



भारतीय स्टेट बँक
भारतीय स्टेट बैंक
State Bank of India

Tel. : 91-22-2274 0841 - 48 (Eight Lines) | Fax : 91-22-2285 5348 | E-mail: gm.snb@sbi.co.in

शेयर आणि बॉन्ड विभाग, कॉर्पोरेट केंद्र, 14वा माळा, स्टेट बैंक भवन,
मादाम कामा रोड, मुंबई - 400 021.

शेयर एवं बॉन्ड विभाग, कॉर्पोरेट केंद्र, 14वां तल, स्टेट बैंक भवन,
मादाम कामा रोड, मुंबई - 400 021.

Shares & Bonds Department, Corporate Centre, 14th Floor, State Bank Bhavan,
Madame Cama Road, Mumbai - 400 021.

Date : CC/S&B/SA/804

Ref. No.: July 2, 2016.

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

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

**Sub: Submission of Annual Report for the FY 2015-16 of the Bank as required
under Regulation 34(1) of Securities Exchange Board of India (Listing Obligations
and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam,

Pursuant to the applicable provisions of the LODR regulations, we submit herewith copy
of Annual Report for the FY 2015-16 discussed and adopted in the 61st annual general
meeting held on 30th June, 2016.

Please take the same on record.

Thanking you,

Yours faithfully,


S. S. A. Kazmi
General Manager



A SMART BANK,
FOR INDIA ON THE GO...

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NOTICE



STATE BANK OF INDIA

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

The 61st 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 30th June, 2016, at 03.00 p.m. for transacting the following business:-

"To discuss and adopt the balance sheet and the profit and loss account of the State Bank made up to the 31st day of March 2016, 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

Date: 23rd May, 2016

(ARUNDHATI BHATTACHARYA)
CHAIRMAN

Important Information

Dividend Declared :	₹2.60 per share
Dividend Payment Date:	22.06.2016
Period of Book Closure:	07.06.2016 to 11.06.2016
Record Date:	06.06.2016

ABOUT SBI

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

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

Headquartered at Mumbai, SBI provides a wide range of products and services

to personal, commercial enterprises, large corporates, public bodies and institutional customers through its various branches and outlets joint ventures, subsidiaries and associate companies.

Our Vision

MY SBI.

MY CUSTOMER FIRST.

MY SBI: FIRST IN CUSTOMER SATISFACTION.

Our 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.

Our 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'S JOURNEY THROUGH NUMBERS

1
No.
Largest Bank in India
(Deposits, Advances,
Branches, Employees)

59,000+
Pan-India ATMs

23.30 crore+
State Bank Group debit
card holders

1.77 crore+
Green Remit Cards

30.12 crore+
Active
customer base

64,628
Business correspondent and
Customer Service Points

2.55 crore+
Internet banking
users

1,03,565
Pan-India village
coverage

31.90 lakh
crore+
Business size

7.22 crore+
Core Banking
Transactions (daily
average transactions)

4.09 lakh+
Average calls per day
on Contact Centre

4.21 crore+
RuPay Debit Card

36,000
Merchant Banking
Tie-ups

1.16 crore+
Daily average ATM
transactions

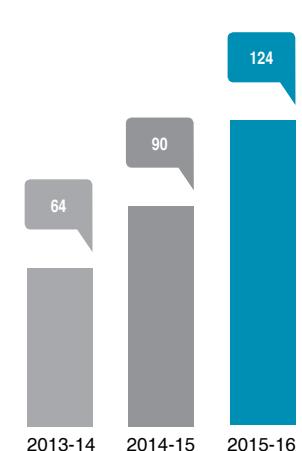
3.00 lakh+
POS machines

5.32 crore+
Pradhan Mantri Jandhan
Yojna Accounts

SBI Online is
the World's 8th
most Visited
Banking Site

Expanding Digital Footprint in

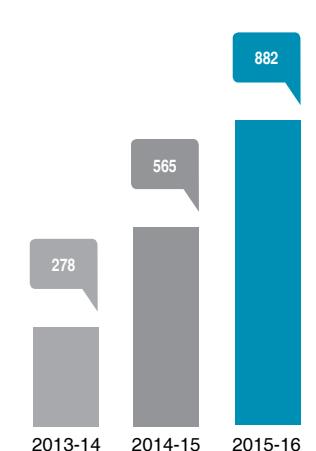
Internet Banking Transactions (crore)



Mobile Banking Transactions (lakh)



POS Transactions (lakh)



A SMART BANK FOR INDIA ON THE GO...

As the digital economy flourishes, SBI is embracing and evolving a digital business model and has grown its technology and channel platforms proportionately.

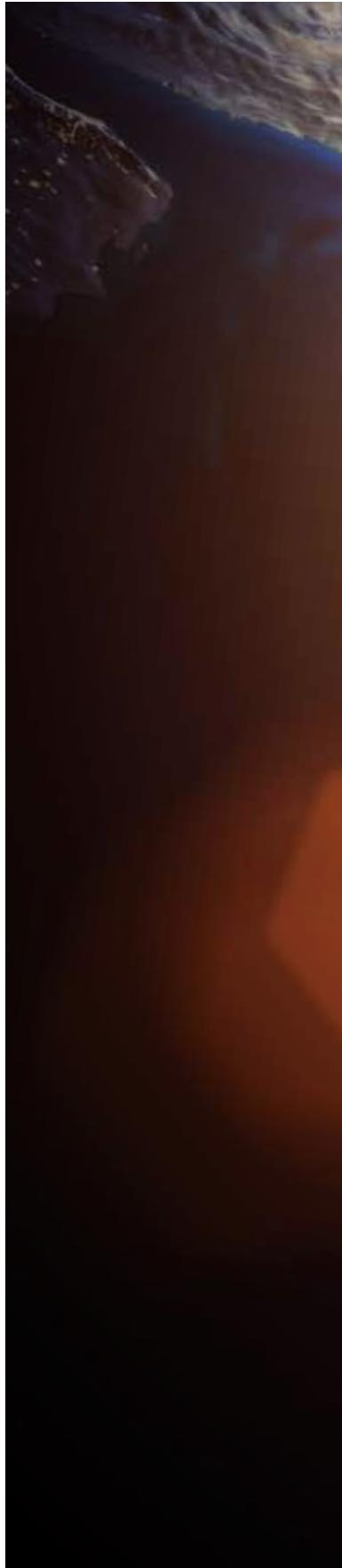
India is rapidly advancing towards becoming a first world nation, and today, it is focusing on new opportunities such as Digital India, Smart Cities, BharatNet etc. As a result, Indians are increasingly using the internet, social media and their smart phones to do their banking. They are increasingly demanding an end-to-end experience and greater consistency when doing their banking via their mobile, iPad, or even a PC. Similarly, corporates, SMEs and public institutions are leveraging the Internet to conduct their business more efficiently and economically. New "disruptive" businesses are altogether redefining how people go about doing routine chores. Not to be left behind, millions from rural India have become more financially literate and are using the formal banking system to have a more direct relationship with their money and social benefits. With an economy that is growing steadily and surely, India is certainly on the Go!

As the largest bank in India, we are integral to thousands of commercial entities and millions of personal lives. As the digital economy flourishes, SBI has grown its technology and channel platforms proportionately, and in some cases, ahead of the curve. At SBI, we know that we have to bring banking to the fingertips of our customers. We realise that modern banking is about enabling our customers to have a meaningful relationship with

their money. They wish to transact more quickly, accurately and efficiently than ever before. And we have always evolved with the times to embrace new consumer attitudes and be aligned as a "Smart" Bank with the service levels that an "India on the Go!" demands.

Going forward, we foresee an unprecedented growth in data, driven by the latest trends in mobility, social media, cloud and analytics. At SBI, we are embracing and evolving a digital business model and with an eye on the future. The various digital platforms we have created, position us well to set new benchmarks and to keep our customers always connected, always on. As a fully committed adopters of the digital medium, we are confident of remaining highly competitive, relevant and well positioned trend setter for the industry.

It was with this spirit that, last year, we talked about how we have become "Bankers to Digital India". In continuation of that journey, we have made significant technological advancements and adoptions in FY2016. Aptly, our Annual Report is dedicated to the many milestones we have crossed, to become a "Smart Bank, for India on the Go".





A SMART BANK,
FOR INDIA ON THE GO...

A “SMART” BANK FOR THE NEW GENERATION

Currently in our 122 “sbiINTOUCH” branches, thousands of customers are already experiencing a new way of banking.

122 sbiINTOUCH Branches and growing

35.97% Mobile Banking Market Share in value terms

Keeping with the tradition of adapting our product lines and services to changing requirements, SBI is committed to engage with our young generation as early as possible. With the expansion of our “sbiINTOUCH” branches across 70 districts of the country, we took an assertive step in being the new benchmark in branch banking. Today, within a short span of two years, we now have 122 “sbiINTOUCH” branches that are already being experienced by thousands of our customers. “sbiINTOUCH” realises our vision for integrating the huge network of bank ecosystem and the digital/mobile platforms together to provide a world class banking experience to the customer. These outlets 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.

Mobile smart phones have also made a paradigm shift on our working and social behaviours. At SBI, we are focused on placing Mobile Banking functionalities in the hands of our customers to enhance their convenience, to build strong relationships, to reduce costs and to keep strengthening our brand. The Bank is currently the market leader for mobile banking services in India with 1.77 crore users and a market share of 35.97% in terms of value of transactions.

Similarly, SBI recognised the trend towards cashless society early and

has taken concerted steps to be at the forefront of establishing a deep ecosystem for plastic money. Today, it has the largest comprehensive electronic infrastructure in the country to accept payment through Cards. With more than 3 lakh POS terminals deployed in the market, we are amongst the top four transaction acquirers in India with the largest number of merchant relationships amongst Public Sector Banks. When it comes to issuing cards to our customers, through our joint venture SBICPSL, the SBI Group is the 3rd largest Credit Card issuing company with a base of 35 lakh users and 12% market share in terms of spends. When it comes to debit cards, SBI alone has a base of more than 23 crore users.

A “SMART” BANK FOR CORPORATES AND GOVERNMENTS

With more than 67 crore e-Commerce transactions in FY2016, we are the largest player in the e-Commerce space within the country.

36,000

Merchant Banking Tie-ups

2,250 Corporate

USE e-Trade Portal



It is said that money makes the world go round. Nowadays, doing trade and transactions online makes the world go round even faster.

Our banking platform onlinesbi.com provides robust and customer friendly net banking services to retail, corporate and institutional customers, including PSUs and Government Agencies. This cost-effective channel has enabled more than 124 crore transactions during FY2016, achieving 39% growth over the previous year. With over 36,000 merchant tie-ups, direct or through State Bank Collect and e-Commerce aggregators, we have facilitated more than 67 crore e-Commerce transactions during FY2016, making us by far a major player in the e-Commerce space within the country.

SBI’s e-Trade web-based portal enhances our customers’ access to trade finance services with speed and efficiency. Today, nearly 2,250 Corporates use this portal. We are also financing their Supply Chain Partners through our e-VFS/ e-DFS platforms, facilitating an efficient management of their working capital cycle, sustained growth and better profitability. Over 182 Industry Majors with nearly 3,900 vendors and more than 12,900 dealers across the country have migrated to our electronic platform.

SBI has made big strides and leadership position in using its digital infrastructure to enable e-governance to step up to new levels of efficiency and productivity. SBI has been a pioneer in developing customised e-solutions to allow Central

and State Governments to migrate their transactions to the online mode and bring in more overall efficiency and transparency into the system.

SBI e-Pay is the first and only aggregator service by any bank in India. This platform aspires to bring in additional payment modes, new merchant categories, with a special focus on Central, State Government Departments and Municipal Corporations.

KEEPING OUR CUSTOMERS AND EMPLOYEES “SMART”

We take great efforts to educate our customers and employees to keep up with the technological changes around them.

385

Technology Learning Centres

279,000

Trained Participants



Being a “Smart” Bank with multiple digital channels is not enough. There are many who feel left behind with the fast pace of change we see all around. Many customers still visit branches for their routine transactions because they feel electronic channels are complex and risky. We need to ensure that our customers are also upto date and match with what we have to offer.

At SBI, we recognise that it is our responsibility to inform and educate our customers on how to make full use of the technologies around them to make their lives easier and to help themselves for whatever banking action they need to take on a 24X7 basis. With the main objective of imparting financial literacy and facilitating effective use of financial

services by the common man, we have set up 385 Technology Learning Centres (TLCs) across the length & breadth of the country for conducting interactive learning sessions and demos of the Bank’s various tech-channels. Now, thousands of our customers are adopting digital channels more than ever before.

On the other side, keeping our own people upto speed with the latest trends, methods and new technologies is crucial if we are to maintain our peer position in digital banking. SBI is judiciously leveraging on-line platforms to impart knowledge and educate its workforce. During the year, we established a e-library of on-line lessons, through which we have trained more than

2,79,000 participants. These included hundreds of ‘e-Lessons’, ‘Mobile Nuggets’ ‘e-Capsules’, case studies, research projects and e-publications on our learning portal ‘Gyanodaya’. Now, with mandatory training hours required of every SBI employee, we are ensuring that we ourselves are fully equipped to the best banking practices in all spheres of our operations.

RATINGS as on 31st March, 2016



BANK RATING

RATING	RATING AGENCY
Positive/Baa3/P-3/ba1	Moody's
BBB-/Stable/A-3	S & P
BBB-/F3/Stable	Fitch

INSTRUMENT

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

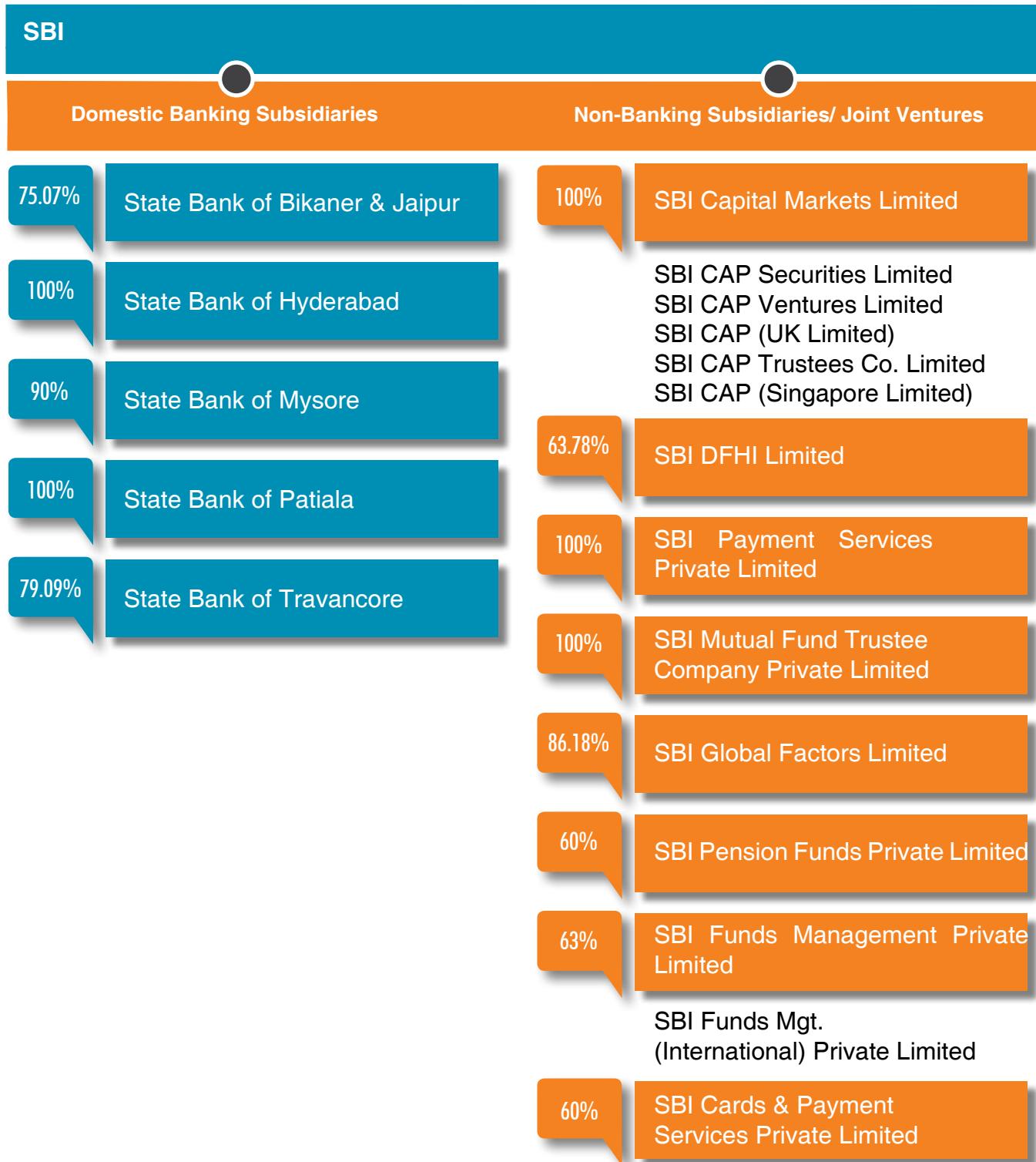
ICRA: ICRA Limited

CRISIL: CRISIL Limited

S&P: Standard & Poor

SBI GROUP STRUCTURE

as on 31st March, 2016



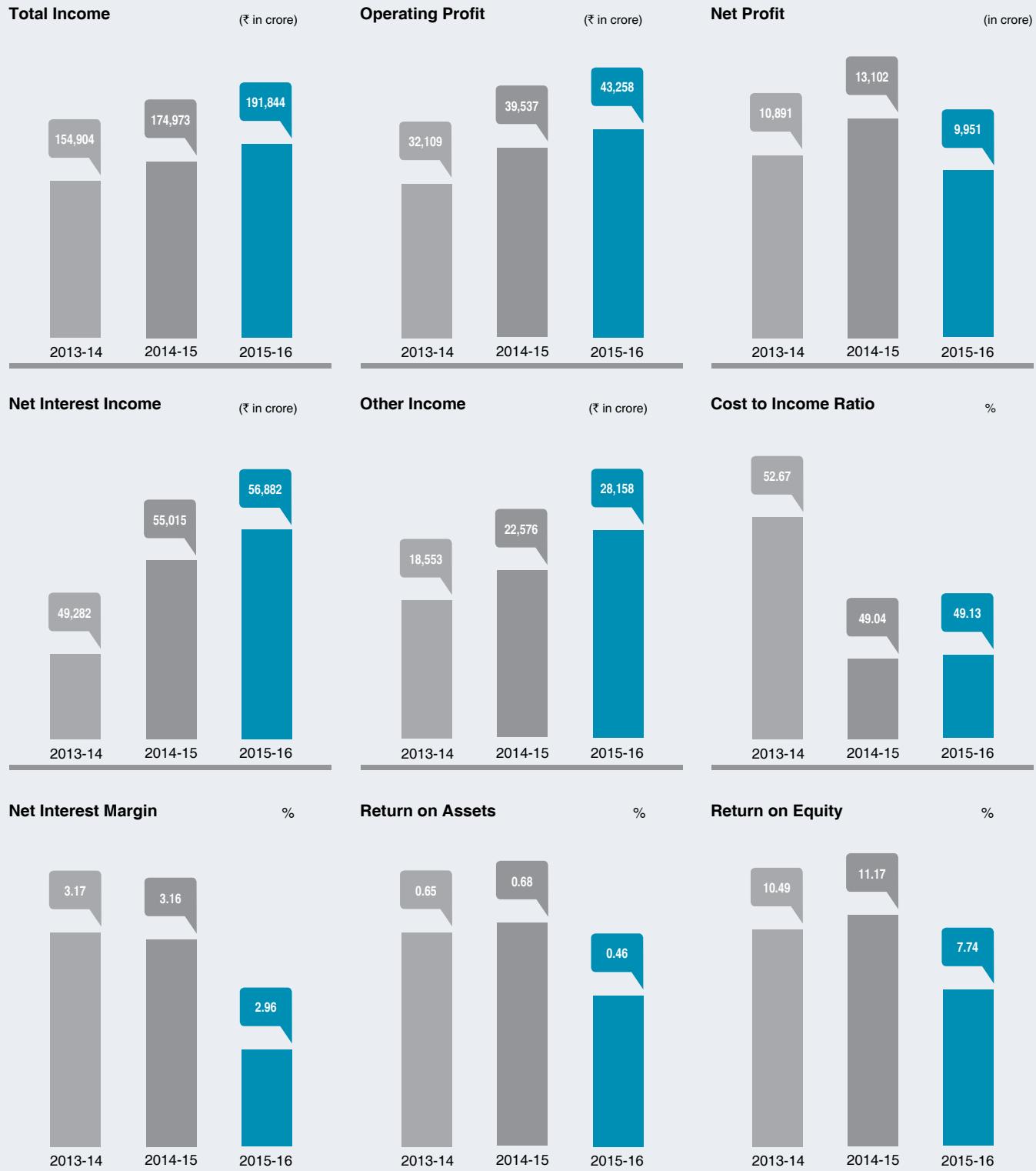


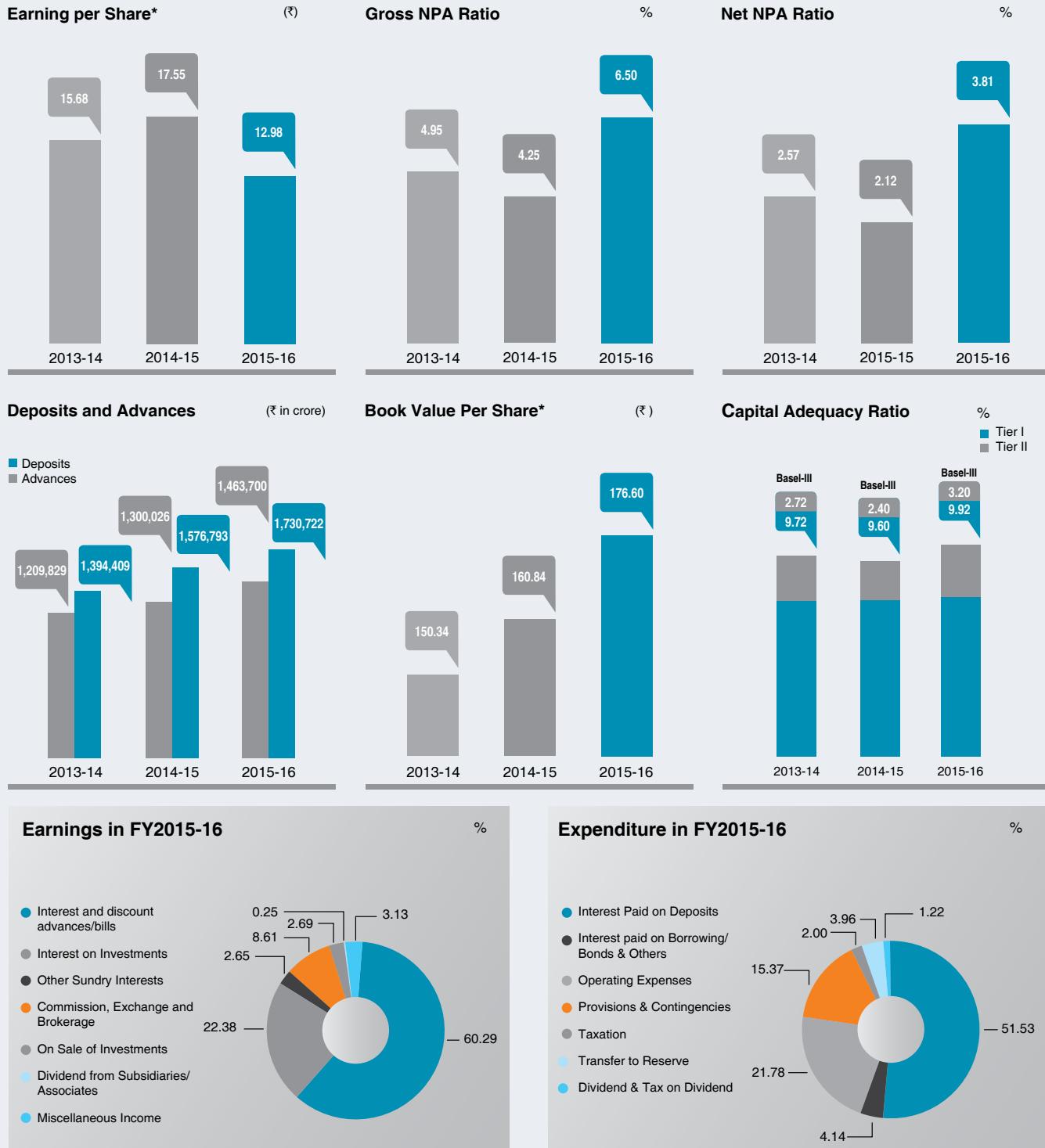
OWNERSHIP FIGURES IN %

Foreign Banking Subsidiaries / Joint Ventures

74%	SBI Life Insurance Company Limited	100%	State Bank of India (California)
65%	SBI-SG Global Securities Services Private Limited	100%	SBI Canada Bank
74%	SBI General Insurance Company Limited	60%	Commercial Indo Bank LLC Moscow
49%	C-Edge Technologies Limited	96.60%	SBI Mauritius Limited
40%	GE Capital Business Process Mgt. Services Private Limited	99.00%	Bank SBI Indonesia
45%	Macquarie SBI Infrastructure Management. Pte. Limited	55.10%	Nepal SBI Bank Limited
	Macquarie SBI Infrastructure Trustee Pte. Limited	100%	Bank SBI Botswana Limited
45%	SBI Macquarie Infrastructure Management Private Limited	20%	Bank of Bhutan Limited
45%	SBI Macquarie Infrastructure Trustee Private Limited		
50%	Oman India Joint Investment Fund-Management. Co. Private Limited		
50%	Oman India Joint Investment Fund-Trustee Co. Private Limited		
100%	SBI Foundation		

PERFORMANCE INDICATORS





*The face value of shares of the Bank was split from ₹ 10 per share to ₹ 1 per share from 22nd November, 2014. All the information reflect the effect of the split for each period presented.

FINANCIAL HIGHLIGHTS: 10 YEARS AT A GLANCE

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Liabilities										
Capital (₹ in crore)	526	631	635	635	635	671	684	747	747	776
Reserves & Surplus (₹ in crore)	30,772	48,401	57,313	65,314	64,351	83,280	98,200	1,17,536	1,27,692	1,43,498
Deposits (₹ in crore)	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	17,30,722
Borrowings (₹ in crore)	39,704	51,728	53,713	1,03,012	1,19,569	1,27,006	1,69,183	1,83,131	2,05,150	2,24,191
others (₹ in crore)	60,042	83,362	1,10,698	80,337	1,05,248	80,915	95,404	96,927	1,37,698	1,59,876
Total(₹ in crore)	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	22,59,063
Assets										
Investments (₹ in crore)	1,49,149	1,89,501	2,75,954	2,85,790	2,95,601	3,12,198	3,50,878	3,98,800	4,81,759	4,77,097
Advances (₹ in crore)	3,47,337	4,16,768	5,42,503	6,31,914	7,56,719	8,67,579	10,45,617	12,09,829	13,00,026	14,63,700
other Assets (₹ in crore)	80,079	1,15,257	1,45,975	1,35,710	1,71,416	1,55,742	1,69,716	1,84,119	2,66,295	3,18,266
Total (₹ in crore)	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	22,59,063
Net Interest Income (₹ in crore)	15,058	17,021	20,873	23,671	32,526	43,291	44,329	49,282	55,015	56,882
Provisions for NPA (₹ in crore)	1,429	2,001	2,475	5,148	8,792	11,546	11,368	14,224	17,908	26,984
operating Result (₹ in crore)	10,000	13,108	17,915	18,321	25,336	31,574	31,082	32,109	39,537	43,258
Net Profit Before Taxes (₹ in crore)	7,625	10,439	14,181	13,926	14,954	18,483	19,951	16,174	19,314	13,774
Net Profit (₹ in crore)	4,541	6,729	9,121	9,166	8,265	11,707	14,105	10,891	13,102	9,951
Return on Average Assets (%)	0.84	1.01	1.04	0.88	0.71	0.88	0.97	0.65	0.68	0.46
Return on equity (%)	14.24	17.82	15.07	14.04	12.84	14.36	15.94	10.49	11.17	7.74
expenses to Income (%) (operating expenses to total Net Income)	54.18	49.03	46.62	52.59	47.6	45.23	48.51	52.67	49.04	49.13
Profit Per employee (₹ in 000)	237	373	474	446	385	531	645	485	602	470
earnings Per Share (₹)*	86.1	126.62	143.77	144.37	130.16	184.31	210.06	156.76	175.5	12.98
Dividend Per Share (₹)*	14	21.5	29	30	30	35	41.5	30	3.5	2.60
SBI Share (Price on NSe) (₹)*	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	194.25
Dividend Pay out Ratio % (₹)	16.22	20.18	20.19	20.78	23.05	20.06	20.12	20.56	20.21	20.28
Capital Adequacy Ratio (%)										
(₹ in crore)	N.A.	N.A.	85,393	90,975	98,530	1,16,325	1,29,362	1,45,845	1,54,491	1,81,800
Basel-II (%)			14.25	13.39	11.98	13.86	12.92	12.96	12.79	13.94
(₹ in crore)	N.A.	N.A.	56,257	64,177	63,901	82,125	94,947	1,12,333	1,22,025	1,35,757
Tier I (%)			9.38	9.45	7.77	9.79	9.49	9.98	10.1	10.41
(₹ in crore)	N.A.	N.A.	29,136	26,798	34,629	34,200	34,415	33,512	32,466	46,043
Tier II (%)			4.87	3.94	4.21	4.07	3.43	2.98	2.69	3.53
(₹ in crore)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1,40,151	1,46,519	1,75,903
Basel-III (%)								12,44	12	13.12
Tier I (%)								9.72	9.6	9.92
(₹ in crore)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	30,604	29,362	42,868
Tier II (%)								2.72	2.4	3.20
Net NPA to Net Advances (%)	1.56	1.78	1.79	1.72	1.63	1.82	2.1	2.57	2.12	3.81
Number of Domestic Branches	9,231	10,186	11,448	12,496	13,542	14,097	14,816	15,869	16,333	16,784
Number of Foreign Branches /offices	83	84	92	142	156	173	186	190	191	198

*The face value of shares of the Bank was split from ₹10 per share to ₹1 per share - w.e.f. 22nd November, 2014. The data is on ₹1 per share for 2014-15, 2015-16 and ₹10 per share for remaining year.

SAVINGS@SBI



My Savings Account connects me to my demat and trading account!

Wow! Seamless Investing!



Demat Services

YES! SBI Savings Bank Account can be linked to a Demat and Trading account. You can transfer/pledge/unpledge securities online. Other benefits include 24X7 Customer Care, Advisory Services, e-statement and Mobile Alerts. Open a Savings Bank Account ... and expect more from us!

There's always more to SBI.

SAVINGS ACCOUNT VALUE ADDED FEATURES: • Debit Card • Internet Banking
• Mobile Banking • Personal Accident Insurance • Health Insurance • Credit Card

For assistance, call our 24X7 helpline No. 080-26599990 or
Toll Free Nos. 1800 11 2211 / 1800 425 3800 or for details log on to www.sbi.co.in

* Terms & Conditions Apply

CENTRAL BOARD OF DIRECTORS

as on 27th May, 2016



Smt. Arundhati Bhattacharya
Chairman



Shri B. Sriram
Managing Director



Shri V. G. Kannan
Managing Director



Shri Rajnish Kumar
Managing Director



Shri P. K. Gupta
Managing Director



Shri Sanjiv Malhotra
Shareholder Director



Shri M. D. Mallya
Shareholder Director



Shri Sunil Mehta
Shareholder Director



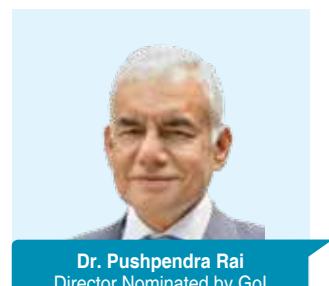
Shri Deepak I. Amin
Shareholder Director



Shri Tribhuwan Nath Chaturvedi
Director Nominated by Gol



Dr. Girish K. Ahuja
Director Nominated by Gol



Dr. Pushpendra Rai
Director Nominated by Gol



Ms. Anjuly Chib Duggal
Secretary, DFS
Director Nominated by Gol



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



Chairman

Smt. Arundhati Bhattacharya

Managing Directors

Shri B. Sriram
Shri V.G. Kannan
Shri Rajnish Kumar
Shri P.K. Gupta

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

Directors under Section 19(d) of SBI Act

Shri Tribhuwan Nath Chaturvedi
Dr. Girish K. Ahuja
Dr. Pushpendra Rai

**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

Ms. Anjuly Chib Duggal

Director under Section 19(f) of SBI Act

Dr. Urjit R. Patel

COMMITTEES OF THE BOARD

as on 27th May, 2016

Executive Committee of the Central Board (ECCB)

Chairman

Smt. Arundhati Bhattacharya,

Managing Directors,

**Shri B. Sriram, Shri V.G. Kannan,
Shri Rajnish Kumar and Shri P. K. Gupta**

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

Shri M.D. Mallya, Director – Member

Shri Deepak I. Amin, Director -Member

Dr. Girish K. Ahuja, Director-Member

Ms. Anjuly Chib Duggal, GOI Nominee – Member

Dr. Urjit R. Patel, RBI Nominee – Member

Shri B. Sriram, MD-CBG - Member (Ex-Officio)

Shri P. K. Gupta, MD-C&R – Member (Ex-Officio)

Risk Management Committee of the Board (RMCB)

Shri B. Sriram, MD-CBG – Member (Ex-Officio) –

Chairman of the Committee

Shri P. K. Gupta, MD-C&R – 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 Tribhuwan Nath Chaturvedi, Director – Member

Dr. Pushpendra Rai, Director – Member

Stakeholders Relationship Committee (SRC)

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

Shri Sunil Mehta, Director – Member

Dr. Girish K.Ahuja, Director – Member

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

Shri Rajnish Kumar, MD-NBG – Member (Ex-Officio)

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

Shri Rajnish Kumar, MD-NBG – Member

(Ex-Officio) – Chairman of the Committee

Shri P. K. Gupta, MD-C&R – 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 Tribhuwan Nath Chaturvedi, Director, Member

Dr. Girish K. Ahuja, Director – Member

Customer Service Committee of the Board (CSCB)

Shri B. Sriram, MD-CBG – Member (Ex-Officio) –

Chairman of the Committee

Shri Rajnish Kumar, MD-NBG – Member (Ex-Officio)

Shri M.D. Mallya, Director – Member

Shri Sunil Mehta, Director – Member

Shri Deepak I. Amin, Director – Member

Shri Tribhuwan Nath Chaturvedi, Director – Member

Dr. Pushpendra Rai, 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 B. Sriram, MD-CBG – Member (Ex-Officio)

Shri P. K. Gupta, MD-C&R – Member (Ex-Officio)

Corporate Social Responsibility Committee (CSR)

Shri V.G. Kannan, MD-A&S – Member (Ex-Officio) – Chairman of the Committee

Shri Rajnish Kumar,

MD-NBG – Member (Ex-Officio)

Shri Sanjiv Malhotra, Director – Member

Shri Sunil Mehta, Director – Member

Shri Deepak I. Amin, Director – Member

Dr. Pushpendra Rai, Director – Member

Remuneration Committee of the Board (RCB)

Ms. Anjuly Chib Duggal, 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 B. Sriram, MD-CBG – Member

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

Shri Rajnish Kumar, MD-NBG – Member

Shri P. K. Gupta, MD-C&R – Member

Ms. Anjuly Chib Duggal, GOI Nominee – Member (Ex-Officio)

Review Committee for Identification of Wilful Defaulters/ Non-Co-operative Borrowers

Managing Director-CBG-Chairman of the Committee

Any two independent Directors of the Bank.



Members of Local Boards, other than Managing Director - National Banking Group - Nominated by Chairman in terms of Section 21(1)(a) of SBI Act, 1955 as on 27th May, 2016

AHMEDABAD

Shri Sanjiv Nautiyal

Chief General Manager (Ex-Officio)

BANGALORE

Smt. Rajni Mishra

Chief General Manager (Ex-Officio)

BHOPAL

Shri K.T.Ajit

Chief General Manager (Ex-Officio)

Shri Anil Garg

BHUBANESWAR

Shri B.V.G.Reddy

Chief General Manager (Ex-Officio)

Shri Sarat Chandra Bhadra

CHANDIGARH

Shri Anil Kishora

Chief General Manager (Ex-Officio)

Shri Anil Arora

CHENNAI

Shri B.Ramesh Babu

Chief General Manager (Ex-Officio)

HYDERABAD

Shri Hardayal Prasad

Chief General Manager (Ex-Officio)

Shri M.V.Ranganath

KOLKATA

Shri Prashant Kumar

Chief General Manager (Ex-Officio)

LUCKNOW

Shri Gautam Sengupta

Chief General Manager (Ex-Officio)

Shri Munish Kumar Jain

MUMBAI

Shri Deepankar Bose

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)

Shri Tribhuwan Nath Chaturvedi*

Shri Dinesh Kumar

Dr. Girish K. Ahuja*

Dr.Pushpendra Rai*

NORTH EASTERN

Shri P.V.S.L.N.Murty

Chief General Manager (Ex-Officio)

PATNA

Shri Ajit Sood

Chief General Manager (Ex-Officio)

KERALA

Shri Badal Chandra Das

Chief General Manager (Ex-Officio)

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 27th May, 2016

Smt Arundhati Bhattacharya

Chairman

Shri B. Sriram

Managing Director
(Corporate Banking Group)

Shri V.G. Kannan

Managing Director
(Associates & Subsidiaries)

Shri Rajnish Kumar

Managing Director
(National Banking Group)

Shri P.K. Gupta

Managing Director
(Compliance & Risk)

Shri N. Krishnamachari

Deputy Managing Director & Chief Operating Officer

Shri Ashwini Mehra

Deputy Managing Director & Corporate Development Officer

Shri Sunil Srivastava

Deputy Managing Director
(Corporate Accounts Group)

Shri Siddhartha Sengupta

Deputy Managing Director
(International Banking Group)

Smt Anshula Kant

Deputy Managing Director & Chief Financial Officer

Dr M. S. Sastry

Deputy Managing Director & Chief Risk Officer

Shri Mrutyunjay Mahapatra

Deputy Managing Director & Chief Information Officer

Dr M.G. Vaidyan

Deputy Managing Director
(Stressed Assets Management Group)

Shri Sasikumar C.R.

Deputy Managing Director
(Inspection and Management Audit)

Shri J. Packirisamy

Deputy Managing Director
(Mid Corporate Group)

Shri Sekar Karnam

DMD & Chief Credit Officer

Smt Manju Agarwal

Deputy Managing Director
(Corporate Strategy and New Businesses)



BANK'S AUDITORS

M/s Varma & Varma

Kochi

M/s Mehra Goel & Co.

New Delhi

M/s S R R K Sharma Associates

Bangalore

M/s V Sankar Aiyar & Co.

Mumbai

M/s S N Mukherji & Co.

Kolkata

M/s B Chhawchharia & Co.

Kolkata

M/s Manubhai & Shah LLP

Ahmedabad

M/s M. Bhaskara Rao & Co.

Hyderabad

M/s GSA & Associates

New Delhi

M/s Chatterjee & Co.

Kolkata

M/s Bansal & Co.

New Delhi

M/s Amit Ray & Co.

Allahabad

M/s S L Chhajed & Co.

Bhopal

M/s Mittal Gupta & Co.

Kanpur

THE CHAIRMAN'S MESSAGE

It gives me great pleasure to place before you the highlights of your Bank's performance during the financial year 2015-16. Details of the achievements and initiatives taken by your Bank are provided in the enclosed Annual Report for the year 2015-16.





Dear Shareholders,

It gives me great pleasure to place before you the highlights of your Bank's performance during the financial year 2015-16. Details of the achievements and initiatives taken by your Bank are provided in the enclosed Annual Report for the year 2015-16.

