4)	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	India	45.00	45.00
5)	Macquarie SBI Infrastructure Management Pte. Ltd.	Singapore	45.00	45.00
6)	Macquarie SBI Infrastructure Trustee Ltd.	Bermuda	45.00	45.00
7)	Oman India Joint Investment Fund – Management Company Pvt. Ltd.	India	50.00	50.00
8)	Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.	India	50.00	50.00

C) Associates:

S. No.	Name of the Associate	Country of Incorporation	Group's Stake (%)	
			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)	Meghalaya Rural Bank	India	35.00	35.00
6)	Langpi Dehangi Rural Bank	India	35.00	35.00
7)	Madhyanchal Gramin 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)	Utkal Grameen Bank	India	35.00	35.00
12)	Uttarakhand Gramin Bank	India	35.00	35.00
13)	Vananchal Gramin Bank	India	35.00	35.00
14)	Saurashtra Gramin Bank	India	35.00	35.00
15)	Rajasthan Marudhara Gramin Bank	India	26.27	26.27
16)	Telangana Grameena Bank	India	35.00	35.00
17)	Kaveri Grameena Bank	India	31.50	31.50
18)	Malwa Gramin Bank	India	35.00	35.00
19)	The Clearing Corporation of India Ltd.	India	29.22	29.22
20)	Bank of Bhutan Ltd.	Bhutan	20.00	20.00
21)	SBI Home Finance Ltd. (under winding up)	India	25.05	25.05

- a. State Bank of Travancore (SBT), a Domestic Banking Subsidiary (DBS) of SBI has made a preferential allotment of 92,53,473 shares to SBI in April, 2014 at a price of ₹ 416.06 per share, amounting to ₹ 385.00 crores, after which SBI's stake has increased from 75.01% to 78.91%. As a result, the Group's stake in SBI DFHI Ltd. has also been increased from 71.54% to 71.58% due to indirect method.
- b. SBT has further offered 1,18,50,694 Equity Shares of ₹ 10 each at a premium of ₹ 390 per share to its existing shareholders as Right Issue during the period March 17, 2015 to March 31, 2015. The entire share application money has been disclosed by SBT as share application money pending allotment in its Balance Sheet as on March 31, 2015. On April 13, 2015, SBT has allotted 94,81,518 equity shares to SBI and 23,69,176 equity shares to others against the share application money. As a result, the stake of SBI has increased from 78.91% to 79.09%.



- c. SBI has infused an additional capital of ₹ 752 crores in State Bank of Patiala, its wholly owned DBS.
- d. SBI has acquired an additional stake of 0.24% in its Overseas Subsidiary, SBI (Mauritius) Ltd., in July 2014, by investing ₹ 1.97 crores, after which the stake of SBI has been increased to 96.60%.
- e. Nepal SBI Bank Ltd. (an Overseas Subsidiary of SBI) has issued an additional 89,763.96 shares from its unsubscribed portion to the minority share holders through public quota in December 2014 due to which SBI's stake has reduced from 55.28% to 55.10%.
- f. SBI has remitted ₹ 161.91 crores to PT Bank SBI Indonesia (an Overseas Subsidiary of SBI) in December 2014 towards Share Application Money for augmentation of the latter's capital. Allotment of shares is pending as on March 31, 2015.
- g. SBI General Insurance Co. Ltd., a Domestic Non-banking Subsidiary of SBI has raised funds from its shareholders i.e. SBI and IAG Australia, by allotment of 2.80 crore equity shares of ₹ 10 each in July 2014 at a price of ₹ 150 per share amounting to ₹ 420 crores. By such allotment, SBI has infused ₹ 310.80 crores in proportionate to the existing stake, which is 74%.
- h. SBI Capital Markets Ltd. (a wholly owned Subsidiary of SBI) has infused an additional capital of ₹ 25 crores in its wholly owned Subsidiary, SBICAP Securities Ltd.
- i. SBI Capital Markets Ltd. (a wholly owned Subsidiary of SBI) has infused an additional capital of ₹ 38.23 crores in its wholly owned Subsidiary, SBICAP (Singapore) Ltd.
- j. The name of "Deccan Grameena Bank", a RRB sponsored by State Bank of Hyderabad has been changed to "Telangana Grameena Bank" w. e. f. October 20, 2014 as notified in the Gazette of India.
- k. In accordance with notification issued by Govt. of India, the following amalgamation has taken place in between the Regional Rural Bank (RRB) sponsored by State Bank of Bikaner and Jaipur and RRB sponsored by other bank:-

Name of transferor RRBs	Sponsor Bank of transferor RRBs	New Name after Amalgamation of RRBs	Sponsor Bank of transferee RRB	Effective Date of Amalgamation
Marudhara Gramin Bank	State Bank of Bikaner and Jaipur	Rajasthan Marudhara Gramin Bank	State Bank of Bikaner and Jaipur	April 1, 2014
Mewar Aanchalik Gramin Bank	ICICI Bank			

1.2 The consolidated financial statements for the financial year 2014-15 of the Group includes unaudited financial statements of State Bank of India (Canada), a subsidiary and Bank of Bhutan Ltd., an associate.

2. Share capital:

- 2.1 During the year, SBI received application money of ₹ 2,970.00 crores from Government of India against preferential issue of 10,04,77,012 equity shares of ₹ 1 each to Government of India, on March 31, 2015 including share premium of ₹ 2,959.95 crores. The equity shares were allotted on April 1, 2015.
- 2.2 In terms of the provisions of Section 4 of the State Bank of India Act, 1955, the Central Board of the Bank at its meeting held on September 24, 2014 had considered and approved reduction of face value of equity shares of SBI from ₹ 10 per share to ₹ 1 per share and to increase the number of issued shares in proportion thereof. The share split was done on November 21, 2014.
- 2.3 SBI has kept in abeyance the allotment of 8,30,750 (Previous Year 83,075 Equity Shares of ₹ 10/- each) Equity Shares of ₹ 1/- each issued as a part of Rights issue - 2008, since they are subject to title disputes or are subjudice.
- 2.4 Expenses in relation to the issue of shares: Nil (Previous Year ₹ 25.62 crores) debited to Share Premium Account.

3. Disclosures as per Accounting Standards

3.1 Changes in Accounting Policies - Depreciation Policy on Fixed Assets

During the year, the method of depreciation on Fixed Assets has been changed to straight line method (SLM) on the basis of useful life determined on technical evaluation, as against WDV method with Income Tax Rates being used hitherto. Consequent to the change, depreciation of prior period amounting to ₹ 741.77 crores has been found to be in excess and the depreciation charged for the year is higher by ₹ 125.66 crores. As a result the fixed assets and profit before tax are higher by ₹ 616.11 crores.



3.2 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 crores

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 2014	56,863.05	50,109.94	9,176.98	9,287.23
Current Service Cost	1,561.91	1,377.26	219.45	269.73
Interest Cost	5,070.61	4,300.42	833.14	780.71
Past Service Cost (Vested Benefit)	Nil	Nil	(0.02)	0.06
Actuarial losses /(gains)	5,083.47	4,498.58	529.94	(117.85)
Benefits paid	(2,146.26)	(718.94)	(1,216.39)	(1,042.90)
Direct Payment by SBI	(1,903.22)	(2,704.21)	Nil	Nil
Closing defined benefit obligation at 31st March 2015	64,529.56	56,863.05	9,543.10	9,176.98
Change in Plan Assets				
Opening fair value of plan assets at 1st April 2014	53,143.82	44,715.33	9,206.33	8,595.25
Expected Return on Plan assets	4,719.23	3,903.23	794.11	703.92
Contributions by employer	3,731.53	5,079.95	471.60	942.51
Benefits Paid	(2,146.26)	(718.94)	(1,216.39)	(1,042.90)
Actuarial Gains / (Losses) on plan assets	2,437.82	164.25	107.29	7.55
Closing fair value of plan assets at 31st March 2015	61,886.14	53,143.82	9,362.94	9,206.33
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of funded obligation at 31st March 2015	64,529.56	56,863.05	9,543.10	9,176.98
Fair Value of plan assets at 31st March 2015	61,886.14	53,143.82	9,362.94	9,206.33
Deficit/(Surplus)	2,643.42	3,719.23	180.16	(29.35)
Unrecognised Past Service Cost (Vested) Closing Balance	Nil	187.10	Nil	51.59
Net Liability/(Asset)	2,643.42	3,532.13	180.16	(80.94)
Amount Recognised in the Balance Sheet				
Liabilities	64,529.56	56,863.05	9,543.10	9,176.98
Assets	61,886.14	53,143.82	9,362.94	9,206.33
Net Liability / (Asset) recognised in Balance Sheet	2,643.42	3,719.23	180.16	(29.35)
Unrecognised Past Service Cost (Vested) Closing Balance	Nil	187.10	Nil	51.59
Net Liability/ (Asset)	2,643.42	3,532.13	180.16	(80.94)
Net Cost recognised in the profit and loss account				
Current Service Cost	1,561.91	1,377.26	219.45	269.73
Interest Cost	5,070.61	4,300.42	833.14	780.71
Expected return on plan assets	(4,719.23)	(3,903.23)	(794.11)	(703.92)
Past Service Cost (Amortised) Recognised	187.10	187.09	51.57	251.59
Past Service Cost (Vested Benefits) Recognised	Nil	Nil	Nil	Nil
Net Actuarial Losses / (Gains) recognised during the year	2,645.65	4,334.33	422.65	(125.40)
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	4,746.04	6,295.87	732.70	472.71