ECONOMIC OVERVIEW

The year 2015 was another difficult year for the global economy, with economic growth easing to 3.1% as per IMF estimates. While the growth in advanced economies increased moderately, the Emerging Market and Developing Economies' growth decelerated amidst subdued growth performance in the bigger economies of Brazil, Russia and persistent slowdown in China. Low oil, commodity prices and tighter financial conditions kept the risks elevated.

Global growth continued to remain sluggish in the first quarter of this calendar year. Weak business environment in the US led to a near stagnation in growth dynamics. Even the Eurozone grew at the same rate as the previous quarter and Japan continues to show weak growth. However, the recent firming up of oil prices and modest increase in commodity prices have provided support to global economic activity. According to the latest IMF projections, the world economy is poised to grow at 3.2% in 2016 and pick up to 3.5% in 2017. Growth in emerging markets and developing economies is expected to come in at 4.1% and advanced economies are projected to grow at 1.9%.

Against the backdrop of weak global economy, India grew at a healthy 7.6% in FY16 compared to 7.2% in the last fiscal. While, on Gross Value Added (GVA) basis, the economy grew at 7.2% in FY16 against 7.1% in FY15. Forecast of above normal monsoon this year at 106% of Long Period Average will support growth momentum going forward. GDP growth is expected to be better at 7.8% in FY17 (SBI projections). On the external front, improvement in current account deficit has persisted and narrowed to 1.3% of GDP in Q3 FY16 from 1.5% of GDP in Q3 FY15, thanks to the decline in trade deficit. Looking ahead, current account deficit will continue to stay within comfortable range of 1.0%-1.5% even in FY17.

YOUR BANK'S PERFORMANCE

Deposits

In the year 2015-16, aggregate deposits rose by 9.76% to ₹17,30,722 crore from the previous year level of ₹15,76,793 crore. The higher growth of your Bank's deposits compared to All Scheduled Commercial Banks' (ASCB) growth, pushed up the market share by 57 bps to 17.57% in March 2016. Furthermore, this growth was majorly driven by growth in personal segment deposits, more specifically by growth in low cost CASA deposits. The Bank improved its CASA ratio to 43.84%, an improvement of 96 bps from 42.88% last year. Meanwhile, the deposits in Savings Bank grew by 13.17% to ₹5,81,564 crore and current account clocked a growth of 9.62% to reach ₹1,35,768 crore in FY16.

Advances

The Advances of your Bank crossed the ₹15,00,000 crore mark, and grew at 13.04% to the level of ₹15,09,500 crore by March 2016 from the previous year level of ₹13,35,424 crore. The higher growth of our advances than the banking industry, pushed up the market share by 34 bps to 16.30% in 2015-16. By clocking a robust growth of 20.06%, retail advances remained the most impressive sector contributing significantly to increase in overall loan disbursements. Delinquencies in the segment remained significantly benign supporting the Bank's strategy of growing more aggressively here. Within retail, auto loans registered a healthy growth of 19.91% to ₹38,549 crore in FY16 from ₹32,149 crore in FY15 and home loans grew by 19.67% to ₹1,90,552 crore in FY16 from ₹1,59,237 crore in FY15. Your Bank's home loan portfolio constitutes nearly 60% of retail loans. In addition to that, your Bank retained its position as the country's largest home loan provider with a market share of 25.52% amongst ASCB.

Further, the loans to large corporates increased by 16.69% to ₹3,29,026 crore in FY16 from the previous year level of ₹2,81,977 crore. This growth can largely be attributed to capitalizing on refinancing opportunities and judiciously lending to investment grade projects. On a positive note, your Bank remained cautious while lending to mid-corporate and SME segments. In FY16, advances to SME grew by 4.44% to ₹1,89,536 crore and mid-corporate portfolio increased by 6.93% to ₹2,32,626 crore. The aggregate share of both of these

THE CHAIRMAN'S MESSAGE

segments continued to decline to 27% in FY16 compared to 30% at the end of FY15. However, under SME segment, risk mitigated products continued to clock healthy growth, thereby increasing their share in the SME portfolio from 36% in FY15 to 41% in FY16. Finally, in case of agriculture credit, your Bank continued to surpass the target set by the Government, disbursing ₹1,25,387 crore loans as against the scheduled target of ₹89,781 crore for FY16.

Branch Expansion

With the opening of 451 new branches, the branch network of your Bank reached 16,784, as of March 2016, of which 65% are in rural and semi-urban areas. To provide an additional convenient service channel to HNIs besides the branch, your Bank launched a Priority Banking Centre at Bengaluru on 16th November, 2015. This offers personalised services through registered mobile number, enabling valued customers to conduct all non-cash transactions during extended business hours from 8 a.m. to 8 p.m.

In addition, your Bank also targets the local populace in overseas geographies in line with its vision to become a truly International Bank. The number of foreign offices of the Bank is currently at 198 and spread across 37 countries in all the continents. The offices include 55 Branches, 20 other offices, 7 Representative Offices and additional 113 offices of 8 Foreign Subsidiaries. During 2015-16, your Bank has opened 2 new branches in United Kingdom, 4 Indian Visa Application Centres in Bangladesh and upgraded Seoul Representative Office into a full-fledged branch.

Branch Redesign

With an aim at improved customer service, better crowd management, reduction in wait times and overall reduction in the service time (processing time), your Bank has rolled out Customer Experience Excellence Project (CEEP), which was accelerated during FY16. 2674 branches were rolled out under CEEP during FY16 and the total number of branches under CEEP is at 3006 as on March 2016. A brief of the initiatives introduced under CEEP to improve the customer experience is as under:

- Provision of all alternate channel machines viz. ATM, CDM / Recycler, Automatic Cheque Drop Box Machine (ACDM), SWAYAM Bar coded Passbook Printer and Internet enabled PC with printer for online opening of accounts at specified Branches which have adequate footfalls.
- Provision of integrated Queue Management System (QMS) and Customer Feedback TAB at the branch for better crowd management through real time monitoring and Branch choreography to tackle peak level rush.
- Grahak Mitra to facilitate issue of tokens and migration of customers to Alternate Channels.
- Standardised Single Window Operator (SWO) and Service Desks for non-cash transactions.
- Account opening Cell to streamline the account opening process.
- Standardised process for sales management and cross sell.

Technology

Your Bank realised early on the need for doing banking the smart way, in its pursuit towards becoming the Banker to the Nation. Your Bank has been putting significant efforts to upgrade its technology to the best in class, on an on-going basis and the capability to offer near JIT (Just in Time) service delivery environment across its delivery channels. This could become possible largely because of the deep penetration of State Bank Debit Cards with a matching cash-dispensing infrastructure closer to the doorsteps of the customers.

With over 23 crore Debit Cards as on 31st March 2016, your Bank continues to be the market leader in Debit Card issuance in the country. You will be glad to know that 20% of the banked population have their accounts with SBI, with around 38% of total Debit Card penetration in the country.

In sync with the focus of Government of India to create a digital economy, your Bank has strengthened its Debit Card acceptance infrastructure by giving a vigorous thrust on installation of Point of Sale (PoS) terminals, thereby taking the numbers to over 3.02 lakh, up by 50% over last year with a market share of 21.70% of PoS terminals. During FY16, your Bank has registered a growth of 56% in terms of number of transactions and 60% in value of transactions.



To provide best of security, peace and confidence to customers, your Bank replaced all magnetic stripe cards to EMV cum Magnetic Stripe Cards. Advanced Anti Skimming devices, terminal security, SMS alerts, out of zone concepts and PIN based debit card authorisation have been implemented in all geographies.

As all of you know that in FY15, your Bank has launched "sbiINTOUCH" branches. These branches are well equipped with state-of-the-art devices/kiosks to cater to the target group of Gen Y and Smart Affluent. Customers transact on a self-service mode. Both onsite and remote expert assistance through hi-definition video conference are provided for. These Branches provide a consistent experience over omni channels and comprise transaction processing stations (self-service zone), information and interaction stations and advisory rooms. 115 sbiINTOUCH Branches were opened across the country covering 70 districts to take the digital footprint of your Bank forward.

Your Bank is the market leader (35.5% market share in number of transactions) 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. During the year, the Bank launched revolutionary mobile banking applications for SME & Corporate customers, "State Bank Anywhere Saral" & "State Bank Anywhere Corporate", respectively. Also, on SBI Quick (missed call banking), the Bank receives more than 4 lakh calls on an average per day.

In line with our endeavour of being 'Banker to Digital India', a facility of Online Application and Tracking for Loans was provided for convenience of customers facilitating status update and speedy disposal of applications.

Your Bank along with its Associate Banks has one of the largest ATM networks in the world with more than 59,000 ATMs including Kiosks, Cash Deposit Machines and Recyclers as on March, 2016. As a new initiative, your Bank has introduced and installed 4,953 Recyclers (with associate banks: 5,768) to provide customers 24x7 cash withdrawal and cash deposit facilities.

Your Bank has rolled out more than 6,000 SWAYAMS (Barcode based Passbook Printing Kiosks) at its branches

and onsite/offsite lobbies. Using these kiosks, customers can print their passbooks on their own using barcode technology. More than 2 crore passbooks have been printed through these Kiosks.

Your Bank's online banking platform provides robust and customer friendly net banking services to its retail and corporate customers. This cost-effective channel has enabled more than 124 crore transactions during FY16, achieving 38% growth over the previous year.

Last, but not the least, your Bank is the first and only Bank to have its own payment aggregator services. As a Bank and a Payment aggregator, SBlePay has already partnered with 41 banks for providing seamless Internet Banking options to the customers. PayPal has also been added as a new channel in SBlePay.

Profitability

Profitability during the financial year was expected to be under pressure due to two reasons. Firstly, there was a 70 basis points (bps) correction in the base rate which impacted the interest income of the Bank. The interest income growth moderated to 2.96% during FY16. Secondly, front loading of provisioning on account of RBI's Asset Quality Review (AQR) during Q3 & Q4 also adversely impacted the Net Profit of the Bank.

Thus, on a standalone basis, for Q4 FY16, the Operating Profit of the Bank increased by 11.22% from ₹12,760 crore in Q4 FY15 to ₹14,192 crore. For the financial year, the Operating Profit increased by 9.41% to ₹43,258 crore. Net profit on the other hand declined by 24.05% from ₹13,102 crore in FY15 to ₹9,951 crore in FY16. The total consolidated profit of the Group also declined by 28.1% to ₹12,224 crore in FY16. However, the erosion in profitability was arrested to some extent by robust performance in Non-interest income. The Non-interest income increased from ₹22,576 crore in FY15 to ₹28,158 crore in FY16, a 24.73% growth.

The fall in profitability did not adversely impact Net Interest Rate Margin (NIM) of the Bank. The Bank continued to maintain a healthy NIM of 3.27%. The Bank was able to maintain this margin because of 96 bps improvement in CASA ratio to 43.84%.

THE CHAIRMAN'S MESSAGE

Asset quality

As a part of the RBI's AQR, the Bank was advised to reclassify and/or beef up its provisioning in respect of certain advances. The Bank on its own - beyond the RBI directive - also reviewed the loan book on an account-by-account basis. This exercise resulted in an increase in Non-Performing Asset (NPA) provision by ₹9076 Crore in FY16 to ₹26,984 crore. Over and above the loan loss provisions held on NPAs, the Bank also has ₹3,383 crore as additional provision. Furthermore, the Bank has utilised the Counter Cyclical Provisioning Buffer (CCPB) of ₹1149 crore for making specific provisions for NPAs during this year.

The Gross NPA therefore went up by 225 bps at 6.50% in FY16 as against 4.25% in FY15. Net NPA on the other hand went up by 169 bps at 3.81% in FY16 as against 2.12% in FY15. Notwithstanding the secular rise in provisions, there were notable improvements in some pockets of the loan book. Asset quality improved in the Non-Corporate Book with Gross NPA Ratio in Personal Segment Loans declining from 0.93% in FY15 to 0.75% in FY16. Gross NPA Ratio in Agri. loans also declined from 8.90% in FY15 to 6.93% in FY16. Gross NPA Ratio in SME loans remained stable at around 7.8%.

On the whole, the Net Impaired Asset Ratio (Net NPA+ Net Std Restructured) increased marginally from 6.18% to 6.40%. The provision coverage ratio now stands at 60.7%.

Capital structure

Despite the challenges faced during the last financial year, your Bank has remained well capitalised to absorb future shocks and maintain its future growth trajectory. Capital Adequacy Ratio of the Bank under Basel III improved to 13.12% in March 16 from 12.00% in March 15.

During FY16, the Government infused ₹5393 crore while the Bank raised ₹10,500 crore through Tier II issuance. Revaluation of Real Estate Assets is yet to be reckoned in capital adequacy calculations. Real Estate Revaluation estimated increase in CET1 is more than ₹10,000 crore. The Bank may also consider divestment of non-core investments / subsidiaries to add more than ₹3,000 crore to optimise its available capital.

Dividend

For the year FY16, I am happy to announce that the Board of Directors of your Bank has declared a dividend of ₹2.60 per share of face value of Re 1 each.

New Initiatives

In FY16, your Bank has taken a number of new business initiatives in each and every business segment like home loans, auto loans, SME, rural business etc.

- In line with our vision statement to keep "Customer first", your Bank launched Enterprise Wide Loyalty Programme - State Bank Rewardz to reward our customers for the unstinted trust reposed in us across a wide range of services availed by them.
- In the personal banking business, your Bank has taken a number of new initiatives in the FY16. Some of them are: (i) Holiday Savings Account (with online end to end capabilities) in partnership with Thomas Cook; (ii) FlexiPay Home Loan (Home Loan with Flexible Repayment option) for the individuals and Corporate Home Loan (Home Loan to Corporates / Institutions for creating housing stock for their employees / directors), and (iii) Project TATkal, which is aimed at revamping of Home Loan marketing and processing infrastructure.
- Further, Griha Tara Campaign was launched to encourage each and every member of our staff to market at least one Home Loan proposal. You will be happy to know that more than 75,000 staff members have mobilized over 1.5 lakh home loans proposals, amounting to over ₹32,500 crore, during the year.
- Further, for students going abroad for higher studies, SBI Global Ed-Vantage Scheme with limits upto ₹1.5 crore has been launched.
- Your Bank has also launched "SBI eforex" platform, which would enable customers to book forex rates to hedge their exposure in foreign currency.
- On SME business front, Project Shikhar was rolled out to gain first mover advantage in the ecommerce space. Under this project, the Bank is working on various initiatives to pioneer ecosystem lending through partnerships with new business models. A pioneering innovative product "e-Smart SME" for financing merchants selling through e-commerce platforms has been designed.



- Your Bank has designed, developed and launched "SBI Exclusif", a unique suite of Wealth Management services (WMS) for its high net worth customers. At present, only resident individual customers are eligible, but your Bank shall be rolling it out to NRIs and Corporates/Trusts shortly.
- State Bank Buddy, is the mobile wallet designed for the tech savvy generation, the youth of the country. With this buddy app, the user can do a number of online transactions like mobile recharge, pay utility bills, online shopping and ticketing etc.
- Your Bank has launched a Mobile App 'State Bank Samadhaan' on Google Play Store. This is a Self-Service App enabling SBI customers to avail of a range of services and obtain commonly sought information, without visiting the branch. The App will provide information about deposits, advances, Internet Banking, Mobile Banking, EMI calculation, SBI Branch, ATM Locations, SBI Holidays and give direct access to various mobile apps viz., SBI Freedom, SBI Anywhere, SBI Buddy, SBI Quick, etc. A unique feature of the App is that it will enable any SBI customer to get on-demand his statement of account and interest certificate on Housing Loan and Education Loan securely on his registered email address 24 x 7. Customers will also be able to lodge and track their complaints through this App.
- Another Mobile App "State Bank No Queue" has been launched; this enables customers to self-generate e-tokens for availing select Banking services at select Branches. This reduces waiting time of customers and reduces crowds, as the token is generated before the customer reaches the Branch.
- On HR front, your Bank has introduced flexi-timing / flexi-hour scheme in a limited scale where the employee is free to select own work hours within limits laid by the management, on grounds of looking after family and health. Additionally, the Bank has implemented a new system of performance appraisal (Career Development System-CDS) of employees in an objective and transparent manner. The entire system is IT driven and all the employees of the Bank have been assigned KRAs and almost 90% of the positions have been made budgetary or measurable.
- In order to focus on capital conservation and maximization of return on capital, your Bank has introduced Risk Based Budgeting (RBB). Your Bank has implemented the Risk

Adjusted Return on Capital (RAROC) framework both at customer and portfolio level.

- For resolution/recoveries of NPAs, Your Bank has introduced certain innovative methods which has given first mover advantage to the Bank in areas like early warning system, arranging Mega e-Auction of large number of properties on Pan-India basis, initiation of criminal actions, identification of un-encumbered properties of the borrowers / guarantors and arranging for attachment of properties before the court.

Associates & Subsidiaries

The five Associate Banks of SBI had a Market share of 5.30% in deposits and 5.33% in advances approximately as on 31st March 2016. Their net profit stood at ₹1,640 crore. Bank's Central Board has recently passed a resolution to seek the Government's nod to start negotiating the merger of our five subsidiary banks and Bharatiya Mahila Bank with your bank. Such a merger will make your bank more efficient, derive the benefit of all synergies and improve its dominance in the banking space.

Of the non-banking subsidiaries, SBI Capital Markets Limited, along with its 5 subsidiaries posted a PAT of ₹279 crore during FY16. SBI Life Insurance Company Limited witnessed a PAT of ₹861 crore in FY16 against ₹820 crore in FY15. The 'Assets Under Management' of SBI Life recorded a YOY growth of 13% to reach ₹83,429 crore in FY16. SBI Cards and Payment Services (Pvt.) Ltd has grown its card base by 15% and posted net profit of ₹284 crore for FY 16 as against ₹267 crore for FY15. In terms of spends, the company is ranked 4th with 12% market share. SBI DFHI Ltd posted Net Profit of ₹72 crore in FY16. The market share of SBI DFHI was 3.46% amongst all market participants and 20.37% amongst Standalone PDs as on 31st March, 2015. SBI Funds Management Private Limited posted a PAT of ₹165 crore in FY16 as against ₹163 crore earned during FY15. The average Assets Under Management of the company during FY16 stood at ₹1,06,781 crore with market share of 7.89%. SBI Global Factors Limited registered PAT of ₹0.86 crore in FY16. SBI General Insurance Company Limited recorded 29.4% growth in GWP YOY against an industry growth of 13.8%. The total "Assets Under Management" of SBI Pension Funds Pvt. Ltd as on 31st March, 2016 were

THE CHAIRMAN'S MESSAGE

₹46,019 crore (YOY growth of 48%) against ₹31,407 crore in March 2015. The Company maintained lead position amongst Pension Fund Managers in terms of AUM in both Government and Private Sectors.

Recognition & Awards

I am proud to share with you the details of various awards received by your Bank. The thrust on technology has paid off and this is evident from the number of awards won by the Bank in the technology space, some of which are Best Analytics Award by Finnoviti, IDRBT Banking Technology Excellence Awards for Electronic Payment Systems and Managing IT Infrastructure, CIBIL Data Quality Award 2016 for Best Data Quality in Public Sector Banks. In a survey conducted by Digital market intelligence firm, SimilarWeb for online banking and finance sites across 200 countries, 'Onlinesbi.com' was the eighth most popular online banking site, registering 846.6 million average monthly visits in Jan'15-Jan'16 period. Locally also 'Onlinesbi.com' is the third most visited site after IRCTC and Flipkart.

Besides the technology awards, SBI has also been adjudged as The Best Trade Finance Bank-India by Global Finance Magazine, New York for the fourth time in a row. Your Bank was also designated the Best Large Bank and Banker of the Year by Business World. The Guiness Book of World Records recognized SBI's contribution for the PAHAL (DBTL) Scheme for which SBI is the sole sponsor. Your Bank was also the proud recipient of Hellen Keller Awards 2015 for Role Model Company and Best Central PSU award for financial services by 7th India Pride Awards.

The Associates and Subsidiaries of your Bank have also been winners of many prestigious awards throughout the year. To mention a few, State Bank of Bikaner & Jaipur, featured in India's Top 500 Companies 2015, was ranked 5th in Best Mid-Size Indian Banks category by Business Today. State Bank of Hyderabad was awarded Second Best Public Sector Bank by Kerala Bankers club. State Bank of Travancore won CSR & Business Responsibility Award for Emerging Bank-Winner for MSME Banking Excellence Awards-2015.

On the Subsidiary front, SBI Cards & Payments received various awards, one of which was Most Trusted Brand in Credit Cards category by Reader's Digest Customer Survey. SBI Life was adjudged the Best Life Insurance Company (Private Sector) at the Lokmat BFSI Awards, 2015 by World HRD Congress. It was also the Most Trusted Private Life Insurance Brand by The Economic Times, Brand Equity and Nielsen Survey 2015 for the fifth consecutive year.

Corporate Social Responsibility

Your bank has been a pioneer in the space of Corporate Social Responsibility (CSR) in the Indian Banking ecosystem. We believe that we owe a solemn duty to the less fortunate and underprivileged members of the society to make sustainable social change in their lives. To strengthen the State Bank Group's CSR activities and make it more sustainable, your Bank has formed SBI Foundation, a Not-for-Profit company (subsidiary), registered under Section 8 of the Companies Act, 2013. SBI Foundation would support pooling of the CSR dedicated funds of the entire State Bank Group under one umbrella and direct these resources towards comprehensive CSR activities aligned with the Group's Vision.

Further, the CSR spend of your Bank for FY16 stood at ₹143.92 crore. This is the fourth successive year, where our CSR spend has been more than ₹100 crore.

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, significant tangible progress has been continued from last year on all fronts.

Asset quality pressures however accelerated during this year due to continued stress in the economy, declining commodity prices and two successive drought years. With the passage of the Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act, 2015 a missing link of institutional intervention has been addressed, which will speed up the recovery process. Also with the passage of the Bankruptcy Law, resolution of stressed assets is expected to become more systematic and timely.



Bank's progress under Basel III transition is on schedule. Bank is striving to control costs by improving and digitizing processes and delivery without compromising on future growth. The Bank's performance on non-interest income front has been fairly satisfactory during this financial year and we will continue to diversify our income sources.

On the technology front, I am quite confident that our efforts have been timely executed and well received by our customers. In the coming year, we aim to build upon this encouraging digital journey. The biggest gain from technological innovation for Your Bank is that it will improve customer retention and help attract savvier, higher income and potentially more profitable customers. Younger customers and the "mass affluent" will want the convenience provided by digital banking. They will therefore migrate to banks that can provide this convenience.

FY17 is expected to be more promising than the previous year primarily because a regime of clear and stable policy environment is now evidently visible. The Government has embarked on promoting many new sectors with an eye on the future. The new sectors include Costal Shipping, Offshore Wind Energy, Defence Manufacturing, Railways and Affordable Housing.

The contours of banking sector are changing in line with the aspirations of young India that is becoming more technology oriented. The investments in digital banking by Your Bank will pay rich dividends once issues of asset quality are sorted out.

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.

Yours sincerely,

(Arundhati Bhattacharya)

DIRECTORS' REPORT

INCLUDING MANAGEMENT DISCUSSION AND ANALYSIS

I. ECONOMIC BACKDROP AND BANKING ENVIRONMENT

GLOBAL ECONOMIC SCENARIO

The world economy has passed through yet another difficult year. The growth in advanced economies has stagnated, while that in emerging and the developing world has decelerated, leading to a slow global growth of 3.1% in 2015. The US economy continues to grow below potential with GDP growth falling to 1.4% in Q4 2015 and 1.9% for the whole year. The Euro Area expanded at 1.6% in 2015, again driven mainly by private consumption. However, economic growth in the region has remained unchanged at 1.6% in the last three quarters. The disappointing situation persists in 2016, with underperformance of the services sector in the Eurozone and UK and weak overseas demand taking a toll on German factory orders.

Japan continues to stutter with economic contraction of -1.1% in the last quarter of 2015 (0.5% for full year 2015) despite active intervention of the Government. This in turn has pressured the monetary authorities to adopt negative interest rates in January this year.

Meanwhile, growth in emerging market economies (EMEs) has remained tepid in 2015 at 4.0% with Brazil and Russia decelerating more than expected amidst sluggish growth in China. The recent firming up of commodity prices will support commodity exporting emerging economies, but domestic constraints and weak external demand may put downward pressure on growth dynamics.

Global trade witnessed a sub 3% growth in 2015 for the fourth consecutive year with emerging and developing countries suffering more than the advanced economies. Going forward, the trade figures will remain sluggish in 2016 with moderate import demand from developed world. Meanwhile, slowdown in China, increase in financial volatility and adverse exchange rate movements of more vulnerable countries with large foreign debts may put downward pressure on trade dynamics. On the inflation front, divergent trends are visible with accelerating consumer prices in EMEs and declining prices in advanced countries.

As far as financial volatility is concerned, the role of emerging markets has increased with enhanced spill overs from emerging markets to the global equity prices and currency market developments recently. The good thing is that after witnessing a turbulent beginning in 2016, market sentiment has revived considerably in the recent months.

INDIA'S ECONOMIC SCENARIO

Despite all the headwinds, both domestic and external, the Indian economy remains in a sweet spot and grew by 7.6% in FY16 compared to 7.2% in FY15 and 6.6% in FY14. On Gross Value Added (GVA) basis, the economy grew by 7.2% in FY16 compared to 7.1% in FY15 and 6.3% in FY14. This growth is primarily driven by growth in services (8.9% in FY16) and industry (7.4% in FY16).

After two successive years of deficit monsoons, the prediction of above normal monsoon this year at 106% of Long Period Average (LPA) will bring cheer. There is a 94% probability that monsoon will be normal to excess this year. It is interesting to note that since 1999 (when IMD predicted 108% rainfall) this is the highest ever rainfall projection by IMD. The spatial distribution of monsoon will also be fair with drought-hit states also likely to receive good rainfall. North-East India and South-East India, particularly Tamil Nadu, may get slightly less than normal rainfall.

The third advance estimates of the Ministry of Agriculture indicate that despite low reservoir levels, relatively warmer winter and a deficient North-East monsoon, Rabi foodgrains production increased over levels a year ago and even compensated for the shortfall in Kharif output. Hence, the total foodgrains production during FY16 estimated at 252.23 million tonnes will be marginally higher over the production of 252.02 million tonnes during FY15. For FY17, Government has set the target of 270.10 million tonnes.

Industrial output as measured by the Index of Industrial Production (IIP) could not sustain the surge in Oct'15 and declined after that. The decline in IIP during recent months is mainly led by decline in manufacturing. Electricity generation has remained resilient and is expected to sustain its performance backed by thermal



supplies, while consumer durables continue to gain. The investment climate in the country has improved as the stock of stranded investment in stalled projects has started to decline.

Inflation, both Wholesale Price Index (WPI) and Consumer Price Index (CPI), remained under control throughout FY16. Even WPI inflation remained in negative territory for the entire fiscal. The average WPI was -2.5% for FY16 compared to 2.1% for FY15. The sharp decline in fuel prices has led to negative WPI. CPI inflation also declined significantly to 4.9% (average) in FY16 from 6.0% in FY15. Inflation, both WPI and CPI, has however increased in April 2016, but we expect this to be transitory and seasonal.

On the external front, the current account deficit (CAD) narrowed to \$7.1 billion (1.3% of GDP) in Q3 FY16 from \$7.7 billion (1.5% of GDP) in Q3 FY15 and \$8.7 billion (1.7% of GDP) in Q2 FY16. The contraction in CAD was primarily on account of a lower trade deficit due to decline in both exports and imports. For the entire fiscal, both exports and imports growth were in negative territory. For FY16, exports fell 15.8% to a five-year low of \$261.1 billion due to fragile global demand and low commodity prices. Imports also dipped 15.3% to \$379.6 billion, leaving a trade deficit of \$118.5 billion.

BANKING ENVIRONMENT

In FY16, banking business turned out a mixed bag, due to a number of reasons like weak economic activity, stress in certain sectors and consequent lower credit demand. Despite relatively high real interest rates, aggregate All Scheduled Commercial Bank (ASCB)

deposits registered a 9.9% growth in FY16 (for the fortnight ended 18 March, 2016), compared to FY15 (fortnight ended 20 March, 2015) growth of 10.7%. However, in absolute amount, deposits grew by ₹8.4 lakh crore in FY16 compared to ₹8.2 lakh crore in FY15. The muted deposit growth may be due to rise in currency circulation in the system, increasing outward remittances and high base effect.

Meanwhile, credit growth remained in the range of 9-10% in H1FY16. After the rate cut by RBI (75 bps in total; 25 & 50 bps in two tranches in Jun'15 and Sep'15), banks also reduced their base rates in the range of 55-70 bps, which helped credit demand to pick up in H2 touching the highest growth of 11.6% in Feb'16. Overall, YoY credit grew at a higher rate of 11.3% in FY16 (18 March, 2016), compared to FY15 (20 March 2015) growth of 9.0%. The incremental lending during the financial year has been mostly to the personal loan segment, especially housing, and also Mudra. Interestingly, in a period of one year, with the thrust of the Government and efforts by banks, Mudra loans now account for around 1.7% of the ASCB loan portfolio.

Liquidity conditions, which had tightened since mid-Dec'15, were stretched further by the larger-than-usual accumulation of cash balances by the Government, unusually heightened and persistent demand for currency, a pick-up in bank credit and flatter deposit mobilisation at this time relative to past years. However, RBI undertook liquidity operations to quell these pressures and supplemented normal operations with liquidity being injected through OMOs and variable rate repo auctions.

Meanwhile, under the Pradhan Mantri Jan Dhan Yojna (PMJDY), banks have opened 21.51 crore of accounts so far with ₹36,600 crore deposits. On a positive note, zero balance accounts under PMJDY have been continuously declining from 45% in Sep'15 to 27% in Mar'16. Further, under the Jan Suraksha scheme, banks have enrolled a total of 12.6 crore of applicants cumulatively, out of which SBI alone has enrolled 2.3 crore accounts for the year ending Mar'16. Taking this initiative forward, Government has been using the banking channels to disburse the subsidy amounts through these accounts, by using the Aadhaar platform.

To further increase the penetration of financial services in the country, RBI has issued a total of 23 new banking licences (2 universal banks, 11 Payment Banks and 10 Small Finance Banks) in 2015, with an objective to provide banking facilities to the unbanked sections of the people. The 2 universal banks have started their operation in 2015 and Capital Local Area Bank (CLAB) has launched its operations as India's first small finance bank (SFB) in April 2016. Apart from CLAB, the others who have received RBI's approval to start SFBs are preparing to launch by Sep'16, much ahead of the deadline of Apr'17. The 11 payment banks which got in principle approval are now in the process of getting formal licences from RBI. However, reports state that 4 of these have decided not to proceed with the venture.

Further, in line with the Government's digital India mission, most banks are endeavouring to make available their products and services on the online platform. Apart from this, in a move to a step closer towards becoming a less

DIRECTORS' REPORT

cash economy, National Payments Corporation of India (NPCI) with RBI has launched the Unified Payment interface (UPI). The UPI will allow customers to instantaneously transfer funds across different banks with the use of a single identifier which will act as a virtual address and eliminate the need to exchange sensitive information such as bank account numbers during a financial transaction. The introduction of UPI is expected to have a significant impact on the ease of retail payments at a time when mobile banking is also picking up.

The signs of rising stress in the banking system appear to have plateaued, as much of the stress has already been recognised and remaining expected stress in the coming year identified and put under close watch. All possible solutions for resolution of stressed accounts are being worked out by the larger corporate lenders. These measures are likely to have a positive impact on the banking system. Due to elevated NPAs, net profits of most banks have declined as a result of higher provisioning. This in turn has impacted their return on assets (RoA) and return on equity (RoE) adversely.

OUTLOOK

The coming financial year will be challenging yet exciting for a number of reasons. Global economic growth is slowly inching towards recovery. Digital technology is continuously creating new opportunities in the banking space, which will not only reduce the cost of banking and delivery of services, but

at the same time it will significantly improve customer experience. The adoption of digital technology will therefore gather further pace across all banks – India or abroad. Weather events, which had disruptive effect on global growth recovery are abating and El Nino conditions are expected to wither by the end of 2016. Some models are now predicting La Nina conditions in the later stage of monsoon, which will increase the probability of better rains even further.

Against this background, India's growth fundamentals are intact. Weather related risk is now expected to be contained. The policy space as a result has widened and Government is expected to foster new investments in green field sectors like offshore wind and coastal shipping. The policy space in existing brown field sectors such as capital goods, railways, defence and housing has been rationalised. These measures will open up a significant number of opportunities for banks and help in diversifying their exposures.

Correction in inflation during the last financial year has resulted in real income appreciation for the households. This is expected to boost demand for banks' credit in personal segment, which has already shown a healthy growth last year. These trends will get a further thrust due to the passage of The Real Estate (Regulation and Development) Bill, 2016. Banks have moved to the marginal cost-based lending rate (MCLR) from the base rate system w.e.f. 01 Apr'16, which is

expected to further bring down the cost of borrowing in a declining interest rate scenario. Banks are also expected to benefit from the change in RBI's stance from 'liquidity in deficit mode' to 'liquidity in neutral mode'.

The passage of the Bankruptcy Law is expected to strengthen and speed up the resolution of stressed loans and lead to a more vibrant Corporate Bond market in the country. In a similar vein, the Ministry of Micro, Small and Medium Enterprises, Government of India, has notified a 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises'.

Overall, both monetary policy and fiscal policy will be conducive for stable economic growth. RBI has indicated an accommodative policy stance ahead and reduced the repo rate by 25 bps in Apr'16. We do not see any material departure from either of the policy stance in the current fiscal.



II. FINANCIAL PERFORMANCE

ASSETS AND LIABILITIES

The total assets of your Bank have increased by 10.30% from ₹2048079.80 crore at the end of March 2015, to ₹2259063.03 crore as at the end of March 2016. During the period, the loan portfolio increased by 12.59% from ₹1300026.39 crore, to ₹1463700.42 crore. Investments slightly decreased by 0.97% from ₹481758.75 crore to ₹477097.28 crore as at the end of March 2016. A major portion of the investment was in the domestic market in government securities.

Your Bank's aggregate liabilities (excluding capital and reserves) rose by 10.17% from ₹1919641.57 crore on 31st March 2015 to ₹2114788.60 crore on 31st March 2016. The increase in liabilities was mainly contributed by increase in deposits and borrowings. The deposits rose by 9.76% and stood at ₹1730722.44 crore as on 31st March 2016 against ₹1576793.24 crore as on 31st March 2015. The borrowings increased by 9.28% from ₹205150.29 crore at the end of March 2015, to ₹224190.59 crore as at the end of March 2016 mainly attributable to Capital Instruments issued in India and borrowings & refinance outside India.

INTEREST INCOME AND EXPENSES

Total Interest income has increased from ₹152397.07 crore in FY2015 to ₹163685.31 crore in FY2016 registering a growth of 7.41%, due to higher volumes. The average yield on advances (based on daily average)

in India has slightly decreased from 10.55% in FY2015, to 10.00% in FY2016. Income from resources deployed in treasury operations in India increased by 20.17%, mainly due to higher average resources deployed. The average yield has decreased to 7.92 % in FY2016, from 7.98% in FY2015.

Total interest expenses have increased from ₹97381.82 crore in FY2015, to ₹106803.49 crore in FY2016. Interest expenses on deposits during FY2015-16 recorded an increase of 10.90%, compared to the previous year. The average cost of deposits (based on daily average) in India has decreased from 6.39% in FY2015, to 6.22% in FY2016, whereas the average level of deposits in India grew by 14.16%.

NON INTEREST INCOME AND EXPENSES

Non-interest income increased by 24.73% to ₹28158.36 crore in FY2016, as against ₹22575.89 crore in FY2015. During the year, your Bank received an income of ₹475.83 crore (₹677.03 crore in the previous year) by way of dividends from Associate Banks/ subsidiaries and joint ventures in India and abroad, and ₹5168.80 crore (₹3618.05 crore in the previous year) by way of profit on sale of investments.

There was an increase of 6.70% in the Staff Cost from ₹23537.07 crore in FY2015, to ₹25113.83 crore in FY2016. Other Operating Expenses registered an increase of 14.82% mainly due to increase in expenses on rent, taxes, lighting, repairs and maintenance and miscellaneous expenditure.

OPERATING PROFIT

Your Bank registered an increase in Operating Profit in the current financial year, as compared to previous financial year. The Operating Profit of your Bank for FY2016 was at ₹43257.81 crore as compared to ₹39537.28 crore in FY2015, an increase of 9.41%. Your Bank posted a Net Profit of ₹9950.65 crore for FY2016, as compared to ₹13101.57 crore in FY2015, i.e. a decrease of 24.05% due to higher provisioning requirements on NPA.

PROVISIONS & CONTINGENCIES

Major provisions made in FY2016 were as under:

₹26984.14 crore (net of write-back) for non-performing assets (as against ₹17908.06 crore in FY2015), ₹2157.55 crore towards Standard Assets (as against ₹2435.38 crore in FY2015), ₹3823.41 crore towards Provision for Tax (as against ₹6212.39 crore in FY2015). An amount of ₹149.56 crore was provided for depreciation on Investments (as against ₹590.07 crore written back from depreciation on investments in FY2015).

RESERVE & SURPLUS

An amount of ₹2985.20 crore (as against ₹4029.08 crore in FY2015) has been transferred to Statutory Reserves. An amount of ₹345.27 crore (as against ₹105.50 crore in FY2015) has been transferred to Capital Reserves. An amount of 4267.35 crore (as against ₹5889.06 crore in FY2015) has been transferred to Revenue and other Reserves.

Revenue and other Reserves include Foreign Currency Translation Reserve of ₹ 6056.25 crore as on 31st March 2016 (₹ 6172.35 crore as on 31st March 2015)

III. CORE OPERATIONS

NATIONAL BANKING GROUP

The National Banking Group (NBG) is the largest business vertical of your Bank, anchoring 96.04% of total Domestic Deposits, and 53.57% of total Domestic Advances, as on 31st March, 2016. The Group comprises six strategic business units and is also the largest Business Vertical in terms of Branch Network and Human Resources.

A steady stream of technology-driven innovations and changing consumer preferences is rapidly transforming the retail banking landscape. Your Bank has been at the forefront in leveraging technology in banking, through the launch of innovative products and solutions aimed at making banking more convenient to customers. Your Bank has a multi-channel delivery model in line with its strategy to serve its customers by offering them the choice to transact through any channel, time and place of their preference. All these initiatives have essentially revamped the Bank's process and tools, making it easier for the customer to conduct business. Your Bank also strives to anticipate the future needs of customers and deliver those expectations through technology-based solutions. In FY2016, your Bank scaled up its offerings across various channels – digital branches, mobile, internet and social media.

Retail Banking is also playing an increasing role in customer acquisition and CASA growth on the liabilities side. Your Bank continued to see strong momentum in acquisition of retail deposit customers and consequently

Exhibit 01: Branch Expansion

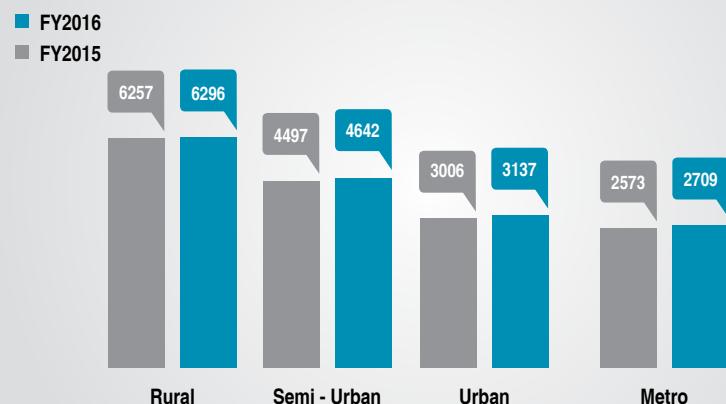
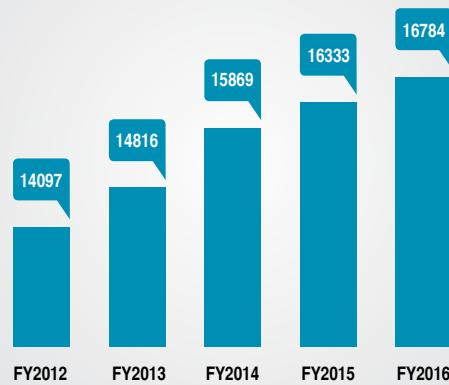


Exhibit 02: Branch Expansion Trend



robust growth in the retail deposit base. Simultaneously, to meet the aspirations of this growing customer base, Retail Assets are being strategically positioned to grow to form a much larger proportion of total advances. To this end, your Bank is constantly endeavouring to come up with customer centric products and processes in Retail, using technology to deliver a better customer experience. In line with our endeavour to be a 'Smart Bank for India on the Go', Loans@SBI

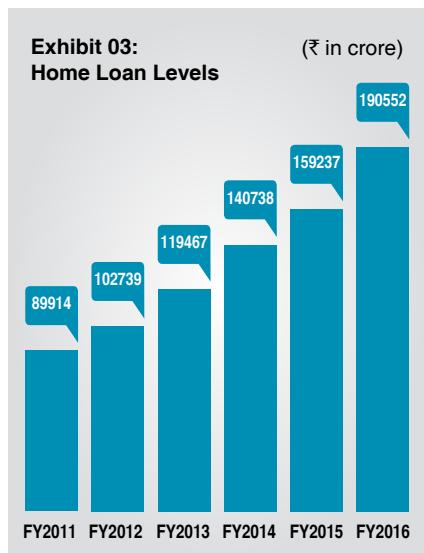
was launched during the year for online sourcing of home loans, auto loans and other retail loan applications and thereafter, monitoring follow-up action of such applications. Customers can now check their eligibility and scheme details using the interactive eligibility assessment tool and apply online. Customers also have the facility to track the status of their applications till their loan is sanctioned.



A. PERSONAL BANKING

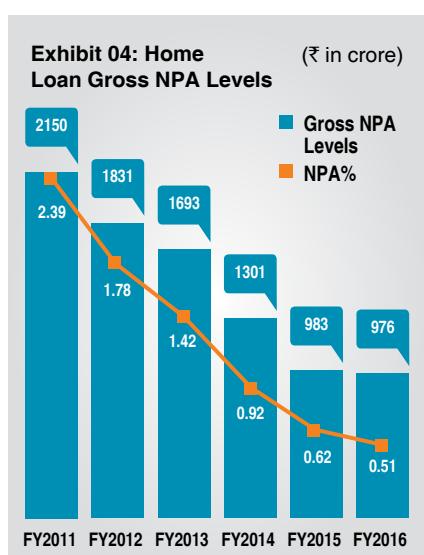
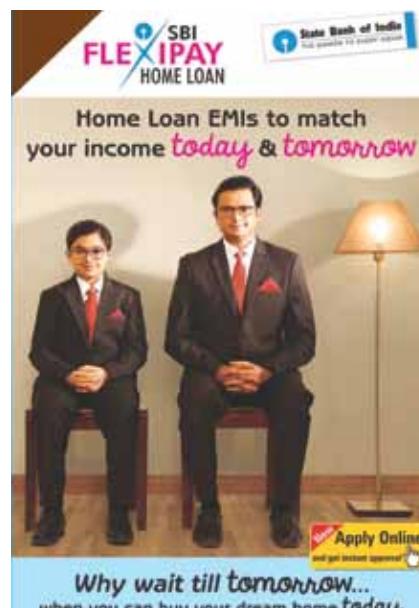
1. Home Loans

State Bank of India has the largest Home Loan portfolio in the Banking Sector and market share of over 25% amongst All Scheduled Commercial Banks (ASCBs). Home Loan portfolio constituted 15.33% of Whole Bank Advances as on 31st March, 2016.



While Home Loan portfolio has more than doubled during the last 5 years, NPA levels have more than halved in absolute terms and reduced to one-fourth in percentage terms during the same period. Total Home Loan and Home Related Loan portfolio as on 31.03.2016 stood at ₹2,01,755 crore.

thereafter, monitoring follow-up action on such applications. Home Loan customers can now check their eligibility, scheme details, etc. using the interactive eligibility assessment tool and apply online. Customers also have the facility to track the status of their applications till their Home Loan is sanctioned.



During FY2016, several initiatives were taken by your Bank to give an additional thrust to its Home Loan portfolio. Some of the important initiatives in this regard are as under:-

■ **Project TATkal:** A completely re-vamped structure and processes for end to end transformation of Home Loan delivery was rolled out under Project TATkal initiative, with a focus on strengthening delivery of services to customers and bringing about reduction in the average time taken for delivery of Home Loan sanctions / disbursements.

■ **Online Customer Acquisition Solution (OCAS)** launched for sourcing Home Loan applications online and

■ **Griha Tara Campaign** launched to encourage every member of the bank staff to market Home Loan proposals. The campaign was very successful and about 35% of the staff members participated in the Campaign. Over 1.5 lakh Home Loan proposals valuing ₹32,501 crore were mobilised under the Campaign. In addition to business development, the Campaign has also helped in improving customer service levels.

■ Launch of the following new and innovative Home Loan products:

► **FlexiPay Home Loan** (Home Loan with Flexible Repayment option).

DIRECTORS' REPORT

► **Corporate Home Loan** (Home Loan to Corporates / Institutions for creating housing stock for their employees / directors).

■ **MOUs / Tie-ups** with the following Home Loan lead aggregators / Service Providers:

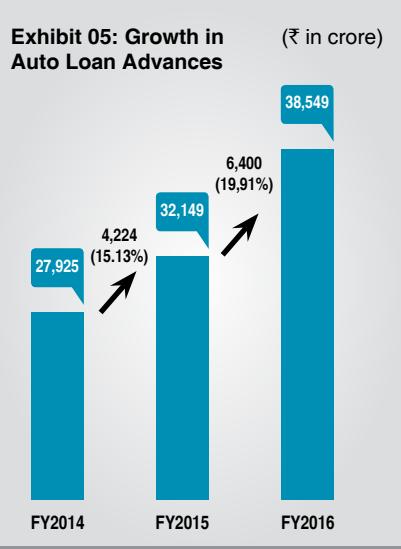
► **SBICAP Securities Limited (SSL)**: Tie up to leverage sales force of SSL to expand presence in key markets by improving feet-on-street and provide door step delivery to valued customers.

► **BankBazaar.com & Paisabazaar.com**: Tie-up for extending our reach on online space and acquisition of good quality Home Loan leads.

► **PropTiger & Liases Foras**: Subscription of Research data, property listings, granular data on new launches, price movement and inventory position in respect of all ongoing projects in key Home Loan markets.

2. Auto Loans

SBI's Car Loan Scheme, which is now available online, offers the best to our customers - Competitive interest rates; Finance "On Road Price"; and the Longest payment period of 7 years, with no prepayment/foreclosure penalty, no advance EMI and with an option for an Overdraft facility. Your Bank has also introduced the Loyalty Car Loan Scheme for existing Housing Loan borrowers, offering concession in interest rate and 100% financing of on-road price. Your Bank has entered into tie-up with SBI Caps Securities Limited (SSL) as our Corporate Agency for marketing Auto Loan products and became the No. 1 financier of Maruti Cars for the year.



3. Education Loans

Your Bank has a total exposure of ₹15,177 crore with a Market share of 23% amongst all scheduled commercial banks. Government of India has rolled out a Credit Guarantee Scheme for Education Loans upto ₹7.5 Lakh and Skill Loans scheme and launched the Vidya Lakshmi Portal to provide a single point of service to students. Your Bank has also integrated the portal with its

Online Application system for seamless delivery. For students going abroad for higher studies, SBI Global Ed-Vantage Scheme with limits upto ₹1.5 crore was launched which is rapidly gaining in popularity.

4. Personal Loans

Continuing the digital journey and to provide seamless and hassle free banking experience your Bank has launched the following initiatives in FY2016:

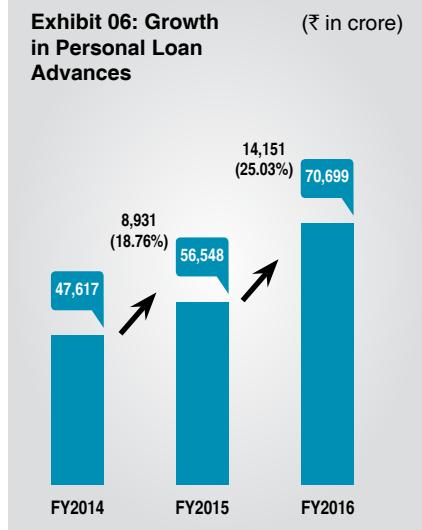
- Online Overdraft against Fixed Deposits through Internet Banking Platform
- End to end digitised process for Loan against Shares wherein customer can avail the loan without visiting the Branch.
- Online Application for Xpress Credit Personal Loan with document upload & pick up facility with system based computation of Net Monthly Income.
- Digitisation of Pre and Post sanction Inspection process using Tablets for the convenience of the customers.





A Smart Bank for an Aspiring India

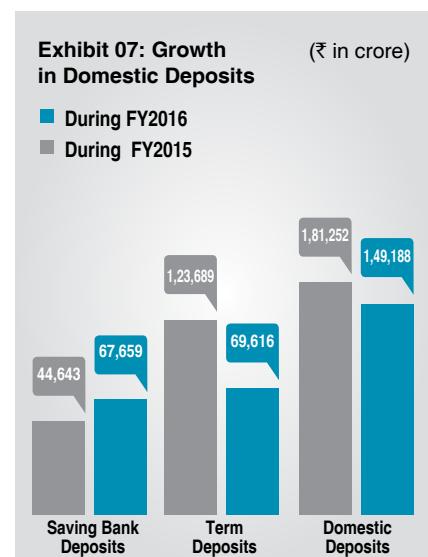
Consistent focus on streamlining of processes has resulted in robust performance in Personal Loans, with growth of ₹14152 crore during FY2016 (25% YOY).



5. Domestic Deposits

The Domestic deposit portfolio grew by 10.09% during FY2016. Domestic

Savings Bank deposits have registered a Y-O-Y growth of 13.17% (from 9.51% in FY2015) while Current Account deposits have grown by 9.62%. Despite declining interest rates the Term Deposit portfolio has registered a growth of 8.20% during FY2016. Your Bank's Market Share in Deposits improved from 17.00 % in March 2015 to 17.57 % in March 2016.



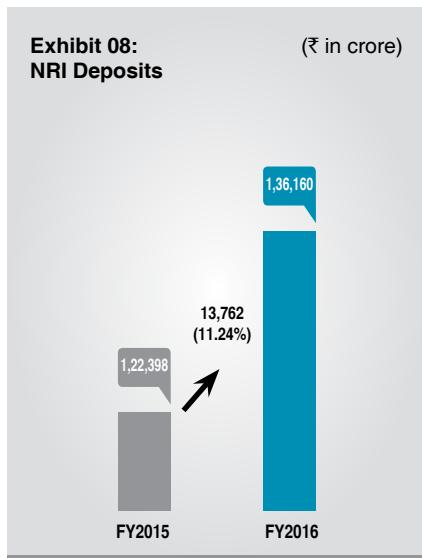
Following digital services were introduced in FY2016 for customers:

- Account opening forms have been made fully compliant with FATCA, Common Reporting Standard (CRS) and Central KYC Registry (CKYC) norms.
- Online Account Application Facility was extended to all Savings Bank products including Basic Savings Bank Deposit Account (BSBDA) and Small Account.
- e-Commerce: A Holiday Savings Account (with online end to end capabilities) in partnership with Thomas Cook launched in February 2016.
- Introduction of "SBI Quick": Missed Call Banking facility for balance enquiry, blocking ATM Card, Car/Home Loan enquiry using mobile phone. More than 70 lakh customers are already registered for this facility and daily calls are in excess of 4 lakh.

6. NRI Business

We enjoy the patronage of 17 lakh discerning NRI customers who in turn take pleasure in being served through 81 specialised and dedicated NRI branches and 100 NRI intensive branches as on 31st March, 2016.

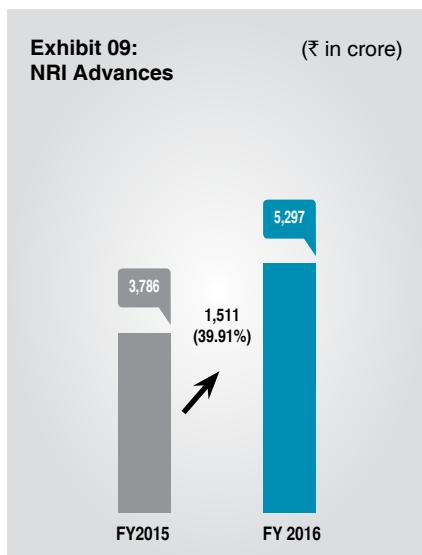
DIRECTORS' REPORT



- Activation of Debit card through INB for NRI customers.
- Ex-out facility for sending outward remittance through all our branches has been enabled for NRE and NRO accounts.
- Facility of Instant NRI Account opening through our Relationship Managers (RMs) posted at UAE Exchange Centre and Al Ansari Exchange in UAE.

7. Salary Account Tie-Ups

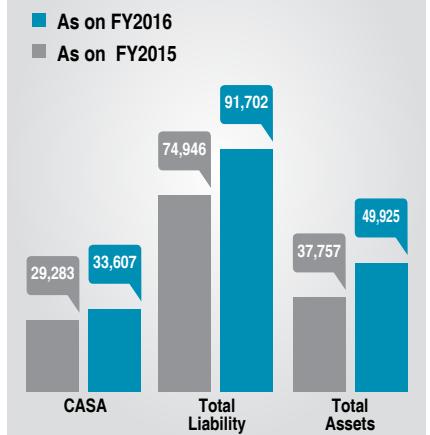
During FY2016, the total Salary Account customer base has grown to 82.04 lakh. In addition to the Salary Packages for the Defence, Para Military, Railways, Central Government, State Governments and Police, employees from leading MNCs are also banking with your Bank. Online application facility for Salary Accounts was introduced during the year.



Customer centric measures for NRIs introduced during FY2016 include:

- Online application for loans enabled for NRIs.
- Account opening forms were made fully compliant with FATCA, CRS and KYC norms.
- Creation of 'Overdraft' against NRE/NRO deposit accounts through Internet Banking (INB).

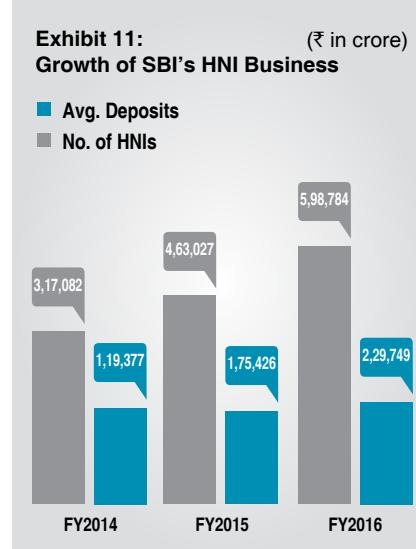
Exhibit 10: Growth in our Corporate and Institutional Tie-up Business (₹ in crore)



8. Premier Banking

The High Networth Individual (HNI) segment of the Personal Banking business registered a growth of 31%

contributing ₹229749 crore average deposits as of 31st March, 2016. To provide an additional, convenient, service channel to HNIs beside the branch, your Bank launched a Priority Banking Centre at Bengaluru in November, 2015. This centre offers personalised services through a registered mobile number, enabling valued customers to conduct all non-cash transactions during extended business hours from 8 a.m. to 8 p.m. Services for the Group's products such as, Mutual Funds, Insurance and Credit Card, are also made available through the Centre.



9. Sovereign Gold Bonds

The Government of India launched the Scheme during FY2016 with an intention to reduce the demand for physical gold as an investment asset. Your Bank participated in all the three tranches issued during the year and mobilised an aggregate amount of ₹210.85 crore (equivalent to 777 Kgs of gold) achieving the highest aggregate market share of 15.83% amongst all participants.

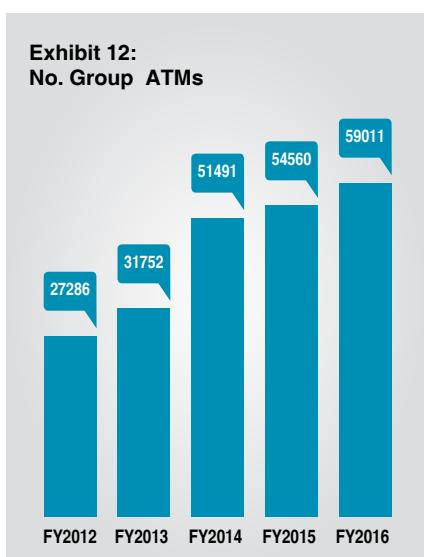


B. ANYTIME CHANNELS

As on	ATMs	Kiosks (MFK + SSK)	Cash Deposit Machines (CDMs), Recyclers	Total (SBI)
31.3.2014	40768	2583	1516	44867
31.3.2015	42454	2595	1849	46898
31.3.2016	42740	2595	5753	51088

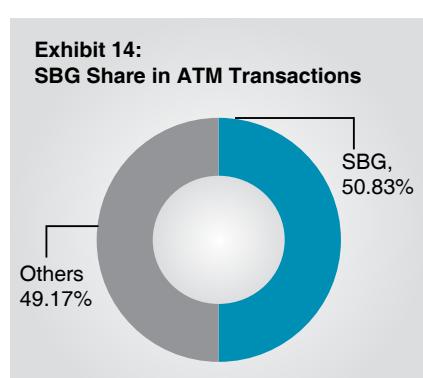
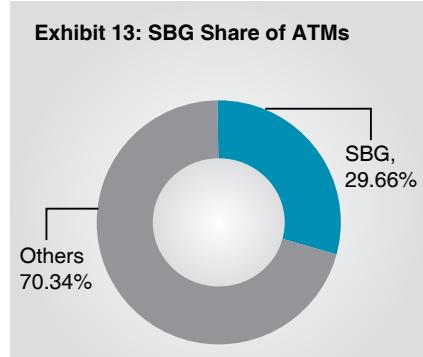
1. ATMs/ Recyclers

State Bank of India, along with its Associate Banks has one of the largest ATM networks in the world with more than 59000 ATMs including Kiosks, Cash Deposit Machines and Recyclers as on 31.3.2016.



During FY2016, your Bank has installed 4220 ATMs and Recyclers. Population group-wise your Bank has a 50:50 ATM coverage of Metro/ Urban and Semi-Urban/ Rural population groups. The ATM Channel handles 56% of total Alternate Channel transactions and 43% of the total financial transactions of your Bank. With a 29.66 % of market share as per RBI, State Bank Group's (SBG) ATM network transacts 50.83 % of the country's total ATM transactions (as on Dec'15). On an average, over 11.61 millions transactions per day are

routed through our ATM network with an average hit rate of more than 214 transactions per day per ATM. State Bank group has a Debit Card base of 23.34 crore. On an average, the volume of cash that our Group ATMs dispense is ₹3039 crore a day.



Your Bank has so far installed 4953 Recyclers (SBG 5768) to provide customers 24 x 7 cash withdrawal and cash deposit facilities.

More than 1200 e-Corners have been set up across the country where customers

can avail the entire gamut of services from this Channel, e.g. cash withdrawal, cash deposit, mini statement, balance enquiry, PIN change, donations, payment of fees, passbook printing etc. Your Bank has introduced Dynamic Currency Conversion (DCC), a value added facility for foreign Master Card holders, whereby cardholders get the market currency conversion rate while withdrawing money at domestic ATMs.

More than 1153 ATMs during FY2016 have been enabled as Talking ATMs for Visually Challenged customers. Thus, the total number of Talking ATMs has gone upto 9753 as on 31st March, 2016. Every new machine added comes with this feature ab initio.

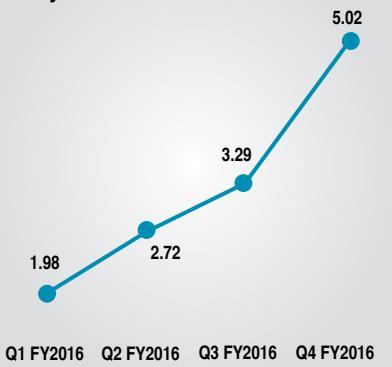
Care for the physically challenged is our priority too. 3734 of our ATMs have ramps to facilitate easy access for the physically challenged persons. Wherever possible, ramps and / or side railings are being provided. Over 1156 of our ATMs are on solar power back-up and the count keeps growing. ATM user-safety is our concern too. Apart from physical caretaker arrangements, 3000 ATMs have been brought under Electronic surveillance during the year. Your Bank is also planning to cover another 8000 ATMs under Electronic Surveillance during the FY2017.

2. SWAYAM: Barcode based Passbook Printing Kiosks

Your Bank has rolled out more than 6,000 SWAYAMS (Barcode based Passbook Printing Kiosks) at its branches and onsite/offsite lobbies. Using these kiosks, customers can print their passbooks on their own using barcode technology.

DIRECTORS' REPORT

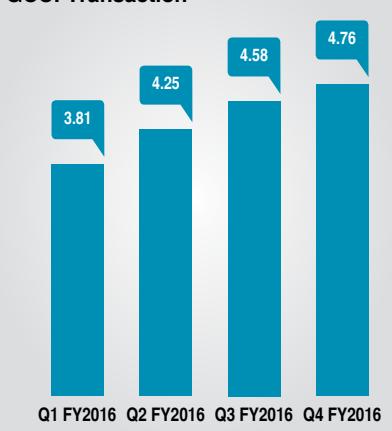
Exhibit 15: (₹ in crore)
Swayam: Total Transaction



3. Green Channel Counter

Green Channel Counter (GCC) facility has been rolled out at all retail branches of your Bank. On an average 7.40 lakh transactions are being routed through GCC every day. The percentage of GCC transactions has improved from 20.08% in March 2015 to 27.64% in March 2016.

Exhibit 16: (₹ in crore)
GCC: Transaction



4. Green Remit Card

Some 3.91 crore transactions were carried out through the Green Remit Card (GRC) route during FY2016, compared to 3.48 crore in FY2015. The average daily transactions of GRC has

increased from 1.16 lakh in FY2015 to 1.37 lakh in FY2016. This initiative won the SKOCH Award under Technology Products Category in 2015.

5. Internet Banking & e-Commerce

Your Bank's Net Banking website 'www.onlinesbi.com' is the eighth most popular online global financial site and the only Financial site from India to figure in the list of Top 10 global financial sites (Source IIFL). This highly secured and cost-effective channel has enabled around 124 crore transactions during FY2016, recording 39% growth over the previous year.

It provides robust and customer friendly net banking services to your Bank's retail and corporate customers, continuously keeping an eye on evolving consumer trends, characterised by increasing adoption of digital channels. In this pursuit, during FY2016, your Bank ensured continuous upgradation of the 'onlinesbi' portal to offer more user-friendly look & feel and features such as, Online over draft against TDR/STDR, facility to register/inquire/cancel nomination online, Digital Signature Certificate as a Second Factor Authentication for Corporate Net banking users, Online registration for Retail and Corporate Internet Banking, 'Quick Transfer' facility up to ₹5000.00 without registering the beneficiary and 'State Bank mCASH' for remitting money through email ID or Mobile Number of the beneficiary, to enrich the digital experience of the customers.

In order to rejuvenate the e-Commerce ecosystem through strategic partnerships, your Bank's digital offerings are upgraded continuously

to cater to the e-Tendering, e-Auction, e-Collection and bulk payments related requirements of the Govt. Depts./PSUs/ Large and Medium Corporates. During FY2016, your Bank had entered into about 18,000 new merchant tie-ups, directly or through State Bank Collect or through e-Commerce aggregators facilitating around 67 crore e-Commerce transactions.

6. Contact Centre Customer Service

Your Bank's Contact Centre has been servicing customers through toll free numbers 1800 425 3800 or 1800 11 22 11 apart from toll number 080-26599990. It has emerged as a strong delivery channel handling average call volumes of around 4 lakh calls per day. The Contact Centre is operating from multiple locations like Vadodara, Bangalore, Agra & Kolkata and is servicing in 12 languages to its customers.

The Contact Centre is also handling calls received from overseas customers at 19 International Toll-Free numbers servicing 20 countries. It also has a dedicated toll-free line for queries related to the Pension Payments (1800110009) & Pradhan Mantri Jan Dhan Yojna (1800110009). It is also responding to e-mails received on SBI Corporate email IDs contactcentre@sbi.co.in and customercare.homeloans@sbi.co.in.

Apart from servicing enquiries related to customers' accounts and Bank's products, the Contact Centre is providing significant support to other technological channels for e.g. Debit Card hot-listing and status, trouble shooting for Mobile Banking, Internet Banking and Mobile wallet, status of NEFT/RTGS and



SBI Express Remittances, complaint registration. The contact centre is also offering transaction services, such as funds transfer within SBI accounts, issue of Fixed Deposits, stop payment of Cheque(s), statement of accounts, to the customers registered for Phone-banking.

Your Bank has added the following services that will go a long way in enhancing customer convenience and support:

- Generation of ATM PIN
- Verification of mobile number update requests received through Internet Banking
- Issue interest certificate of Home Loan, Education Loan and Deposit accounts
- Statement of Account through email
- Phone banking Registration through the Contact Centre and State Bank ATMs
- Migrating TPIN customers (having registered Mobile Number) to Phone-banking

The Contact Centre is popular amongst all sections of the society in rural, semi-urban as well as urban areas. In view of this, your Bank is continuously monitoring and reviewing its processes to enhance the simplicity and effectiveness of the Contact Centre. Further, great emphasis has been placed on technology, infrastructure and information security.

In order to utilise the Contact Centre infrastructure to the fullest and generate revenue for your Bank, it has significantly expanded some of its outbound processes by making calls for:

- Soft recovery of delinquent personal and agri. segment Borrowers
- Completion of online application form of personal segment loans
- Cross-selling and Lead generation

7. Other Recent Initiatives

A Mobile App “**State Bank No Queue**” was launched during the year. This App enables customers to self-generate e-tokens for availing select Banking services at select Branches. This helps in reducing waiting time that customers have to endure. It also reduces crowding at a branch as the token is generated before the customer reaches the branch.

“**SBI Quick**” was launched as a one stop application for all Non-Financial transactions. Now a customer can register/ deregister for Missed call Banking, do Balance enquiry, get Mini Statement, block ATM card, apply for Home/ Car Loan & view PM Social Security schemes by logging into SBI Quick.

Customer Experience Excellence

Project : During FY2016, your Bank accelerated the roll out of Customer Experience Excellence Project (CEEP). Under this initiative, 2674 branches were covered during the year and the total number of branches under CEEP stands at 3006 as on 31st March, 2016. The core objective of the CEEP is to improve crowd management; achieve reduction in wait times and reduction in the service time (processing time); migration of customers to the usage of Anytime Channels such as ATM, CDM, Recyclers, Swayam and Electronic Cheque Deposit Machine; and streamlining the process of Account Opening.

Some key initiatives introduced by CEEP include:

- Provision of all Anytime channel machines viz. ATM, CDM / Recycler, Electronic Cheque Drop Box Machine (ECDM), SWAYAM Bar coded Passbook Printer and Internet enabled

State Bank NO Queue
Service Without wait

Available on App partner

Select Services at Select Branches

DIRECTORS' REPORT

PC with printer for online opening of accounts at select Branches which have high walk in customers

- Provision of integrated Queue Management System (QMS) and a customer Feedback TAB to these Branches for better crowd management through real time monitoring and Branch choreography to tackle peak level crowd.
- Introducing Grahak Mitras to facilitate issue of tokens and facilitate migration of customers to Anytime Channels.
- Standardised Single Window Operator (SWO) roles in Branches and creation of Service Desks for non cash transactions

- Creation of an Account Opening Cell to streamline the account opening process
- Standardised process for sales management and cross selling



8. Digital Banking - "sbiINTOUCH"

"India on the Go" is epitomised by India's ever increasing Gen-Y and Gen-Z fast-track population, who are quick to absorb new technologies and who are very comfortable using digital channels for almost all day-to-day activities in life. Your Bank's "SMART" strategy is to provide this Digital Banking experience to such people through our futuristic branches with the sub-brand "sbiINTOUCH". These branches are equipped with state-of-the-art devices/kiosks, allowing customers to transact on a self-service mode. Besides onsite support, advisory services are available through Remote Expert on hi-definition video conference.





These branches provide a consistent experience across omni channels and comprise transaction processing stations (self-service zone), information and interaction stations and advisory rooms. Right from account opening (including enablement for transacting through alternate channels like Internet Banking and Mobile Banking and instant issuance of personalised debit cards) to 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 are made available here.

115 “sbiINTOUCH” BRANCHES OPENED IN FY2016

The first set of 7 “sbiINTOUCH” branches, under the sub-brand “sbiINTOUCH” was launched on 1st July, 2014. These were opened as working pilots in New Delhi, Mumbai, Kolkata, Chennai, Ahmedabad and Bengaluru. During FY2016, your Bank has opened 115 sbiINTOUCH Branches to provide digital experience to customers across the country. These Branches are available in 70 districts of the country. Going forward, your Bank intends to continue its journey of expanding this digital footprint even more widely.

A Smart Bank for a Young India on the go

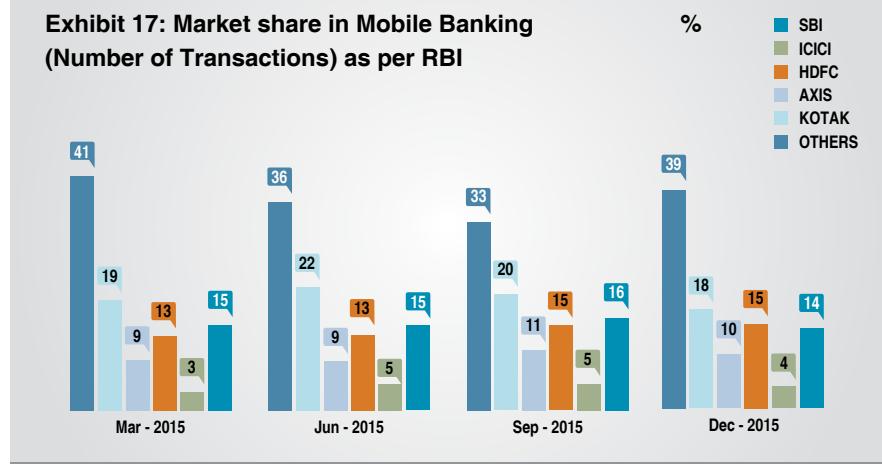


9. Mobile Banking

Your Bank, the Banker to digital India, has changed the way its customers do Banking. Bridging the gap between Customers and Bank, SBI's innovative applications have brought Banking closer to the customer 'on the go'.

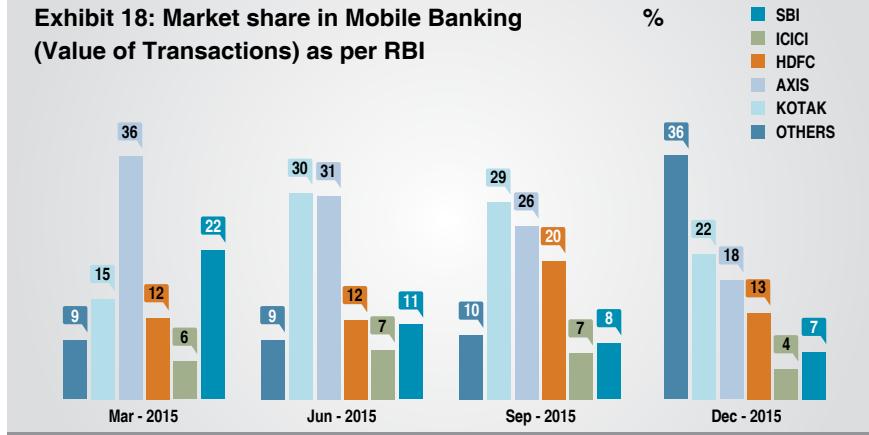
Superior customer experience and trust in your Bank has made us the leader in Mobile Banking across the banking sector. Your Bank has leaped to the number one position in terms of value of transactions with a quantum jump in market share from 9.82% in March 2015 to 35.97% in Dec'15, while consistently maintaining the number 1 position in terms of volumes with 38.44% market share in December' 2015.

**Exhibit 17: Market share in Mobile Banking
(Number of Transactions) as per RBI**



DIRECTORS' REPORT

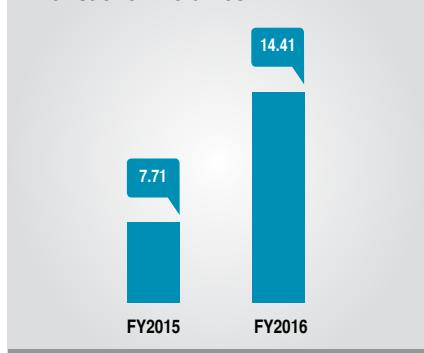
Exhibit 18: Market share in Mobile Banking (Value of Transactions) as per RBI



Your Bank saw astronomical growth in all the facets of its Mobile Banking applications during FY2016 over FY2015. The volume of transactions saw a growth of 86.87% and value of transactions multiplied manifold to grow by 721%.

Exhibit 19: Growth in Transaction Volumes

(in crore)



During the year, your Bank launched mobile banking applications for SME & Corporate customers, "State Bank Anywhere Saral" & "State Bank Anywhere Corporate". These applications allow customers to do all their banking transactions such

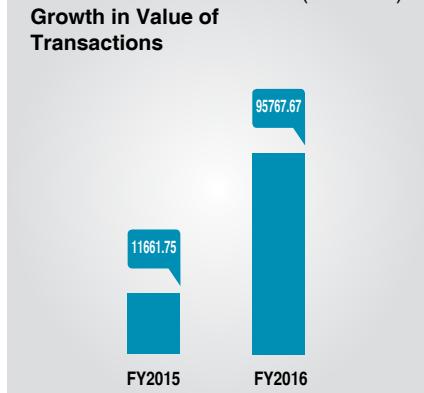
as Account Enquiry, Mini Statement, Utility Bills payment, EPF Payment, creation of Fixed Deposits and a lot more. The Corporate customers get additional features which allow them to initiate payment to suppliers, authorise e-cheques and enquiry of account transactions.

10. State Bank Buddy

Latest addition to your Bank's plethora of technology offerings is its Mobile Wallet "State Bank Buddy". Within 7 months of launch, Buddy user registration has crossed 26.60 lakh. The wallet has seen more than 48 lakh transactions to the tune of ₹230.71 crore. Out of which ₹11.47 crore are merchant transactions, upto 31st March, 2016. Buddy is the product designed for the tech savvy generation, the youth of the country, who are in touch with the world through their Mobiles. A user can "Send & Ask Money" by knowing just the mobile number of the counter party, Recharge mobile/DTH, Pay utility bills,

Exhibit 20: Growth in Value of Transactions

(₹ in crore)



Launch of State Bank Buddy-Mobile Wallet by Sh. Arun Jaitley, the Hon'ble Finance Minister, Govt. of India



Shop online and Book a Flight, Bus, Hotel, Movie tickets, online food and buy gifts through State Bank Buddy wallet. Buddy marketplace boasts of partnership with some of the biggest and the most popular names in the e-Commerce industry.

Your Bank's various Mobile applications can be viewed and downloaded from the "State Bank App Kart", which is available on both iOS & Android.

11. Marketing & Cross Selling

Your Bank is the Corporate Agent of SBI Life Insurance Co. Limited and SBI General Insurance Co. Limited and has Distribution Agreement with SBI Mutual Fund, SBI Cards & Payment Services Private Limited and SBI Cap Securities Limited for distributing their products. Your Bank also has tied up for distribution of products of UTI Mutual Fund, Tata Mutual Fund, Franklin Templeton Mutual Fund, L&T Mutual Fund, ICICI Mutual Fund and HDFC Mutual Fund. In addition, all the branches are now authorised to open accounts under National Pension System.

During FY2016

- Cross Selling income increased from ₹388.28 crore in FY2015 to ₹489.04 crore in FY2016, recording a YoY growth of 25.95%.
- Income from SBI Life increased from ₹244.62 crore in FY2015 to ₹337.18 crore in FY2016, recording a growth of 37.84%.
- Income from SBI General increased from ₹56.64 crore in FY2015 to ₹73.09 crore in FY2016, recording a growth of 29.04% over the corresponding period of last year.

■ Mutual Funds, gross mobilisation increased from ₹20313 crore in FY2015 to ₹39577 crore in FY2016. Also, number of SIPs mobilised increased from 1,57,076 to 2,40,009 in FY2016, recording a growth of 52.80% over the corresponding period of the last year.

■ Your Bank marketed 1.46 crore Personal Accident Insurance (PAI) policies and 4.88 lakh Health Insurance policies of SBI General in FY2016. Number of Health Insurance policies issued, increased by 82% and premium increased by 43.62 % to ₹106.06 crore.

■ SBI Card & Payment Services Private Limited: 1.94 lakh credit cards were issued through your Bank branches in FY2016.

■ Your Bank earned commission income of ₹0.34 crore in FY2016 from SBI Cap Securities Limited. 2.87 lakh Demat accounts were opened in FY2016, in comparison to 2.68 lakh accounts opened in the FY2015.

■ 35,043 accounts were opened under National Pension System in FY2016, in comparison to 13,477 accounts opened in FY2015.

12. Wealth Management

Your Bank has designed, developed and launched, on 14th January, 2016 "SBI Exclusif", a unique suite of Wealth Management services (WMS) for its high net worth customers. At present, only resident individual customers are eligible, but it will be extended to NRIs and Corporate / Trusts shortly.

Some key highlights of the offering:

- India's first ever e-wealth centre
- The technology component of our Wealth Management Initiative is a major digitisation effort of your Bank.
- Dedicated RM available through voice/video/chat



Launch of SBI Exclusif at Bangalore by
Smt. Arundhati Bhattacharya, Chairman

DIRECTORS' REPORT

- Services available beyond banking hours
- World Class advisory services available through expert investment counsellors
- Open platform with a suite of best-in-class products
- Capability to execute MF orders in over 4,500 schemes across 15 AMCs
- Asset allocation and one-view available across all asset classes
- State-of the art tools like risk profiling, financial planning and portfolio analytics
- Robust infrastructure enabling highest amount of security
- 2-Factor authentication protocols to bring enhanced layer of security for each transaction.
- Middle Office compliance team to maintain tight controls on quality of sales

C. SMALL & MEDIUM ENTERPRISES

Your Bank has been the pioneer and market leader for SME financing. With over 1 million customers, the SME portfolio of ₹1,89,534 crore as on 31st March, 2016 accounts for nearly 12% of your Bank's total advances. The revival of business sentiment and growth in GDP has brought the focus sharply on the growth and viability of SME units. The Government's initiatives – Make in India, CGTMSE cover and MUDRA – are providing a significant shot in the arm to the SME segment.

Your Bank's endeavour in driving SME growth rests on three pillars:

- a) Customer Convenience
- b) Risk Mitigation
- c) Technology based digital offerings

In FY2016, **Ecosystem Financing (Project Shikhar)** has been started by your Bank to take advantage of growing e-Commerce footprint in the economy. Your Bank's focus had been on digital banking platform and launched various facilities for SMEs based on technology like Credit Risk Model to provide automated instant sanction of loans under e-tailer sellers financing, which is a truly disruptive offering, where loan to the seller is given at the click of a button. An in-house 'Digital Tool' is being used for instant sanction of loans to taxi operators or owners associated with a taxi aggregator's platform.

Apart from this, your Bank is leveraging technology for capturing early warning signals and has introduced digital inspection of units. Overall, SBI is leveraging technology in every facet of the value chain, be it sourcing business, designing products, streamlining processes, improving delivery or monitoring and follow-up.