Particulars	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	4,719.23	3,903.23	794.11	703.92
Actuarial Gains/ (Losses) on Plan Assets	2,437.82	164.25	107.29	7.55
Actual Return on Plan Assets	7,157.05	4,067.48	901.40	711.47
Reconciliation of opening and closing net liability/(asset) recognised in Balance Sheet				
Opening Net Liability as at 1st April 2014	3,532.13	5,020.42	(80.94)	388.80
Expenses as recognised in profit and loss account	4,746.04	6,295.87	732.70	472.71
Paid by SBI Directly	(1,903.22)	(2,704.21)	Nil	Nil
Employer's Contribution	(3,731.53)	(5,079.95)	(471.60)	(942.51)
Past Service Cost	Nil	Nil	Nil	0.06
Net liability/(Asset) recognised in Balance Sheet	2,643.42	3,532.13	180.16	(80.94)

Investments under Plan Assets of Gratuity Fund & Pension Fund as on March 31, 2015 are as follows:

Category of Assets	Pension Fund	Gratuity Fund
	% of Plan Assets	% of Plan Assets
Central Govt. Securities	31.29%	23.90%
State Govt. Securities	22.12%	16.42%
Debt Securities, Money Market Securities and Bank Deposits	42.19%	32.93%
Insurer Managed Funds	0.23%	23.68%
Others	4.17%	3.07%
Total	100.00 %	100.00 %

Principal actuarial assumptions:

Particulars	Pension Plans		Gratuity Plans	
	Current year	Previous year	Current year	Previous year
Discount Rate	8.21% to 8.21%	8.75% to 9.27%	8.21% to 8.21%	8.75% to 9.31%
Expected Rate of return on Plan Asset	8.21% to 9.00%	8.75% to 9.27%	8.00% to 9.00%	8.75% to 9.31%
Salary Escalation	5.00% to 5.00%	5.00% to 5.00%	5.00% to 5.00%	5.00% to 5.00%

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, which has been relied upon by the auditors.

During the year, SBI has aligned its policy with regard to valuation of plan assets from Book Value to Fair Value in accordance with Accounting Standard 15 issued by ICAI. As a result of the change, the value of plan assets has increased by ₹ 2,069.00 crores in respect of Pension Fund and by ₹ 113.87 crores in respect of Gratuity Fund.

3.2.1.2 Employees Provident Fund

Actuarial valuation carried out in respect of interest shortfall in the Provident Fund Trust of SBI, as per Deterministic Approach shows "Nil" liability, hence no provision is made in F.Y. 2014-15.



The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuary appointed by the Bank:-

₹ in crores

Particulars	Provident Fund	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2014	21,804.39	20,742.83
Current Service Cost	527.14	529.53
Interest Cost	1869.09	1,838.65
Employee Contribution (including VPF)	661.66	656.87
Actuarial losses/(gains)	-	-
Benefits paid	(2,363.77)	(1,963.49)
Closing defined benefit obligation at 31st March 2015	22,498.51	21,804.39
Change in Plan Assets		
Opening fair value of Plan Assets as at		
1st April 2014	22,366.42	21,223.41
Expected Return on Plan Assets	1,869.09	1,838.65
Contributions	1,188.80	1,186.40
Benefits Paid	(2,363.77)	(1,963.49)
Actuarial Gains / (Loss) on Plan Assets	137.28	81.45
Closing fair value of plan assets as at 31st March 2015	23,197.82	22,366.42
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at 31st March 2015	22,498.51	21,804.39
Fair Value of Plan assets at 31st March 2015	23,197.82	22,366.42
Deficit/(Surplus)	(699.31)	(562.03)
Net Asset not recognised in Balance Sheet	699.31	562.03
Net Cost recognised in the profit and loss account		
Current Service Cost	527.14	529.53
Interest Cost	1869.09	1,838.65
Expected return on plan assets	(1,869.09)	(1,838.65)
Interest shortfall reversed	-	-
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	527.14	529.53
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2014	-	-
Expense as above	527.14	529.53
Employer's Contribution	(527.14)	(529.53)
Net Liability/(Asset) Recognized in the Balance Sheet	-	-



Investments under Plan Assets of Provident Fund as on March 31, 2015 are as follows:

Category of Assets	Provident Fund
	% of Plan Assets
Central Govt. Securities	40.62%
State Govt. Securities	18.88%
Debt Securities, Money Market Securities and Bank Deposits	0.14%
Public and Private Sector Bonds	36.05%
Insurer Managed Funds	-
Others	4.31%
Total	100.00%

Principal actuarial assumptions:

Particulars	Provident Fund	
	Current year	Previous year
Discount Rate	8.21%	9.35%
Guaranteed Return	8.75%	8.75%
Attrition Rate	2.00%	2.00%

3.2.2 Defined Contribution Plans

3.2.2.1 Employees Provident Fund

An amount of ₹ 33.30 crores (Previous Year ₹ 31.29 crores) is recognised as an expense towards the Provident Fund Scheme by the group (excluding SBI) 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

The Defined Contribution Pension Scheme (DCPS) is applicable to all categories of officers and employees joining the SBI on or after August 01, 2010 and for Domestic Banking Subsidiaries, the scheme is applicable to all categories of officers and employees who join on or after April 01, 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 ₹ 200.10 crores (Previous Year ₹ 160.16 crores) has been contributed in the scheme.

3.2.3 Other Long term Employee Benefits

Amount of ₹ 813.83 crores (Previous Year ₹ (-) 19.56 crores) is provided towards 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 long Term Employees' Benefits during the year;

		₹ in crores	
Sl. No.	Long Term Employees' Benefits	Current Year	Previous Year
1	Privilege Leave (Encashment) incl. leave encashment at the time of retirement	801.28	448.98
2	Leave Travel and Home Travel Concession (Encashment/Availment)	(21.66)	7.00
3	Sick Leave	6.46	(385.64)
4	Silver Jubilee/Long Term Service Award	11.15	(11.14)
5	Resettlement Expenses on Superannuation	13.23	1.07
6	Casual Leave	Nil	(82.55)
7	Retirement Award	3.37	2.72
Total		813.83	(19.56)



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 Segment Reporting:

3.3.1 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 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:

- 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 Management 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.



3.3.2 SEGMENT INFORMATION

PART A: PRIMARY (BUSINESS) SEGMENTS:

₹ in crores

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Insurance Business	Other Banking Operations	Elimination	TOTAL
Revenue	51,867.83 (42,418.29)	85,230.94 (73,300.30)	90,340.03 (89,329.62)	24,476.88 (18,066.15)	4,144.11 (3,388.22)		2,56,059.79 (2,26,502.58)
Unallocated Revenue							1,229.72 (441.98)
Total Revenue							2,57,289.51 (2,26,944.56)
Result	7,331.87 (2,139.86)	1,945.87 (3,653.51)	17,914.50 (18,007.47)	843.39 (718.43)	1,361.91 (948.79)		29,397.54 (25,468.06)
Unallocated Income(+)/ Expenses(-) net							-3,542.97 (-4,142.52)
Operating Profit (PBT)							25,854.57 (21,325.54)
Taxes							8,337.20 (6,836.07)
Extraordinary Profit/Loss							- (-)
Net Profit before share in profit in Associates and Minority Interest							17,517.37 (14,489.47)
Add: Share in Profit in Associates							314.44 (317.73)
Less: Minority Interest							837.51 (633.43)
Net Profit for the Group							16,994.30 (14,173.77)
Other Information:							
Segment Assets	6,44,061.54 (5,45,105.61)	10,35,488.78 (9,44,851.52)	9,07,679.97 (8,12,863.85)	76,948.47 (62,451.99)	13,468.53 (10,975.68)		26,77,647.29 (23,76,248.65)
Unallocated Assets							22,462.73 (20,246.65)
Total Assets							27,00,110.02 (23,96,495.38)
Segment Liabilities	3,66,954.63 (264,556.11)	9,58,490.64 (8,16,172.78)	10,59,909.52 (10,33,771.53)	72,072.91 (58,592.60)	9,110.23 (7,239.78)		24,66,537.93 (21,80,332.80)
Unallocated Liabilities							72,184.55 (68,791.97)
Total Liabilities							25,38,722.48 (22,49,124.77)

PART B: SECONDARY (GEOGRAPHIC) SEGMENTS

₹ in crores

	Domestic Operations	Foreign Operations	TOTAL
Revenue	2,46,689.00 (2,16,975.27)	10,600.51 (9,969.29)	2,57,289.51 (2,26,944.56)
Results	24,854.59 (22,136.04)	4,542.95 (3,332.02)	29,397.54 (25,468.06)
Assets	23,78,661.71 (21,09,119.12)	3,21,448.31 (2,87,376.18)	27,00,110.02 (23,96,495.30)
Liabilities	22,20,650.02 (19,65,113.49)	3,18,072.46 (2,84,011.28)	25,38,722.48 (22,49,124.77)

(i) Income/Expenses are for the whole year. Assets/Liabilities are as at March 31, 2015.

(ii) Figures within brackets are for previous year



3.4 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 Private Ltd.
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.