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

(i) Product Suite:

All the products offered to Micro, Small & Medium enterprises have been strengthened and made more hassle free. Scoring Models have been introduced for loans up to ₹10 Lakh. New products like Asset Backed Loans (ABL) have been reviewed and upgraded suitably. Sector specific products like Construction Equipment Loan, Medical Equipment Loan have been introduced with pricing matrix and scoring models. Cluster specific

products have been introduced to capture top quartile customers in an industry. Your Bank has launched a Simplified Cash Credit product on pilot basis at Chennai & Hyderabad Circles.

(ii) Processes:

Your Bank has introduced detailed Standard Operating Procedure (SOP) for various processes involved in the delivery of Credit to provide a ready reference to all operating functionaries.

Your Bank has covered key products under Loan Origination & Loan Life Management Software (LOS & LLMS) which focus on capturing of pre-sanction process of credit portfolio, ensuring quality and uniform standards of credit dispensation and have robust record and information retrieval systems.

Under this initiative in FY2016 your Bank has introduced digital inspection application through Tab & Mobiles which is a process of digitisation of pre-sanction/ post sanction of SME units & collateral securities capturing location of the property/ place of business.

(iii) Delivery:

Your Bank had undertaken **Project Vijay** starting in FY2015 to revamp the delivery model for SME lending in order to drive growth and improve customer engagement, with following key features.

- Over 1,000 relationship managers deployed for serving SME customers
- Leveraging big data and analytics based lead generation for customer acquisition
- Improving internal processes and documentation needs to reduce customer turn-around time by ~50%



■ Increasing focus on risk mitigated, competitive products; e.g. launch of new Asset backed loan product, promoting fleet finance, e-DFS and e-VFS products

■ Deploying Vijaypath tool for performance monitoring of relationship managers

Customer engagement has improved significantly with reduced turnaround time, simplified documentation and assignment of dedicated relationship managers. Your Bank has been increasingly shifting focus towards risk mitigated lending.

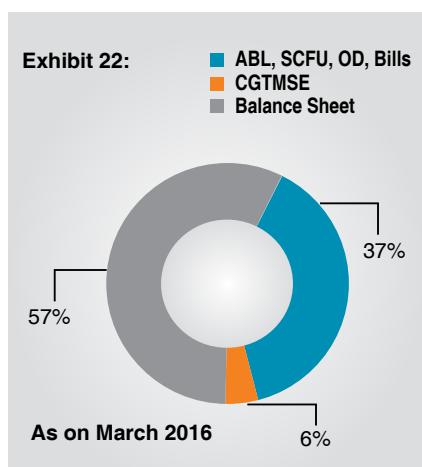
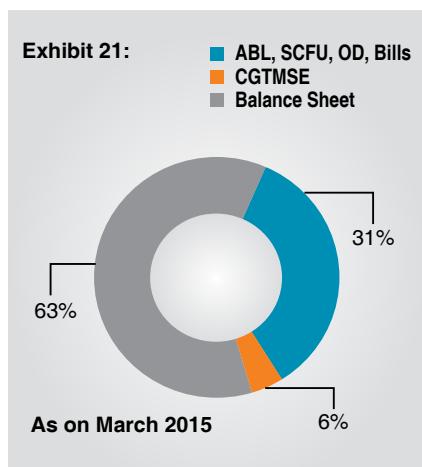


Exhibit 23: Performance under ABL (₹ in crore)

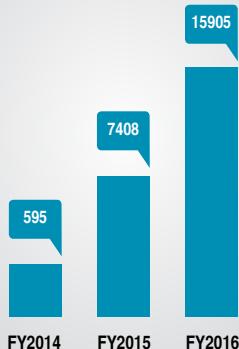
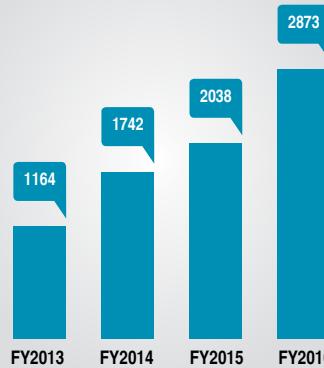
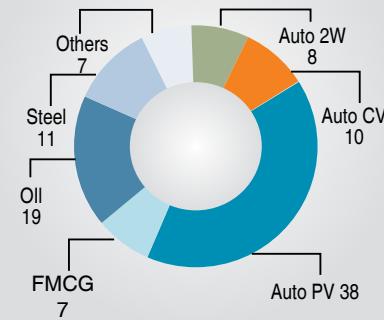


Exhibit 25: Growth in eVFS (₹ in crore)



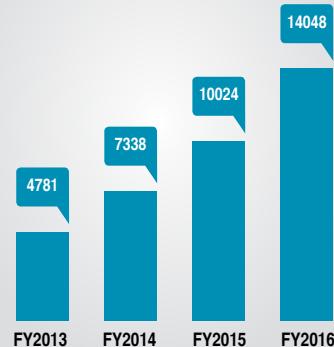
The diversification in the eDFS portfolio and the sector-wise portfolio is represented below:

Exhibit 26: Sector Wise % Share eDFS



There has been a 40% YoY growth in the eDFS portfolio as a result of the new tie-ups.

Exhibit 24: Growth in eDFS (₹ in crore)



Credit flow to Micro and Small enterprises under CGTMSE & MUDRA

Your Bank has been a pioneer in supporting MSMEs and for micro and small (MSE) business. Your Bank is extending collateral free lending up to ₹1.00 crore under guarantee of CGTMSE. The cost of guarantee cover for working capital facilities up to ₹50 lakh is being borne by your Bank. Your Bank has a portfolio of ₹11,030 crore under CGTMSE. It was able to achieve ₹12,281 crore disbursement almost 92% of the target of ₹13,325 crore disbursement under MUDRA loans set by Govt. of India.

DIRECTORS' REPORT

Developments FY2016

Project Shikhar was rolled out to gain first mover advantage in the e-Commerce space. The exponential growth in e-Commerce has thrown open a world of opportunities for MSMEs. New players have entered the market space and B2B & B2C space is growing in demand.

Under this project, your Bank is working on various initiatives to pioneer an ecosystem for lending through partnerships with new business models. Three SME ecosystems have been identified as focus areas e-Commerce, taxi aggregators and franchise finance.

(i) e-Commerce

Your Bank has developed a specialised offering for startups active in the e-commerce space. A pioneering innovative product "e-Smart SME" for financing merchants selling through e-commerce platforms has been designed. Tie-ups with leading e-Commerce companies, Snapdeal and Flipkart, have been established this year. This innovative product moves away from traditional balance sheet based lending to a cash flow based lending program. It uses an in-house developed proprietary credit model based on platform and surrogate data to assess eligibility. The entire process has been automated – 'at the click of a button' – from online application, uploading of documents, processing and sanction, all in less than a minute - first time ever in the history of banks in India. The product was launched by your Bank's Chairman & CEO of Snapdeal on 15th January 2016.



Shri P. K. Gupta, MD (C&R) at the launch of e-Smart SME e-Commerce Loan

The seller no longer needs to submit traditional financial statements like Balance Sheet, P&L or Income tax returns to avail this financing facility. Your Bank has also developed a digital tool to identify any early signs of stress through the e-commerce platform data of the borrower.



A digital credit tool launched in partnership with Uber by the Bank's Chairman & Uber President Asia Pacific

(ii) Taxi Aggregators

Taxi aggregators have been revolutionising the way Indians commute – and your Bank has tied up with these aggregators to help individual drivers buy a car and become mini-entrepreneurs. Under this, your Bank has tied up with both Ola and Uber India to extend vehicle loans to drivers and operators associated with these



platforms. A digital credit tool has been developed in-house by your Bank to automate the process and enable instant sanction. The tool was launched in partnership with Uber on 15th March, 2016 by your Bank's Chairman & Uber President Asia Pacific.

Documentation needs have been significantly simplified for enabling faster loan disbursal process. Under the OLA cabs tie-up launched in FY2015, over 1,000 loans have been disbursed across 5 centres.

(iii) Franchise Finance

A comprehensive product suite has been designed to cater to the franchising model that is fast growing in India's retail consumer segment. Franchise finance along with electronic dealer finance will provide a comprehensive, competitive solution for large industry majors.

The product suite now offers financing solutions for the franchisee's initial capex investment, working capital and transaction related needs. Your Bank is tying up with large, reputed franchisors to extend this proposition to their new and existing franchisees. These loans will be risk mitigated through franchisor affiliation, comfort and repayment facilitation. Continuous sharing of data by franchisor will enable economic assessment of business model and identification of early warning signals for stressed franchisees.

Five tie-ups have been launched during the year – Philips, Medplus Pharmacy, Anytime Fitness, Lakme salon and Raymond.

(iv) Debit Cards & Acceptance Infrastructure (Merchant Acquiring Businesses)

Your Bank realised early the need for doing banking the Smart way, in its pursuit towards becoming the 'Banker to digital India. Your Bank has been putting significant efforts to upgrade its technology to the best in class, on an on-going basis and the capability to offer near JIT (Just in Time) service delivery environment across its delivery channels.

With over 23 crore State Bank Group Debit Cards as on 31st March, 2016, your Bank continues to lead in Debit Card issuance in the country. You will be glad to know that 20% of the Banked population in India have their accounts with your Bank, with ~37% of total Debit Card penetration in the country. A concerted effort by your Bank to empower the customers to enjoy "Anytime Anywhere Banking" through Debit Card has propelled this sheer dominance of your Bank in Debit card space. You would be happy to note that your Bank has also improved its market share in Debit Cards spends from 25.07% (March 15) to 26.29% (March 16) which is highest amongst the banks as per RBI data.

In sync with the focus of Government of India to create a digital economy, your Bank has strengthened its Debit Card acceptance infrastructure by giving a vigorous thrust on installation of **Point of Sale (PoS)** terminals, thereby taking the numbers to over 3.02 lakh, up by 50% over last year with a market share of 21.70% of PoS terminals. During the FY2016, your Bank has registered a growth of 56% in terms of number of transactions and

60% in value of transactions. With a view to move the larger base of Debit Cardholders to PoS terminals as also to e-Commerce websites, awareness campaigns are being run on a regular basis. These measures zoomed the Debit Card spends over "Point of Sale" and "e-Commerce" for the State Bank Group to ~₹41,500 crore for the FY2016, an increase of 36% from the previous year and taking the market share to over 26%.

Various innovations like introduction of sbiINTOUCH contactless Debit Cards, Mumbai Metro Debit Card, among others, aggressive marketing campaigns and Debit Card awareness programme, have placed your Bank in the top slot in terms Debit Card spends.

In order to go "green" your Bank is now focussing on "paperless" mobile PoS terminals with 30000+ mPoS terminals. During FY2016, Bank has also launched the Contactless (NFC) PoS terminals with over 30,000 such terminals already deployed in the field. Acceptance of AMEX Card has also been enabled on SBI PoS terminals during FY2016. In addition to offering basic acquiring services on its terminals, your Bank is also providing Value Added Services such as:

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

Your Bank has also partnered with various Government initiatives for providing payment acceptance infrastructure at the Customer Service Centres (CSCs) across all geographies.

DIRECTORS' REPORT

D. RURAL BANKING

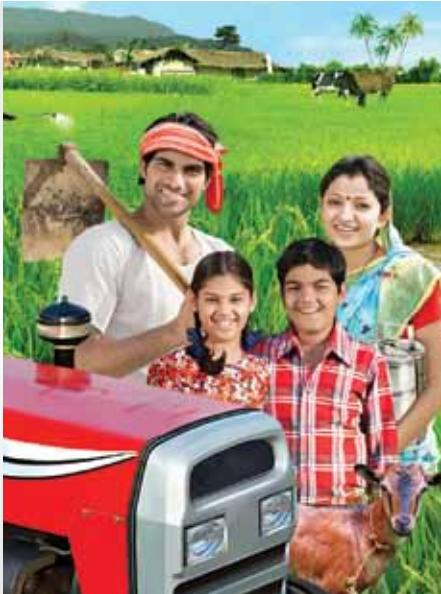
Your Bank has always believed in the potential of rural India as an important contributor to India's economic growth and its progress being integral to ensure a sustainable and balanced development. Your Bank has endeavoured to meet the financial needs of this segment through several innovative channels, products and services. The Indian rural market is undergoing a paradigm change with structural shifts in the economy, rising non-farm incomes, changing consumption preferences and increasing awareness among the rural consumers. This transformation is supported by several factors including rapidly rising connectivity, infrastructure development and emergence of new business opportunities.

Your Bank is serving more than 1.09 crore farmer borrowers under agriculture segment and is deeply entrenched in rural banking arena. Always in the forefront in ensuring national priorities, your Bank surpassed the Agri credit flow target set by Government of India during FY2016, as in the past, as depicted in the table below.

Exhibit 27: Flow of Credit to Agriculture Trend (₹in crore)

Year	Target	Disbursement	% Achievement
FY2014	73,500	74,970	102%
FY2015	84,500	86,193	102%
FY2016	89,781	102,423	114%

A Smart
Bank for an
Inclusive
India



Smart Approach To Agri Business

Your Bank is in the forefront of technology enablement for Rural-Semi Urban (RUSU) areas by providing Core Banking Solutions, coupled with ATMs, Cash Deposit Machines, Point of Sale (PoS) machines and Micro ATMs. During FY2016, your

Bank introduced various technology based solutions and products to make farmers' lives easier, while at the same time improving the operational efficiency for managing agriculture loans. Some key initiatives in this area include:

1. KCC-ATM-RuPay Cards: For ease and operational convenience, RuPay cards were issued to over 26.77 lakh Kisan Credit Card (KCC) borrowers upto 31st March, 2016. KCC RuPay Cards work seamlessly with ATMs and PoS machines, enabling farmers to purchase their day to day farm requirements on 24X7 basis.

2. New Products for Farmers: The products launched during the year include:

■ **Premium Kisan Gold Card (Asset Backed Agri Loan):** Aimed at financing emerging Agri Business entrepreneurs engaged in high-tech farming and allied activities, the scheme was rolled out, with competitive interest rates.

■ **Tatkal Tractor Loan:** Mortgage free tractor loan, providing 100% of the cost of the tractor, with no processing charges and with a turn around time of 48 hours – was launched.

■ **Stree Shakti Tractor Loan Scheme:** Mortgage free tractor loan for women as co-borrower with lower interest rates.

3. Corporate Tie-ups: In order to make agriculture lending more sustainable and to reduce risk in the portfolio, your Bank is focusing on supply chain finance through tie-ups.

4. Warehouse Receipt Financing: To avoid distress sale by the farmers and to encourage price discovery, your Bank has entered into tie-ups with



Collateral Managers to offer finance to farmers against their produce stored in warehouses.

Bonding With Farmers

To improve the quality of life of India's rural population and to achieve total financial inclusion, 'SBI Ka Apna Gaon' Scheme of adopting the villages was initiated in FY2008. By FY2016, 1,426 villages have been adopted for their overall development. Your Bank has also been forming Farmers' Clubs at village level, for fostering continued relationship with the farming community. Today, the number of such clubs has reached 10,719. The key initiatives taken in adopted villages include the construction of community vermi-compost units under clean village concept; the construction of hygienic toilets; installation of Solar lighting in the villages; and conducting awareness programmes through melas and exhibitions.

Financial Inclusion

Your Bank has been at the forefront of Financial Inclusion initiatives in the country. Your Bank is the pioneer in the Business Correspondent (BC) model, an alternative for providing banking services to cater to both urban and rural customers, characterized by small value transactions. The BC model, with over 64,628 Customer Service Points (CSPs) across the country, provides various products and services such as savings, term deposits, micro loans, remittances, loan repayments and micro-pension. Your Bank has successfully leveraged technology for propagating Financial Inclusion by introducing Internet based Kiosk Banking, Card based and Cell phone messaging channels.

Under the Pradhan Mantri Jan Dhan Yojana (PMJDY), your Bank has been amongst the most prolific implementers of the programme. Your Bank has opened 5.32 crore accounts up to 31st March, 2016 and issued 4.21 crore RuPay debit cards to eligible customers. A substantial number of these cards were issued in some of the most challenging areas of the country. The total number of financial inclusion accounts has thus grown from 7.29 crore in FY2015, to 9.28 crore in FY2016. The value of transactions handled through Business Correspondents has increased by 49% from ₹38,973 crore in FY2015, to ₹58,217 crore in FY2016. Bank has actively participated in SHG-Bank Credit linkage programme since its inception in 1992. As of 31st March, 2016, your Bank is the market leader in SHG financing with a credit deployment of ₹5,495 crore to 3.6 lakh 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, automated e-KYC, Immediate Payment Service (IMPS), Micro ATM rollout, Savings Bank cum Overdraft facility under PMJDY and Direct Benefit Transfer (DBT)/Direct Benefit Transfer for LPG (DBTL) payments.

In the years to come, all these initiatives are seeds that will eventually usher in a cashless society ecosystem, promising great social benefit.

Hub-and-Spoke Model with Business Correspondent Network

Your Bank has mapped 1,03,565 villages to 52,522 rural Customer Service Points (CSPs) for servicing the customers with asset-liability products, including accepting credits in loan accounts from customers residing in remote unbanked areas. These CSPs



Customer Service Point, SSA Siripalli-East Godavari
District-M Srikanth(5HH8)

DIRECTORS' REPORT

are linked to a nearby branch which serves as the support and monitoring point for these CSPs.

Empowering Rural Youth

To mitigate unemployment and under employment problem among rural youth in the country, comprehensive, free of cost residential trainings in personality and skill development are being imparted through Bank's 116 Rural Self Employment Training Institutes (RSETIs). Despite some of these institutes having been located in the socially and geographically challenged areas, these institutes are playing a vital role in "Make in India" and "Skill India" campaigns. Bank's RSETIs have conducted 12,840 programmes, trained 3,40,688 candidates and 1,60,607 trainees have been gainfully settled.

Exhibit 28: Rural Youth Candidates Trained by RSETIs

FY2013	FY2014	FY2015	FY2016
160,378	207,419	265,688	340,688

Training for Debt Recovery Agents (DRAs)

To supplement in-house resources for recovery of your Bank's dues, your Bank is engaging its BCs/CSPs as Debt Recovery Agents (DRAs), after they pass certificate examination on completion of mandatory training, which is given at Bank's cost in RSETIs. Close to 5,000 BCs/CSPs have been imparted DRA training during FY2016.

Imparting Financial Literacy

With the main objective of imparting financial literacy and facilitating effective use of financial services by the common man, your Bank has set up 232 Financial Literacy Centres (FLCs). During FY2016, a total of 8,855 financial literacy camps at villages across the country were conducted by these FLCs.

Exhibit 29: Cumulative Data on nos. of Financial Literacy Camps

FY2013	FY2014	FY2015	FY2016
2723	7913	28879	37734

Regional Rural Banks (RRBs)

Your Bank has sponsored 14 RRBs covering 155 districts in 15 States, with a network of 3955 branches. Your Bank's investment in equity of 14 RRBs is ₹479.82 crore and its non-equity investment is ₹23.62 crore.

All RRBs are on CBS platform. Besides, RRBs have implemented various IT initiatives such as RTGS, NEFT, RuPay Cards, IMPS, Kiosk Banking, Aadhar Payment Bridge System, Aadhar Enabled Payment System, National Automated Clearing House, Cheque Truncation System etc. which have been implemented in Public Sector Banks. Under PMJDY, RRBs have opened 68.68 lakh accounts and have covered 29.85 lakh account holders under Prime Minister Suraksha Bima Yojna.

E. OTHER NEW BUSINESS INITIATIVES

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.

State Bank Aggregator Module (SBlePay)

Your Bank is the first and only Bank to have its own payment aggregator services. As a Bank and a Payment aggregator, SBlePay has already partnered with 41 banks for providing seamless Internet Banking options to the customers. PayPal has also been added as a new channel in SBlePay.

With its focus on C2G and B2G SBlePay is well positioned to support the Govt. on its cash less and less cash society aspirations through Digital India initiatives.

NTRP (Non Tax Revenue Portal) of Controller General of Accounts, enabled by SBlePay for online receipts of all Central Govt. ministries was launched on 15th February, 2016 by the Honourable Finance Minister. SBlePay has already provided its aggregator services to GRAS (Govt. Receipts and Payments System) of the States of Maharashtra, Rajasthan and entered into relationship with Assam, Gujarat, and Puducherry State governments. Indian Railways eProcurement system has identified SBlePay for their online procurement payments.



PSUs such as HPCL, IOCL & Gail Gas Limited are some of the major PSU clients of SBlePay for LPG refill payments & new connections. SBlePay aims to be the one stop solution for processing all online Govt. Receipts and a leading player in C2G and B2G segment.

Enterprise Wide Loyalty Programme: State Bank Rewardz

In line with our vision statement to keep "Customer first" during the FY 2016, your Bank launched Enterprise Wide Loyalty Programme-State Bank Rewardz to reward its customers for the unstinted trust reposed, across a wide range of services availed by them. Your Bank envisions strengthening its relationship with its customers by recognizing their continued faith and long term association with your Bank.

Now, customers earn reward points for their various transactions like payment through Debit Cards, Internet Banking transactions, usage of Mobile Banking, Personal Banking, Demat Accounts, Agri Business, Home Loans and Current Accounts. These reward points can be redeemed for a plethora of redemption options such as SBI Gift Card, Merchandise, recharging of phone or D2H, booking tickets for Movies, Buses and Flights.

The most important feature of the Programme is the ease of use through a Mobile App- State Bank Rewardz which can be downloaded from the Google Play Store. To further improve customer experience, the reward points can be redeemed at select Merchant partner outlets as well.

F. GOVERNMENT BUSINESS

Being accredited banker to the major Central Government Ministries & Departments and most State Governments, your Bank continues to retain its position as the market leader in Government Business. In continuation of its service tradition, your bank pioneered in developing customised e-solutions for The Government of India and several State Governments, thereby facilitating the Central / State Governments to migrate their transactions to the online mode which has brought in more efficiency and transparency in the system. More than 66% of your Bank's Government Business has been migrated to e-mode, which has resulted in substantial reduction in the average settlement period, as also in the reduction of cash transactions.

Exhibit 30: Government Turnover Government Commission

	(₹ in crore)	
	FY2015	FY2016
Turnover	3555835	3993377
Commission	1968	2095

With a view to facilitate e-Governance & bringing in more efficiency, following new initiatives were taken during the year:

■ **Pension Payments:** Your Bank has been administering pension payment to more than 40 lakh pensioners through its 14 CPPCs. This year your Bank successfully disbursed first tranche of OROP arrears to 8.04 lakh defence pensioners including family & Galantry award winning pensioners for which your bank has been appreciated from all quarters.

■ **Migration of Salary/ Vendor payments to CMP:** Migrating Salary/ Vendor payments of Rajya Sabha, Railways, State Govt. of Assam , Manipur & Mizoram to CMP platform



NTRP which is enabled by SBI ePay for online receipts of all Central Govt. ministries was launched by the Hon'ble Finance Minister, Govt. of India.

DIRECTORS' REPORT

has brought in more efficiency & standardisation in handling Govt. payments.

■ **Online Fee collection:** Your Bank facilitated online collection of fee of major recruitment examinations & other dues for Govts. of UP, Jharkhand, Tamil Nadu, CBSE , Prasaar Bharti etc.

■ **Non Tax Receipt Portal of Govt. of India:** SBI e-Pay has been integrated with "NTRP Portal" for online collection of all non tax revenue of Govt. of India.

■ **e-Tendering Solutions:** have been provided to Konkan Railways & Delhi Metro Rail Corporation.

■ **e-Governance in State Governments:** 29 e-initiatives launched for various State Govts.

■ **Visa on arrival:** this facility was enabled for Japanese nationals at 6 centres & e-Tourist Visa facility which started last year with 44 countries has since been extended to 150 countries. Visa fee is being collected through SBI e-pay.

■ **Direct Benefit Transfer for LPG:** Your Bank is the sole banker to process LPG subsidy. During the year, ₹21769 crore were disbursed through 112.29 crore transactions.

■ **Other Direct Benefit Transfers:** Your Bank has processed 12.94 crore subsidy transactions involving ₹34797 crore during FY2015-16.

■ **Small Savings Schemes:** Your Bank services more than 60 lakh PPF, 3.85 lakh Sukanya Samriddhi accounts (Highest among authorised Banks) More than 5 lakh new PPF accounts have been opened during FY2015-16.

G. EFFICIENCY AND COST CONTROL

Your Bank's Insurance cell was created at the Corporate Centre for procuring Insurance Policies for your Bank's own assets at competitive prices with better terms and coverage for enhanced efficacy in claim settlements. Your Bank has also complied with RBI's instruction on Unique Customer Identification Code (UCIC) to the extent of 99.50%. In terms of operating cost reduction, your Bank has taken up the rationalisation of Currency Chests, under which 105 Currency Chests (CC) have been closed during FY2016, saving a recurring cost of approximately ₹50 crore per annum.

Your Bank's CPCs Redesign & Other Projects (erstwhile BPR Projects) has been continuously working on the process changes and redesigns, including risk assessment and challenges posed for increasing the efficiency and delivery of your Bank's various products and services.

To attain considerable Cost Control and reduction, your Bank has further centralised and rationalised its purchases of registers and forms, and the introduction of Outsourcing Model for Stationary Management. To get the optimum advantage of bulk ordering in terms of reduced wastage and enhanced efficiency, a switch-over from in-house supply of stationery items to an outsourcing model of web based stationery management is being implemented. This initiative is expected to help in the reduction of costs presently being incurred on hiring of premises, management of storage, obsolescence of stationery items, manpower and transportation costs. Pilot rollout of the project was launched in two Circles in March 2016.

For digitisation and easy retrieval of Account Opening Forms (AOFs), an Electronic Data Management System (EDMS) has been introduced during the year. The digitisation of AOFs aims



Showcasing Bank's efforts to popularise "Sukanya Samriddhi Accounts" – a new small savings scheme of Govt. of India on Rahgiri day at Bhubaneswar.



to archive the AOFs electronically and retrieve the images at all 14 LCPCs. This is expected to be completed during the FY2016-17 on a Pan India basis.

In order to reduce the printing cost of cheque books and establishment cost of LCPCs, further centralisation of cheque book printing is in the process of rollout and has been implemented for 8 Circles at 2 centres till date. The entire process has been carried out in a secure environment at your Bank's Base Security Printer, replacing the present process which involved an extra layer with two printers.

As a result of the above initiatives, your Bank continues to efficiently manage a continuously increasing volume of customer transactions by taking advantage of standardisation, skill building and economies of scale.

CORPORATE BANKING GROUP

The Wholesale Banking business at your Bank focuses on servicing corporate customers through customised financial solutions for enabling business in India and key overseas geographies, specialises in analysing business and financial requirements of its clients and providing solutions through various products, such as working capital finance, export finance, trade, transaction & commercial banking and rupee and foreign currency term loans. The wholesale banking ecosystem at your Bank comprises several teams focused on specific areas to facilitate specialisation and customised product offerings to your Bank's clients. During FY2016, the Wholesale Banking business was focused on proactive monitoring of the portfolio given the

challenging economic environment, while continuing to grow its commercial and transaction banking business. Going forward, your Bank will look at sourcing new businesses and generating new income streams, while continuing to offer comprehensive financial solutions to corporate clients with a focus on profitability and risk mitigation.

CORPORATE BANKING

The Corporate Accounts Group (CAG) is the dedicated vertical handling the "large credit" portfolio of your Bank. CAG has 8 Offices in 6 regional centers viz. Mumbai, Delhi, Chennai, Kolkata, Hyderabad and Ahmedabad. The business model of CAG is centered on the Relationship Management concept and each client is mapped to a Relationship Manager who leads across-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 is to make your Bank the first choice of top Corporates.

Exhibit 31: Business Performance of CAG

(₹in crore.)

Facility	Mar-15	Mar-16	YTD Growth
Fund Based + Non-fund based	4,56,138	5,27,970	16%
Fund Based	2,71,778	3,29,026	21%



The HNG Float Glass Manufacturing Site

DIRECTORS' REPORT

Fund Based outstanding of the CAG constitutes 22% of total credit portfolio of your Bank. Around 85% of CAG exposure is to Corporates with ratings of Investment Grade and above, while the distribution to a variety of sectors is well balanced.

CAG handles about 58% of the domestic forex business of your Bank. During the year, the group handled several high value deals of top clients from both private and public sectors.

Your Bank has continuously been working on promoting technology initiatives for operational convenience as also to minimize operational risk. Such initiatives include mobile versions of Corporate Internet Banking i.e. State Bank Anywhere – Corporate, which allow corporate users to initiate and authorize transactions through their mobile. In addition e-trade and various payment solutions are now available.

During the year your Bank has also stabilized the LLMS (Loan Lifecycle Management System) platform, a web based portal for assessing credit risk in loan proposals including internal credit rating exercise. The platform will also be used for other ancillary activities related to credit management.



Arvind Mills financed by the Bank

Vendor) Finance. The business of the Unit has clocked significant increase during last three years.

A. Cash Management Product (CMP)

The whole spectrum of Cash Management Service encompassing Collections, Payments and Liquidity Management are provided by way of cheque and cash collection (including Doorstep Banking), Collection for Public Issues (IPOs/Bonds), e-Collection (including the facility of virtual account number), e-Payments, management of Mandates and other paper instruments like Dividend Warrants, Refund and Interest Warrants, Corporate Cheque payable at Par (CCPAP) and Multi-city Cheques. While collection facilities are provided through 'SBI F.A.S.T' (Funds Available in Shortest Time) to Corporate and Institutional Customers through a network of 1854 authorised branches across the country by means of a technology driven platform, our entire network of over 16400 branches is also made available to large Mid-Corporates, SMEs, NBFCs, Institutional Customers, Mutual Funds and Insurance Companies for Collections through certain specially designed products such as 'Easy Collect', 'Powerjyoti – Pre Upload', etc. Your Bank offers various e-Payment products through a secure process of dedicated portal with Host-to-Host facility. The business has been growing over last three years.

TRANSACTION BANKING UNIT (TBU)

Transaction Banking Unit (TBU) offers a range of products to Corporates, Government Departments and Financial Institutions comprising of products to facilitate Cash Management Products and Trade Finance and Supply Chain (Dealer/



Exhibit 32: Growth in Cash Management Fee Income (₹ in crore)



Banking Infrastructure of your Bank by providing Centralised e-Payment Solutions enabling Government Departments to achieve their objectives under National e-Governance Project (NeGP). Centralised e-Payment for Railways commenced from CMP with Delhi Division of Northern Railways. Doorstep cash and cheque pick-up facility for Railway Station under the scheme 'Rail Shakti' Project has also been extended to Indian Railways. CMP has also started non-tax collection for Government of India through Bharatkosh Portal, hosted by Controller General of Accounts.

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, 2016, 2250 Corporates are registered under e-Trade SBI.

(b) e-VFS (Electronic Vendor 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. As on 31st March, 2016, 182 Industry Majors (IMs) with 3867 vendors and 12993 dealers across the country have been migrated to the electronic e-VFS/e-DFS platform, a growth of 115% and 64% respectively.

CMP Centre is the 'Sole Refund Banker' for Central Board for Direct Taxes (CBDT). CMP Centre has also brought about integration of payment systems of Ministry of Defence, Civil Ministries under UMEA, a number of State Governments with Core

B. Trade Finance

(a) e-Trade SBI: Your Bank has established an excellent technology and operation infrastructure for its Trade Finance business. e-Trade SBI, a web-based portal, which was launched by your Bank in March 2011, has been

Mega Deals for Dealers.



DIRECTORS' REPORT

C. Financial Institutions

Business Unit

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 , Insurance Cos. have been extended 'Easy Collect' product for collection of premium over the counter at all Branches and Mutual Funds have been provided with 'Intraday Limit' facility for facilitating their redemption payments. Capital Market Branch (CMB), a Specialized Branch at Mumbai caters to the Capital Market business clients and brokers. During FY2016, CMB has handled 119 Bonds/ FPO/ IPOs issues and mobilised ₹29,307 crore (CASA) as Bankers to an Issue (BTI). During FY2016, CMB has received recognition as one of BSE's top 3 performers (for the year FY2015) in the Primary Market Segment (Debt Public Issue Bids-Banks) and Primary Market Segment (Equity –IPO/FPO Bids – Banks) respectively.

PROJECT FINANCE & LEASING

The project finance environment continued to remain challenging during FY2016 largely due to a slowdown in new project commitments by corporates, coupled with implementation and operational issues affecting ongoing projects.

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

Exhibit 33: Project Finance & Leasing Business Performance

	(₹in crore)	
	FY2015	FY2016
Project Cost	167551	77227
Project Debt	112981	59094
Sanctioned Amt.	19718	18125
Syndication Amt.	8845	18082

As on 31st March, 2016, the portfolio of infrastructure projects under implementation and control with PFSBU include Power projects with aggregate capacity of 43,536.50 MW; Telecom Projects serving more than 190 million subscribers; Road projects covering

more than 5000 kms; Metro Project in Hyderabad besides a host of projects in steel, cement, Urban Infra, etc. During FY2016, fund based and non-fund based exposure aggregating ₹7,249 crore (₹12,090 crore in FY2015) were disbursed to such projects.

From the perspective of environment sustainability, your Bank focuses on projects within both infrastructure and non-infrastructure categories. In FY2016, your Bank accorded 30 new sanctions aggregating a total amount of ₹15,848 crore (fund based and non-fund based). These were made to various sectors such as power (wind, solar, coal, hydro & transmission), Roads & Bridges, Oil & Gas and fertilizers among others.



A Smart Bank for a Corporate India on the go



MID CORPORATE BANKING

With a view to focussing on midsize units having credit requirement for limit of above ₹50 crore and upto ₹500 crore (Fund based and Non-Fund based), your Bank's Mid Corporate Group (MCG) operates through its 14 Regional Offices across Ahmedabad, Bangalore, Chandigarh, Chennai (2), Hyderabad, Indore, Kolkata (2),

Mumbai (2), New Delhi (2) and Pune, and has 54 branches as on 31st March, 2016 with 20 branches in metro centres and 34 branches in other urban centres.

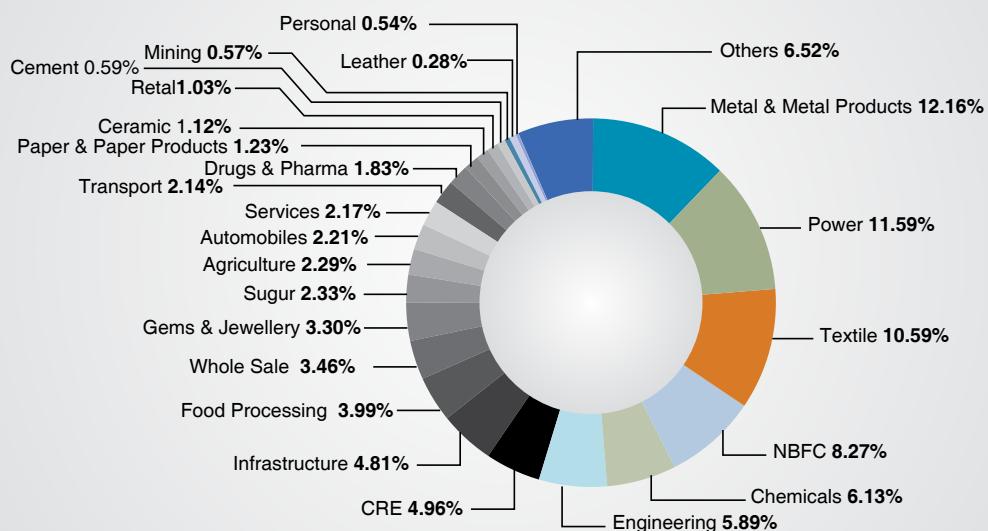
MCG Loan Portfolio (Non-Food Domestic)

	₹in crore)
FY2015	FY2016
2,27,756	2,32,638

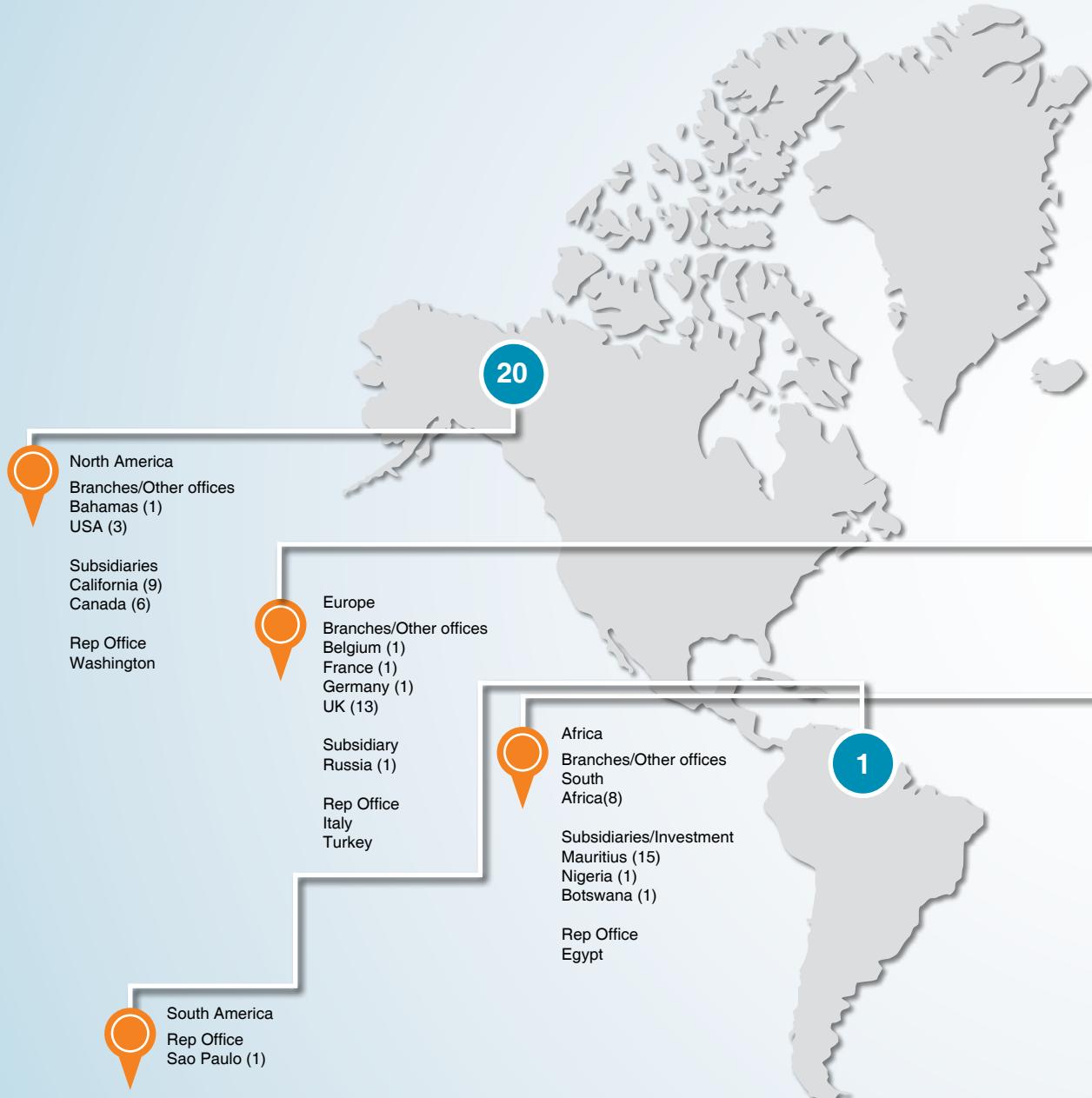
During the year under review, MCG has grown in investment grade assets mainly in, Textiles, NBFC, CRE, Chemicals and Wholesale industries.

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

Industry Wise Advance as on 31.03.2016



International Operations International Banking Group (IBG)





International Banking Network of 198 Offices in 37 Countries



DIRECTORS' REPORT

INTERNATIONAL OPERATIONS

The International Operations of your Bank are guided by the overarching principle of supporting global Indian corporates and Indian diaspora spread across geographies. In addition, your Bank also targets the local populace in line with its vision to become a truly International Bank.

GLOBAL PRESENCE

The number of foreign offices of your Bank is currently 198. Spread across 37 countries in all the continents, your Bank offices include 55 Branches, 20 other offices, 7 Representative Offices and additional 113 offices of 8 Foreign Subsidiaries. As such, diversity in operating structures is a cornerstone of your Bank's expansion activity. During FY2016, your Bank has opened 2 new branches in United Kingdom, 4 Indian Visa Application Centres in Bangladesh and upgraded Seoul Representative Office into a full fledged branch. Your Bank commenced its Representative Office functions in Sao Paulo, Brazil through its subsidiary State Bank of India Servicos Limitada. Nepal SBI Bank Limited, a subsidiary of SBI has opened 3 branches and 1 extension counter during this period. Dusseldorf Marketing Office of SBI, Bakersfield Branch of SBI (California) and Abbotsford Branch of SBI (Canada) Bank were closed during the year.

Exhibit 34: Break-up of foreign offices (No.)

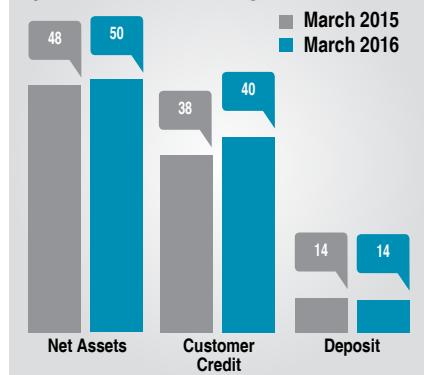
	FY2015	Offices opened during the year	Offices closed during the year	FY2016
Branches /Sub-Offices / Other Offices	69	7	1	75
Subsidiaries / JV	(7)	(1)	-	(8)
Offices of Subsidiaries/JV	110	5	2	113
Representative Offices	8	-	1*	7
Associates / Managed exchange Cos /Investments	4	0	1	3
Total	191	12	5	198

* Seoul Rep Office in South Korea was upgraded to Branch.

A Smart
Bank for a
Globalised
India on
the go



Exhibit 28: Business (In US\$ billion) performance of Foreign Offices



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



CORPORATE

1. Merchant Banking

Your 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 FY2016
- 9 Syndications aggregating US\$ 2.674 billion
- 14 Bilateral Loans aggregating US\$ 3.510 billion to Indian corporates on a bilateral basis

2. IBG-Credit

IBG-Credit is responsible for building a quality loans & advances portfolio in the overseas branches. This is achieved through a range of loan products. The loan products inter alia, include bilateral & syndicated loans.

Highlights

- Introduction of Loan Lifecycle Management System across Foreign Offices for prompt monitoring and better control and supervision of loan accounts.
- Creation of Japan desk at New Delhi to promote Indo-Japanese collaboration

3. IBG Retail & Remittances

Through specialized remittance products your Bank enables a 'window to India' for NRIs residing in different corners of the world. In some countries with considerable Indian diaspora, your

Bank also engages in retail banking activities for both Indian as well as local customers.

Highlights

- Bank launched USD Travel Card at its Maldives Operations.

4. Financial Institutions

Group

The Group facilitates linkages of your Bank with international stakeholders viz Correspondent Banks, Foreign Govt. Agencies and Developmental Financial Institutions, International Chamber of Commerce etc. on the one side and facilitates synergy between IBG and other Business Verticals such as Mid Corporate Group, Corporate Banking Group, Global Markets etc. on the other side.

Highlights

- Redesigning of Financial Institutions Group to consolidate the Correspondent Relationship job, which was earlier being handled partly by Global Market Unit Kolkata (GMUK).
- Relationship Management Concept for Banks & Financial Institutions has been introduced in line with our strategy to adopt the best international practices.
- SBI is in the process of acquiring a CRM solution to have a 360° view of the relationship with Banks/FIs

5. Global Trade Department

Global Trade Department (GTD) facilitates and supports your Bank's Foreign Offices in maintaining a vibrant Trade Finance portfolio. GTD formulates policies and innovates new



Inauguration of our Seoul, South Korea Branch by Shri B. Sriram, MD (CB)

DIRECTORS' REPORT

products as per changing regulatory norms and market demands. GTD takes lead in introduction of new technologies to improve service quality in Trade Product offerings viz., Letters of Credit, Bank Guarantee and Trade remittances, plays an important role in synergizing Domestic and Foreign offices for maximizing returns.

Highlights

- Trade Finance assets outstanding as on 31st March, 2016 was US\$ 14.614 billion, accounting for 36.29% of IBG's Net Customer Credit. Non-fund based business done by our Foreign Offices during FY2016 was US\$ 10.377 billion.
- To combat Trade Based Money Laundering, rolled out an additional screening solution across all Trade Finance intensive Foreign Offices.
- State-of-the-art Trade Finance solution acquired during FY2016. Pilot Country China and Maldives since implemented and a complete rollout across all countries expected by December 2016.
- SBI has been adjudged as The Best Trade Finance Bank-India by Global Finance Magazine for the fourth time in a row in January 2016.

6. Global Link Services

Global Link Services (GLS), a specialised outfit, caters to centralised processing of Export Bills collection, Cheque collection and online inward remittances.

Highlights

- Tie-up with 31 Exchange Companies and seven Banks in Middle-East Countries for channelizing inward remittances through your Bank.
- During FY2016, GLS (on behalf of domestic branches) handled 67,577 export bills and 65,619 foreign currency cheque collections aggregating to US\$ 14.39 billion.
- During FY2016, GLS handled 99,08,361 online inward remittance transactions amounting to US\$ 6.69 billion received globally.

7. International Banking - Domestic

International Banking - Domestic (IBD) is a new department under FIG, which is a single point of contact for all the Foreign Offices as well as Correspondent Banks for all matters relating to domestic IB business. IBD is also responsible for monitoring timely submission of all RBI returns and FEMA compliance.

8. Regulators

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

Your 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.

9. IT Initiatives

As a truly Digital Bank, your Bank has taken a holistic approach to innovate processes to capture and convert data into a simple virtual organisation that appears ubiquitous to every customer, offering tailored products to the likes, needs and preferences.

The initiatives taken at Overseas Offices are:

- Your Bank completed its multi-country migration from Finacle 7.6 to Finacle 10.2 in 24 countries, which will support a wide range of APIs (Application Programming Interface), wealth management and enhanced mobile banking solution.
- Trade Finance Solution- e-Trade from Misys Plc. (UK) was launched in China and Maldives enabling customer's interface with online 24 X7 portal for all Trade Finance requirements at Foreign Offices
- Anti-Money Laundering solution (AMLOCK) implemented across all geographies which automated processes through digital alerts. ACE Pelican software has integrated/automated Watch-List Screening to optimize KYC norms.
- Bank implemented a predictive tool (FinAssure) covering all 24 geographies which monitors performance of all critical applications, networks and infrastructure to dynamically manage unforeseen peak loads.
- The much admired onlinesbi (Internet banking solution) extended to two more geographies viz. Bahrain and Botswana. Loyalty programme covering



debit card usage and Remittance through INB was launched in Singapore to promote digital stickiness and cashless transactions.

- To provide best of security, comfort and confidence to customers, Bank replaced all magnetic stripe cards with EMV cum Magnetic Stripe Cards. Advanced Anti Skimming devices and terminal security, SMS alerts, Out of zone concepts and PIN based debit card authorisation have been implemented in all geographies.

Bank's Digital Banking strategy is continuously reworking to initiate various technologies such as Internet of Everything, Open Banking to enhance the choice, utility and experience, Mobility and Wearable. Your Bank has initiated:

- Enterprise Project Management tool where every IT project is tracked.
- Bank level CRM solution to improve deep understanding of customer needs and behaviour, requiring very little remote support.
- Big data analytics to help deliver products on customer preferences and tracking customer stickiness for successful customer retention.
- Bank has begun using Private Cloud selectively and has plan for Document Management Solution to capture its records digitally.
- Generation of regulatory and other reports directly from core data under ADF (Automatic Data flow) for International Banking Statistics (IBS), Bank Exposure and Country Exposure

STRESSED ASSETS MANAGEMENT

Management of Non Performing Assets (NPAs) is one of the biggest challenges facing the Banking sector today. Increasing NPAs adversely impacts the bottom line of banks. Banks cannot book income on such assets and they have to make provisions as per IRAC norms of RBI.

Rising NPA levels and fresh slippages across sectors can be attributed to the following factors:

- Reduced market confidence due to the slowdown in the global economy; the negative spill overs from global financial markets; and the Less than adequate pick up in domestic growth and declining exports.
- Stalling of projects due to infrastructure bottlenecks, delays in obtaining Govt. approvals, problems in land acquisition and supply side constraints.

- Cancellation of coal blocks and the limited off-take of power by Discoms (Power Distribution Companies) given their reducing purchasing capacity.

- Labour laws constraints and the Stress in important sectors such as Textiles, Power, Sugar, Steel and Aviation.

- Delay in realisation of receivables due to subdued demand.

- Delay in the resolution of NPAs through legal proceedings.

Consequent upon the Asset Quality Review (AQR) exercise conducted by RBI, profits of your Bank reduced considerably on account of higher provisioning. With the economic recovery prospects appearing weak in the short term, the stress faced by the Banking sector is likely to continue for a few more quarters.

Exhibit 35: The Movement of NPAs and Recovery in Written-off Accounts

(₹in crore)

	FY2013	FY2014	FY2015	FY2016
Gross NPA	51,189	61,605	56,725	98,173
Gross NPA%	4.75%	4.95%	4.25%	6.50%
Net NPA%	2.1%	2.57%	2.12%	3.81%
Fresh Slippages	31,993	41,516	29,444	64,198
Cash Recoveries / Up-gradations	14,885	17,924	13,011	6,985
Write-Offs	5,594	13,176	21,313	15,763
Recoveries in Written-off Accounts	1,066	1,543	2,359	2,859

As part of focus on resolution / recoveries of NPAs, Stressed Assets Management Group (SAMG) continues to work as a dedicated and specialised vertical for efficient resolution of high value NPAs. It is headed by a Deputy Managing Director with two Chief General Managers overseeing the entire effort. With five Regional Offices,

DIRECTORS' REPORT

each headed by a General Manager, a General Manager AUCA exclusively for management and resolution of Advances Under Collection Account (AUCA) and a General Manager S&R & CDR for handling Sale to ARC and evaluating viable CDR proposals, SAMG has turned into a centre of excellence in the NPA resolution effort of your Bank. As on March 2016, SAMG has 19 Stressed Assets Management Branches (SAMBs) and 44 Stressed Assets Recovery Branches (SARBs) across the country. Besides initiating hard recovery measures, SAMG introduced certain innovative methods and thus gave first mover advantage to your Bank in areas like arranging Mega e-Auction of large number of properties on Pan-India basis, initiation of criminal actions, identification of un-encumbered properties of the borrowers / guarantors and arranging for attachment of properties before judgement. The Loan resolution week (LRW), a nationwide Bank Adalat was conducted over a period of one week in May 2015 and all over NPA borrowers were advised in writing well in advance to come for negotiated settlement. Besides giving wide publicity through nationwide advertisement through print and social media, the event was internally monitored by setting-up war rooms at administrative offices.

Despite making concerted efforts to expedite recovery and reducing NPAs, your Bank often faces impediments in the form of legal hurdles, unavailability of strategic investors, lack of buyers for properties put up for auction, among others. For the various constraints, your Bank has approached the concerned authorities at appropriate levels and relevant forums like Gyan Sangam,

IBA, among others. Despite these constraints, all actions initiated for resolution are constantly followed up and strategies are periodically reviewed for expeditious resolution of NPAs.

TAKING "SMART" INITIATIVES

The Stressed Assets vertical has taken the following technology initiatives:

1. Litigation Management System (LMS) deals with all the cases that have been filed for and against your Bank in respect of all Loan (NPA/ AUCA) accounts. It enables effective management of existing and new legal cases, store contact details of Advocates, Valuers, Recovery Agents etc, and track expenses incurred on them. The monitoring through LMS system has ensured that all court hearings are attended by our officials, advocates and hearings outcome also gets recorded instantaneously.

2. Loan Life-Cycle Management System (LLMS) is the online credit processing software which handles all credit processes, as prescribed by your Bank, end-to-end. It has been rolled out in all the SAM Branches and helps in generating dynamic MIS reports, monitoring the account right from inception,

3. Early Warning System (EWS) is a software that enables early identification of potential stressed accounts before they become delinquent so that timely action can be taken preventing their further deterioration.

4. Electronic Document Management System (EDMS) is an electronic depository of important documents, transactions, audit trails, accounting reports, workflow processes, compliance documents, etc. It enables secure, single point storage and timely & efficient retrieval of documents.

5. The NPA1 PORTAL enables the monitoring of recovery by the Stressed Asset Branches on daily basis and dissemination of comparative recovery position of each branch amongst the entire field force. It also provides a single point repository of standardised information on NPA / AUCA accounts and their movements.

ACTION PLAN FOR MANAGING NPAs

Your Bank has adopted a twofold strategy for controlling fresh accretion and resolution of existing NPAs.

A. Controlling Fresh Accretion to NPAs:

1. Early diagnosis of the problems and analysis of the reasons for irregularity, with appropriate strategies for time bound action to prevent slippage as NPA.
2. Industry wise exposure limits have been set to diversify profile and minimize risk.
3. Loan portfolio is monitored on an ongoing basis.
4. Account Tracking Centres have been set up to prevent accounts slipping into NPA category.



5. A system of Tele-calling/ personal contact/ SMS alert/ sending notices etc. is being followed on default of overdue installments / irregularity in accounts.
- B. Improving Resolution of NPAs:**
1. In cases where soft recovery measures do not fructify, legal action is initiated like action under SARFAESI, Filing suits in Debt Recovery Tribunals and other Courts. Depending on the merits of the case, recourse to higher courts like High Court, Supreme Court, etc. is also taken.
 2. Involving Business Correspondents, Business Facilitators and Self Help Groups in recovery of Agricultural NPAs.
 3. Arranging Bank Adalat and actively participating in Lok Adalats for recovery.
 4. 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.
 5. CLOs / Law Officers / DGMs / AGMs attend court cases to personally monitor advocates performance. It also signals a strong intent of your Bank towards battling out the cases while making last mile recovery efforts.
 6. Identifying Companies and promoters as Willful Defaulters and arranging for display of their names on the websites of Credit Information Companies such as CIBIL, Equifax, CRIF Highmark, Experian.
 7. Review of NPAs at various levels is done at regular intervals.
 8. BIFR cases are closely followed up.
 9. E-auction has been introduced for increased transparency and better price realisation.
 10. Sale to ARCs is also explored in select cases.
 11. Identifying and engaging with strategic investors for takeover of stressed assets. Strategic Debt Restructuring (SDR) option is also explored in select viable cases as per RBI guidelines.
 12. Entering into One-Time Settlements with borrowers.
 13. Using Resolution Agents to take possession of properties mortgaged to your Bank and arranging for their auction.
 14. Considering Debt Asset swaps in some cases.
 15. Engaging investigation agencies to trace out unencumbered assets of promoters and guarantors and obtaining attachment before judgement over these properties.
 16. Publishing photographs of defaulters in newspapers where warranted.
 17. 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.
 18. Your Bank organises "Mega e-Auction" every calendar quarter.
 19. 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.
 20. Your Bank is also positively exploring CIBIL's proposal of carrying out health check on the existing commercial and consumer portfolio with the aim of improving our Asset quality.
 21. AT@M: The web based Assets Tracking & Monitoring (AT@M) software enables all stake holders to have a common view along with granular drill down up to account level. It covers monitoring of SMA as well as Sub Standard accounts in PER, SME and AGL accounts. An SMS is sent to all customers at Risk Grade I level followed by a reminder by way of an SMS.
 22. To prevent slippages, your Bank has tied up with GE Capital for proactively making calls to stressed accounts (SMAs) in Retail segment and Real Estate sector.
 23. Assets Tracking Centres at Circle level track and monitor probable NPA accounts (SMAs) in SME and AGRI segments by making calls on the customers and follow up for recovery.

DIRECTORS' REPORT

TREASURY OPERATIONS

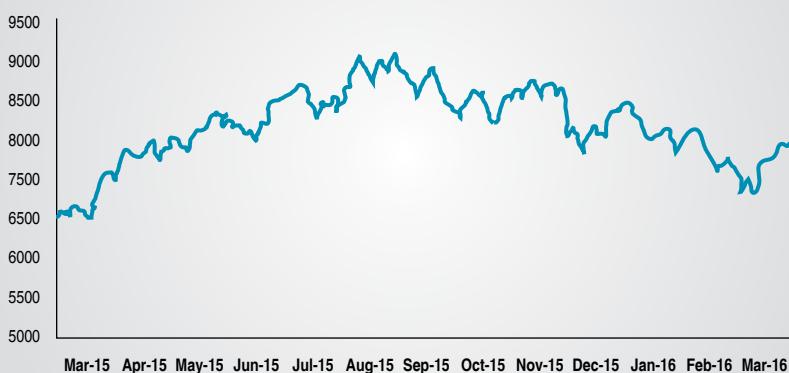
DOMESTIC

Your Bank's treasury, has given another creditable performance this year, despite relatively unfavourable market conditions. Interest income increased 20.5% YoY in FY2016, while profit from sale of investments also soared 44.19% YoY to over ₹4900 crore. Your Bank maintained its preeminent position in the forex segment, with profit from forex and derivatives growing above 19.5% in FY2016 from the same period last year.

Exhibit 36: 10yr G-Sec Yield (%)



Exhibit 37: NSE Nifty 50



Your Bank's Global Markets Group is responsible for managing your Bank's SLR portfolio, as well as liquidity management which includes maintenance of CRR and HQLAs for Liquidity Coverage Ratio (LCR). Unlike last year, the tailwind from falling yields was not available this year for the Bond portfolio. Benchmark 10 year G-Sec was trading at 7.78% till as late as 28th February, 2016, compared to 7.76% on 31st March, 2015. It was only in the month of March 2016 that yields came down to close the year at 7.46%, down only 30 basis points in FY2016, compared to a more than 100 basis points drop in FY2015. Your Bank was still able to use the temporary dips to book profits in the interest rate portfolio recording an increase of 49.27% over FY2015.

To improve our portfolio yield and to benefit from the opportunities available in the Corporate Bonds and Commercial Paper markets, your Bank made timely investments in select papers during FY2016. In the area of liquidity management, we continue to save costs through more efficient management of CRR compared to the industry average.

The equity portfolio faced significant headwinds this year as benchmark Nifty index was down nearly 8.86% in FY2016 despite a sharp recovery in the month of March. But your Bank continued to beat the benchmark through well timed entry-exits through the year, recording a profit growth of 4.59% YoY in FY2016. Further, in order to improve transparency and risk management, SBI has started placing our equity market trades through online



trade routing system, which allows monitoring and execution of orders. This system enables us to execute orders with minimum intervention from brokers which, in turn, helps in risk mitigation. Majority of the deals / transactions have been migrated to the online trading System.

The Global Markets Group provides foreign exchange solutions to customers for managing their currency flows and hedging risks through options, swaps and forwards. The group also manages FCNR(B) deposit corpus of your Bank and provides FCNR(B) loans and Export Finance in foreign currency for PCFC/EBR to the customers. Foreign exchange and derivatives business continued to contribute handsomely to profits of your Bank, reporting a 19.5% increase in profits despite the fall in country's trade volumes.

In continuation of our endeavour to improve customer experience through the use of technology, your Bank launched "SBI eforex", an online forex rate booking platform on 18th June, 2015. The platform enables customers to book forex rates to hedge their exposure in USD, EUR & GBP with inbuilt limit monitoring mechanism. Apart from booking the rates for cash, spot and forwards, the platform also enables customers to view their entire hedging position with your Bank.

As mentioned last year, your Bank has completed the roll-out of 'FX-Out' to all its branches in multiple currencies, which will allow them to initiate forex remittance at their end without having to route it through a forex authorised branch. To make it even more convenient, an internet based Fore

outward remittance facility, called "remXout", has been provided through www.onlinesbi.com for remittances in USD, EUR and GBP. Further, to streamline your Bank's large global forex operations, an integrated Global Back-Office has been set up in Global Markets' Kolkata office.

Our Regional Treasury Marketing Units provide the necessary marketing support to our Fixed Income and Foreign Exchange dealers through regular interactions with customers. They are well supported by our in house macro-economic and market research teams and provide customers with inputs about market developments while helping them choose a mix of products to suit each customer's specific requirements. This year, your Bank has formed a new Inter-Bank marketing team and has commenced dealing with a number of FPI clients to leverage our large debt portfolio and our strengths in the FX market. Your

Bank has also taken steps to increase the use of IT in its Treasury Marketing efforts through the implementation of an automated Lead Reporting and Management System.

In the Private Equity / VCF space, the JV set up with Macquarie and IFC in 2008, to manage the US\$ 1.2 billion India-focused PE fund, has invested approximately 96% of its total capital commitments. The fund invested in infrastructure assets viz. Telecom Tower, Airport, Thermal Power, Hydro power and NHAI road assets.

The Oman India Joint Investment Fund (OIJIF), set up in 2010 partnering with State General Reserve Fund of Oman, has completed its investments for Fund-I worth US\$100 million. Moreover, the Fund has made 1 full exit and 1 partial exit from the investee companies. Based on the success of Fund-I, both the partners (SBI and SGRF) have decided to launch



State Bank organized "State Bank Synergy Cup 2016"

DIRECTORS' REPORT

Fund-II with a corpus of US\$ 300 million. Till date Sponsors have committed US\$ 200 million to Fund-II and fund raising for tying up the remaining amount is in process. With this, Fund-II is expected to be launched shortly.

During the year, SBI has committed to invest in the SIDBI-NSCIL (a NSE subsidiary) promoted Trade Receivables e-Discounting System (TReDS). It is a platform that aims to serve as an exchange to facilitate MSMEs to convert their receivables to cash before maturity. The proposed platform will support multi-financier bidding for invoices through market determined rates for factoring the invoices. The platform, once set up, will provide an opportunity to your Bank to bid for financing the Bills put up by the customers of other banks/FIs as well as its own customers on the platform.

Portfolio Management Services increased SBI's AUM by 1.69% YoY to ₹3,22,732 crore. SBI PMS has been re-appointed as fund managers for Employees' Provident Fund Organisation as well as Coal Mines Provident Fund Organisation with highest fund management share of 35%.

In addition to our continuous efforts in making profits, improving processes and reaching out to customers, your bank has advanced risk management systems in place. Your Bank's internal auditors have recognised these traits by awarding the Global Markets Group top scores in the recently concluded audit exercise.

INTERNATIONAL

During FY2016, adequate liquidity was arranged through Syndicated

borrowings, bilateral loans and loan from supranational entities to replace MTN bonds of about US\$ 2.2 billion which matured during the year. Some of the sources of liquidity at Foreign Offices were:

- Long Term bilateral loans from multilateral agencies
- Medium Term bilateral loans from Correspondent Banks.
- Medium and Long Term Syndicated Loans
- Repo arrangement
- Lines against Bankers' Acceptance

For FY2016, the international treasury Investment Portfolio stood at US\$ 5,551 million, earning US\$ 192 million Interest Income from these investments. Your Bank also earned Divestment Income of US\$ 11 million during the same period.



Reception for the dignitaries participating in the Annual World Bank Group – IMF meetings – 2015 at LIMA- SBI Team with RBI Governor, Dr. Raghuram Rajan & guests



IV. SUPPORT & CONTROL OPERATIONS

1. HUMAN RESOURCE AND TRAINING

1.1. PEOPLE ARE THE MOST VALUABLE ASSET

Your Bank believes that Human Resources Management is an important facet of organisation's effectiveness. Accordingly, the Bank has been making constant endeavours 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 your Bank's goals.

Towards this end, your Bank has taken some important measures to meet the business challenges, which include, recruiting young and highly 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 a scientific and objective approach to measure their performance; incentivising the top performer; putting in place an organised structure for skill and capability building in critical positions and by implementing various measures for talent retention. All these have contributed significantly to generate a highly satisfying working environment wherein the employees feel happy, engaged and enthusiastic about their work and take positive action to further your Bank's business interests and reputation.

Exhibit 38: SBI's Workforce Strength

Category	2013-14	2014-15	2015-16
Officers	80531	78540	80818
Assistants	101648	94455	88606
Sub-staff other	24799	23404	21477
Watch & Ward	15831	16839	16838
Total	222809	213238	207739

The leadership has been very proactive in employee engagement which is critical for your Bank to sustain growth with profit. This has been borne out by initiation of a host of important initiatives, as detailed below, during FY2016.

Career Development System (CDS)

During the FY2016, your Bank has introduced a new system of performance appraisal (re-named as Career Development System) of individual employees in



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on the go**

an objective and transparent manner. The entire system is IT driven. All the employees of your Bank have been assigned KRAs and almost 90% of the positions have been made budgetary or measurable. The system extracts business data required for the KRAs and calculates scores. All the employees are being judged on the basis of their performance. These scores provide the input for Promotions and other Rewards and Recognition.

The system also has provision for capturing the developmental needs of the individual employees through competency assessment.

DIRECTORS' REPORT

Manpower Planning & Recruitment

A scientific model has been developed to determine the manpower requirement in branches in order to provide optimal staffing across various types of branches. To strengthen the human resource pipeline, 160 young graduates from 23 top 'B' schools were recruited as Management Trainees on short term contract. These officers will support the existing efforts of your Bank to augment skills in specialised area. Bank is also recruiting on lateral basis in certain specialised positions, such as , Wealth Management Specialists, Risk Management and Compliance specialist and information technology to enhance in-house knowledge.

Employee Engagement

■ **Sabbatical Leave:** In view that this facility, with its attendant benefits, has already been provided to women and Single Men employees, Sabbatical Leave has been extended to Differently Abled employees & those having Differently Abled dependents viz. children and / or spouse.

■ **Vacation Policy :** Vacation Policy has been introduced by making a stipulation of mandatory availment of leave for ten working days in one go by the staff members, posted in sensitive positions, in each financial year. This leave will serve the purpose of increasing efficiency, productivity and risk mitigation.

■ **Flexi-Time Scheme :** Your Bank has introduced flexi-timing / flexi-hour scheme on a limited scale where the employee is free to select his / her own work hours within limits laid by the management, on grounds of looking after family and health. This

facility has been extended as a welfare measure with the objective of creating an employee friendly environment and promoting healthy work life balance.

■ **Chummery accommodation for women employees :** Chummery accommodation has been provided to female officers upto the grade of Scale V, who are posted in Rural / Semi-Urban / Urban areas. This is designed to facilitate their completion of mandatory assignments in a hassle-free environment.

■ **Alertness Award:** The scope of Alertness Award Scheme has been enlarged for Recognition & Rewards including cash ranging from ₹5000/- to ₹200000/- for alertness of staff members in prevention / detection / foiling of frauds and Near Miss Events which have operational risk with potential to cause serious damage.

■ **Group Medical Insurance for retired employees:** Two separate Group Medical Insurance Schemes have been made functional to meet the medical needs of Retired Employees. Policy 'A' will cover existing SBI REMBS members with enlarged coverage of diseases and mode of treatment, where premium will be borne by Bank. Policy 'B' will cover future retirees and non-members of SBI REMBS with eight plans of insurance ranging from ₹3 lakh to ₹25 lakh, where premium will be borne by the members.

Employee Productivity Improvement

With infusion of new blood by way of recruitment of highly qualified Gen-Y employees over the last 4~5 years, there has been noticeable attitudinal change in the employees' customer interaction and corresponding improvement

in services across branches. This has been amply vindicated by the improvement in productivity indicator by way of perceptible increase of more than 14.34% in the level of Business per employee of your Bank from ₹1234 lakh as on 31st March, 2015 to ₹1411 lakh as on 31st March, 2016. Moreover, with a view to improving productivity and strengthening employee engagement through enhancing job satisfaction and pride in one's own job, clerical cadre employees, who constitute nearly 43% of the total workforce in your Bank, have been re-designated as Associates (Customer Support & Sales).

Bi-partite Settlement & Wage Settlement

On 25th May, 2015, The Indian Banks Association (IBA) signed an industry level Bi-partite settlement / Joint Note (effective from 1st November, 2012) with representative Unions, Associations of workmen & officers, following which a 15% wage increment was decided to be given to employees upto the level of General Manager. As part of the settlement, 2nd and 4th Saturdays have been declared holidays and all other Saturdays have been declared as full working days, providing much needed relief to employees with family responsibilities.

Representation in Employment

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



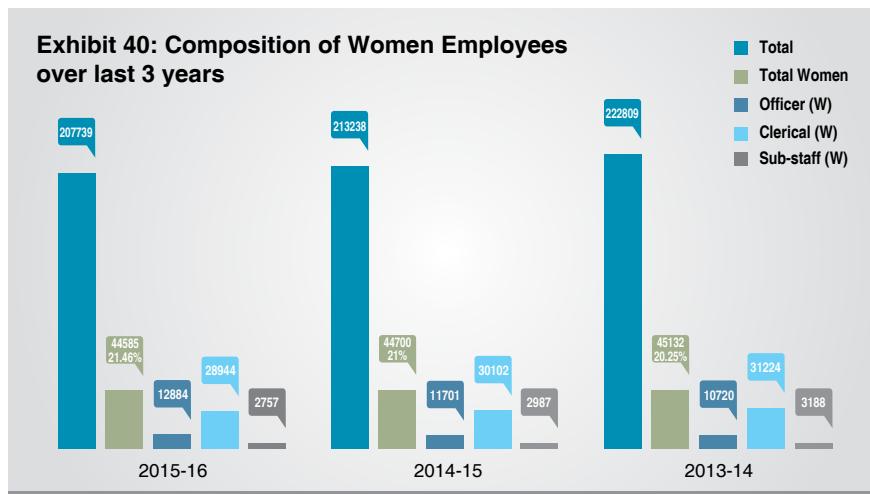
Officers have been designated at all Local Head Offices of your Bank as also at the Corporate Centre at Mumbai.

Exhibit 39: SC/ST/PWD Representation in Employment

Category	Total	SC	ST	DIFFERENTLY ABLED PERSONS
OFFICERS	80,818	13,681 (16.93%)	5,996 (07.42%)	912 (01.13%)
ASSISTANTS	88,606	14,018 (15.82%)	7,898 (08.91%)	1,772 (02.00%)
SUB-STAFF	38,315	9,905 (25.85%)	2,648 (06.91%)	198 (00.52%)
TOTAL	2,07,739	37,604 (18.10%)	16,542 (07.96%)	2,882 (01.39%)

Women in Total Workforce

As on 31st March, 2016, the number of women employees in the total workforce of your Bank is 44,585 (Officers- 12,884, Clerical - 28,944, Sub-staff -2,757) which constitutes 21.46% of the total staff strength of 2,07,739.



Sexual Harassment

Your Bank has a zero tolerance towards sexual harassment at workplaces and has put in place an appropriate mechanism for prevention and redressal of complaints of sexual harassment at workplace so as to ensure that women work with dignity and without fear.

During FY2016, 27 Complaints of Sexual Harassment of Women were filed, of which 23 cases were disposed off during the same period.

Industrial Relations

Your Bank held regular consultative meetings with the Associations and the Unions as part of having a constructive dialogue for understanding and addressing grievances of various categories of employees. These consultations are carried out at both the Corporate Centre, as well as at Circles. Various issues raised by the Federations were examined on their merits and necessary actions were taken for their resolution.

1.2. STRATEGIC TRAINING UNIT

In a quest for becoming an organisation which is a great place to work, our Bank continues a planned, proactive training process for individual growth and organisational effectiveness. New techniques, 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 forward our initiatives towards creating customer delight. The training system functions under the overall supervision and guidance of the STU. The training apparatus at present consists of five Apex Training Institutes (ATIs) and 45 State Bank Learning Centres. Your Bank has been able to create a virtual Knowledge university within the institution, with a capacity of classroom training of 3350 employees per day in all areas of Banking, Economy, Leadership, Ethics, Marketing, Administration and Soft Skills, in addition to a robust digital learning system.

DIRECTORS' REPORT

Principles that drive learning activities:

- A continuous process of learning from on-boarding – to “Transition to Retirement”.
- A culture of self-learning in the organisation, which is more cost effective and convenient in the long run, is being promoted.
- A robust e-learning platform to drive efficient e-learning is fully functional.
- Training programmes aligned with current corporate priorities of the Business Units.
- Constant upgrades of our training content and delivery, learning to be at par with global best practices being tried.
- In order to rekindle the energy and enthusiasm generated during Aarohan, our Mass Awareness Programme, an “Aarohan Continuum Capsule” has been designed and programmes have been conducted through Visiting Faculty Scheme at branches.

LEARNING DIGITALLY

e-Learning: In order to inculcate a culture of self learning amongst our employees, SBI has developed a robust e-learning platform “Gyanodaya”. 600 e-lessons of 50-60 minutes duration, 412 ‘e-Capsules’ (short duration e-lessons) and 601 ‘Mobile Nuggets’ are available on the portal, besides the Case Studies, Research Projects and e-publications under the e-library. During the FY2015-16, 28.48 lakh tests have been passed by the employees, out of 90 lakh attempts.

Harvard Manage Mentor is an online learning, performance support & peer collaboration platform from the

Harvard University. Our Bank has a tie-up for business content across 44 management topics and is mandatory for Senior Executives, which leads to Joint Certification between SBI and HMM.

Mentoring of Branches:

To ensure continued focus on improving and delivering improved customer service on a consistent basis SBI has initiated Mentoring of branches and this is more than the traditional understanding of Mentoring. In your Bank's scheme, top executives of your Bank, Deputy General Managers and above, have been assigned 4 branches each.

The primary objectives behind branch mentoring are:

- to help branches achieve sustained improvement in customer service.
- to help branches achieve business growth.
- to help the team in realizing their full potential.

During the mentoring process, the mentor, notionally steps away from his administrative role and looks at these Branches from a developmental perspective. The mentor also interacts with the customers of the Branch and enables the branch team to evolve solutions. Currently there are 724 active mentors covering 2869 branches.

Certification Programme on Credit has been launched for officers of Scales I to V to develop adequate credit skills and to keep them updated at all times. It focusses on the Commercial Credit Skills required to handle the entire Loan Life Cycle of Advances.

Your Bank constantly strives to achieve quality standards for its State Bank

Learning Centres (SBLC) in terms of Training Resources, Infrastructure and Academic Activities. This year your Bank has made tremendous progress in this endeavour, with the result that, during FY2015, 23 SBLCs were accredited with the ISO 9001:2008 Certification, taking the total tally to 27 accredited centres out of a total of 45 SBLCs till date.

Training Initiatives

To evolve a strategy for raising the Bar and to reduce the gap between Campus to Corporate, 138 One Day Workshops on Soft Skills by External Finishing Schools / Institutes were arranged for the first time for Newly Recruited Associates. This enabled an exposure to the challenges and demands of the real world.

With technical knowledge, your Bank's officers are also being coached to develop their physical and financial health, so that they can be contributing citizens. Aided with a strong set of Principles and Ethics, the training system actively promotes strong values in their programmes. Your Bank has also started a facebook page for new batch of Probationary Officers (2015) called “SBI STEPUP”. This is being used for both employee engagement and also for building a team spirit amongst new recruits.

A programme called ‘SBI Buddy’- ‘SAATHI’ has been started to allow Probationary Officers to clear their doubts related to technical and administrative activities in the initial days.

During the year, the website of the Strategic Training Unit was completely revamped to form the epicenter of where



all learning materials are accessible by all Apex Training Institutes and SBLCs in one place via the Intranet. It was inaugurated by Hon'ble Shri Jayant Sinha, Minister of State for Finance on the occasion of Gyan Sangam II at State Bank Academy, Gurgaon.

Your Bank's training footprint is getting inclusive and global. Your Bank has opened up its training system to other outside institutions including Public and Private Sector Bank officers and other Govt Departments. Using video conferencing, the STU has imparted training sessions on Time Management and Stress Management for Staff members of some of your Bank's foreign branches.

As part of its role in Nation Building, SBI also contributed to the Sakhshar Bharat / National Literacy Mission, during the year, where the SBLCs took part in imparting sessions on Financial Literacy and Financial Inclusion in various Colleges, Schools and Government Agencies.

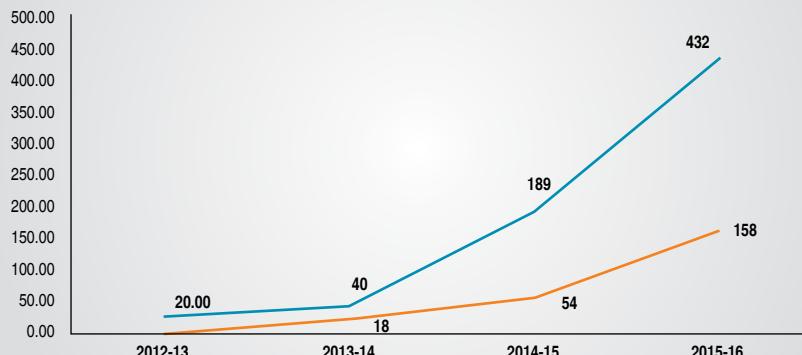
1.3. INCLUSION OF VISUALLY/HEARING IMPAIRED EMPLOYEES

During the year, an Inclusion Centre for Differently Abled Employees was created. The objective is enabling financial inclusion, training, empowerment and upgradation of skills of people with Different Abilities in a systematic way.

Your Bank has 722 Visually Impaired (VI) and 276 Hearing Impaired (HI) Employees along with Orthopedically Challenged staff. 73% of VI / HI Employees (Other than Sub-Staff) have received training during the year by partnering with NGOs for this mission.

Exhibit 41: No. VI / HI Employees Trained

■ Visually Impaired Employees Trained
■ Hearing Impaired Employees Trained



Shri Manab, a Visually Impaired Employee working as an Associate, after undergoing an extensive Institutional Training Programme, his proficiency levels have improved considerably and he now attends to 200 letters a day on an average, through the Inward/Outward Dak along with other regular work.

Helen Keller Award 2015

Due to Specialised Training Initiatives for the VI & HI Employees, your Bank has been conferred with the "Helen Keller Award 2015" presented by National Centre for Provision of Employment to Persons with Disabilities (NCPEDP) for the Category "Role Model Company / NGO / Institution for its commitment towards promoting equal employments for people with disabilities."

DIRECTORS' REPORT

2. INFORMATION TECHNOLOGY

State Bank of India is a strong proponent of leveraging information technology to deliver convenience to its customers. Your Bank has been offering innovative and cutting-edge products to its customers with the objective of enabling banking transactions at any time and from anywhere. Your Bank's technology strategy has evolved in tune with the current consumer trends of social collaboration, mobility, cloud-based platforms and big data analytics. Digitisation and excellence in operations has been core to your Bank's strategy in providing convenience to customers. It has resulted in a reduction in turnaround time and extended benefits to your Bank's customers.

Your Bank's Core Banking Solution (CBS) environment is based on an architecture that supports one billion accounts, over 250 million transactions per 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 systematic and proactive risk identification, assessment, measurement, monitoring and mitigation of various risks in the IT vertical has been initiated.

1. ATMs

New Developments in ATM

1. PRM: Proactive Risk Management tool has been integrated with ATM Switches for Fraud Monitoring.
2. RTO Reduction: Recovery Time Objective (RTO), i.e. time taken for switching over to Disaster Recovery site in case of need, for Base 24 Switch was reduced from 180 minutes to 60 minutes by parallelisation of activities and semi-automation of process using scripts.
3. Base 24 ATM Switch Upgradation: Upgradation of ATM Base 24 Switch has been done (with the procurement and installation of CPUs and HSMs within the timelines) to enable your Bank to increase the number of ATMs to the extent of 90000.
4. Chip enabled EMV Card Migration: EMV card migration for all variants completed on 01.12.2015. 1st Bank to do so in Indian banking industry against regulatory advisory to complete this exercise by Feb16.
5. Tele banking registration through ATM has been enabled.
6. Cash transfer from Card to Account through ATM has been introduced.
7. De-hot listing (Unblocking) of ATM Cards through INB has been introduced.
8. Green Personal Identification Number (PIN)- State Bank Debit card holder has been facilitated with a simpler process of Debit card PIN generation through various channels like IVR, INB instantaneously.