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. Kaveri Grameena Bank
6. Langpi Dehangi Rural Bank
7. Madhyanchal Gramin Bank
8. Malwa Gramin Bank
9. Meghalaya Rural Bank
10. Mizoram Rural Bank
11. Nagaland Rural Bank
12. Purvanchal Bank
13. Rajasthan Marudhara Gramin Bank
14. Saurashtra Gramin Bank

15. Telangana Grameena Bank
16. Utkal Grameen Bank
17. Uttarakhand Gramin Bank
18. Vananchal Gramin Bank

ii) Others

19. The Clearing Corporation of India Ltd.
20. Bank of Bhutan Ltd.
21. SBI Home Finance Ltd. (under winding up)

C) Key Management Personnel of the Bank:

1. Smt. Arundhati Bhattacharya, Chairman
2. Shri Hemant G. Contractor, Managing Director & Group Executive (International Banking) (upto 30.04.2014)
3. Shri A. Krishna Kumar
 - Managing Director & Group Executive (National Banking) (upto 16.04.2014)
 - Managing Director & Group Executive (International Banking) (17.04.2014 to 30.11.2014)
 - Managing Director & Group Executive (International Banking) (additional charge of Managing Director & Group Executive (National Banking) (from 01.05.2014 to 16.07.2014)
4. Shri S. Vishvanathan, Managing Director & Group Executive (Associates & Subsidiaries) (upto 30.04.2014)
5. Shri P. Pradeep Kumar
 - Managing Director & Group Executive (Corporate Banking)
 - Managing Director & Group Executive (International Banking) (additional charge of Managing Director & Group Executive (Associates & Subsidiaries) (from 01.05.2014 to 16.07.2014)



6. Shri V.G. Kannan, Managing Director & Group Executive (Associates & Subsidiaries) (from 17.07.2014)
7. Shri B. Sriram, Managing Director & Group Executive (National Banking) (from 17.07.2014)

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 are not required to be disclosed in respect of Key Management Personnel and relatives of Key Management Personnel.

3.4.3 Transactions and Balances:

₹ in crores

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
Transactions during the year 2014-15			
Interest Income	-	-	-
	(0.02)	(-)	(0.02)
Interest Expenditure	2.78	-	2.78
	(4.00)	(-)	(4.00)
Income earned by way of Dividend	33.82	-	33.82
	(12.24)	(-)	(12.24)
Other Income	-	-	-
	(3.50)	(-)	(3.50)
Other Expenditure	9.01	-	9.01
	(9.01)	(-)	(9.01)
Management Contract	308.94	1.03	309.97
	(267.08)	(1.08)	(268.16)
Outstanding as on 31st March 2015			
Payables			
Deposit	36.06	-	36.06
	(95.40)	(-)	(95.40)
Other Liabilities	29.45	-	29.45
	(16.32)	(-)	(16.32)
Receivables			
Balances with Banks	2.12	-	2.12
	(-)	(-)	(-)
Investments	41.55	-	41.55
	(41.55)	(-)	(41.55)
Advances	0.24	-	0.24
	(-)	(-)	(-)
Other Assets	0.34	-	0.34
	(0.30)	(-)	(0.30)
Maximum outstanding during the year			
Borrowings	-	-	-
	(-)	(-)	(-)
Deposit	57.32	-	57.32
	(100.87)	(-)	(100.87)
Other Liabilities	87.46	-	87.46
	(64.80)	(-)	(64.80)
Balance with Banks	5.94	-	5.94
	(-)	(-)	(-)
Advances	0.52	-	0.52
	(2.02)	(-)	(2.02)



Particulars	Associates/	Key Management	Total
	Joint Ventures	Personnel & their relatives	
Investment	41.55 (41.55)	- (-)	41.55 (41.55)
Other Assets	0.34 (0.30)	- (-)	0.34 (0.30)
Non-fund commitments (LCs/BGs)	- (-)	- (-)	- (-)

(Figures in brackets pertain to previous year)

There are no material significant related party transactions during the year.

3.5 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 crores

Particulars	Current Year	Previous Year
Total Minimum lease payments outstanding		
Less than 1 year	5.12	5.68
1 to 5 years	5.43	9.11
5 years and above	-	-
Total	10.55	14.79
Interest Cost payable		
Less than 1 year	0.89	1.49
1 to 5 years	0.51	1.09
5 years and above	-	-
Total	1.40	2.58
Present value of minimum lease payments payable		
Less than 1 year	4.23	4.19
1 to 5 years	4.92	8.02
5 years and above	-	-
Total	9.15	12.21

3.5.2 Operating Lease*

Premises taken on operating lease are given below:

₹ in crores

Particulars	Current Year	Previous Year
Not later than 1 year	262.05	209.55
Later than 1 year and not later than 5 years	836.60	608.53
Later than 5 years	222.21	157.73
Total	1,320.86	975.81
Amount of lease payments recognised in the P&L Account for the year.	1,744.10	235.15

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the group entities.

* In respect of Non-Cancellable leases only.

3.6 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 after tax (other than minority) by the weighted average number of equity shares outstanding during the year.

Particulars	Current Year	Previous Year
Basic and diluted		
Number of Equity Shares outstanding at the beginning of the year	7,46,57,30,920	6,84,03,39,710
Number of Equity Shares issued during the year	-	62,53,91,210
Number of Equity Shares outstanding at the end of the year	7,46,57,30,920	7,46,57,30,920
Weighted average number of equity shares used in computing basic earning per share	7,46,57,30,920	6,94,78,39,100
Weighted average number of shares used in computing diluted earning per share	7,46,60,06,199	6,94,78,39,100
Net profit (Other than minority) (₹ in crores)	16,994.30	14,173.77
Basic earnings per share (₹)	22.76	20.40
Diluted earnings per share (₹)	22.76	20.40
Nominal value per share (₹)	1.00	1.00

* The face value of shares of the Bank was split from ₹ 10 per share to ₹ 1 per share w.e.f. November 22, 2014. All the shares and per share information reflect the effect of the split for each period presented.



Diluted earnings per share is computed taking into consideration the amount received for equity shares allotted on April 1, 2015.

3.7 Accounting for Taxes on Income:

- i) During the year, ₹ 1,049.64 crores has been credited to Profit and Loss Account [Previous Year ₹ 1,173.66 crores debited] on account of deferred tax.
- ii) The break up of deferred tax assets and liabilities into major items is given below:

₹ in crores

Particulars	As at 31-Mar-2015	As at 31-Mar-2014
Deferred Tax Assets		
Provision for Defined Benefit Schemes on account of Wage Revision	954.34	364.66
Provision for long term Employee Benefits	2,235.65	1,632.72
Provision/Additional Provision on Specified Restructured Standard/ Standard Assets over the specified RBI Prudential Norms	1,745.05	837.07
Depreciation on Fixed Assets	(0.23)	14.37
Provision for non performing assets	195.67	205.78
Others	690.95	845.85
Total	5,821.43	3,900.45
Deferred Tax Liabilities		
Depreciation on Fixed Assets	210.79	28.02
Interest on securities	3,660.78	3,441.43
Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961	3,196.64	2,541.06 \$
Others	470.94	863.33
Total	7,539.15	6,873.84
Net Deferred Tax Assets/(Liabilities)	(1,717.72)	(2,973.39)

\$ Includes ₹ 2,052.76 crores transferred from Revenue and Other reserves in accordance with RBI circular.

3.8 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 Provisions, Contingent Liabilities & Contingent Assets:

➤ Break up of provisions:

₹ in crores

Particulars	Current Year	Previous Year
a) Provision for Taxation		
- Current Tax	9375.30	5,650.56
- Deferred Tax	(1,049.64)	1,173.66
- Other Taxes	11.54	11.85
b) Provision on Non-Performing Assets	20,010.91	17,465.50
c) Provision on Restructured Assets	1,563.63	871.80
d) Provision on Standard Assets	2,918.48	1,568.87
e) Provision for Depreciation on Investments	(663.07)	876.27
f) Other Provisions	578.34	(11.20)
Total	32,745.49	27,607.31

(Figures in brackets indicate credit)

➤ Floating provisions:

₹ in crores

Particulars	Current Year	Previous Year
a) Opening Balance	362.37	479.22
b) Addition during the year	-	-
c) Draw down during the year	140.32	116.85
d) Closing balance	222.05	362.37



➤ **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 crores

Particulars	Current Year	Previous Year
a) Opening Balance	790.46	557.97
b) Additions during the year	378.00	260.68
c) Reductions during the year	90.55	28.19
d) Closing balance	1,077.91	790.46



- 4 In respect of SBI Life Insurance Company Ltd., IRDA 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 crores 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 crores respectively to the members or the beneficiaries. 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.
- 5 The investments of life and general insurance subsidiaries have been accounted in accordance with the IRDA (Investment Regulations) 2000 instead of restating the same in accordance with the accounting policy followed by the banks. The investments of insurance subsidiaries constitute approximate 9.97% (Previous Year 9.69%) of the total investments as on March 31, 2015.
- 6 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.
- 7 Additional statutory information disclosed in separate financial statements of the parent and the 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 general clarifications issued by ICAI.

8 Pending Wage Agreement

The Ninth Bipartite Settlement entered into by the Indian Banks' Association on behalf of the member Banks with the All India Unions of Workmen expired on October 31, 2012. In accordance with the understanding reached by IBA, pending the execution of agreement for wage revision, to be effective from November 01, 2012, SBI and its domestic banking subsidiaries have made a provision of ₹ 3,019.28 crores (Previous year ₹ 2,353.27 crores) during the year considering 15% increase in salary and allowances on salary slip component. In addition

to the above, SBI and its Domestic Banking Subsidiaries (excluding State Bank of Mysore), on estimated basis have made a provision of ₹ 694.59 crores (Previous year ₹ 652.30 crores) towards Superannuation and other long term employee benefits.