The project offers several benefits including:

- For Bank - savings of approx. 100 crore in printing and dispatch cost.
- For customer – convenience, less waiting time, particularly beneficial for NRI customers.
- For Branches – No custody of PINs (risk reduction / mitigation).
- Green Banking - Paperless initiative to considerably reduce carbon foot print.

- Operational man power reduction could be used for other beneficial operational analysis.
- Instant Money Transfer (IMT) Card less Withdrawal- A Beneficiary Customer who does not possess card can withdraw cash at ATM after receiving PIN from the benefactor.
- Quick Cash- Quick Cash facility to the end customer has been provided. This facility shall allow the customer to withdraw a pre-set favourite amount every time he visits ATM.
- Display of free transactions - The customer shall be informed about the number of free transaction left with him on ATM machine.

2. INTERNET BANKING

The Corporate Internet Banking (CINB) is well suited to Small, Medium and Large Corporate. It has also been immensely successful in establishing traction with Government Treasury & Accounts Departments as well. Online collection of fees/funds for Institutions, Corporate and Government Departments is being facilitated through Multi Option Payment System (MOPS), State Bank Collect 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 Corporate.

Some of the new features launched in Net Banking in FY2016 are:

- Overdraft against TDR/STDR/e-TDR/e-STDR through onlinesbi.com.
- Registration of PMJJBY & PMSBY through INB (Furthering Govt. Initiatives).



- Mobile number capture / change through INB.
- Resetting of profile password at any SBI Branch (only from home branch previously).
- Top-Up / recharge through RINB Portal.
- SBI General Insurance Renewal.
- Smart OTP for Retail INB
- Activation of ATM card through INB
- SBI Quick Transfer (Without Adding Beneficiary) in onlinesbi.com (Small transfers)
- CINB Online Registration
- CINB SARAL – Digital Signature Certificate enabled online payments
- Thomas Cook Recurring Deposit - creation of holiday savings account
- SBI Exclusif: Wealth Management - access to Miles portal & video assist for wealth management customers
- Issuance of debit card through INB
- Online Overdraft creation for Diamond and platinum variant CSP account holders
- Pehla Kadam Pehli Udaan (Allowing minors to create e-TDR / e-STDR / e-RD through INB)

3. TAB BANKING

Savings Bank Account Opening

Your Bank has launched Tab Banking services for opening accounts using Tab in Offline Mode. Staff will complete all account opening formalities by using tab, including taking photograph, uploading of KYC documents. Thereafter the account opening details will be loaded in CBS platform and account number will be advised to customer.

Home and Auto Loan in-principle Approvals

Tab Apps for giving in-principle sanction of Housing loan & Auto loan. Housing Loan / Auto Loan sales team visits the customer's place, staff capture the KYC details, particulars of income, 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.

DIA - Lite Version for Mobiles & Desktop

The Digital Inspection App Lite version for SME has been launched for mobile phones. Field officers can capture the photographs with date, time and geo-coordinates using the Mobile App and then continue the data entry for inspection in the Desktop site. All features provided in the tab are available in the desktop site.

4. FOREIGN OFFICES (ITFO)

- Finacle Core Migration Project: Successfully migrated all 26 countries from Finacle version 7.6.1 to latest and powerful version 10.2.13 during FY2016
- E-Trade for Foreign Offices (FO): Successfully launched the separate and dedicated software platform for trade finance for all FO's during the FY2016
- Finassure: Launched a dedicated proactive monitoring service namely Finassure for monitoring critical applications of Foreign Offices



Smt. Arundhati Bhattacharya, Chairman, launching a new mobile App
“State Bank no Queue”

DIRECTORS' REPORT

- SBI, South Korea: The 194th foreign branch of SBI went live in FY2016
- EOD Automation: Launched automated solution for EOD operations for Foreign Offices in 12 countries
- Anti Money Laundering Solution AMLOCK: Successfully rolled out for all FO's
- Business Continuity Plan (BCP) ISO 22301: Business Continuity Plan certified for ISO22301
- Compliance: Proved higher security standards set by local and foreign regulators

5. PAYMENT SYSTEM GROUP

Prepaid Cards: SBI issues Prepaid Cards in both INR and Foreign Currency. Different variants of INR Prepaid cards such as EzPay 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 FY2016, we have issued 27,220 Foreign Travel cards and approximately 2,01,900 INR prepaid cards.

Funds Transfer and Settlement: Your Bank offers Real Time Gross Settlement ("RTGS"), National Electronic Fund Transfer ("NEFT") and National Electronic Clearing Service ("NECS") fund transfer facilities for qualifying transactions at its branches

as well as through internet banking. In addition, NEFT is offered through your Bank's mobile banking services. NEFT and RTGS continue to be the most cost effective and time efficient modes for remittance. The volume (number) of outward fund transfers through NEFT increased by 50.84%, in FY2016 compared to that in FY2015 and increased by 8.17% during 31st March, 2016. In fiscal 2015 and 2016, there were 187.4 million and 282.7 million NEFT fund transfers, respectively. Your Bank has established itself as a leader in NEFT, with a market share of 24.60% as of January 31, 2016 (as per latest data by RBI, February and March data yet to be published), and RTGS maintained a market share of 10.54% as of 29th February, 2016 (as per latest data by RBI, March data yet to be published). NEFT fund transfer transactions through your Bank's mobile banking service have also increased significantly in recent years.

6. NETWORKING

State Bank Connect is your 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 Switching (MPLS) architecture for ensuring higher uptime and dynamic upgrade of bandwidth.

To provide a comfortable bandwidth to all our offices for better customer service, Bank have embarked on a bulk bandwidth upgrade project and have so far upgraded bandwidth at 10,235 branches and expect to cover all branches by December 2016.

7. DEVELOPMENT CHANNELS

Project CBS Roopantar: Bank have initiated "CBS Roopantar", a project aimed at reducing data entry and steps required to perform transactions by tellers, with improvement in existing processes, thereby increasing their efficiency and reducing the overheads both in terms of time and resources.

Standardisation of Passbook narrations: Narrations printed in passbook have been standardised for the convenience of customers.

De-duplication of CIFs: On line search facility for duplicate CIFs at the time of creation of a new CIF has been provided to branches to prevent duplicate CIFs from being created.

Linkage with SBI Mutual Fund: Facility for collection of Mutual Fund investments in CBS provided, by linking to Mutual Fund server, for fetching investor details.

Customer confirmation of high-value cheques: 'Fetch' button provided in the cheque posting screens at Maker level, along with an additional field for displaying phone/ mobile number, so that the contact numbers of the drawer of the cheque available in the system can be viewed by the teller for the purpose of contacting the customer / obtaining confirmation while paying high value cheques.

Flagging of 'Wealth' customers: Development completed for creation of CIF level flag to identify 'Wealth' customers, allowing CIF level changes from remote RM centre and wealth hub for all Wealth flagged accounts.



Flagging of Fraudsters' accounts: Accounts of fraudster will be flagged as "Fraudster's Account" and an alert message "Care - Suspected Fraudster" will be flashed on such account whenever these accounts are accessed.

8. EXECUTIVE SUPPORT SYSTEMS

Social Media

Subsequent to establishing our presence on external social media sites by engaging with the young generation customers, we have been ranked No.1 globally among Top 100 Banks using Social Media by The Financial Brand in their list of "Power 100 Ranks - Banks Q1 2016". We have adopted an aggressive social media strategy which has strengthened our foothold in the social space not just in the Indian market but on a global scale as well. SBI boasts having the highest fan-base on Facebook across the globe among banks. It also leads the chart on LinkedIn and Pinterest among Indian banks.



According to an article in Economic times, on 9th July, 2015, your Bank is amongst the most active banks in addressing customer complaints and queries on social media. It also mentioned that our Bank is the most active bank on Facebook, with the highest number of posts shared per day.

SBI's Face book Page which was launched on 7th November, 2013 is today the most popular page across all Indian Banks with more than 5 million followers. We have leveraged this platform to promote our latest products and services and provided responses to the innumerable comments that we receive on this platform. We are the first bank in India to have started live broadcasting of important events on Face book.

Your Bank's YouTube channel leads all Indian banks in terms of subscriber base, uploaded more than 220 videos that have garnered over 10 million views, indicating appreciation by the digital users.

Your Bank also has a significant presence on Twitter, and Instagram.

Aspirations

Your Bank also runs a vibrant internal social media platform—'SBI Aspirations' to promote collaboration among its employees for better productivity, a symbiotic work culture along with providing solutions to them. In its endeavour to make Bank's employees more innovative, productive, and knowledgeable,

The platform is also being used by senior functionaries (including the Chairman) as a medium of direct interaction with all the employees.

9. ANALYTICS

Your Bank is using analytics extensively to better understand and serve the customer by generating actionable insights to generate business and revenue while at the same time controlling costs. Customer Analytics is carried out to make key business decisions via market segmentation and predictive analytics with the objective of enhancing customer revenues through cross-sell, up-sell and customer retention.

Integrated Data Strategy, Processing and Management (IDSPM): Our Data warehouse is state of the art and contains over 200 TB of data, with 400 GB added daily through 50 million transactions. The data is used

DIRECTORS' REPORT

across Your Bank for reports and returns monitoring and is provided in a graphical and intuitive manner to business users including interactive and visualisation dashboard.

Business Intelligence: At SBI, Business Intelligence is at the heart of decision making and also helps optimise risk weighted capital to asset ratio. It turns data into ultimate value and, is the source of major reporting and analyses in your Bank. Centralised Project Ganga is the data cleansing utility of your Bank which has enabled us rectify 97% errors reported, thereby improving the data quality significantly.

IT-Budgeting & Cost Control: Your Bank has automated a large part of its IT-Budgeting and is ensuring optimal utilisation of scarce resources for efficient management and financial control. The vertical has also introduced Charge Back Model with a view to further ingrain ROI in the corporate culture.

10. BACK OFFICE AUTOMATION

Project it-asset management solution (itams): Your Bank has implemented an IT Asset Management Solution (ITAMS), which is an important business practice to maintain an accurate inventory, licensing information, maintenance and protection of hardware & software assets utilised across the organisation.

Data Centre & DR Centre: Availability of IT Infrastructure to support business operations is a critical aspect of technology adoption. Bank has built a robust disaster recovery architecture to ensure business operations in case of non-availability of primary IT

infrastructure. Each IT Application is designed to have an alternative IT infrastructure arrangement identical to their production environment. The processes of movement between primary and alternative sites are tested regularly to ensure the readiness.

Project Single Sign On (SSO): Your Bank is leveraging Active Directory Federation Services (ADFS) using the Active Directory Services infrastructure for implementation of Single Sign On (SSO), in a phased manner. SSO enables the user to have single set of user ID and password across multiple applications.

Project Command Centre: The Command Centre gives your Bank the capability to monitor all transactions end-to-end, starting from the customer engagement, processing by your Bank's IT application and acknowledgement to the customer on fulfilment of transaction. The Command Centre is a state of the art setup with 18 LED display panels for current use and future requirements.

11. CORE BANKING AUTOMATION

Setting up of Alternate Disaster Recovery Site (HOT Site):

In view of criticality of Core Banking application, your Bank has setup an Alternate Disaster Recovery Site (Hot Site) with all the processing environment and in closer proximity to production site for resuming the Core Banking Operations in a short time span of 1 hour.

DB Layer Refresh & All-Flash Storage:

We have refreshed the Database layer of Core banking application with the latest processor Intel chip 9560 Superdome at both primary and DR site. We also migrated the production environment with all-flash-storage replacing the old spinning disks. The benefits of introducing new technology of all-flash storage gave 30% gain in batch jobs; around 40% gain in transaction response time; and new setup can cater to the business need of 750+million accounts for SBI.

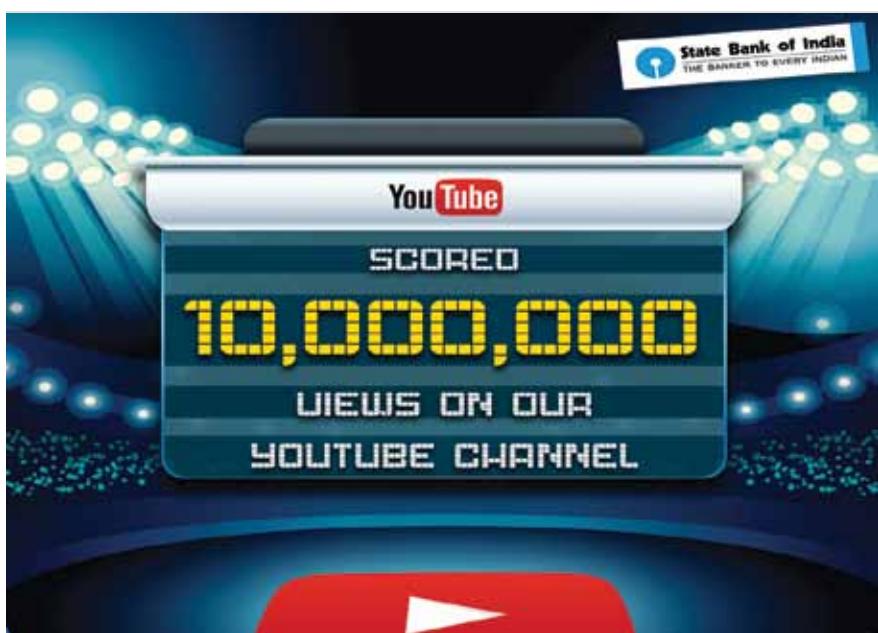




Exhibit 42: List of Technology Awards received during FY2016

Award	Category
IMC IT Awards 2015	<ul style="list-style-type: none"> Analytics
IDRBT Banking Technology Excellence Awards FY2015	<ul style="list-style-type: none"> Electronic Payment Systems (among large Public & Private Sector Banks) Managing IT Infrastructure (among large Public and Private Sector Banks)
2015 Gartner Financial Services Cool Business Awards	<ul style="list-style-type: none"> Most Innovative Digital Customer Service Enhancement SBI InTouch (Winner) - Digital Branch Most Innovative New Digital Product - SBI Quick (Runner Up)
Skoch Smart Technology Awards 2015	<ul style="list-style-type: none"> Best Smart Technology 2015 (SSK & GRC) 2 awards Best Digital Banking 2015 (SBI Digital In-touch Branch) Best Financial Inclusion Technology 2015 (Kiosk Banking & Direct Benefit Transfer) 2 awards
IDC Insights Award	<ul style="list-style-type: none"> Excellence in Innovation (Quick Overdraft facility through Internet Banking)
IBA Banking Technology Awards 2016	<ul style="list-style-type: none"> Best Financial Inclusion Initiative Best Risk Management, Fraud and Cyber Security Initiatives Best Technology Bank of the Year (Runner-up)



Bank received the IDRBT Banking Technology Excellence Award 2014-15 for 'Managing IT Infrastructure' in Large Banks category from Dr. Raghuram G Rajan, Governor, Reserve Bank of India.

3. RISK MANAGEMENT

A. RISK MANAGEMENT OVERVIEW

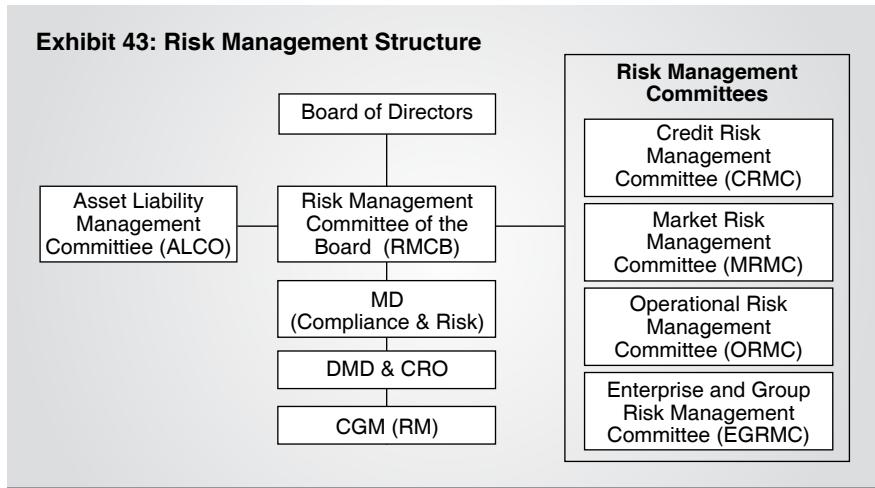
Your Bank has an evolving and robust risk management model of proven effectiveness, aligned with regulatory standards and international best practices, and proportional to the scale and complexity of its activities. Your Bank is exposed to various risks that are an inherent part of any banking business. The major risks are credit risk, market risk, liquidity risk and operational risk which includes IT risk. Your Bank has policies and procedures in place to measure, assess, monitor and manage these risks systematically across all its portfolios. Your Bank is amongst the leaders to undertake implementation of the Advanced Approaches under Credit, Market and Operational risk. Your Bank has also undertaken the Enterprise and Group Risk Management Projects which aim to adopt global best practices. The projects are being implemented with support from external consultants.

RBI Guidelines on Basel III Capital Regulations have been implemented and your Bank is adequately capitalised as per the current requirements under Basel III. An independent Risk Governance Structure, in line with international best practices, has been put in place, in the context of separation of duties and ensuring independence of Risk Measurement, Monitoring and Control functions. This framework visualises empowerment of Business Units at the operating level, with technology being the key driver, enabling identification and management of risk at the place of origination.

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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.

Exhibit 43: Risk Management Structure



New initiatives in Risk Management

Your bank has taken several new risk initiatives towards enhancing its risk management. Some key actions taken include:

- Adoption of an IT platform for credit appraisal process through a Loan Originating Software/Loan Lifecycle Management system (LOS/LLMS). This is steadily being augmented to cover the entire credit portfolio, which are interfaced with CIBIL's and RBI's defaulters list.

- The reporting and MIS capabilities of the LOS/LLMS system are being augmented, in order to allow the monitoring of your Bank's industry/exposure limit to be on a real time basis.

- An independent, second look is being given on all the sanctions through an Early Sanction Review for all loans having exposure between ₹1.00 crore. and ₹5 crore., and through the Loan Review Mechanism (LRM) for loans above ₹5 crore.

- In order to focus on capital conservation and maximisation of return on capital, your Bank has introduced Risk Based Budgeting (RBB). Reduction in risk and return on Capital is measured based on Return on Credit Risk Capital (RoCrC). Achievement of the budgeted advances levels will be subject to achievements under the specified levers. Risk Adjusted Return on Capital (RAROC) framework has been implemented from FY2016. Customer level RAROC calculation has also been digitised. Behavioral models for monitoring and scoring the retail borrower performance have been developed and hosted on Credit Risk Data Mart.
- Internal loss data, external loss data, RCSA (Risk and Control Self-Assessment) KRIIs (Key Risk Indicators) and Scenario analysis are now an integral part of Bank's Operational Risk Management project for eventual migration to AMA, subject to RBI's final approval.
- Risk Awareness Workshops were conducted across your Bank by the Risk Management department covering 1.97 lakh employees at the operating level, to effectively implement risk monitoring and mitigation practices in the day to day functioning, especially in the areas of Credit & Operational Risks.
- 1st September was celebrated as Risk Awareness Day.
- Your Bank strengthened its internal control environment around pre-screening and post sanction compliance, through digitisation and centralised monitoring
- Risk culture is being embedded through training of staff at all levels through e-learning lessons.
- An Independent Risk Advisory is being established to ensure independent reviews of high value credit proposals.
- Group Risk is being measured through Contagion Risk, Concentration Risk, Strategic Risk and Reputation Risk Indices.
- Data from all source systems (CBS/MUREX/Finnacle) have been integrated to one platform to facilitate capital computation under the Standardised Measurement Method.

1. CREDIT RISK

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



Mitigation Measures

- Your bank has strong credit appraisal and risk assessment practices in place for identification, measurement, monitoring and control of the credit risk exposures. Your Bank uses internal Credit Risk Assessment Models and score cards for assessing credit risk under different exposure segments. Internal ratings of your Bank are subject to comprehensive rating validation framework.
- Your Bank's business units are armed with inputs on the developments, prospects and risks in the industries/sectors tracked by the Industries Study team. The current status and near to medium term prospects of 37 major industries/sectors and are monitored by this team. Industry-wise exposure ceilings are worked out on the basis of the industry prospects and the performance of your Bank's exposures to the industry concerned.
- Analysis of industry developments is shared with the operating functionaries by way of Annual Reviews, Quarterly updates, and monthly snapshots of the industries/ sectors. Research papers are prepared to assess the impact of major developments e.g. drop in crude oil prices, devaluation of Yuan, fall in Baltic Dry Index, spectrum trading, Ujwal Discom Assurance Yojana (UDAY) among others. A periodical named 'Commodity Watch' was launched this year for internal circulation, specifically to share developments in the commodity market (Oil, Steel, Aluminum, Sugar, Cotton, Edible oil) and their possible impact on your Bank's exposure.

- RBI has allowed your Bank to participate in the parallel run process for Foundation Internal Ratings Based (FIRB) under the Advanced Approaches

for Credit Risk. The data under parallel run of FIRB is being submitted to RBI.

- Models for estimation of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) are hosted in Credit Risk Data mart for computation of IRB capital.
- 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.

2. 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

- Your 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 Review of Market Risk Limits for Trading Book among others are in place.
- Market risks are controlled through various risk limits, such as Net Overnight Open Position, Modified Duration, PV01, Stop Loss, Upper Management Action Trigger, Lower Management Action Trigger, Concentration and Exposure Limits.
- Your Bank has Asset class wise risk limits for its trading portfolio and monitors the same on an ongoing basis.
- Currently, market risk capital is computed under the Standardized Measurement Method (SMM). Your Bank has submitted Letter of Intent to






Enable SMS alerts for all your banking transactions.
DO NOT share your password/PIN/MPIN/OTP/TPIN with ANYONE.
DO NOT get lured by phishing emails/calls promising lottery, refunds, points, etc.
DO NOT keep any record of your PASSWORD/PIN/MPIN/TPIN. Memorise it instead.



**Be alert,
be smart!**



For further details, log on to www.sbi.co.in or call 1800 425 3800 / 1800 11 22 11 (Toll Free) / 080 - 2659 9990
Please connect with us on  StateBankofIndia  TheOfficialSBI  TheOfficialSBI

DIRECTORS' REPORT

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 your Bank's trading portfolio. The VaR methodology is supplemented by conducting quarterly stress tests of the trading portfolio.
- The VaR and Stressed VaR for market risk are computed on a daily basis.
- Enterprise level VaR is calculated on a daily basis and back testing is also conducted daily.

3. OPERATIONAL RISK

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

Mitigation Measures

■ Continuously review systems and control mechanisms, create awareness of operational risk throughout your Bank, assign risk ownership, align risk management activities with business strategy, to ensure better capital management, to improve quality of Bank's Services/Products/Processes and ensure compliance with regulatory requirements, which are the key elements of your Bank's Operational Risk Management Policy.

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

■ Policies, manuals and framework documents in line with RBI guidelines on Operational Risk Management

Framework (ORMF) for eventual migration to AMA are in place.

- For FY2016, Bank on a stand-alone basis, had assigned capital for Operational Risk as per Basic Indicator Approach (BIA). Capital charge as per AMA has also been calculated as part of Parallel Run.

4. 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 Material Risk Assessment.

Mitigation Measures

As part of your Bank's Vision to transform the 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.

Your 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.

5. GROUP RISK

Group Risk Management aims to put in place standardized 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 your 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 the Enterprise & Group Risk Management Committee (EGRMC) / Risk Management Committee of the Board (RMCB).

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

6. INFORMATION SECURITY RISK

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



Mitigation Measures

■ Your Bank has implemented a robust IT Policy & Information Security Policy. These policies are in line with international best practices. They are reviewed periodically and suitably strengthened to address emerging threats.

■ Regular security drills and employee awareness programmes are conducted to ensure security and increase awareness. Business Continuity Management Systems (BCMS) have been implemented at your Bank's Global IT Centre. SBI is a forerunner in setting up of an in-house Security Operations Centre (SOC) for 24 x 7 monitoring of various attacks and threats on its IT infrastructure.

■ 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 Lakh EPS

■ Visibility over the security threats from within and outside your Bank and improves Incident Reporting and Management.

■ Disaster Recovery Drills are conducted regularly as part of the implementation of the Business Continuity Management System (BCMS). Critical IT Systems of your Bank are compliant with the International BCMS Standard – ISO 22301:2012.

■ The application setups undergo security reviews before launching as also are reviewed periodically.

■ SBI also gives a lot of importance to Awareness campaigns for staff as well as general public. In addition to planning Newspaper advertisements& TV & Radio campaigns, SBI has run focussed citizen awareness campaigns in collaboration with Mumbai Police and Navi Mumbai Police.



Bank organized a citizen awareness campaign in collaboration with Mumbai Police and Navi Mumbai Police

B. INTERNAL CONTROLS

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

■ Your Bank's Concurrent Audit System has been redesigned incorporating fully automated web based platform SBI eTHIC.

■ Web based Internal Verification Audit has been introduced replacing the manual Circle Audit.

■ Offsite Transaction Monitoring System(OTMS) to monitor exceptions observed in transactions.

■ Web based Loan Review Mechanism to review the sanction process of loans above ₹5 crore and Early Sanction Review (ESR) of loan proposals with exposure of above ₹50 lakh and up to & including ₹5 crore have been introduced.

■ Web based Modular Structure which is flexible, scalable and expandable with enhanced level of automation and more granular risk assessment is being introduced for Risk Focussed Internal Audit from 2016-17.

DIRECTORS' REPORT

Your Bank has in-built internal control systems with well-defined responsibilities at each level. It conducts internal audit through its Inspection & Management Audit (I&MA) Department. Audit Committee of the Board (ACB) exercises supervision and control over the functioning of 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. Your Bank carries out mainly two streams of audits – Risk Focused Internal Audit (RFIA) and Management Audit, covering different facets of Internal Audit requirement. Your Bank's accounting units are subjected to RFIA. Your 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), Internal Verification Audit, Audit of Outsourced Activities of your Bank and Expenditure Audit (at administrative offices) and also oversee policy and implementation of Concurrent Audit (domestic and foreign offices). To verify the level of rectification of irregularities by branches, audit of compliance at select branches is also undertaken. During the period FY2016, I & MA has audited 9,888 domestic branches/BPR entities under the Risk Focused Internal Audit.

Risk Focused Internal Audit (RFIA)

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.

FEMA Audit

FEMA Audit which is being done as part of RFIA has been made a separate audit.

Management Audit

Management Audit encompasses Corporate Centre establishments / Circle Local Head Offices / Apex Training Institutions, Associate Banks and Regional Rural Banks (RRB) sponsored by your Bank. To enhance the effectiveness of Management Audit, periodicity has been reduced to once in two years. 50 establishments / administrative offices were audited under Management Audit During the period FY2016.

Credit Audit

Credit Audit aims at achieving continuous improvement in the quality of Commercial Credit portfolio of your Bank through critically examining individual large commercial loans with

exposures of ₹10 crore 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. During the period FY2016, During the period FY2016 8,879 accounts were subjected to on-site Credit Audit.

Loan Review Mechanism (LRM)

Audit in high value credit area also has an off-site review mechanism (Loan Review Mechanism) of all the pre-sanction and sanction process of individual advances above ₹5 crore within 6 months of sanction / enhancement / renewal.

Early Sanction Review (ESR)

Early Sanction Review [ESR] has been introduced in audit system since September, 2014 to review sanctions of more than ₹50 lakh up to ₹5 crore. 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 the period up to 31st March, 2016, a total number of 9650 accounts were reviewed under ESR.

Information System Audit (IS 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 the period FY2016, IS audits of 99 centralised IT establishments were completed.

Foreign Offices Audit – Home Office Audit

During the period FY2016, Home Office Audit was carried out at 3 branches, Management Audit at 9 Representative offices / Country Head Offices and 4 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 your 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. Concurrent Audit System has been revamped, along with the introduction of a web-based solution, with external auditors appointed as Concurrent Auditors (External Chartered Accountant Firms).

Internal Verification Audit

Internal Verification Audit, which was a delegated audit till last year, has been taken over by I&MA to make it more effective. It covers low value credit areas, and is conducted between two RFIs. This enables auditee unit to be

better prepared for the RFIA. During the period FY2016, 9,094 units were audited by the Internal Verification Audit Department.

Off-Site Transaction Monitoring System (OTMS)

Off-Site Transaction Monitoring System (OTMS), a web based solution, has been introduced to capture deviations and take corrective actions. Exception data is being generated by Data Warehouse (DW), based on certain business rules. At Present, 14 types of exceptions are being monitored and flagged to the branches for verification by them.

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 crore and above. As on 31st March, 2016, Legal Audit was commenced in 8696 eligible accounts and has been completed in 7997 cases.

Audit of Outsourced Activities

Bank has outsourced 56 groups of activities to approximately 6014 vendors. I&MA has a policy approved by the Audit Committee of the Board and audit has been completed in 37 entities covering 12 activities. A full fledged outsourced audit department headed by a General Manager is being set up to oversee the audit of outsourced activities of your Bank.

4. OFFICIAL LANGUAGE

Your Bank is committed to the implementation of different provisions of the Annual Programme formulated by the Government of India. We continued our efforts to use Hindi and other Indian languages in your Bank. Some of the highlights are given below:

New Website of OL Dept. launched

A new website of Rajbhasha Dept. has been developed by our bank's Rajbhasha & System officers. This website is launched by our Chairman recently through video conferencing during All India Rajbhasha Adhikari Vaarshik Sammelan held at SBIRD, Hyderabad.

'Sugam Marathi' etc. books published

In the changed scenario Government of India is expecting from us that we shall make our staff conversant with the regional language also so that they can interact with the local people in their language and have a better understanding of their needs and achieve better results. Keeping in view, this need our Rajbhasha Dept has brought out following publications:

1. **'Aaiyey Seekhein'** (To learn Bangla through Hindi)
2. **'Sugam Marathi'** (To learn Marathi through Hindi)
3. **'Hamara Raasta Grahak ka Raasta, Hamari Bhasha Grahak ki Bhasha'** (To learn Tamil through Hindi)
4. **'Chalo Seekhein Gujarati'** (To learn Gujarati through Hindi)

Other Circles have also been instructed to bring out similar books to learn

DIRECTORS' REPORT

Telugu, Oriya, Assamese, Punjabi and Kannada through Hindi.

Thought of the day in Hindi

A new initiative has been taken during the year to present a thought in Hindi on Public Address System every day at 11 A.M. in your Bank.

Hindi Sentence Formation

Competition for Non-Hindi knowing staff

During the year we have introduced a bi-monthly sentence formation competition in Hindi for other than Hindi knowing staff.

Web application for online submission of Quarterly Progress Report

A new application has been developed and implemented by our own System and Rajbhasha Officers for online submission of the quarterly progress report.

Renowned Lyricist Neeraj & Late Poet Nida Fazli Felicitated

September month celebrated as Rajbhasha Month in Region 'A' & 'B' and a Rajbhasha week from 7th to 14th September 2015 celebrated in Region 'C' i.e. other than Hindi Speaking areas. Renowned Hindi poet Dr. Gopal Das Neeraj and renowned Hindi-Urdu poet Late Shri Nida Fazli felicitated on the eve of Hindi day at Corporate Centre of your Bank.

All India online Hindi Quiz

From this year, we have started an All India online Hindi Quiz in the Rajbhasha Month with different elimination rounds. More than 11,000 staff members from all over your Bank participated with lot of enthusiasm.

World Hindi Day

As a responsible Corporate, all offices of your Bank abroad celebrated 11th January 2016 (10th January 2016 being a holiday) as World Hindi Day. The objective of this day is to create a conducive environment for progressive use of Hindi there and also to encourage and motivate our staff members to use Hindi in their day to day work according to the target set in the Annual Programme. Among the highlights participation of foreign nationals is a very encouraging sign for the propagation of Hindi in those countries. Many foreign staff members won prizes in the competitions held on this day.

RBI Banking Terminology Committee Meeting

A meeting of the standing committee set up under the aegis of Reserve Bank of India to ensure uniformity in banking terminology in the banking industry was hosted by us at our Corporate Centre at Mumbai on 28th and 29th January 2016. The meeting concluded with finalization of 737 Hindi equivalents of banking terms. On this occasion a demonstration of online banking glossary portal of RBI was also made. In the opening session booklet published by your Bank named 'Aaiyey Seekhein' (Bangla through Hindi) presented to the Chief Guest and other participants

Compendium of Customer Information in bilingual

The staff members are required to refer different procedural literature in their day to day working in your Bank. A Compendium of Customer Information in bilingual comprising of policy documents viz. Cheque Collection Policy, Policy on Grievance redressal,

Security Repossession, Depositors Rights, Customers Rights, The Code of Bank's Commitment to Customers and detection and impounding of Counterfeit Notes etc. brought out during the year.

Publication of 'Banking Briefs' in bilingual

With the objective of bilingualisation of Bank's training material our Staff College brought out a 1040 pages 'Banking Briefs' (A Compendium of Articles Relevant to Bankers). 'Banking Briefs' is freely used by all the Apex Training Institutes and Learning Centres as training hand outs.

'StateBankBuddy' in 13 major Indian languages

Honourable Union Minister for Finance, Corporate Affairs and Information & Broadcasting launched State Bank Buddy the mobile app of your Bank in 13 major Indian languages.

SBI QUICK service launched in Hindi also

During the year your Bank has launched SBI QUICK service in Hindi also. Customer can register himself for SBI QUICK service and after registration SMS Hindi from his/her registered mobile number and enquire about his/her balance in the account and get a Mini statement through SMS in Hindi.

Awards –

- Bank's Quarterly Hindi house journal PRAYAS Adjudged among best magazines by the RBI.
- Aashirwad a literary – social - cultural organization awarded best magazine award to your Bank for its quarterly Hindi house magazine 'Prayas'.
- Shailaja Nair Foundation's In house Communication Excellence Award 2015



honour us for Hindi house magazine 'Prayas'.

- Many of the Town Level Official Language Implementation Committees convened by our Bank were awarded by Honourable Governors of respective states."

5. VIGILANCE MECHANISM

At SBI, there are three aspects to the vigilance function – Preventive, Punitive and Participative. In line with this year's theme "Preventive Vigilance as a tool of Good Governance" and having observed Vigilance Awareness Week from the 26th to 31st October, 2015, Preventive Vigilance is being given more importance as it inculcates a sense of honesty and integrity among its employees and reinforce internal Systems and Procedures to control malafide activities. In this connection, Preventive Vigilance Committee meetings are being held at the branches and at regular quarterly intervals.

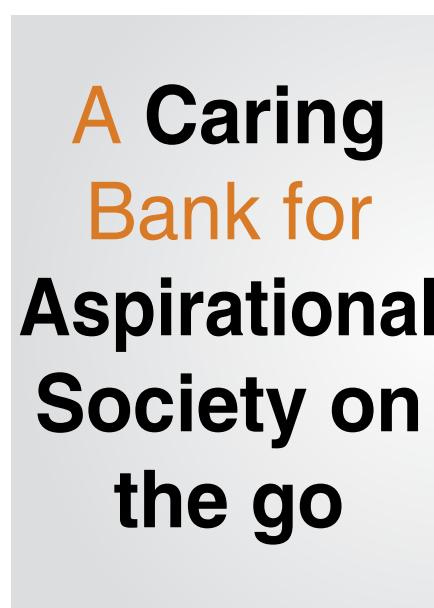
The concept of Whistleblower is another effective tool for Preventive Vigilance. There is a well-defined Whistle Blower policy in our Bank, which acts as a deterrent for employees that may be prone to carrying out malicious activities. The Whistleblower is generally an insider, who has near full knowledge of the misdeeds of fellow worker or higher official, can provide evidence against the delinquent employees. We keep the secrecy of the whistleblower and give protection to them so that they continued proving an effective tool against wrongdoings without fear.

Where certain lapses of grave nature are observed, such branches are earmarked for Suo-motu investigations

so that possible fraudulent activities are checked and remedial measures taken. During the FY2015-16, a total of 1459 cases (993 new cases) were taken up for examination, out of which 1049 cases have since been concluded.

6. CORPORATE SOCIAL RESPONSIBILITY

State Bank of India has been a pioneer in the space of Corporate Social Responsibility within the Indian Banking ecosystem. Your Bank believes that it owes a solemn duty to the less fortunate and underprivileged members of the society to make sustainable social change in their lives. Social Responsibility is an integral part of its business and a key aspect of its corporate strategy since 1973. Your Bank has been setting aside 1% of its net profit for CSR initiatives and its CSR initiatives have made a true difference in the lives of millions from underserved communities. Your Bank is committed to the economic and social wellbeing of the socially and economically impoverished.



A large graphic on the left side of the page features the text "A Caring Bank for Aspirational Society on the go" in a bold, sans-serif font. The word "Caring" is in orange, while the rest of the text is in black. To the right of this text is a photograph of a woman in a yellow sari participating in a ribbon-cutting ceremony. She is holding a pair of red ceremonial scissors. In the background, there is a banner for the "INDIAN CANCER SOCIETY" with the text "होप एसोसिएटी" and "Fighting Cancer Since 1951". Other people are visible in the background, suggesting a public event.

FY2016 saw the CSR activities of your Bank scale new heights of achievements.

Focus areas of SBI's CSR activities

- Supporting Health
- Supporting Education
- Supporting Persons with Disabilities
- Skill Development and Livelihood Creation
- Environment Protection.

The CSR spend of your Bank for the FY2016 stood at ₹143.92 crore. This is the fourth successive year, where its CSR spend has crossed the milestone of ₹1000 million. The sector wise spend during the FY2016 is as under:

DIRECTORS' REPORT

Exhibit 44: Focus Area wise Spend Amount

No.	Category	Amt. (₹ in crore)
1	Healthcare	56.00
2	Education	19.50
3	Skill development	44.66
4	Sanitation	4.04
5	Disability	5.41
6	Environment	4.78
7	Sports	2.21
8	Culture	1.20
9	Natural calamities	2.16
10	Others	1.98
11	R & D Fund	1.98
Total		143.92

Exhibit 45: Amount (₹ In crore)

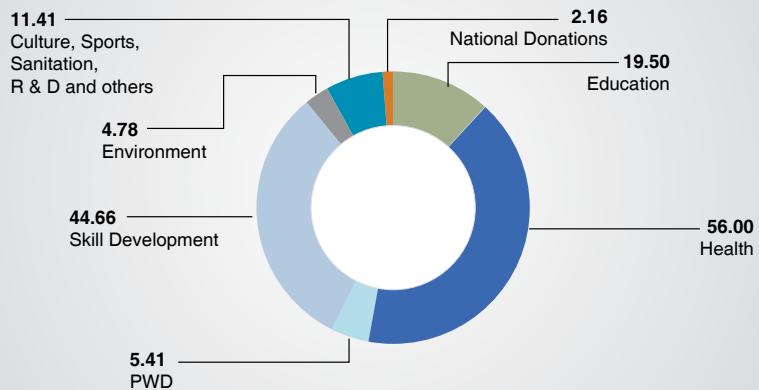
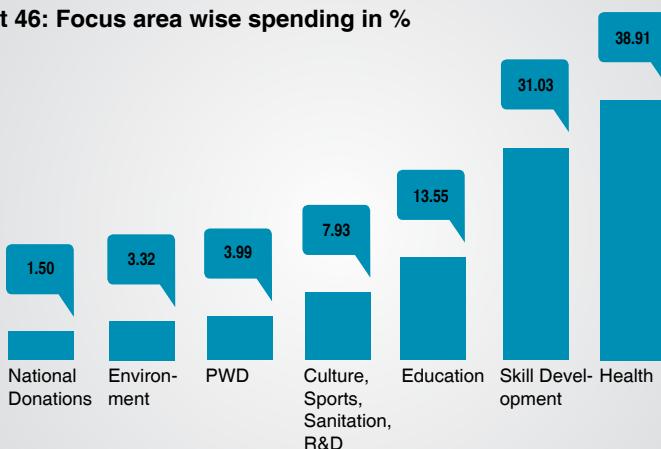


Exhibit 46: Focus area wise spending in %



Supporting Healthcare: Health and hygiene are critical elements to enhance the quality of life. Healthcare in India is a neglected area. It is still inaccessible to many sections of the society, especially the most vulnerable and depressed section of the society. Lack of affordability, unavailability and lack of awareness are the major reasons for a low healthcare index in India.

The primary focus has always remained to provide the basic infrastructure to ameliorate the conditions of the common man. To deliver quality healthcare to those belonging to underprivileged and economically weaker sections of the society, your Bank has supported large number of hospitals.

Your Bank has donated 18,761 Wheel Chairs & 17,958 Stretcher Trolleys to large number of hospitals across the country. Your Bank has also donated ₹8.24 crore to over 50 charitable organisations for acquiring 57 Ambulances and Medical Vans.

Your Bank has donated ₹24.20 crore to 63 charitable organisations/hospitals for acquiring various medical/surgical equipments. This has improved the capacity and potential of the Hospitals to serve more & more needy patients. Your Bank has supported surgeries for poor and underprivileged section of the society by sponsoring 150 heart surgeries through Rotary Charitable trust Bangalore and Needy heart foundation. Your Bank has also donated ₹98 lakh for supporting the old age homes.



Women's Health: Your Bank organised a Community Outreach Programme under the title "Vanita Arogya Sampada" by conducting over 100 FREE health check-up cum awareness camps for women across the country.

It is commonly said "A healthy nation is always a wealthy nation". Sport is an important part of our national culture. An Amount of ₹2.21 crore was spent for development of sport especially in North eastern region of the country.

Supporting Education: Education plays a vital role in improving the standard of life of an individual and is viewed as an effective tool for bringing social change through community development. State Bank of India always strives to support for education of a weaker social group in remote, unreachable & underdeveloped areas.

Holistic Support: Your Bank spent ₹2.59 crore in holistically supporting for food, shelter and sponsoring the cost of education. Your Bank also spent an amount of ₹3.22 crore on Computers, Equipments, Furniture support for Setting up Science Centres to rural schools; and the printing and distribution of one lakh note books among destitute girl students. Your Bank also donated ₹8.24 crore for acquiring 63 School buses/vehicles to help schools in rural areas to provide easy transportation to underprivileged children.

Rural Self Development Training Institutes (RSETIs): has 116 Rural Self Employment Training Institutes (RSETIs) across the country to mitigate the unemployment and underemployment problem among the youth in the country. This imparts formal

vocational training, hand holding, periodic skill up-gradation, capacity building, sustainable income generation, providing forward and backward credit linkages. The aim of training is to equip the rural youth to get employment or start a profitable micro-enterprise. Your Bank has spent ₹9.60 crore for the construction of 9 RSETI buildings and for providing other infrastructure to 12 RSETIs. The expenditure incurred for conducting skill development programs for youth was ₹28.69 crore at 116 RSETIs of your Bank across the country. Your Bank also donated ₹3.03 crore to reputed NGOs in this field for acquiring various equipment for skill development such as Sewing & knitting machines, buses and vans, computers, laptops, projectors, utility vehicles for welfare activities and also for setting up a call centre training facility for blind girls.



SBI Youth for India Fellowship program: To bridge the widening urban-rural divide and to organize and galvanize the youth, a unique CSR Programme was initiated by your Bank in 2011-12. It entails the urban educated youth to voluntarily get involved in various developmental projects in rural areas. Under the initiative, your Bank partnered with reputed NGOs that are engaged in development work in rural areas, for conceiving and working on innovative projects in which the enrolled youths take part. These youth were supported by a monthly fellowship from your bank. The fellow of the fourth batch are currently working at 23 locations in 12 states.



Shri Rajnish Kumar, Managing Director (NBG) Corporate Centre, Mumbai distributing donation to flood affected schools in Chennai.

DIRECTORS' REPORT

Swachh Bharat: To support the National mission towards mass movement for cleanliness, your Bank has extended its support to the 'Swachh Bharat – Swachh Vidyalaya Abhiyan' initiative. SBI has spent ₹3.90 crore during FY2016 for Construction of over 278 toilets and additional water facilities in rural schools of India.

Support to Persons with Disabilities (PwDs): Your Bank always remain in the forefront for Protection and Promotion of the Rights and Dignity of Persons with Disabilities (PwD). Some specific actions take were:

- An Amount of ₹5.41 crore was donated to reputed NGOs in this field for
- Distribution of artificial limbs, calipers, crutches, wheel chairs among others. to approx.4200 beneficiaries.
- Distribution of tricycles & Hearing aids to disabled women and children
- Community Based Rehabilitation project for mentally /physically challenged persons.

Environment & Sustainability: Environmental sustainability is defined as responsible interaction with the environment to avoid depletion and degradation of natural resources and maintain long term quality of the environment. Your Bank has spent ₹4.78 crore for acquiring, commissioning and maintaining of a number of Solar power plants, Solar lamp, Solar water heater, and Solar street lamps. It has also provided an animal ambulance and set up an operation theatre for injured animals.

Global Warming & Renewable Energy: Your Bank continues to remain committed to issues pertaining to global warming and renewable energy. To this end, your Bank has made significant contribution in several ways, by way of financial support and initiatives in the area of renewable energy, as well as adoption of various measures that reflect the importance attached to environmental concerns and energy conservation. Notable in this regard are installation of Windmill capacity aggregating 15 MW for captive use of clean power by your Bank's branches/offices in Maharashtra, Gujarat and Tamil Nadu, and several other in-house energy efficiency initiatives like switchover to LED lights, installation of star rated ACs, solar powered water heating among others. Other measures include adoption of green building norms, rain water harvesting, management of waste disposal, composting among others. in your Bank's premises. In line with the approach and commitment in the Renewable Energy space, your Bank has endorsed the International Financial Institutions' Statement on Energy Efficiency Finance which was presented at the Climate Change Conference in Paris, in November – December 2015 by the European Bank for Reconstruction & Development. In recognition of the leading role in Renewable Energy financing, your Bank received the Outstanding Performance Award – 2015 from the Government of India".

National Donations (Assistance during natural calamities): Bank has always been in the forefront to help the

states affected by natural calamities. The following donations were made during the year.

- Chief Minister's Relief Fund of Assam for Assam Flood Relief measures – ₹1.00 crore.
- Chief Minister's Relief Fund of Tamil Nadu for Chennai Flood relief measures - ₹1.16 crore.

Research & Development Fund: Bank had set up a chair at the Asia Research Centre, London School of Economics (LSE) jointly with Reserve Bank of India in the year 2007 under the name "India Observatory & IG Patel Chair". An amount GBP 200,000 was contributed during the year.

SBI Children's Welfare Fund: Your Bank constituted SBI Children's welfare Fund as a Trust in 1983, which extends grants to Educational Institutions engaged in the welfare of underprivileged children such as orphans and the destitute. The corpus of the fund is made by staff members and matching contribution provided by your Bank. During FY2016 Bank has donated ₹29.52 lakh to various educational institutes.



Awards: Your Bank has won 10 awards for its CSR initiatives during FY2016:

S r . Name of the Award No.	Category	Award Instituted By
1 National Award for Excellence in CSR & Best Overall Excellence in CSR Sustainability		World HRD Congress
2 National Award for Excellence in CSR & Best Overall Sustainability Performance Sustainability		World HRD Congress
3 Asian Banking, Financial Services & Insurance Best CSR Practices (BFSI) Excellence Awards		World HRD Congress
4 Asian Banking, Financial Services & Insurance Business Sustainability Initiative of the Year (BFSI) Excellence Awards		World HRD Congress
5 Lokmat Banking, Financial Services & Best Bank (Public Sector) Insurance (BFSI) Excellence Awards		World CSR Day
6 ABP News CSR Leadership Awards	Best CSR Practices to SBI Foundation	World CSR Day
7 10th INDY's Awards	Best CSR Practices to SBI Foundation	Fun & Joy at Work
8 ABP News Banking, Financial Services & Banks with Best CSR Practices to SBI Insurance (BFSI) Awards	Foundation	World CSR Day
9 Blue Star: Global CSR Excellence & Best CSR Practices Leadership Awards		World CSR Day
10 Golden Globe Tiger Award for Excellence & Best CSR Practices Leadership in CSR		World CSR Day



Shri V.G. Kannan, Managing Director (A&S) , Corporate Centre, Mumbai handing over cheque to Hon'ble Chief Minister of Assam Shri Tarun Gogoi.

V. ASSOCIATES & SUBSIDIARIES

INTRODUCTION & PERFORMANCE HIGHLIGHTS

As a part of mission to provide the entire gamut of financial services across India, the State Bank Group, through its various subsidiaries, provides a whole

range of financial services, including Life Insurance, Merchant Banking, Trustee Business, Mutual Funds, Credit Card, Factoring, Security Trading, Pension Fund Management, Custodial Services, General Insurance (Non Life Insurance) and Primary Dealership in the Money Market.

ASSOCIATE BANKS

The five Associate Banks of SBI had a Market share of around 5.30% in deposits and 5.33% in advances as on 31st March, 2016. Associate Banks together have 6,798 branches and 8,964 number of ATMs.

Exhibit 47: The performance highlights of the Associate Banks as on 31.03.2016:

(₹in crore)

S . No	Name of the Bank	Share of Ownership	SBI	Total Assets	Agg. Deposits	Total Advances	Op. Profit	Net Profit	CD Ratio	CAR %	Gross NPAs%	Net NPA %	Return on Equity %
Investment %													
1	State Bank of Bikaner & Jaipur	676.12	75.07	110336	93320	74743	2305.03	850.60	80.09	11.06	4.82	2.75	13.34
2	State Bank of Hyderabad	367.55	100.00	164597	139334	114369	3292.66	1064.93	81.56	11.62	5.75	3.37	10.65
3	State Bank of Mysore	628.63	90.00	82975	70244	55418	1251.53	357.85	78.89	12.43	6.56	4.18	7.92
4	State Bank of Patiala	2459.10	100.00	131036	105806	85941	1827.64	-972.39	81.22	11.50	7.87	3.98	-12.85
5	State Bank of Travancore	885.11	79.09	114507	100473	67004	1798.33	337.73	66.69	11.60	4.78	2.77	6.24

Awards and Accolades

Some key Social Initiatives taken by State Bank of Bikaner & Jaipur during the year include the extending of financial support for constructing 88 toilets for girl students and 78 general toilets in schools across Rajasthan; and extending help to the earthquake affected people of Nepal and the flood affected people in Chennai. The awards won by State Bank of Bikaner & Jaipur during the year include ranking 5th in "Best MID Size Indian Banks" by "Business Today"; Runner Up under "Best MSME Bank Award for Emerging Bank" by Chamber of Indian Micro, Small & Medium Enterprises {CIMSME}, awarded by Shri Piyush Goyal, MoS for Power, Coal, New and Renewable Energy, Govt. of India.



Chairman Smt Arundhati Bhattacharya on behalf of SBT donated equipment to Rotary Institute of Children in Need of Special Care, Thiruvananthapuram



The notable awards won by State Bank of Hyderabad during the year include the SKOCH ‘order-of-merit’ award at the Smart Technology Awards 2015 for the e-payment solution provided to Government of Maharashtra in the Marathawada Region; the ‘Drop Folder’ utility project award under “Economic Value Add” category at the same event; and the Second Best Public Sector Bank award by the Kerala Bankers Club.

The notable achievements by State Bank of Patiala during the year include reaching 100% coverage of all their villages by engaging 752 Business Correspondents; the opening of more than 12 lakh accounts under the PMJDY scheme, mobilising deposits of ₹161.30 crore from these accounts; the issue of RuPay Debit cards to more than 94% of the accounts opened under the same scheme; and the “Run Against Drugs” across Punjab, Haryana and Chandigarh organised on the occasion of 99th Foundation Day of your Bank.

The notable achievements by State Bank of Travancore during the year include ranking 1st among PSBs on the basis of support given to NHGs in the form of linkage loan in Kerala award given by Kerala State Kudumbasree Mission; Eco-Tech Savvy Bank for Emerging Bank – Winner for “MSME Banking Excellence Awards-2015”; CSR & Business Responsibility Award for Emerging Bank- Winner for “MSME Banking Excellence Awards-2015”; SKOCH Awards for a) Kerala Government e-Tender / e-Procurement, b) Corporate Social Responsibility-Social Circle, c) Rural Self Employment Training Institute and d) OFAC Filtering in Remittances.

Subsidiaries

Exhibit 48: Non Banking Subsidiaries

(₹in crore)

Sr. No	Name of the Subsidiary Company	Ownership (State Bank interest)	% of Ownership	Net Profit (Losses) for FY2016
1	SBI Capital Markets Limited (Consolidated)	58.03	100	278.88
2	SBI DFHI Limited	139.15	63.78 *	72.19
3	SBI Mutual Fund Trustee Company Private Limited	0.10	100	0.33
4	SBI Global Factors Limited	137.79	86.18	0.86
5	SBI Pension Funds Private Limited	18.00	60*	0.51

*Group holding of SBI is 100% in SBI Pension Funds Private Limited (SBI 60%, SBI MF and SBI Capital 20% each) and in SBI DFHI State Bank holding is 72.17% (SBI 63.78%, ABs 5.27% and SBI Capital 3.12%).

Exhibit 49: Non Banking Subsidiaries: Joint Ventures

(₹in crore)

Sr. No	Name of the Subsidiary Company	Ownership (State Bank interest)	% of Ownership	Net Profit (Losses) for FY2016
1	SBI Funds Management Private Limited	31.50	63	165.36
2	SBI Cards & Payment Services Private Limited	471.00	60	283.96
3	SBI Life Insurance Company Limited	740.00	74	861.00
4	SBI-SG Global Securities Services Private Limited	52.00	65	8.66
5	SBI General Insurance Company Limited	150.22	74	(120)
6	GE Capital Business Process Mgt. Services Private Limited	9.44	40	38.52

A. SBI CAPITAL MARKETS LIMITED (SBICAP)

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

DIRECTORS' REPORT

On a standalone basis, SBICAPs posted a PBT of ₹425.29 crore during the period ended 31st March, 2016 as against ₹507.90 crore during the FY2015 and a PAT of 283.39 crore period ended 31st March, 2016 against ₹338 crore in FY2015.

SBICAPs declared 320% dividend during the period ended 31st March, 2016 against 430% in FY2015.

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

- Aban Holdings Limited (7) and ONGC Petro Additions Limited (OPaL) (9) listed in the top ten deals in Asia-Pac ex-Japan
- OPaL deal also listed (5) in the top ten Asia-Pac ex-Japan Loans: Largest Deals by Country
- Aircel Group 137.29 billion rupee funding facility deal bagged Telecom deal of the year award by ASSET TRIPLE A ASIA Infrastructure Awards 2015

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, Home Loan, Auto Loan, Tractor Loan, among others.

SSL has over 100 branches and offers Demat, e-broking, e-IPO and e-MF services to both retail and institutional

clients. SSL currently has more than 10 lakh clients. The Company has booked gross revenue of ₹160.82 crore during the period ended 31st March, 2016 as against 114.02 crore in FY2015.

2. SBICAP Ventures Limited (SVL)

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

The Neev Fund had its Initial close on 10th April, 2015 and current corpus of the Fund is ₹469.39 crore. 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). SVL has started earning Management Fee.

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 FIIs, Financial Institutions, Law Firms, Accounting Firms, etc to market the business products of SBICAP.

4. SBICAP (SINGAPORE) LIMITED (SSGL)

SSGL, is a wholly owned subsidiary of SBI Capital Markets Limited. SSGL commenced business with effect from December 2012. Relationships are being built with FIIs, Financial Institutions, Law Firms, Accounting

Firms, etc. to market the business products of SBICAP. It has been specialising in marketing of Foreign Currency Bonds and securing clients for SBICAP SEC.

5. SBICAP TRUSTEE CO. LIMITED (STCL)

SBICAP Trustee Co Limited (STCL), is a wholly owned subsidiary of SBI Capital Markets Limited. STCL commenced security trustee business with effect from 1st August, 2008. STCL posted Net Profit of ₹13.35 crore during the period ended 31st March, 2016 as against ₹11.16 crore during FY2015. STCL successfully launched an Online Will Creation service for the individuals in the name of 'My Will Service Online'. It also launched its 'Trustee Enterprise Management System' – an integrated system to address all the trustee related operations and thus has become the first and only Trustee Company in India to have full automation across all trustee related operations.

B. SBI DFHI LIMITED (SBI DFHI)

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



SBI group holds 72.17 % share in the Company. The Company posted Net Profit of ₹72.19 crore in the FY ended 31st March, 2016 as against ₹92.55 crore in FY2015.

The market share of SBI DFHI was 3.46% amongst all market participants and 20.37% amongst Standalone PDs as on 31st March, 2016.

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 34.68 lakh as at Dec, 2015. The card base has grown by 17% over the last financial year. In terms of spends, the company has moved from 5th to 4th position in the current financial year with ~ 12% market share. The growth in spends continues to be amongst one of the highest in the industry @ 35% vs 26% growth in Industry.

The company is firmly on the path of profitable growth and has been in profits since FY2010-11. In FY2015-16, the company has reported PBT of ₹438 crore at a growth rate of 21% (Excluding one-off accounting adjustments in FY2014-15). Profit after Tax stands at ₹284 crore in FY2015-16 against ₹267 crore in FY2014-15. Lower growth in Profit after Tax is due to one-time deferred tax catch up of

₹54.1 crore in FY2014-15 post wiping out accumulated losses in the year. The company has proposed dividend @ 10% for FY2015-16 vs 5 % in previous year.

In the current year, the company has launched the "Simply Click" Card to tap into the e-commerce focussed younger generation, Co-branded Cards with Federal Bank, Lakshmi Vilas Bank, Capital One and Mumbai Metro.

In terms of new technology, the company has launched Pay-Wave Signature Card based on NFC technology for contactless usage.

SBI Cards received the following awards during the current year:

■ 'Simply CLICK Card' awarded 'Best Card Product/Program' of the year at the Customer Fest Awards 2016 & 'Best credit Card Program' by Master Card Innovations awards 2016.

■ SBI Card was awarded for its competitive and market leading practices in ' Talent Management ' by Delhi Management Association in Annual Awards ceremony in 2015

■ SBI Card's learning tool 'Little Master' won National IT excellence Award under the category of 'Leveraging IT for Business Performance'

■ SBI Card awarded 'Best Data Quality' in NBFC segment for 2015-16 at Eighth Annual Credit Information Conference.

■ SBI Card - Flexipay campaign has been selected as an ECHO leader at the 2015 DMA Asia ECHO™ Awards

■ SBI Card awarded Most Trusted Brand by Reader's Digest Trusted Brand Awards 2015

■ SBI Card won International Gartner Award for the "Most Innovative Technology Legacy Transformation" for its Card One CRM tool.



Chairman, Smt. Arundhati Bhattacharya and Chief Executive Officer of SBI Card Shri. Vijay Jasuja during launch of Paywave Contactless SBI Card and SBI Intouch Debit Card.

DIRECTORS' REPORT

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.

The Company has proven its market leadership again in FY16 with a growth rate higher than the growth of the industry. The company witnessed a 29% growth in New Business Premium (NBP) vis-à-vis the private industry growth of 18%. The market share of SBI Life New Business Premium (NBP) among all private players as on March, 2016 is 17.3% vis-a-vis 15.9% last year. The Company has been ranked No. 1 in New Business Premium among the private industry. Further, the Company has achieved 37% growth in Individual Adjusted Premium Equivalent (APE) vis-a-vis 14% growth for private industry.

SBI Life witnessed a PAT of ₹861 crore in FY2016 against ₹820 crore in FY2015. Assets held as on 31st March, 2016 recorded a Y-o-Y growth of 13% at ₹83,429 crore.

Leveraging wider reach achieved through its network of 774 offices, SBI Life has systematically brought large rural areas under insurance. The company has sold 24% of total policies in this segment in FY2016. A total of 285,027 lives covered by the company are from the underprivileged

social sector. The Company has been substantially exceeding the minimum social and rural regulatory norms.

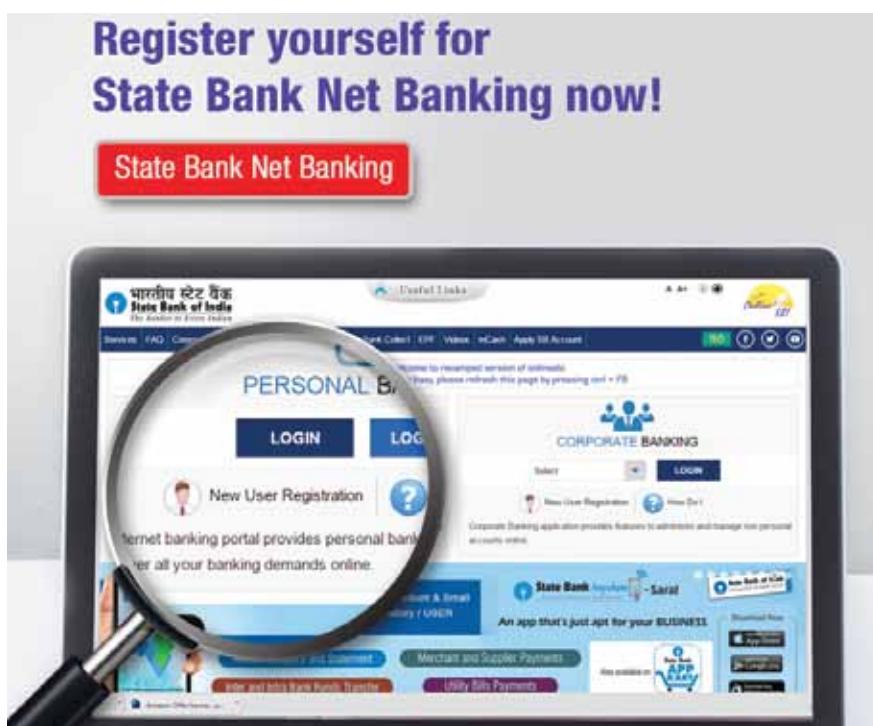
BNP Paribas Cardif have given their intention for dial-up to increase their stake by 10% by buying the same from SBI. The proposed divestment by SBI has been approved by SBI.

SBI Life has reinforced its outreach initiatives in the realm of child welfare, across different parts of the country, in line with its avowed CSR goals. SBI Life continues to remain focused on contributing towards improving the quality of life of children and engaging communities through healthcare facilities, educational and infrastructural improvement and rural development. The Company has engaged in societal sustainability through its partnership programmes with national and local organisations and has impacted

the lives of more than one lakh children and extended support to over 500 educational institutions and organisations across the nation.

The various awards received are a testimony to SBI Life's quality and commitment towards customer centricity and professional excellence. Awards and recognitions received during the year include:

- Won the 'The Indian Insurance Awards 2015' for under-served Market Penetration, Life Insurance (Large Companies Category).
- Adjudged the Best Life Insurance Company (Private Sector) at the Lokmat BFSI Awards 2015 by World HRD Congress.
- Won 'Marketing Campaign of the Year' award for Excellence in Branding and Marketing at 6th CMO Asia Awards.





- Won TISS LeapVault CLO Award 2015 for Best Program for Sales Enablement.
- Won Knowledge Management Leadership Award 2015 for "Use of Best Training Methods for Knowledge Management at the 14th Asia Pacific HRM Congress.
- Adjudged the 'Most Trusted Private Life Insurance Brand' by The Economic Times, Brand Equity and Nielsen Survey 2015 for the fifth consecutive year.
- Won IndIAA Awards 2015 for 'Best Advertisement' under the 'insurance category'.
- Won Brand Excellence Award, 2015 in Life Insurance (Private Sector) presented by World Marketing Congress.
- Won the 'Golden Peacock Award for Risk Management' for the year 2015.
- Won award in 'Best HR Technology' category at 'Inspiring Work Places Conference 2015'.
- Achieved 'Gold' level of recognition in the Aarogya Healthy Workplace Award 2015.
- Adjudged the "The Economic Times Best Corporate Brands 2016".
- SBI Life won the Prime Time Award 2015 (Bronze) for the Great Dad advertising campaign under the 'Best Creative Advertising – Single Ad or Campaign' category in the BFSI sector.
- SBI Life wins 'Stars Of The Industry Award for Excellence In Life Insurance'
- SBI Life was awarded 'Golden Peacock National Quality Award' for the year 2015 at IOD India's '26th World Congress on Leadership For Business Excellence & Innovation'.

In FY2016, the focus was on designing products that cater to the changing market requirements and regulatory requirements. Based on an analysis of the customer needs and current product portfolio, new segments were identified and the products listed below were launched. Each of them is aimed to address a specific need and to contribute to comprehensiveness of the product portfolio.

E. SBI FUNDS MANAGEMENT PRIVATE LIMITED (SBIFMPL)

SBIFMPL, the Asset Management Company of SBI Mutual Fund, is the 5th largest Fund House in terms of Average "Assets Under Management" and a leading player in the market with over 4.7 million investors. SBIFMPL posted a PAT of ₹165.36 crore in FY2016 as against ₹163.43 crore earned during FY2015. The average "Assets Under Management" (AUM) of the company during the quarter ended March 2016 were ₹1,06,781 crore with a market share of 7.89% as against the average assets under management of ₹72,942 crore with a market share of 6.30% during the quarter ended March, 2015. 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.

SBI FMAwards

 	<ul style="list-style-type: none"> ■ The Best Fund House in India ■ The Best Long Term Equity Asset Management House ■ Runner up for Best Debt fund house ■ Lipper Award (Best Group Over 3 Years) <ul style="list-style-type: none"> ■ SBI FM has won a Fund Family Award for the mixed asset classes. ■ Lipper Fund Awards <ul style="list-style-type: none"> ■ SBI Magnum Gilt Fund-Long Term-Growth won the Best Bond Award in the 3 years in Bond Indian Rupee – Government ■ SBI Small & Midcap-Growth won the best Equity Award in the 3 years category in Equity India ■ Morningstar Fund Category Award <ul style="list-style-type: none"> ■ SBI Bluechip is the winner in the Large Cap Category. The award recognizes the fund for strong 3 year and 5 year returns after adjusting for risk, in addition to outperformance of its peers in 1 year.
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DIRECTORS' REPORT

F. SBI GLOBAL FACTORS LIMITED (SBIGFL)

SBIGFL is a leading provider of factoring services for domestic and international trade. SBI 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 it's membership of Factors Chain International (FCI), the Company is able to ameliorate credit risk from export receivables under the 2 factor model.

The Company has turned around in FY2015-16. Company has achieved PBT of ₹2.53 crore (as compared to loss of ₹59.21 crore last year) and PAT of ₹0.86 crore (as compared to loss of ₹46.23 crore last year). Turnover of the Company crossed ₹2,500 crore during FY2015-16 and was at ₹2,532 crore as compared to last year's turnover of ₹2,226 crore, representing a growth of 13.75%. FIU Level crossed ₹1,000 crore as of 31st March, 2016 and was at ₹1,008 crore as compared to last year level of ₹921 crore, a growth of 9.45%.

Gross NPA level of the Company was brought down to ₹297 crore and Net NPA level to ₹30 crore as on 31.03.2016 against Gross NPA level of ₹363 crore and Net NPA level of ₹91 crore as on 31.03.2015. Net NPA level is below 3% of total FIU as on 31.03.2016.. Fresh Slippages during FY2015-16 were contained at ₹3.79 crore against much higher slippages during the last 2 years i.e. ₹85.02 crore in FY2014-15 and ₹108.83 crore in FY2013-14.

Export Factoring Turnover under 2-Factor model went upto EUR 32.80 Mio (INR 238 crore) during FY15-16 as compared to EUR 18.55 Mio (INR 138

crore) during 14-15, a growth of 76.82%. SBIGFL received 2015 Certificate of Recognition for "Best Service Quality Improvement as Export Factor" from Factors Chain International (FCI) in June 2015 at Singapore.

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, 2016 were 46,019 crore (YOY growth of 47 %) against 31,407 crore in March 2015.

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 69%, while in the Government sector it was 35%. The company maintained its number 1 rank in both Private Sector and Government Sector. The Company was adjudged the "Best Pension Fund House under NPS for the year 2015 by Outlook Money.

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 and fair and transparent claims management practices. The cornerstone of the company's growth aspiration is focussed on the Banca channel whilst selectively developing other channels and products that meet business objectives and drive profitable growth. The Company has entered into strategic tie-ups with three large car manufacturers to drive growth in the Motor portfolio.

Gross Written Premium (GWP) stood at ₹2039.8 crore in FY2016. The Company recorded 29.4% growth in GWP YOY against an industry growth of 13.8%. Overall market share among all general insurance companies increased from 1.9% to 2.1% and from 4.5% to 5.1% among Private Insurers in FY2016 as compared to FY2015. The Company's market ranking is 13th in the industry and 8th among the private players in FY2016. SBIGIC occupies 2nd position in "Personal Accident" in the industry and private insurers. The company ranks 2nd in "Fire" among private insurers and 6th position in the industry in FY2016. IAG has given their intention for dial-up to increase their stake by 23% by buying the same from SBI. The proposed divestment by SBI has been approved by SBI.



Awards and recognitions include Marketing Initiative of the Year 2015 by India Insurance Awards; and 50 Most Influential Digital Media Professionals 2015 by World Marketing Congress.

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. The Company's Net profits was ₹8.66 crore in FY2016 as against ₹5.69 crore in FY2015.

The Assets Under Custody as on 31st March, 2016 rose to ₹2,20,902 crore as against ₹69,587 crore as on 31st March, 2015, while the Assets Under Administration were at ₹1,32,152 crore in March 2016 as against ₹79,090 crore in March 2015.

SBI-SG has improved its ranking on the Global Investor Survey in the unweighted category from 3rd to 2nd in the 2016 survey for sub-custodians in India. SBI-SG was adjudged the best sub-custodian for India in the World's Best Sub Custodian Awards by Global Finance Magazine 2015. SBI-SG participated in the Global Custodian survey for sub-custodians in Emerging markets for the first time and was ranked 2nd best for technology and 3rd best for reporting.

J. SBI FOUNDATION (SBIF)

In order to consolidate the CSR activities of your Bank, its associates and subsidiaries and carrying out the same in a structured, planned and an impactful manner, an idea to establish a separate entity in the form of a Section 8 Company was conceived. SBI Foundation has been set up as a 100% subsidiary of State Bank of India as a Section 8 Company under the Companies Act 2013 for carrying out CSR activities for the State Bank Group. While forming the Foundation, it was envisaged that all the SBI Group entities would contribute to the Foundation for carrying out their CSR activities. The Foundation has received necessary approvals from RBI and registration with MoCA for carrying out its activities. It has also recently received registration under section 12A & section 80G of the Income Tax Act, 1961.

The aim of your Bank's CSR philosophy is to make a meaningful and measurable impact in the lives of economically, physically and socially deprived communities. Your Bank also aims to promote initiatives that preserve, restore and enhance environment, ecological balance, and natural resources, and improve sanitation and hygiene. Your Bank recognises the importance of good corporate governance and corporate social responsibility in promoting and strengthening the trust of its stakeholders and community at large. Its mission is to make available resources to the most vulnerable sections of the society directly and through strategic partnerships/collaborations with impact

making entities in the social and development sector to create inclusive sustainable development in the most transparent way.

The foundation will place its focus on the following areas:

- Healthcare & Sanitation
- Education, Livelihood & Skill Development
- Women Empowerment and Care for Senior Citizens
- Sustainability & Environment
- Rural Development

DIRECTORS' REPORT

VI. RESPONSIBILITY STATEMENT

The Board of Directors hereby states:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that they have selected such accounting policies and applied them consistently and made judgements and estimates as are reasonable and prudent, so as to give a true and fair view of the state of affairs of your Bank as on the 31st March, 2016, and of the profit and loss of Your Bank for the year ended on that date;
- iii. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Banking Regulation Act, 1949 and State Bank of India Act, 1955 for safeguarding the assets of your Bank and preventing and detecting frauds and other irregularities;
- iv. that they have prepared the annual accounts on a going concern basis;
- v. that the internal financial controls had been laid down, to be followed by your Bank and that such internal financial controls are adequate and were operating effectively; and
- vi. that proper system had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

VII. ACKNOWLEDGEMENTS

During the year, Dr. Rajiv Kumar, Shri Harichandra Bahadur Singh and Shri S.K.Mukherjee retired from the Board w.e.f. 5th August, 23rd September & 3rd October, 2015 respectively, consequent upon completion of their terms. Shri P. Pradeep Kumar, Managing Director - CBG retired on attaining superannuation on 31st October, 2015. Dr. Hasmukh Adhia, retired from the Board w.e.f. 2nd September, 2015 and Ms. Anjuly Chib Duggal, was nominated as Gol Nominee Director in his place w.e.f. 3rd September, 2015.

Shri Rajnish Kumar and Shri P.K.Gupta were appointed as Managing Directors under section 19(b) w.e.f. 26th May and 2nd November, 2015 respectively and Dr. Girish K. Ahuja and Dr.Pushpendra Rai were nominated as Directors under section 19(d) w.e.f. 28th January, 2016 on the Board.

The Directors place on record their appreciation for the contributions made by the respective outgoing Directors, namely, Dr. Rajiv Kumar, Shri Harichandra Bahadur Singh, Shri S.K. Mukherjee, Dr. Hasmukh Adhia and Shri P. Pradeep Kumar to the deliberations of the Board. The Directors welcomed the new Directors Ms. Anjuly Chib Duggal, Shri Rajnish Kumar, Shri P.K. Gupta, Dr. Girish K. Ahuja and Dr.Pushpendra Rai on the Board.

The Directors expressed their gratitude for the guidance and co-operation received from the Government of India, RBI, SEBI, IRDA and other government and regulatory agencies.

Above all, the Directors thank all the valued clients, shareholders, banks and financial institutions, stock exchanges, rating agencies and other stakeholders for their patronage and support, and take this opportunity to express their appreciation for the dedicated and committed team of employees of your Bank.

For and on behalf of the

Central Board of Directors

Chairman

Date: 27th May, 2016



State Bank
DEBIT CARD
Card Ek, Khushiyen Anek.

SBI Card
Make life simple



**THE FUTURE IS HERE.
AND IT'S FASTER THAN
YOU IMAGINED.**

**State Bank Debit
and Credit Contactless Cards.**

Simply wave your Contactless Card at a secure reader, and your transaction is done*. It's fast, easy and incredibly convenient.



Look:
Look out for the contactless symbol during checkout.



Wave:
Just wave your card at a distance of 4 cms from the reader*.



Go:
Wait for the green light or the beep to confirm your payment* and go!

To apply: sbiINTOUCH Contactless Card – visit your State Bank home branch; SBI Signature Contactless Card – SMS WAVE to 5676791.

*A PIN will be required to verify the transaction. For detailed T&Cs – State Bank Debit Card, visit statebankofindia.com / sbi.co.in or call 18004253800 / 1800112211 (Toll free); SBI Credit Card: visit sbicard.com; SBI CPSL along with its direct affiliates are alone responsible for resolving all disputes and differences in relation to SBI Credit Cards without reference to the State Bank of India. However, State Bank of India along with its direct affiliates are solely responsible for resolving all disputes and differences in relation to State Bank of India without reference to the SBICPSL.



State Bank Group

CORPORATE GOVERNANCE

THE BANK'S PHILOSOPHY ON CODE OF GOVERNANCE

State Bank of India is committed to the best practices in the area of Corporate Governance, in letter and in spirit. The Bank believes that good Corporate Governance is much more than complying with legal and regulatory requirements. Good governance facilitates effective management and control of business, enables the Bank to maintain a high level of business ethics and to optimise the value for all its stakeholders. The objectives can be summarised as:

- To protect and enhance shareholder value.
- To protect the interest of all other stakeholders such as customers, employees and society at large.
- To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.
- To ensure accountability for performance and customer service and to achieve excellence at all levels.
- To provide corporate leadership of highest standard for others to emulate.

The Bank is committed to:

- Ensuring that the Bank's Board of Directors meets regularly, provides effective leadership and insights in business and functional matters and monitors Bank's performance.
- Establishing a framework of strategic control and continuously reviewing its efficacy.
- Establishing clearly documented and transparent management

processes for policy development, implementation and review, decision-making, monitoring, control and reporting.

- Providing free access to the Board to all relevant information, advices and resources as are necessary to enable it to carry out its role effectively.
- Ensuring that the Chairman has the responsibility for all aspects of executive management and is accountable to the Board for the ultimate performance of the Bank and implementation of the policies laid down by the Board. The role of the Chairman and the Board of Directors are also guided by the SBI Act, 1955 with all relevant amendments.
- Ensuring that a senior executive is made responsible in respect of compliance issues with all applicable statutes, regulations and other procedures, policies as laid down by the GOI/RBI and other regulators and the Board, and reports deviations, if any.

The Bank has complied with the provisions of Corporate Governance as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with the Stock Exchanges except where the provisions of these regulations are not in conformity with The State Bank of India Act, 1955 and the directives issued by RBI/GOI. A report on the implementation of these provisions of Corporate Governance in the Bank is furnished below:

Central Board: Role and Composition

State Bank of India was formed in 1955 by an Act of the Parliament, i.e., The State Bank of India Act, 1955 (Act). A Central Board of Directors was constituted according to the Act.

The Bank's Central Board draws its powers from and carries out its functions in compliance with the provisions of SBI Act & Regulations 1955. Its major roles include, among others,

- Overseeing the risk profile of the Bank;
- Monitoring the integrity of its business and control mechanisms;
- Ensuring expert management, and
- Maximising the interests of its stakeholders.

The Central Board is headed by the Chairman, appointed under section 19(a) of SBI Act; four Managing Directors are also appointed members of the Board under section 19(b) of SBI Act. The Chairman and Managing Directors are whole time Directors. As on 31st March, 2016, there were nine other directors on the Board who are eminent professionals representing Technology, Accountancy, Finance, Economics and Academics. Thus, Board has the whole time Directors, comprising Chairman and four Managing Directors in office, the composition of the Central Board, as on 31st March, 2016, was as under:

- four directors, elected by the Shareholders under Section 19(c),
- three directors, nominated by the Central Government under Section 19(d),
- one director (official from the Govt. of India), nominated by the Central Government under Section 19(e), and
- one director (official from the Reserve Bank of India), nominated by the Central Government under Section 19(f).



The composition of the Board complies with provisions laid down in Regulation 17(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. There is no inter-se relationship between Directors.

A brief resume of each of the Non-Executive Directors is given in Annexure-I. Particulars of the directorships/memberships held by all the Directors in various Boards/ Committees are given in Annexure-II and the details of their Shareholding in the Bank are mentioned in Annexure-III.