The total provision held by the Group on account of wage revision (including towards Superannuation and other long term employee benefits) as on March 31, 2015 is ₹ 8,757.90 crores (previous year ₹ 5,044.03 crores)

9 Unhedged Foreign Currency Exposure

SBI and its Domestic Banking Subsidiaries, in accordance with RBI Circular No. DBOD. No.BP.85/21.06.200/2013-14 dated January 15, 2014 on 'Capital and Provisioning Requirements for Exposure to entities with Unhedged Foreign Currency Exposure' has provided for ₹ 354.12 crores.

10 Sale of Assets to Reconstruction Companies

The shortfall on account of sale of assets to Reconstruction Companies amounting to ₹ 3,897.04 crores is being amortized over a period of two years, in terms of RBI Circular DBOD. BP.BC.No.98/21.04.132/ 2013-14 dated February 26, 2014. Consequently, ₹ 887.13 crores has been charged to the Profit & Loss Account for the year ended March 31, 2015. The amount unamortised as at March 31, 2015 is ₹ 3,009.91 crores.

11 Counter Cyclical Buffer

RBI vide Circular No. DBOD. No.BP.95/21.04.048/2013-14 dated February 7, 2014 on 'Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer' has allowed the banks, to utilise up to 33 per cent of Counter Cyclical Provisioning Buffer (CCPB) held by them as on March 31, 2013, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors. Accordingly, SBI has utilized the CCPB of ₹382 crores (₹750 Crores utilised in the FY 2013-14) for making specific provision for NPAs, in accordance with the board approved policy and approval of the Board.

Further, 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 31st December 2014, for



making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors. Accordingly, Domestic Banking Subsidiaries have utilized the CCPB of ₹ 79.19 crores for making specific provision for NPAs, in accordance with the board approved policy and approval of the Board.

- 12 Previous year's figures have been regrouped/reclassified, wherever necessary, to conform 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.

In term of our Report of even date
For **S. VENKATRAM & CO.**
Chartered Accountants

(ARUNDHATI BHATTACHARYA)
CHAIRMAN

(G. NARAYANASWAMY)
Partner

(V. G. KANNAN)
MD & GE (A&S)

(B. SRIRAM)
MD & GE (Nat. Bkg.)

(P. PRADEEP KUMAR)
MD & GE (Corp. Bkg.)

Mem. No. : 002161
Firm Regn. No. : 004656 S

KOLKATA
Dated 22nd May 2015



State Bank of India

Consolidated Cash flow statement for the year ended 31st March, 2015

(000s omitted)

PARTICULARS	Year ended 31.03.2015 ₹	Year ended 31.03.2014 ₹
Cash flow from operating activities		
Net Profit before taxes	25331,49,77	21009,84,23
<u>Adjustments for :</u>		
Depreciation on Fixed Assets	1581,49,38	1942,42,53
(Profit)/Loss on sale of Fixed Assets (Net)	51,28,58	46,23,72
(Profit)/Loss on sale of Investments (Net) (Investing Activity)	-	55,13,96
(Profit)/Loss on revaluation of Investments (Net)	(1786,05,64)	(1882,38,03)
Provision on Non Performing Assets	21574,53,58	18337,29,64
Provision on Standard Assets	2918,47,70	1568,87,36
Provision for depreciation on Investments	(663,06,38)	876,27,38
Other Provisions	578,33,91	(11,19,91)
Share in Profit of Associates (Investing Activity)	(314,44,18)	(317,73,35)
Dividend from Associates (Investing Activity)	(17,38,47)	(2,28,75)
Interest on Capital Instruments (Financing Activity)	4894,70,92	4776,41,04
SUB TOTAL	54149,39,17	46398,89,82
<u>Adjustments for :</u>		
Increase/(Decrease) in Deposits	214108,43,23	211449,74,46
Increase/(Decrease) in Borrowings other than Capital Instruments	19761,57,51	17745,47,76
(Increase)/Decrease in Investments other than Investment in Associates	(113528,30,12)	(58648,67,47)
(Increase)/Decrease in Advances	(135509,18,39)	(204005,94,91)
Increase/(Decrease) in Other Liabilities & Provisions	45919,41,32	6851,94,41
(Increase)/Decrease in Other Assets	(30981,06,60)	11951,54,81
SUB TOTAL	53920,26,12	31742,98,88
Taxes Paid	(7517,36,65)	(12601,31,18)
Net cash generated from / (used in) operating activities (A)	46402,89,47	19141,67,70



PARTICULARS	Year ended 31.03.2015 ₹	Year ended 31.03.2014 ₹
Cash flow from investing activities		
(Increase)/Decrease in Investments in Associates	1,37,27	(140,46,31)
Dividend received from Associates	17,38,47	2,28,75
(Increase)/Decrease in Fixed Assets	(3452,29,40)	(3178,51,79)
(Increase)/Decrease in Goodwill on Consolidation	3,13,15	(219,79,75)
Net Cash generated from / (used in) investing activities	(B) (3430,40,51)	(3536,49,10)
Cash flow from financing activities		
Proceeds from issue of equity share capital	-	10006,02,70
Share Application Money pending allotment received	2970,00,00	-
Increase/(Decrease) in Capital Instruments	1142,18,25	2291,03,50
Interest on Capital Instruments	(4894,70,92)	(4776,41,04)
Dividends paid including tax thereon	(1236,33,43)	(4508,37,72)
Dividends tax paid by subsidiaries/jvs	(122,38,00)	(84,50,02)
Increase/(Decrease) in Minority Interest	587,96,68	655,28,97
Net Cash generated from / (used in) financing activities	(C) (1553,27,42)	3583,06,39
Effect of exchange fluctuation on translation reserve	(D) 6,00,95	2745,36,88
Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)+(D)	41425,22,49	21933,61,87
Cash and Cash equivalents at the beginning of the year	167161,34,47	145227,72,60
Cash and Cash equivalents at the end of the year	208586,56,96	167161,34,47

In term of our Report of even date
For **S. VENKATRAM & CO.**
Chartered Accountants

(ARUNDHATI BHATTACHARYA)
CHAIRMAN

(G. NARAYANASWAMY)
Partner

(V. G. KANNAN)
MD & GE (A&S)

(B. SRIRAM)
MD & GE (Nat. Bkg.)

(P. PRADEEP KUMAR)
MD & GE (Corp. Bkg.)

Mem. No. : 002161
Firm Regn. No. : 004656 S

KOLKATA
Dated 22nd May 2015



Independent Auditor's Report

To,
The Board of Directors,
State Bank of India,
Corporate Centre,
State Bank Bhavan,
Mumbai

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") which comprise the Consolidated Balance Sheet as at March 31, 2015, 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.
2. Incorporated in these consolidated financial statements are the: (i) audited accounts of the Bank audited by 14 (fourteen) Joint Auditors including us which reflect total assets of ₹ 20,48,079.80 crores as at March 31, 2015, total revenue of ₹ 1,74,972.97 crores, profits of ₹. 13,101.57 crores and net cash inflows amounting to ₹ 42,311.67 crores for the year then ended; (b) Audited accounts of 28 (twenty eight) Subsidiaries, 8 (eight) Joint Ventures and 20 (twenty) Associates audited by other auditors whose financial statements reflects the Group's share in total assets of ₹. 6,66,304.71 crores as at March 31, 2015, the Group's share in total revenue of ₹. 84,232.41 crores, the Group's share in net cash inflows amounting to ₹ 578.75 crores, and the Group's share in profit from associates of ₹ 317.15 crores for the year then ended; (c) Unaudited accounts of 1 (one) Subsidiary and 1 (one) Associate whose financial statements reflect total assets of ₹ 3,432.20 crores as at March 31, 2015, total revenue of ₹ 138.76 crores, net cash outflows amounting to ₹ 792.40 crores and the Group's share in loss from associates of ₹ 2.71 crores for the year then ended. 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.
3. We did not audit the financial statements of its Subsidiaries, Joint Ventures and Associates. These financial statements have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of other entities, is based solely on the report of the other auditors.

4. We have relied on the unaudited financial statements of 1 (one) subsidiary and 1 (one) associate, which have been consolidated on the basis of management certified financial statements.

Management's Responsibility for the Financial Statements

5. The Management of State Bank of India is responsible for the preparation of these 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 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 relevant to the preparation and presentation of the financial statements of the Group that give a true and fair view and are free from material misstatement, whether due to fraud or error. In making those risk assessments, the managements of the individual entities of the Group have implemented such internal controls that are relevant to the preparation of the financial statements and designed procedures that are appropriate in the circumstances so that the internal control with regard to all the activities of the Group are effective.

Auditor's Responsibility

6. Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.
7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement



of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation 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 financial statements.

8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
9. The Audit Reports/Management Certifications on the financial statements of the Subsidiaries/Joint Ventures/Associates of State Bank of India have been forwarded to us and dealt with in preparing our report in the manner considered by us and our opinion is based solely on the reports of the other auditors/management certificates.

Opinion

10. Subject to the limitations as indicated in Para 1 to 9 hereinabove, based on our audit and on 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 an associate, in our opinion and to the best of our information and according to the explanations given to us, 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, 2015;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated profit 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.

Emphasis of Matter

11. Without qualifying our opinion, we draw attention to schedule 18: 'Notes to Accounts' regarding:
 - i) Note no. 3.1: change in method/rate of depreciation on Fixed Assets resulting in an increase in profit by ₹ 616.11 crores.
 - ii) Note no. 3.2.1.1: change in valuation of Plan Assets of long-term benefits from Book Value to Fair Value, resulting in increase in the value of Plan Assets by ₹ 2,182.87 crores.
 - iii) Note no. 10: amortization of ₹ 3,009.91 crores on account of loss on sale of assets to Reconstruction Companies.
 - iv) Note no. 11: utilization of Counter Cyclical Buffer of ₹ 461.19 crores during the year.

Our opinion is not qualified in respect of the above stated matters.

For S. VENKATRAM & Co.,
Chartered Accountants
Firm Regn. No. 004656 S

(G. Narayanaswamy)

Place: Kolkata
Dated: 22nd May, 2015

Partner
M. No. 002161



Pillar 3 Disclosures (Consolidated) as at 31st March, 2015

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 comprise 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 31.03.2015

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	State Bank of Bikaner and Jaipur	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
2	State Bank of Hyderabad	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
3	State Bank of Mysore	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
4	State Bank of Patiala	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
5	State Bank of Travancore	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
6	SBI Capital Markets Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
7	SBICAP Securities Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
8	SBICAP Ventures Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
9	SBICAP Trustee Company Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
10	SBICAP (UK) Ltd.	U.K.	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
11	SBICAP (Singapore) Ltd.	Singapore	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
12	SBI DFHI Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
13	SBI Payment Services Pvt. Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
14	SBI Global Factors Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
15	SBI Pension Funds Pvt Ltd.	India	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 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
16	SBI -SG Global Securities Services Pvt. Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
17	SBI Mutual Fund Trustee Company Pvt Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
18	SBI Funds Management Pvt. Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
19	SBI Funds Management (International) Private Ltd.	Mauritius	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
20	SBI Cards and Payment Services Pvt. Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
21	State Bank of India (California)	USA	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
22	State Bank of India (Canada)	Canada	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
23	Commercial Indo Bank Llc, Moscow	Russia	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
24	SBI (Mauritius) Ltd.	Mauritius	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
25	PT Bank SBI Indonesia	Indonesia	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
26	Nepal SBI Bank Ltd.	Nepal	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
27	State Bank of India (Botswana) Ltd.	Botswana	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
28	SBI Life Insurance Company Ltd.	India	Yes	Consolidated as per AS 21	No	Not applicable	Not applicable	Insurance Entity:Not under scope of Regulatory Consolidation
29	SBI General Insurance Company Ltd.	India	Yes	Consolidated as per AS 21	No	Not applicable	Not applicable	Insurance Entity:Not under scope of Regulatory Consolidation
30	C - Edge Technologies Ltd.	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	JV Entity:Not under scope of Regulatory Consolidation
31	GE Capital Business Process Management Services Pvt Ltd.	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	JV Entity:Not under scope of Regulatory Consolidation
32	SBI Macquarie Infrastructure Management Pvt. Ltd.	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	JV Entity: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
33	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	JV Entity:Not under scope of Regulatory Consolidation
34	Macquarie SBI Infrastructure Management Pte. Ltd.	Singapore	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	JV Entity:Not under scope of Regulatory Consolidation
35	Macquarie SBI Infrastructure Trustee Ltd.	Bermuda	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	JV Entity:Not under scope of Regulatory Consolidation
36	Oman India Joint Investment Fund – Management Company Pvt. Ltd.	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	JV Entity:Not under scope of Regulatory Consolidation
37	Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	JV Entity: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 Entity:Not under scope of Regulatory Consolidation
39	Arunachal Pradesh Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
40	Chhattisgarh Rajya Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
41	Ellaquai Dehati Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
42	Meghalaya Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
43	Langpi Dehangi Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
44	Madhyanchal Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity: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
45	Mizoram Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
46	Nagaland Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
47	Purvanchal Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
48	Utkal Grameen Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
49	Uttarakhand Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
50	Vananchal Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
51	Saurashtra Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
52	Rajasthan Marudhara Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
53	Telangana Grameena Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
54	Kaveri Grameena Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
55	Malwa Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity: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
56	The Clearing Corporation of India Ltd.	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity: Not under scope of Regulatory Consolidation
57	Bank of Bhutan Ltd.	Bhutan	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity: Not under scope of Regulatory Consolidation
58	SBI Home Finance Ltd.	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity: Not under scope of Regulatory Consolidation

b. List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation as on 31.03.2015

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)
NIL							

(ii) Quantitative Disclosures:

c. List of group entities considered for regulatory consolidation as on 31.03.2015

Following is the list of group entities considered under regulatory scope of consolidation:

(₹ in crores)

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	State Bank of Bikaner and Jaipur	India	Banking Services	6,012.68	102,301.54
2	State Bank of Hyderabad	India	Banking Services	9,596.56	154,502.78
3	State Bank of Mysore	India	Banking Services	4,932.37	79,468.93
4	State Bank of Patiala	India	Banking Services	7,244.26	116,709.10
5	State Bank of Travancore	India	Banking Services	5,252.35	105,595.43
6	SBI Capital Markets Ltd.	India	Merchant Banking and Advisory Services	1,018.77	1,137.37
7	SBICAP Securities Ltd.	India	Securities Broking & its allied services and third party distribution of financial products	130.98	180.52



(₹ in crores)

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)
8	SBICAP Ventures Ltd.	India	Asset Management Company for Venture Capital Fund	3.49	3.56
9	SBICAP Trustee Company Ltd.	India	Corporate Trusteeship Activities	39.32	41.30
10	SBICAP (UK) Ltd.	U.K.	Arrangement of corporate finance & providing advisory services	20.44	20.70
11	SBICAP (Singapore) Ltd.	Singapore	Business & management Consultancy Services	59.66	60.37
12	SBI DFHI Ltd.	India	Primary Dealer in Govt. Securities	981.60	4,108.58
13	SBI Payment Services Pvt. Ltd.	India	Merchant Acquiring Business related services	1.82	1.92
14	SBI Global Factors Ltd.	India	Factoring Activities	321.95	786.98
15	SBI Pension Funds Pvt Ltd.	India	Management of assets of NPS Trust allocated to them	33.59	34.26
16	SBI –SG Global Securities Services Pvt. Ltd.	India	Custody and Fund Accounting Services	79.02	82.07
17	SBI Mutual Fund Trustee Company Pvt Ltd.	India	Trusteeship Services to schemes floated by SBI Mutual Fund	20.45	20.46
18	SBI Funds Management Pvt. Ltd.	India	Asset Management Services to schemes floated by SBI Mutual Fund	537.77	675.12
19	SBI Funds Management (International) Private Ltd.	Mauritius	Investment Management Services	1.46	1.66
20	SBI Cards and Payment Services Pvt. Ltd.	India	Credit Cards Business	965.63	6,148.09
21	State Bank of India (California)	USA	Banking Services	772.43	4,576.93
22	State Bank of India (Canada)	Canada	Banking Services	630.29	3,432.20
23	Commercial Indo Bank Llc., Moscow	Russia	Banking Services	118.59	571.53
24	SBI (Mauritius) Ltd.	Mauritius	Banking Services	1,145.08	6,365.81
25	PT Bank SBI Indonesia	Indonesia	Banking Services	260.74	1,601.59
26	Nepal SBI Bank Ltd.	Nepal	Banking Services	316.95	3,898.95
27	State Bank of India (Botswana) Ltd.	Botswana	Banking Services	37.04	127.32

\$ 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 the banking group: NIL

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:

- | | |
|--|--|
| ▶ Credit Risk | ▶ Market Risk |
| ▶ Operational Risk | ▶ Credit Concentration Risk |
| ▶ Liquidity Risk | ▶ Interest Rate Risk in the Banking Book |
| ▶ Compliance Risk | ▶ Country Risk |
| ▶ Pension Fund Obligation Risk | ▶ New Businesses Risk |
| ▶ Reputation Risk | ▶ Strategic Risk |
| ▶ Residual Risk from Credit Risk Mitigants | ▶ Model Risk |
| ▶ Settlement Risk | ▶ Contagion Risk |
| | ▶ Securitization Risk |

▶ 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.

▶ CRAR of the Bank and for the Group as a whole is estimated to be well above the Regulatory CAR of 9% 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.

▶ 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 I / AT I / Tier II 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	₹ 1,22,801.41 crores
▶ Securitization exposures	Nil

Total ₹ 1,22,801.41 crores

(c) Capital requirements for Market Risk:

▶ Standardized duration approach;	
• Interest Rate Risk	₹ 8363.48 crores
• Foreign Exchange Risk (including gold)	₹158.03 crores
• Equity Risk	₹2594.80 crores

Total ₹11,116.31 crores

(d) Capital requirements for Operational Risk:

▶ Basic Indicator Approach	₹12,113.96 crores
▶ The Standardized Approach (if applicable)	

Total ₹12,113.96 crores

(e) Common Equity Tier 1, Tier 1 and Total Capital Ratios:

CAPITAL ADEQUACY RATIOS AS ON 31.03.2015

	CET 1 (%)	Tier 1 (%)	Total (%)
▶ For the top consolidated group; and			
SBI Group	9.13	9.49	12.00
▶ For significant bank subsidiaries (stand alone or sub-consolidated depending on how the Framework is applied)			
State Bank of India	9.31	9.60	12.00
State Bank of Bikaner & Jaipur	8.81	9.01	11.57
State Bank of Hyderabad	8.86	9.18	11.26
State Bank of Mysore	8.21	8.36	11.42
State Bank of Patiala	8.41	8.66	12.06
State Bank of Travancore	8.61	8.90	10.89
SBI (Mauritius) Ltd.	23.66	23.66	24.42
State Bank of India (Canada)	19.23	19.23	22.26
State Bank of India (California)	16.54	16.54	17.69
Commercial Indo Bank LLC, Moscow	29.40	29.40	29.40
Bank SBI Indonesia	22.12	22.12	22.71
Nepal SBI Bank Ltd.	11.52	11.52	14.70
State Bank of India (Botswana) Ltd.	122.13	122.13	122.13



DF-3: CREDIT RISK: GENERAL DISCLOSURES FOR ALL BANKS

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to credit risk

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.

'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 crores 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.

DF-3: Quantitative Disclosures

General Disclosures:		Amount - ₹in crores		
Quantitative Disclosures		Fund Based	Non Fund Based	Total
b	Total Gross Credit Risk Exposures	1737896.30	496900.73	2234797.03
c	Geographic Distribution of Exposures : FB / NFB			
	Overseas	243767.95	34149.38	277917.33
	Domestic	1494128.35	462751.35	1956879.70
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"		
f	Amount of NPAs (Gross) i.e. Sum of (i to v)			74626.63
	i. Substandard			23611.17
	ii. Doubtful 1			16657.96
	iii. Doubtful 2			26814.26
	iv. Doubtful 3			4329.58
	v. Loss			3213.66
g	Net NPAs			37813.96
h	NPA Ratios			
	i) Gross NPAs to gross advances			4.29%
	ii) Net NPAs to net advances			2.24%
i	Movement of NPAs (Gross)			
	i) Opening balance			80641.81
	ii) Additions			45810.39
	iii) Reductions			51825.57
	iv) Closing balance			74626.63
j	Movement of provisions for NPAs			
	i) Opening balance			38425.88
	ii) Provisions made during the period			23581.83
	iii) Write-off			25113.13
	iv) Write-back of excess provisions			81.91
	v) Closing balance			36812.67
k	Amount of Non-Performing Investments			584.41
l	Amount of Provisions held for Non-Performing Investments			574.33



General Disclosures:		Amount - ₹ in crores		
Quantitative Disclosures		Fund Based	Non Fund Based	Total
m	Movement of Provisions for Depreciation on Investments			
	i) Opening balance			1946.92
	ii) Provisions made during the period			171.55
	iii) Add: Foreign Exchange Revaluation Adj.			33.29
	iv) Write-off			588.95
	v) Write-back of excess provisions			884.53
	vi) Closing balance			678.28

Table- A: DF-3 (d) Industry Type Distribution of Exposures as on 31.03.2015

		Amount - ₹ in crores.			
CODE	INDUSTRY	FUND BASED [Outstanding-O/s)]			NON-FUND BASED(O/s)
		Standard	NPA	Total	
1	Coal	3,776.83	406.38	4,183.21	2954.70
2	Mining	6,947.44	648.84	7,596.28	3629.59
3	Iron & Steel	122,160.37	6,846.85	129,007.22	31648.73
4	Metal Products	39,208.31	1,814.42	41,022.73	8713.47
5	All Engineering	38,354.11	3,156.20	41,510.31	72050.01
51	Of which Electronics	12,427.02	1,097.70	13,524.72	10831.81
6	Electricity	28,292.87	83.88	28,376.75	2012.58
7	Cotton Textiles	37,236.49	2,667.18	39,927.06	4999.81
8	Jute Textiles	427.92	179.82	607.74	59.89
9	Other Textiles	21,625.68	2,087.67	23,713.35	2054.68
10	Sugar	9,163.14	307.05	9,470.19	694.21
11	Tea	761.38	29.62	791.00	58.32
12	Food Processing	34,863.78	4,222.68	39,104.05	2381.03
13	Vegetable Oils & Vanaspati	7,787.00	1,474.39	9,253.29	5853.73
14	Tobacco / Tobacco Products	698.65	10.83	594.33	292.33
15	Paper / Paper Products	5,703.05	1,346.58	6,984.05	949.68
16	Rubber / Rubber Products	7,180.37	312.41	7,426.61	1668.63
17	Chemicals / Dyes / Paints etc.	78,263.34	4,185.67	82,487.23	47765.13
171	Of which Fertilizers	14,851.23	52.55	14,903.78	5352.27
172	Of which Petrochemicals	41,061.02	719.75	41,757.38	32362.22
173	Of which Drugs & Pharmaceuticals	10,797.70	2,593.45	13,420.87	2038.23
18	Cement	10,264.88	423.88	10,688.76	2546.25
19	Leather & Leather Products	2,696.29	99.16	2,795.45	422.37
20	Gems & Jewellery	18,401.60	2,558.42	20,960.02	1990.37
21	Construction	12,769.57	153.71	12,907.14	3616.80
22	Petroleum	53,782.01	457.69	54,242.92	16519.63
23	Automobiles & Trucks	12,692.08	95.61	12,796.28	5853.97
24	Computer Software	2,588.43	1,110.60	3,718.27	5963.43
25	Infrastructure	249,417.80	9,007.16	258,574.06	74491.84
251	Of which Power	132,655.59	2,646.99	135,302.58	21966.08
252	Of which Telecommunication	38,320.99	1,036.29	39,357.28	20210.96
253	Of which Roads & Ports	30,618.05	2,636.63	33,254.68	13937.46
26	Other Industries	110,366.50	2,264.97	112,631.47	42422.39
27	NBFCs & Trading	153,456.47	6,836.57	160,293.04	53461.29
28	Residual Advances	594,395.10	21,838.39	616,233.49	101825.87
	Total	1,663,269.67	74,626.63	1,737,896.30	496900.73



Table- B DF-3 (e) SBI (CONSOLIDATED) Residual contractual maturity breakdown of assets as on 31.03.2015*

[₹ in crores.]

		1-14 days	15-28 days	29 days & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	TOTAL
1	Cash	17572.50	0.27	0.92	0.96	8.21	9.44	0	0	17592.30
2	Balances with RBI	49542.65	1097.57	2955.35	3823.59	13940.17	18696.05	9723.81	26754.70	126533.89
3	Balances with other Banks	23652.92	1854.19	6889.18	5106.09	9230.77	10723.70	4920.15	2010.92	64387.92
4	Investments	10558.31	7722.86	23054.22	20503.62	30442.02	97501.37	105348.01	341627.76	636758.17
5	Advances	127511.62	23122.78	101226.00	98494.40	123524.58	807432.64	163011.19	249952.76	1694275.98
6	Fixed Assets	0	0	0.01	2.49	0	2.31	32.45	12559.81	12597.07
7	Other Assets	40057.26	4149.91	9101.45	7453.10	2495.85	11183.31	1688.93	12284.18	88413.99
	TOTAL	268895.26	37947.58	143227.14	135384.25	179641.60	945548.83	284724.53	645190.13	2640559.32

*Insurance entities, Non-financial entities, Special Purpose Vehicles & Intra-group Adjustments are excluded

DF-4: CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

Qualitative Disclosures

(a) For portfolios under the standardized approach:

- ▶ 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 and Brickwork (Domestic Credit Rating Agencies) and FITCH, Moody's 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 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 pari passu 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 pari passu 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 31.03.2015

(₹ in crores)

	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
	1394384.78
	100% Risk Weight
	519929.48
	More than 100% Risk Weight
	317243.03
	Deducted
	3239.74
	Total
	2234797.03



DF-5: CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to credit risk mitigation including

- ▶ Policies and processes for, and an 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 Instruments

- ▶ 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

	(Amount - ₹in crores)
(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.	1,87,582.45
(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)	12,459.00

DF-6: SECURITISATION EXPOSURES: DISCLOSURE FOR STANDARDISED APPROACH

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; @ 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. # 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 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

Qualitative disclosures

- (a)** The general qualitative disclosure requirement for market risk including the portfolios covered by the standardized approach
- 1 The following portfolios are covered by the Standardised Measurement Method (SMM) for computing capital requirement for Market Risk:
 - ▶ Bonds & Equity holdings under the Held for Trading (HFT) and Available for Sale (AFS) categories.
 - ▶ Forex under HFT category and Mutual Fund under AFS category.
 - ▶ All derivatives positions, except those which are used for hedging Banking Book and meet the Hedge Effectiveness test as mandated by RBI.
 - 2 Market Risk Management Department (MRMD) is functioning as 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) Limit Management Framework & Market Risk Appetite statement
 - (c) Investment Policy
 - (d) Policy for Trading in Interest Rate Securities and Equity
 - (e) Policy for Derivatives
 - (f) Forex Trading Policy
 - (g) Value- at- Risk Policy
 - (h) Stress Test Policy
 - (i) Model Validation Policy
 - (j) Valuation Policy
 - 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 decided to migrate to advanced approach i.e. Internal Models Approach for calculating capital charge for market risk and submitted Letter of Intent (LOI) to RBI.

Quantitative disclosures:

- (a) Minimum Regulatory Capital requirements for Market Risk as on 31.03.2015 is as under:

Particulars	Amount
Interest Rate Risk (Including derivatives)	8363.48
Equity Position Risk	2594.80
Foreign Exchange Risk	158.03
Total	11116.31

DF-8: OPERATIONAL RISK

Qualitative disclosures

A. The structure and organization of Operational Risk Management function

- ▶ The Operational Risk Management Department is functioning in SBI as well as Associate Banks as part of the Integrated Risk Governance Structure under the control of respective Chief Risk Officer.

- ▶ 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

Domestic Banking Entities (SBI and ABs)

The following Policies, Framework Documents and Manuals are in place in SBI and Associate Banks:

Policies and Framework Documents

- ▶ Operational Risk Management policy, seeking to establish explicit and consistent 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
- ▶ Operational Risk Appetite Framework (SBI) Document
- ▶ Change Management Framework Document
- ▶ Capital Computation Framework Document

Manuals

- ▶ Operational Risk Management Manual
- ▶ Loss Data Manual
- ▶ Business Continuity Planning (BCP) Manual
- ▶ Business Continuity Management System (BCMS) 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

Domestic Banking entities (SBI & ABs)

Advanced Measurement Approach

- ▶ In SBI, in order to successfully embed the risk culture and operational risk management, Risk Management Committees (RMCs) at the Circle (RMCC) and also 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 has been initiated, as part of AMA process. An excel based template for collecting loss data, including Near Misses, from Branches, Processing Centres and Offices, has been developed to facilitate better risk management.
- ▶ 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 the year, about 1700 branches/processing centres were part of the RCSA exercise process. Top risks identified in the RCSA exercises along with their mitigation plan are being addressed on an ongoing basis.
- ▶ Key Risk Indicators (KRIs) have been identified across the Business and Support Groups with threshold and monitoring mechanism. KRIs are being monitored at quarterly intervals by the RMCs, the ORMC and the RMCB.
- ▶ 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 at SBI and ABs.
- ▶ The Bank (SBI) has already submitted its application for migration to AMA to RBI while ABs have submitted their Lol.

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. Guidelines and instructions are also propagated through Job Cards, e-Circulars, E-Learning Lessons, Mobile nuggets, Training Programs, etc.
- ▶ 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.
- ▶ 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 (SBI) and ABs have robust Business Continuity Management Policy and Manuals are in place.

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 has been established in all the Group entities.
- ▶ Significant risks thrown up in RCSA exercise and loss data are reported to Top Management at regular intervals.
- ▶ 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, 2015.

DF-9: INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

1. 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 (IRSD). 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 recognising 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)	20%

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.

2. Quantitative Disclosures (for State Bank Group) (March 2015)

Earnings at Risk (EaR)

	(₹in crores)
	Impact on NII
Impact of 100 bps parallel shift in interest rate on both assets & liability on Net Interest Income (NII)	6882.34

Market Value of Equity (MVE)

	(Rs in crores)
	Impact on MVE
Impact of 200 bps parallel shift in interest rate on both assets & liability on Market Value of Equity (MVE)	4043.66
Impact of 100 bps parallel shift in interest rate on both assets & liability on Market Value of Equity (MVE)	2021.83



DF-10: GENERAL DISCLOSURE FOR EXPOSURE RELATED TO COUNTERPARTY CREDIT RISK

Qualitative Disclosures

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 net worth, 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.

Bank has not entered into any collateral agreement (Credit Support Annex or equivalent) with any of the bank, which require maintenance of collateral. Bank, also does not recognize bilateral netting.

DF-11: COMPOSITION OF CAPITAL

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)

		Amounts Subject to Pre-Basel III Treatment	Ref No. (with respect to DF - 12: Step 2)
Common Equity Tier 1 capital (CET1): instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	42191.26	A1 + B3
2	Retained earnings	106751.51	B1 + B2 + B6 (#) + B7
3	Accumulated other comprehensive income (and other reserves)		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies) Public sector capital injections grandfathered until January 1, 2018		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	3280.71	
6	Common Equity Tier 1 capital before regulatory adjustments	152223.48	
Common Equity Tier 1 capital before regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	567.13	378.09
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	1867.85	124523.60
10	Deferred tax assets	566.49	377.66
11	Cash-flow hedge reserve		
12	Shortfall of the stock of provisions to expected losses		
13	Securitisation gain on sale		

Quantitative Disclosures

Particulars	(₹ in crores)	
	Notional	Current Credit Exposure
a) Interest rate Swaps	112302.29	3595.76
b) Cross Currency Swaps	19896.56	3049.10
c) Currency Options	9243.88	309.16
d) Foreign Exchange Contracts	390183.51	12159.10
e) Currency Futures	Nil	Nil
f) Forward Rate Agreements	4.76	4.76
g) Others (Foreign Swaps)	1644.68	33.42
Total	533275.68	19151.30

- (c) Credit derivatives transactions that create exposures to CCR (notional value), segregated between use for the institutions own credit portfolio, as well as in its intermediation activities, including the distribution of the credit derivatives products used, broken down further by protection bought and sold within each product group.
- Nil -



Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No. (with respect to DF - 12: Step 2)
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined-benefit pension fund net assets	7.94	
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	26.38	
17	Reciprocal cross-holdings in common equity	151.59	101.06
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)	7.50	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	6.01	
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)	808.62	
26a	of which: Investments in the equity capital of unconsolidated insurance subsidiaries	808.08	538.72
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries		
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	0.54	0
	Regulatory Adjustments applied to Common Equity Tier 1 in respect of Amounts subject to Pre-Basel III treatment		
	of which: [INSERT TYPE OF ADJUSTMENT]		
	For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)		
	of which: [INSERT TYPE OF ADJUSTMENT]		
	of which: [INSERT TYPE OF ADJUSTMENT]		
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	4009.51	
29	Common Equity Tier 1 capital (CET1)	148213.98	
Additional Tier 1 capital (AT1) : instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	2970.00	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		



Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No. (with respect to DF - 12: Step 2)
32	of which: classified as liabilities under applicable accounting standards (Perpetual Debt Instruments)	2970.00	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	3536.85	
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)	1622.80	
35	of which: instruments issued by subsidiaries subject to phase out	1221.50	
36	Additional Tier 1 capital before regulatory adjustments	8129.65	
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	54.51	36.34
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)		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank		
	Regulatory adjustments applied to Additional Tier 1 in respect of amounts subject to Pre-Basel III treatment	2287.95	4149.32
	of which: [INSERT TYPE OF ADJUSTMENT e.g. DTAs]		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]		
	of which: [INSERT TYPE OF ADJUSTMENT]		
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	2342.46	
44	Additional Tier 1 capital (AT1)	5787.19	
44a	Additional Tier 1 capital (AT1) reckoned for capital adequacy	5787.19	
45	Tier 1 capital (T1 = CET1 + AT1) [29 + 44a]	154001.17	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	2000.00	
47	Directly issued capital instruments subject to phase out from Tier 2	22122.52	



Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)		Amounts Subject to Pre-Basel III Treatment	Ref No. (with respect to DF - 12: Step 2)
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)	7080.56	
49	of which: instruments issued by subsidiaries subject to phase out		
50	Provisions	9849.25	
51	Tier 2 capital before regulatory adjustments	41052.33	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments	4.33	2.89
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)		
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		
	Regulatory adjustments applied to Tier 2 capital in respect of amounts subject to Pre-Basel III treatment	269.36	1077.44
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]		
of which: [INSERT TYPE OF ADJUSTMENT]			
57	Total regulatory adjustments to Tier 2 capital	273.69	
58	Tier 2 capital (T2)	40778.64	
58a	Tier 2 capital reckoned for capital adequacy	40778.64	
58b	Excess additional Tier 1 capital reckoned as Tier 2 capital	0	
58c	Total Tier 2 capital admissible for capital adequacy (58a+58b)	40778.64	
59	Total capital (TC = T1 + T2) [45 + 58c] Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	194779.81	
	of which: [INSERT TYPE OF ADJUSTMENT]		
	of which: ...		
60	Total risk weighted assets (60a + 60b + 60c)	1622574.33	
60a	of which: total credit risk weighted assets	1364460.13	
60b	of which: total market risk weighted assets	123514.61	
60c	of which: total operational risk weighted assets	134599.59	
Capital Ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	9.13%	
62	Tier 1 (as a percentage of risk weighted assets)	9.49%	
63	Total capital (as a percentage of risk weighted assets)	12.00%	



Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)	Amounts Subject to Pre-Basel III Treatment	Ref No. (with respect to DF - 12: Step 2)
64 Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	0%	
65 of which: capital conservation buffer requirement	0%	
66 of which: bank specific countercyclical buffer requirement	0%	
67 of which: G-SIB buffer requirement	0%	
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)		
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)		
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)	9849.25	
77 Cap on inclusion of provisions in Tier 2 under standardised approach	17055.75	
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0	
79 Cap for inclusion of provisions of Tier 2 under internal ratings-based approach	0	
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		
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82 Current cap on AT1 instruments subject to phase out arrangements		
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		
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

B6: Revenue & Other Reserves is taken net of Integration & Development Fund (₹5 crores)



DF-12: COMPOSITION OF CAPITAL-RECONCILIATION REQUIREMENTS

Consolidated Balance Sheet of SBI Group as per Basel III as on 31.03.2015

STEP-1

(₹in crores)

	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
	As on reporting date	As on reporting date
A Capital & Liabilities		
i Paid-up Capital	746.57	746.57
Reserves & Surplus	160,640.97	156,346.70
Minority Interest	5,497.12	4,229.47
Total Capital	166,884.66	161,322.74
ii Deposits	2,052,960.79	2,053,955.13
of which: Deposits from banks	19,099.84	19,099.84
of which: Customer deposits	2,033,860.95	2,034,855.29
of which: Other deposits (pl. specify)	-	-
iii Borrowings	244,663.46	244,786.20
of which: From RBI	5,798.75	5,798.75
of which: From banks	113,320.42	113,320.09
of which: From other institutions & agencies	69,755.81	69,748.00
of which: Others (pl. specify)	-	-
of which: Capital Instruments	55,788.48	55,919.36
iv Other liabilities & provisions	235,601.11	163,682.60
Total	2,700,110.02	2,623,746.67
B Assets		
i Cash and balances with Reserve Bank of India	144,287.55	144,102.28
Balance with banks and money at call and short notice	64,299.02	61,971.13
ii Investments	695,691.75	624,746.95
of which: Government securities	525,491.74	501,796.43
of which: Other approved securities	3,538.46	22.33
of which: Shares	27,464.02	5,023.47
of which: Debentures & Bonds	72,532.97	58,790.25
of which: Subsidiaries / Joint Ventures / Associates	2,359.20	1,955.52
of which: Others (Commercial Papers, Mutual Funds etc.)	64,305.36	57,158.95
iii Loans and advances	1,692,211.33	1,692,209.56
of which: Loans and advances to banks	51,013.20	51,013.20
of which: Loans and advances to customers	1,641,198.13	1,641,196.36
iv Fixed assets	12,379.30	12,004.54
v Other assets	90,295.85	87,766.99
of which: Goodwill and intangible assets	3,113.09	3,113.09
of which: Deferred tax assets	949.50	944.15
vi Goodwill on consolidation	945.22	945.22
vii Debit balance in Profit & Loss account	-	-
Total Assets	2,700,110.02	2,623,746.67



STEP-2

(₹ in crores)			
	Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation	Reference Number
	As on reporting date	As on reporting date	
A Capital & Liabilities			
Paid-up Capital	746.57	746.57	A
of which: Amount eligible for CET 1	746.57	746.57	A1
of which: Amount eligible for AT1	-	-	A2
Reserves & Surplus	160,640.97	156,346.70	B
of which: Statutory Reserve	57,789.73	57,789.73	B1
of which: Capital Reserves	2,816.00	2,814.40	B2
of which: Share Premium	41,444.69	41,444.69	B3
of which: Investment Reserve	1,381.85	1,381.85	B4
of which: Foreign Currency Translation Reserve	6,765.71	6,763.65	B5
of which: Revenue and Other Reserve	47,827.11	45,454.91	B6
of which: Balance in Profit & Loss Account	2,615.88	697.47	B7
Minority Interest	5,497.12	4,229.47	
Total Capital	166,884.66	161,322.74	
ii Deposits	2,052,960.79	2,053,955.13	
of which: Deposits from banks	19,099.84	19,099.84	
of which: Customer deposits	2,033,860.95	2,034,855.29	
of which: Other deposits (pl. specify)	-	-	
iii Borrowings	244,663.46	244,786.20	
of which: From RBI	5,798.75	5,798.75	
of which: From banks	113,320.42	113,320.09	
of which: From other institutions & agencies	69,755.81	69,748.00	
of which: Others (pl. specify)	-	-	
of which: Capital Instruments	55,788.48	55,919.36	
iv Other liabilities & provisions	235,601.11	163,682.60	
of which: DTLs related to goodwill	-	-	
of which: DTLs related to intangible assets	-	-	
Total	2,700,110.02	2,623,746.67	
B Assets			
i Cash and balances with Reserve Bank of India	144,287.55	144,102.28	
Balance with banks and money at call and short notice	64,299.02	61,971.13	
ii Investments	695,691.75	624,746.95	
of which: Government securities	525,491.74	501,796.43	
of which: Other approved securities	3,538.46	22.33	
of which: Shares	27,464.02	5,023.47	
of which: Debentures & Bonds	72,532.97	58,790.25	
of which: Subsidiaries / Joint Ventures / Associates	2,359.20	1,955.52	
of which: Others (Commercial Papers, Mutual Funds etc.)	64,305.36	57,158.95	
iii Loans and advances	1,692,211.33	1,692,209.56	
of which: Loans and advances to banks	51,013.20	51,013.20	
of which: Loans and advances to customers	1,641,198.13	1,641,196.36	
iv Fixed assets	12,379.30	12,004.54	
v Other assets	90,295.85	87,766.99	
of which: Goodwill	-	-	
of which: Other intangibles (excluding MSRs)	3,113.09	3,113.09	
of which: Deferred tax assets	949.50	944.15	C
vi Goodwill on consolidation	945.22	945.22	D
vii Debit balance in Profit & Loss account	-	-	
Total Assets	2,700,110.02	2,623,746.67	



STEP-3

(₹ in crores)

Common Equity Tier 1 capital (CET1): instruments and reserves

		Component of regulatory capital reported by bank	Ref No. (with respect to DF - 12: Step 2)
1	Directly issued qualifying common share (and equivalent for non - joint stock companies) capital plus related stock surplus	42191.26	A1 + B3
2	Retained earnings	106751.51	B1 + B2 + B6 (#) + B7
3	Accumulated other comprehensive income (and other reserves)	0	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	3280.71	
6	Common Equity Tier 1 capital before regulatory adjustments	152223.48	
7	Prudential valuation adjustments	0	
8	Goodwill (net of related tax liability)	567.13	D * 60%

* B6: Revenue & Other Reserves is taken net of Integration & Development Fund (₹ 5 crores)

TABLE DF- GR: ADDITIONAL DISCLOSURES ON GROUP RISK

Qualitative Disclosure

In respect of Group entities * [Overseas Banking entities, Domestic Banking 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':

- inappropriate transfer of capital or income from one entity to the other in the Group;
- violation of the Arm's Length Policy within which the Group entities are expected to operate;
- adverse impact on the solvency, liquidity and profitability of the individual entities within the Group;
- evasion of capital or other regulatory requirements;
- 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 - DOMESTIC	BANKING - OVERSEAS	NON - BANKING
State Bank of India	State Bank of India (California)	SBI Capital Markets Ltd.
State Bank of Bikaner & Jaipur	State Bank of India (Canada)	SBI Cards & Payment Services Pvt. Ltd.
State Bank of Hyderabad	SBI (Mauritius) Ltd.	SBI DFHI Ltd.
State Bank of Mysore	Commercial Indo Bank LLC, Moscow	SBI Funds Management Pvt. Ltd.
State Bank of Patiala	Nepal SBI Bank Ltd.	SBI General Insurance Company Ltd.
State Bank of Travancore	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/www.statebankofindia.com under the link Corporate Governance - 'Basel - 3 Disclosures' section.

Disclosure on indicators for identification of Global Systemically Important Banks (G-SIBs) as on end March 2015

S. No.	Indicator	Sub- indicator	INR (billions)
1.	Cross-jurisdictional activity	Cross-jurisdictional claims	3163.80
		Cross-jurisdictional liabilities	4110.40
2.	Size	Total exposure as defined for use in Basel III	32687.77
		Leverage Ratio	
3.	Interconnectedness	Intra-financial system assets	1229.61
		Intra-financial system liabilities	202.49
		Securities outstanding	1088.75
4.	Substitutability/financial institution infrastructure	Assets Under custody	1522.50
		Payments Activity	94184.87
		Underwritten transactions in debt and equity markets	0.86
5.	Complexity	Notional amount of OTC Derivatives	7123.47
		Level 3 assets	111.78
		Trading and available-for-sale securities	416.51



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 _____

15 paise
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) _____0_____

Registered address: _____

PIN

Total number of Shares held:

Share Certificate Nos., To
(in case of physical holding) From

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	<input type="text"/>						
As a proxy	<input type="text"/>						
As a duly authorised representative	<input type="text"/>						
TOTAL	<input type="text"/>						

Signature Attested

(Signature of Shareholder)

Name:

Designation:

Seal/Stamp:

Note:

- 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.
- 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.
- Alternatively, the shareholder may have his/her signature attested by a Notary or a Magistrate.
- 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:

- 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.
- 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.
- 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.



A Financial Literacy Centre (FLC) was set up at Rashtrapati Bhawan which was inaugurated by the Hon'ble President of India, Shri Pranab Mukherjee on the 11th December 2014.



A View of the Annual General Meeting of Shareholders held on 3rd July, 2014



State Bank Bhavan
Corporate Centre,
Madame Cama Marg, Mumbai,
Maharashtra - 400021

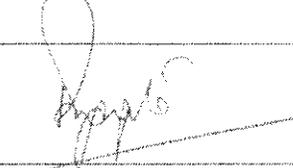
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FORM 'A'

1.	Name of the Company	State Bank of India
2.	Annual Financial Statements for the year ended	March 31, 2015
3.	Type of Audit observation	<p>Unqualified / Emphasis of Matter :</p> <ol style="list-style-type: none"> 1. Increase in profit by Rs.420.76 crores due to change in method / rate of depreciation on Fixed Assets. 2. Increase in the value of Plan Assets of long term benefits by Rs.2182.87 crores due to change in valuation from Book Value to Fair Value. 3. Non-amortization of Rs.2179.42 crores on account of loss on sale of assets to Reconstruction Companies. 4. Utilization of Counter Cyclical Buffer of Rs.382 crores towards making specific provisions for Non-Performing Assets during the year.
4.	Frequency of observation	Nil
5.	Arundhati Bhattacharya Chairman	
	P K Gupta Dy. Managing Director & CFO	
	G Narayanaswamy M/s S Venkatram & Co., Chennai (Consolidating Auditors)	
	Sunil Mehta Chairman, Audit Committee of the Board	