Meetings of the Central Board

The Bank's Central Board has to meet a minimum of six times in a year. During the year 2015-16, 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 2015-16

No. of Meetings held : 12

Dates of the Meetings : 22.04.2015, 22.05.2015, 26.06.2015, 22.07.2015, 11.08.2015, 10.09.2015, 19.10.2015, 06.11.2015, 09.12.2015, 11.01.2016, 11.02.2016, 30.03.2016

Smt. Arundhati Bhattacharya, Chairman, Shri B Sriram, MD-CBG & Shri Sunil Mehta, Director attended all the twelve meetings

Name of the Director

	No. of Meetings held after nomination/ election/during incumbency	No. of Meetings attended
Shri P. Pradeep Kumar, MD – CBG (upto 31.10.2015)	07	07
Shri V.G. Kannan, MD – A&S	12	11
Shri Rajnish Kumar, MD – C&R (w.e.f. 26.05.2015 to 31.10.2015) & MD –NBG (w.e.f. 01.11.2015)	10	09
Shri P. K. Gupta, MD – C&R (w.e.f. 02.11.2015)	05	05
Shri Sanjiv Malhotra	12	07
Shri M.D. Mallya	12	09
Shri Deepak I. Amin	12	09
Shri S.K. Mukherjee (upto 03.10.2015)	06	05
Dr. Rajiv Kumar (upto 05.08.2015)	04	01
Shri Harichandra Bahadur Singh (upto 23.09.2015)	06	04
Shri Tribhuwan Nath Chaturvedi	12	06
Dr. Hasmukh Adhia (upto 02.09.2015)	05	00
Dr. Girish K. Ahuja (w.e.f. 28.01.2016)	02	02
Dr. Pushpendra Rai (w.e.f. 28.01.2016)	02	02
Ms. Anjuly Chib Duggal (w.e.f. 03.09.2015)	07	02
Dr. Urjit R. Patel	12	07

Executive Committee of the Central Board

The Executive Committee of the Central Board (ECCB) is constituted in terms of Section 30 of the SBI Act, 1955. The State Bank of India General Regulations (46 & 47) provide that, subject to the

general or special directions of the Central Board, ECCB may deal with any matter within the competence of the Central Board. ECCB consists of the Chairman, the Managing Directors, the Director nominated under Section 19(f) of the SBI Act (Reserve Bank of India nominee), and all or any of the other

Directors who are normally residents or may for the time being be present at any place within India where the meeting is held. The ECCB meetings are held once every week. The details of attendance of ECCB Meetings during the year 2015-16 are as under:

CORPORATE GOVERNANCE

Attendance of Directors at ECCB Meetings during 2015-16

No. of Meetings held : 52

S. No.	Directors	No. of Meetings held after nomination/ election/during incumbency	No. of Meetings attended
1	Smt Arundhati Bhattacharya, Chairman	52	51
2	Shri P. Pradeep Kumar, MD – CBG (upto 31.10.2015)	30	29
3	Shri B. Sriram MD – NBG (upto 31.10.2015) and MD-CBG (w.e.f.01.11.2015)	52	45
4	Shri V.G. Kannan MD – A&S	52	45
5	Shri Rajnish Kumar MD – C&R (w.e.f. 26.05.2015 to 31.10.2015) and MD-NBG (w.e.f. 01.11.2015)	45	40
6	Shri P. K. Gupta MD – C&R (w.e.f. 02.11.2015)	22	18
7	Shri Sanjiv Malhotra	52	33
8	Shri M.D. Mallya	52	39
9	Shri Sunil Mehta	52	50
10	Shri Deepak I. Amin	52	44
11	Dr. Urjit R. Patel	52	01

Directors who are normally not residents of the place of Meetings but were present on the day at the place where the Meeting was held:

12	Shri S.K. Mukherjee (upto 03.10.2015)	04	04
13	Dr. Rajiv Kumar (upto 05.08.2015)	01	01
14	Shri Harichandra Bahadur Singh (upto 23.09.2015)	13	13
15	Shri Tribhuwan Nath Chaturvedi	04	04
16	Dr. Girish K. Ahuja (w.e.f. 28.01.2016)	01	01
17	Dr. Pushpendra Rai (w.e.f. 28.01.2016)	01	01

Other Board Level Committees:

In terms of the provisions of SBI Act and General Regulations, 1955 and Govt./RBI/SEBI guidelines, the Central Board has constituted ten 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, Corporate Social Responsibility Committee, Remuneration Committee, Board Committee to Monitor Recovery and Committee for Identification of Wilful Defaulters / Non-Co-operative Borrowers. These Committees provide effective professional support in the

conduct of Board level business in key areas like Audit & Accounts, Risk Management, resolution of Shareholders/Investors' grievances, Fraud Review and Control, Review of customer service and redressal of customer grievances, Technology Management, Corporate Social responsibilities, Payment of Incentives to Executive Directors and Oversight on Recovery of Loans and Advances. While the Remuneration Committee approves, once in a year, payment of incentives to wholotime Directors, based on Govt. of India guidelines, the other Committees meet periodically, once in a quarter normally, 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 30th March, 2016. The ACB functions as per RBI guidelines and complies with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to the extent that they do not violate the directives/guidelines issued by RBI.



Functions of ACB

(a) ACB provides direction as also oversees the operation of the total audit function in the Bank. Total audit function implies the organisation, operationalisation and quality control of internal audit and inspection within the Bank and follow-up on the statutory/ external audit, compliance of RBI inspection. It also appoints Statutory Auditors of the Bank and review their performance from time to time.

(b) ACB reviews the Bank's financial, Risk Management, IS Audit Policies and Accounting Policies/Systems of the Bank to ensure greater transparency.

(c) ACB reviews the internal inspection/audit plan and functions in the Bank – the system, its quality and effectiveness in terms of follow-up. It also, especially, focuses on the follow up of :

- KYC-AML guidelines;
 - Major areas of housekeeping;
 - Compliance of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;
 - Status of implementation of Ghosh Committee recommendations.
- (d) It obtains and reviews reports from the Compliance Department in the Bank.
- (e) ACB follows up on all the issues raised in RBI's Annual Financial Inspection Reports under Section 35 of Banking Regulation Act, 1949 and Long Form Audit Reports of the Statutory Auditors and other Internal Audit Reports. It interacts with the external auditors before the finalisation of the annual/quarterly financial accounts and reports. A formal 'Audit Charter' or 'Terms of Reference' laid down by the

Central Board, is in place and updated periodically, the last revision effected from 18th December, 2014.

Composition & Attendance during 2015-16

The ACB has eight members of the Board of Directors, including two whole time Directors, two non-executive Directors (nominees of GOI and RBI) and four non-official, non-executive Directors. Meetings of the ACB are chaired by a Non-Executive Director (Chartered Accountant). 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 2015-16

No. of Meetings held : 11

Dates of the Meetings : 08.04.2015, 21.05.2015, 30.06.2015, 29.07.2015, 10.08.2015, 05.10.2015, 05.11.2015, 14.12.2015, 18.01.2016, 10.02.2016, 22.03.2016

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri Sanjiv Malhotra, Chairman of the Committee (upto 21.04.2015)	01	01
Shri Sunil Mehta, Chairman of the Committee - w.e.f. 22.04.2015 & Member of the Committee (upto 21.04.2015)	11	11
Shri P. Pradeep Kumar, MD – CBG (upto 31.10.2015)	06	05
Shri B. Sriram, MD – NBG (upto 31.10.2015) & MD – CBG (w.e.f. 01.11.2015)	11	09
Shri V.G. Kannan, MD – A&S (Alternate Member)	-	03
Shri Rajnish Kumar, MD – C&R (w.e.f. 26.05.2015) & MD-NBG (w.e.f.01.11.2015)	01	01
Shri P. K. Gupta, MD – C&R (w.e.f. 06.11.2015)	04	04
Shri M.D. Mallya	11	09
Shri Deepak I. Amin (w.e.f. 26.06.2015)	09	07
Dr. Rajiv Kumar (upto 05.08.2015)	04	00
Dr. Hasmukh Adhia (upto 02.09.2015)	05	00
Ms. Anjuly Chib Duggal (w.e.f. 03.09.2015)	06	00
Dr. Urjit R. Patel	11	06

CORPORATE GOVERNANCE

Risk Management Committee of the Board

The Risk Management Committee of the Board (RMCB) was constituted on the 23rd March, 2004, to oversee

the policy and strategy for integrated risk management relating to credit risk, market risk and operational risk. The Committee was last reconstituted on the 30th March, 2016 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 2015-16, four meetings of the RMCB were held.

Dates of Meetings of RMCB held & Attendance of Directors during 2015-16

No. of Meetings held : 4

Dates of the Meetings : 30.06.2015, 23.09.2015, 19.11.2015, 24.02.2016

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri P. Pradeep Kumar, MD – CBG (upto 31.10.2015)	02	01
Shri B. Sriram, MD-NBG (upto 31.10.2015 as Alternate Member) & MD – CBG (w.e.f. 01.11.2015)	04	03
Shri V.G.Kannan, MD A&S (Alternate member)	-	02
Shri Rajnish Kumar, MD – C&R (w.e.f. 26.06.2015 to 31.10.2015)	01	01
Shri P.K.Gupta, MD-C&R (w.e.f. 06.11.2015)	02	01
Shri Sanjiv Malhotra	04	02
Shri M.D. Mallya	04	02
Shri Sunil Mehta	04	03
Shri Deepak I. Amin	04	04
Shri Tribhuwan Nath Chaturvedi	04	02
Dr. Rajiv Kumar (upto 05.08.2015)	01	00

Stakeholders Relationship Committee

In pursuance of Regulation 20 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Stakeholders Relationship Committee (SRC) [earlier known as Shareholders'/ Investors' Grievance Committee of the

Board (SIGCB), formed on the 30th January, 2001] was formed to look into the redressal of security holders 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 30th March, 2016

and has, five members and is chaired by a Non-Executive Director. The composition of the Committee and its role complies with the SEBI guidelines. The Committee met four times during 2015-16 and reviewed the position of complaints.



Dates of Meetings of SRC held & Attendance of Directors during 2015-16

No. of Meetings held : 4

Dates of the Meetings : 17.04.2015, 16.07.2015, 15.10.2015, 28.01.2016

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri M.D.Mallya – Chairman of the Committee	04	03
Shri B. Sriram, MD – NBG (upto 25.06.2015)	01	01
Shri V.G. Kannan, MD – A&S	04	04
Shri Rajnish Kumar, MD – C&R (w.e.f. 26.06.2015 to 31.10.2015) & MD –NBG (w.e.f.01.11.2015)	03	03
Shri Sunil Mehta	04	04
Shri Deepak I. Amin	04	04
Shri Sanjiv Malhotra (upto 22.04.2015 and w.e.f. 06.11.2015 to 29.03.2016)	02	01
Dr. Rajiv Kumar (upto 05.08.2015)	02	00
Shri Harichandra Bahadur Singh (upto 23.09.2015)	02	01

Number of shareholders' complaints received so far (during the year): 1085

Number of complaints not solved to the satisfaction of shareholders: Nil

Number of Pending Complaints: Nil

Name and designation of Compliance officer: Shri Anil Kumar Gupta, General Manager (Compliance) & Compliance Officer.

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 frauds with a view to identifying systemic lacunae, if any, reasons

for delay in detection and reporting, if any, monitoring progress of CBI/ Police investigation, recovery position, ensuring that staff accountability exercise is completed quickly, reviewing the efficacy of remedial action taken to prevent recurrence of frauds and putting in place suitable preventive measures. The Committee was last reconstituted on the 30th March, 2016 and has, eight members. The Senior Managing Director on the Committee is the Chairman. The Committee met four times during 2015-16:

CORPORATE GOVERNANCE

Dates of Meetings of SCBMF held & Attendance of Directors during 2015-16

No. of Meetings held : 4

Dates of the Meetings : 29.05.2015, 26.08.2015, 16.12.2015, 16.03.2016

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri P. Pradeep Kumar, MD – CBG (upto 31.10.2015)	02	01
Shri B. Sriram, MD-NBG (upto 31.10.2015) & MD – CBG (w.e.f. 01.11.2015 - Alternate Member)	02	02
Shri Rajnish Kumar, MD-NBG (w.e.f . 06.11.2015)	02	01
Shri P. K. Gupta, MD – C&R (w.e.f. 06.11.2015)	02	01
Shri Sanjiv Malhotra	04	02
Shri M.D. Mallya	04	03
Shri Sunil Mehta	04	04
Shri Deepak I. Amin	04	03
Shri Tribhuwan Nath Chaturvedi	04	04
Shri Harichandra Bahadur Singh (upto 23.09.2015)	02	02

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 30th March, 2016

and has, seven members. The Senior Managing Director on the Committee is the Chairman. During the year 2015-16, four meetings of the Committee were held.

Dates of Meetings of CSCB held & Attendance of Directors during 2015-16

No. of Meetings held : 4

Dates of the Meetings : 30.04.2015, 05.08.2015, 27.10.2015, 04.02.2016

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri P. Pradeep Kumar, MD – CBG (upto 31.10.2015 as Alternate Member)	03	03
Shri B. Sriram, MD – NBG (upto 31.10.2015) & MD-CBG (w.e.f. 01.11.2015)	04	03
Shri V.G. Kannan, MD – A&S (upto 05.11.2015)	03	01
Shri Rajnish Kumar, MD-NBG (w.e.f. 06.11.2015)	01	01
Shri Sanjiv Malhotra (w.e.f. 06.11.2015 and upto 29.03.2016)	01	00
Shri M.D. Mallya	04	01
Shri Sunil Mehta	04	04
Shri Deepak I. Amin	04	03
Shri Harichandra Bahadur Singh (upto 23.09.2015)	02	02
Shri S.K. Mukherjee (upto 03.10.2015)	02	01

IT Strategy Committee of the Board

With a view to tracking the progress of the Bank's IT initiatives, the Bank's Central Board constituted a Technology Committee of the Board on 26th August, 2004. The Technology

Committee has been renamed as IT Strategy Committee of the Board w.e.f. 24th October, 2011. The Committee has played a strategic role in the Bank's technology domain. The Committee is entrusted with the following roles and responsibilities:

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



- (iii) ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- (iv) evaluating effectiveness of management's monitoring of IT risks and overseeing the aggregate funding of IT at the Bank level; and

- (v) reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value).

The Committee was last reconstituted on the 30th March, 2016 with six members and is chaired by a Non-Executive Director. The Committee met five times during 2015-16.

Dates of Meetings of ITSC held & Attendance of Directors during 2015-16

No. of Meetings held : 5

Dates of the Meetings : 18.06.2015, 09.09.2015, 10.11.2015, 17.02.2016, 01.03.2016

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri Deepak I. Amin, Chairman of the Committee	05	05
Shri P.Pradeep Kumar, MD-CBG (upto 31.10.2015)	02	02
Shri B. Sriram , MB – NBG (upto 31.10.2015) & MD-CBG (w.e.f. 01.11.2015)	05	05
Shri V.G.Kannan, MD-A&S (Alternate Member)	-	01
Shri P. K. Gupta MD – C&R (w.e.f. 06.11.2015)	03	02
Shri Sanjiv Malhotra	05	03
Shri M.D. Mallya	05	04
Shri Sunil Mehta	05	05

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSRC) was constituted on the 24th September, 2014 as a measure

of good corporate governance to review the activities undertaken by Bank under Corporate Social Responsibility Policy. The Committee was last reconstituted on the 30th March, 2016 and has,

six members. The Senior Managing Director on the Committee is the Chairman. During the year 2015-16, four meetings of the Committee were held.

Dates of Meetings of CSRC held & Attendance of Directors during 2015-16

No. of Meetings held : 4

Dates of the Meetings : 22.04.2015, 19.08.2015, 15.10.2015, 28.01.2016

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri B. Sriram MD – NBG (upto 05.11.2015)	03	02
Shri V.G. Kannan MD – A&S	04	04
Shri Rajnish Kumar MD-NBG (w.e.f. 06.11.2015)	01	01
Shri Sanjiv Malhotra	04	03
Shri M.D. Mallya	04	03
Shri Sunil Mehta	04	04
Shri Deepak I. Amin	04	02
Shri Harichandra Bahadur Singh (upto 23.09.2015)	02	00
Shri Tribhuwan Nath Chaturvedi (w.e.f. 06.11.2015 to 29.03.2016)	01	00

CORPORATE GOVERNANCE

Remuneration Committee of the Board

The Remuneration Committee was constituted on 22nd March, 2007, for evaluating the performance of Whole Time Directors of the Bank in connection with the payment of incentives, as per the scheme advised by Government of India in March, 2007. The Committee was last reconstituted on 30th March, 2016. The Committee has four members consisting of (i) the Government Nominee Director, (ii) the RBI Nominee Director and (iii) two non-executive 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 31.3.2015.

Board Committee to Monitor Recovery

In terms of Govt. of India advices, a Board Committee to Monitor Recovery was constituted by the Central Board at its meeting held on 20th December, 2012 for oversight on Recovery of Loans and Advances. The Committee was last reconstituted on 30th March, 2016 and has six members consisting of Chairman, four Managing Directors and the Govt. Nominee Director. The Committee met four times during the year and reviewed the NPA management and large NPA accounts of the Bank.

Review Committee for Identification of Wilful Defaulters / Non-Co-operative Borrowers

The Committee was constituted by the Central Board in terms of RBI instructions. The Managing Director-CBG is the Chairman of this Committee

and any two independent Directors are members.

The role of this Committee is to review the Order of the "Committee for Identification of Wilful Defaulters/ Non-Co-operative Borrowers" (a Committee comprising Dy. Managing Director and Senior Executives of the Bank to examine the facts and record the fact of the Borrower being a Wilful Defaulter/Non-Co-operative Borrower) and confirm the same for the Order to be considered final.

Nomination Committee of the Board:

In terms of RBI guidelines, the Bank constitute a Nomination Committee comprising of three independent Directors, as and when required, to carry out necessary due diligence and arrive at the 'fit and proper' status of candidates filing nominations for election as Directors by shareholders.

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, 2016, Local Boards at Eight LHOs and Committees of the Local Boards at the remaining Six LHOs were functional. The Minutes and Proceedings of the meetings of Local Boards/Committees of Local Boards are placed before the Central Board.

Sitting Fees

The remuneration of the whole-time Directors and the Sitting Fees paid to the Non-Executive Directors for attending the meetings of the Board/Committees of the Board are as prescribed by GOI from time to time. No remuneration, other than the Sitting Fees for attending Board and/or its Committee meetings, is paid to Non-Executive Directors. With effect from 20th July, 2015, Sitting Fees of ₹ 20,000/- (earlier ₹10,000/-) is paid for attending the Meetings of the Central Board and ₹ 10,000/- (earlier ₹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 2015-16 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 2015-16. Declaration to this effect signed by the Chairman is placed in Annexure-V. The Code of Conduct is posted on the Bank's website.

Developments during the year

The Bank has introduced a 'Performance Evaluation Process' for evaluation of the performance of the Directors, Chairman, Board and its Committees and the same was taken on record by the Central Board.

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



1. Looking to the multiple and varied demands being currently placed on the Boards of banks and concerns regarding governance, a two days Strategy Meet (8th and 9th May, 2015) on a short term 'Vision 2018' road map was organised for the Board in Bangalore to enable it to appreciate the recent changes and determine critical areas and actionables for Board Governance. A blend of brain storming sessions on various current issues in banking environment especially focusing on effective, incisive and transparent governance with insight in International trends, thinking and best practices followed by Boards of premier institutions, was presented by eminent professionals with domain expertise in areas like Governance, Risk, HR, Technology etc. The Board during the meet laid down its

aspirations and set goals for Business Growth and Key financial parameters and each individual Business Group had to come up with monitorable action plans with specific targets and milestones. The detailed Action Plan with specific timelines and ownership and the progress report thereafter giving the status of implementation of the various strategic initiatives was put up to Central Board.

(ii) Two Non Executive Directors participated at Programme for Non Executive Directors on the Boards of Public Sector Banks with an aim to bring about an awareness and understand various Regulatory, supervisory and governances issues relating to Banks from 17th to 19th March, 2016, organised by Centre for Advances Financial Research and Learning (CAFRAL) at Delhi.

2. (i) Two Directors participated at programme on Corporate Governance and Director Excellence conducted by Dr. Colin Coulson-Thomas, a renowned Corporate Governance Expert, from 9th to 11th March, 2016 at Malaysia, organised by Quest on the FRONTIER PTE LTD.

(iii) A presentation in regard to Roadmap for implementation of IND-AS in Banks was arranged through M/s Kalyaniwalla & Mistry, a leading Chartered Accountant firm.

The familiaristaion programme of directors are available on our website – www.sbi.co.in /www.statebankofindia.com under link Corporate Governance.

Salary and Allowances paid to the Chairman and Managing Directors in 2015-16

Name	Basic	DA	Incentives	Others Arrears	Total Remuneration
Chairman Smt. Arundhati Bhattacharya (01.04.2015 to 31.03.2016)	960000.00	1142400.00	700000.00	307918.49	3110318.49
Managing Directors					
Shri P.Pradeep Kumar (01.04.2015 to 31.10.2015)	553295.00	658421.05	600000.00	481990.81	2293706.86
Shri B. Sriram (01.04.2015 to 31.03.2016)	926385.00	1102398.15	425000.00	949335.36	3403118.51
Shri V. G. Kannan (01.04.2015 to 31.03.2016)	926385.00	1102398.15	425000.00	630271.33	3084054.48
Rajnish Kumar (26.05.2015 to 31.03.2016)	789997.90	934690.73	62500.00	1080142.42	2867331.05
Parveen Kumar Gupta (02.11.2015 to 31.03.2016)	374983.34	446230.17	195833.00	65063.11	1082109.62

Attendance at the Annual General Meeting

The last Annual General Meeting (AGM) for the year 2014-15, held on 2nd July, 2015, was attended by 8 Directors, viz., Smt. Arundhati Bhattacharya, Shri P. Pradeep Kumar, Shri B. Sriram, Shri V.G. Kanan, Shri Rajnish Kumar, Shri Harichandra Bahdur Singh, Shri S.K. Mukherjee, Shri M. D. Mallya and Shri Sunil Mehta. AGM (2013-14) was held on 3rd July, 2014 and AGM (2012-13) was held on 21st June, 2013. All

three AGMs were held in Y. B. Chavan Centre, Mumbai at 3.00 p.m. and no Special Resolutions were passed in the previous three AGMs. No resolution was required to be passed through Postal Ballot during the last year and no resolution is proposed to be conducted through Postal Ballot.

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 interest 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.

CORPORATE GOVERNANCE

■ The Whistle Blower Policy of the Bank is based on the norms of Government of India resolution on Public Interest Disclosure & Protection of Informer (PIDPI). The Policy is an internal reporting mechanism available to all staff of the Bank to act as a 'Whistle Blower' to expose any unethical, corrupt practices of their co-workers, seniors/superiors in the Bank. However, PIDPI complaint as applicable to customers are dealt with in line with Government of India guidelines 2004, which designated Central Vigilance Commission for dealing with complaints.

■ 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 governances-policies.

■ The Bank has complied with the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C , D and E of Schedule V to the extent that the requirements of the Clause do not violate the provisions of State Bank of India act 1955, the rules and regulations made there under and guidelines or directives issued by the Reserve Bank of India.

Means of Communication

The Bank strongly believes that all stakeholders should have access to complete information on its activities, performance and product initiatives. Annual, half-yearly and quarterly results of the Bank for the year 2015-16 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, interalia, official news releases of the Bank, the Bank's Annual Reports, Half-yearly and quarterly results and details of various product offerings. Every year, after the annual 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.

General Shareholder Information

The Annual General Meeting of the Shareholders : Date: 30.06.2016, Time 03.00 p.m Venue: Y. B. Chavan Centre, Mumbai

Financial Calendar	: 01.04.2015 to 31.03.2016
Period of Book Closure	: 07.06.2016 to 11.06.2016
Dividend	: ₹2.60 per share
Payment Date	: 22.06.2016
Listing of securities on Stock Exchanges	: BSE Limited Mumbai and National Stock Exchange, Mumbai. GDRs listed on London Stock Exchange (LSE). Listing fees have been paid upto date to all Stock exchanges, including LSE.
Stock Code/CUSIP	: Stock Code 500112 (BSE) SBIN (NSE) CUSIP US 856552203 (LSE)
Share Transfer System	: Share transfers in Physical form are processed and returned to the shareholders within stipulated time. Quarterly Share transfer audit and reconciliation of Share Capital audit are regularly carried out by an independent Company Secretary.
Registrar and Transfer	: M/s Datamatics Financial Services Limited
Agent and their Unit Address	: Plot B-5, MIDC Part B, Cross Lane, Marol, Andheri (E), Mumbai 400 093.
Board Phone Numbers	: 022-6671 2001 to 10 (between 10 a.m. to 1.00 p.m. and 2 p.m. to 6.00 p.m.)
Direct Numbers	: 022-6671 2198 / 6671 2199



E-mail address	: sbi_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, / investor.complaints@sbi.co.in
Name of the debenture trustees with full contact details (Capital Instruments issued in INR)	: IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai-400 001 Fax Number: 91-22-6631 1776

e-Initiative: In accordance with SEBI Regulation, we are issuing annual report in electronic form to those shareholders whose e-mail addresses are available.

Investors' Care

To meet various requirements of the investors regarding their holdings, the Bank has a full-fledged Department - Shares & Bonds Department - at Mumbai and Shares & Bonds Cells at the 14 Local Head Offices. The investors' grievances, whether received at the Bank's offices or at the office of the registrar and transfer agents, are redressed expeditiously and monitored at the Top Management level.

Capital Augmentation during FY 2015-16

Pursuant to the approvals from the Reserve Bank of India and the Government of India under Section 5(2) of the SBI Act, 1955, the Bank raised the undernoted equity capital:

- During the previous financial year, the Bank received application money of ₹ 2969,99,99,977.08 (Rupees two

thousand nine hundred sixty nine crore ninety nine lacs ninety nine thousand nine hundred seventy seven and paise eight only) including share premium amount of ₹ 2959,95,22,965.08 (Rupees two thousand nine hundred fifty nine crore ninety five lakh twenty two thousand nine hundred sixty five and paise eight only) from Government of India against Preferential Issue of 10,04,77,012 equity shares of ₹1 each to GoI. The equity shares were allotted on 01.04.2015.

- The Bank also received application money of ₹ 5392,99,99,834.30 (Rupees five thousand three hundred ninety two crore ninety nine lakh ninety nine thousand eight hundred thirty four and paise thirty only) including share premium amount of ₹ 5373,34,40,444.30 (Rupees five thousand three hundred seventy three crore thirty four lakh forty thousand four hundred forty four and paise thirty only) from Government of India against Preferential Issue of 19,65,59,390 equity shares of ₹1 each to GoI, on 29.09.2015.

We may also add that, the Bank has issued and allotted Basel III compliant

Tier 2 bonds of INR 10,500 crore, issued for 120 months (10 year bullet) by way of private placement in four tranches. The Instrument has been rated as "CARE AAA" by CARE Ratings and "ICRA AAA" by ICRA Limited.

Outstanding Global Depository Receipts (GDR)

At the time of issue of GDRs in 1996, two-way fungibility was not permitted by the Government/RBI, i.e., if the holder of GDR desired to obtain the underlying equity shares of the Indian Company then such GDR was to be converted into shares of the Indian Company, but not vice versa. Later, two-way fungibility of ADRs/GDRs was permitted by the Government of India/RBI. The Bank has permitted two-way fungibility to the Bank's GDR programme.

The Bank had 1,44,59,324 GDRs as on 31.03.2016 representing 14,45,93,240 shares.

CORPORATE GOVERNANCE

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	1,048	2,49,290
Number of shareholders, who approached the Issuer for transfer of shares from the Unclaimed Suspense account during the year	32	5,420
Number of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year	32	5,420
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year	1,016	2,43,870

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares

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 2.71% in BSE Sensex and 2.13% in NSE Nifty as on 31.03.2016.

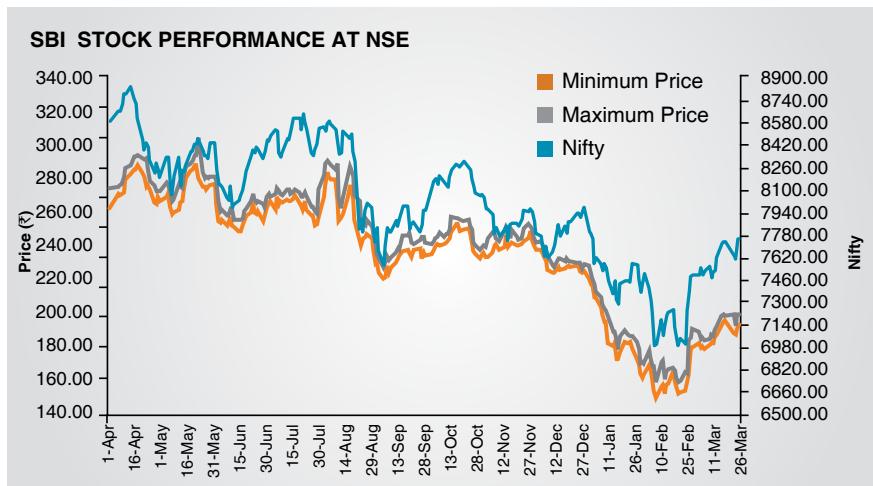
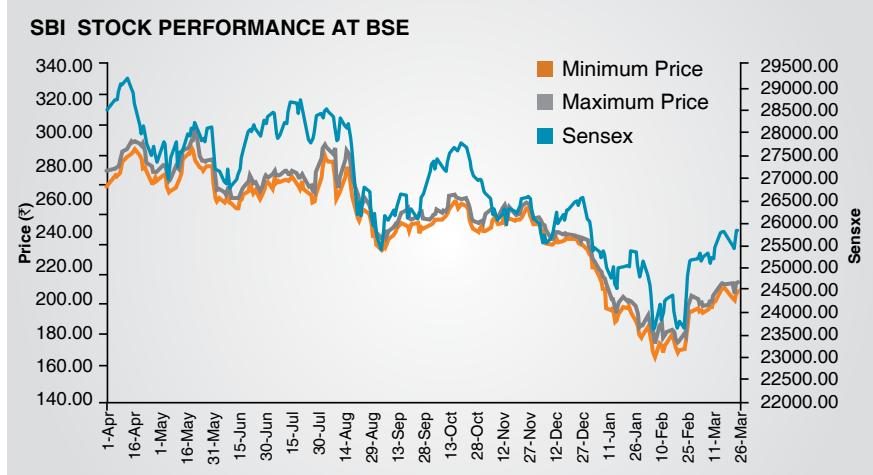




Table: Market Price Data

Months	BSE (INR)		NSE (INR)		LSE (GDR) US\$	
	High	Low	High	Low	High	Low
Apr-15	294.50	263.85	294.90	263.15	46.40	41.70
May-15	305.00	259.95	305.00	259.65	46.00	40.70
Jun-15	281.95	249.15	282.00	248.85	43.60	39.15
Jul-15	274.60	252.40	274.65	252.30	42.90	38.60
Aug-15	291.85	240.10	291.80	240.00	45.30	35.85
Sep-15	248.50	220.60	248.45	220.15	37.25	33.50
Oct-15	257.90	234.90	257.15	234.40	39.25	35.75
Nov-15	252.90	232.85	253.00	232.70	37.45	35.35
Dec-15	251.85	224.00	251.90	224.00	37.35	33.50
Jan-16	228.90	171.60	228.90	171.50	32.85	25.75
Feb-16	182.50	148.30	181.95	148.25	25.80	22.25
Mar-16	198.75	159.00	198.75	158.55	30.00	24.30

Book value per share ₹ 176.60, Economic Value Added (EVA) ₹ 3, 875 crore

Shareholding Pattern as on 31.03.2016

Sr. No.	Description	% to Total
1	President of India	60.18
2	Non-residents (FIIs/OCBs/NRIs/GDRs)	11.19
3	Mutual Funds & UTI	5.90
4	Private Corporate Bodies	2.75
5	Banks/ FIIs/ Insurance Cos., etc.	12.65
6	Others (including Resident Individuals)	7.33
Total		100.00

Top Ten Shareholders; as on 31.03.2016

Sr. No.	Name	% of Shares in Total Equity
1	President of India	60.18
2	Life Insurance Corporation of India - (financial institutions)	11.27
3	HDFC Trustee Company Limited (Mutual Fund)	2.08
4	The Bank of New York Mellon (As Depository To Our GDR)	1.86
5	Reliance Capital Trustee Co. Limited (Mutual Fund)	1.09
6	Skagen Kon-Tiki Verdip Apirfond (Foreign Institutional Investors)	0.72
7	ICICI Prudential life Insurance Co. Limited (Private Corporate Bodies)	0.56
8	General Insurance Corporation of India (Financial Institution)	0.54
9	Abu Dhabi Investment Authority (Foreign Institutional Investors)	0.53
10	SBI Mutual Fund (Mutual Fund)	0.50

CORPORATE GOVERNANCE

Dematerialization of Shares and Liquidity: Bank's equity shares are compulsorily traded in the electronic form.

As on 31st March 2016, 767,36,51,516 shares representing 98.85% of total equity capital were held in electronic form.

Description	No. Share Holders	No. Shares	Shares %
NSDL	966579	2774084092	35.736
CDSL	514694	4899567424	63.116
Physical	178367	89125526	1.148
TOTAL	1659640	7762777042	100.000

Distribution Schedule As on 31st March, 2016 (Face value of ₹ 1 each)

Range No. of Shares	Total Holders	% to Total Holders	Total Holdings in ₹	% toTotal Capital
1-5000	1651800	99.529	48,25,66,593	6.216
5001-10000	4255	0.256	3,01,34,363	0.388
10001-20000	1625	0.098	2,28,30,539	0.294
20001-30000	452	0.027	1,11,67,306	0.144
30001-40000	216	0.013	76,72,804	0.099
40001-50000	141	0.008	64,82,240	0.084
50001-100000	316	0.019	2,29,63,376	0.296
100001-ABOVE	835	0.050	717,89,59,821	92.479
TOTAL	1,659,640	100.000	776,27,77,042	100.000

Commodity price risk or foreign exchange risk and hedging activities

The Bank currently deals in over-the-counter (OTC) currency derivatives and exchange traded currency derivatives. Currency derivatives dealt by the Bank are Forwards, Currency Futures, currency swaps and currency options. Derivatives are used by the Bank, both for trading as well as for hedging of balance sheet items. The hedging products are offered to Bank's customers to hedge their exposures and the Bank also enters into derivative contracts for cover of such exposures. The bank also runs an Option Book in USD/INR, which is managed through various types of loss limits and Greek limits. As on 31st March, 2016, there is no breach in loss limits or greek limits.

Derivative transactions carry the following two risks:

- i) market risk i.e., the probable loss the Bank may incur as a result of adverse movements in exchange rate and
- ii) 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 & suitability policy (CAS) etc.) for entering into derivative transactions. Credit risk is controlled by entering into derivative transactions only with counterparties satisfying the criteria prescribed in the Policy. Appropriate limits are set for the counterparties taking into account

their ability to honour obligations and the Bank enters into International Swap & Derivative Association (ISDA) agreement with each counterparty.

Bank also gets exposed to foreign exchange risk and commodity risk on account of customer transactions. Bank is only into Gold Banking Business as far as Commodity Risk is concerned. and these are undertaken on behalf of customers only. The Bank has laid down policies and systems & procedure in place to manage the risk within prescribed risk limits. The Bank has a world class Dealing Room manned by well trained and experienced dealers to do the cover operations and hedging.

The Bank's Market Risk Management Department (MRMD) identifies, measures, monitors market risk associated with derivative transactions. The back office operations are handled by GMU, Kolkata.



Annexure I

Brief Resumes of the Non-Executive Directors on the Board as on 31st March, 2016

Shri Sanjiv Malhotra

(Date of Birth: 1st October, 1951)

Shri Malhotra has 41 years of Global Banking and Finance experience in senior positions in Risk Management, Corporate and Investment Banking, Consumer Finance and Micro Enterprise lending, Private Equity.

Shri 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, more particularly by strengthening Technology, HR and Organisational Structure.

Shri Mallya was also Chairman & Managing Director of Bank of Baroda during May, 2008 to 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 33 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 Guaranty and Aircraft

Leasing. Shri Mehta worked at Citibank for 18 years in various senior positions which included Head of the Corporate Bank in India and Senior Credit Officer. He is currently Chairman & MD, SPM Capital Advisers Private Limited and is a Board Member and Senior Adviser to other notable organizations as well. Shri Mehta is also closely associated with several not for profit organizations. He is past Chairman of the American Chamber of Commerce (AMCHAM) India, United Way of India & Mumbai and Action for Ability Development & Inclusion (formerly The Spastics Society of North India). Shri Mehta is on the Board of The Asia Society amongst other not for profit organizations. He is a Fellow Chartered Accountant from the Institute of Chartered Accountants of India and an alumni of the Wharton School of Management, University of Pennsylvania, USA.

Shri Deepak I. Amin

(Date of Birth: 20th April, 1966)

Shri Amin holds a B.Tech. in Computer Science from IIT Bombay and M.S. in Computer Science from University of Rhode Island, USA. Shri 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, Shri Amin was the founder and CEO of vJungle, Inc., a web services software infrastructure company, which was acquired by Streamserve, Inc. Shri 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. Shri 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 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 and 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). He was also appointed by Governor of Uttar Pradesh as Director on the Board of New Okhla Industrial Development Authority (NOIDA) for a period of three years from 30.06.2004 to 11.06.2007.

Dr. Girish Kumar Ahuja

(Date of Birth : 29th May, 1946)

Dr. Girish Kumar Ahuja is a Director nominated by the Central Government u/s 19(d) of the SBI Act, w.e.f. 28th January, 2016, for a period of three years. Dr. Ahuja is a Chartered Accountant and academician having 44 yrs of consultancy experience in international and domestic taxation, joint ventures, etc. He has expert knowledge in Direct Taxes and having Doctorate in Financial Sector Reforms - Capital Market Efficiency and Port Folio Investment.

CORPORATE GOVERNANCE

Dr. Pushpendra Rai

(Date of Birth : 02nd June, 1953)

Dr. Pushpendra Rai is a Director nominated by the Central Government u/s 19(d) of the SBI Act, w.e.f. 28th January, 2016, for a period of three years, has about 37 years of professional experience in national and international institutions.

As a member of the Indian Administrative Service for more than 21 years, he was responsible for formulating policy; preparing the program and budget; determining implementation strategies; monitoring implementation; and evaluating staff performance for a diverse set of institutions like rural and industrial development agencies, power generation and distribution departments, petroleum companies and intellectual property offices. He has also worked as the National

Project Director - UNDP/WIPO; Member, Governing Council, National Institute of Design; Member Secretary, Foreign Investment Promotion Council; Executive Director, National Renewal Fund; National Negotiator at WTO/WIPO and Secretary General, Quality Council of India.

Subsequently, Dr. Rai worked at the World Intellectual Property Organization, Geneva (UN), for 16 years, handling assignments like extending technical cooperation, promoting the economic aspects of IP and asset creation; leading the Development Agenda process and heading the Regional Office for Asia Pacific at Singapore.

Dr. Rai has a Ph.D. from IIT, Delhi; postgraduate degrees from Harvard University and the University of Lucknow and has lectured extensively in various parts of the world.

Ms. Anjuly Chib Duggal

(Date of Birth: 27th August, 1957)

Ms. Anjuly Chib Duggal is a Director, nominated by the Central Government, u/s 19(e) of SBI Act w.e.f. 3rd September, 2015. Ms. Anjuly Chib Duggal is Secretary, Financial Services, Ministry of Finance, Govt. of India.

Dr. Urjit R. Patel

(Date of Birth: 28th October, 1963)

Dr. Urjit R. Patel is a Director, nominated by the Central Government, u/s 19(f) of SBI Act 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 31.03.2016

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 : 15 Director : 01
2.	Shri B. Sriram	Managing Director M-2, Kinnellan Towers, 100A, Napean Sea Road,Mumbai – 400 006	17.07.2014	Director : 01 Committee Member : 01
3.	Shri V. G. Kannan	Managing Director D-11, Kinnellan Towers, 100A, Napean Sea Road, Mumbai – 400 006	17.07.2014	Director : 19 Committee Member : 06
4.	Shri Rajnish Kumar	Managing Director D-10, Kinnellan Towers 100A, Napean Sea Road, Mumbai – 400 006	26.05.2015	Director : 03 Committee Member : 01
5.	Shri P. K. Gupta	Managing Director M-1, Kinellan Towers, 100A, Napean Sea Road, Mumbai – 400 006	02.11.2015	Director : 01 Committee Member :01
6.	Shri Sanjiv Malhotra	Chartered Accountant 6, Motabhoj Mansion130, Maharishi Karve Marg, Churchgate, Mumbai – 400 020	26.06.2014	Director : 01
7.	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 : 12 Chairman of Committee: 03 Committee Member :05
8.	Shri Sunil Mehta	Chairman & MD SPM Capital Advisers P. Limited 203-A Vivarea, Sane Guraji Marg, Mahalaxmi (East), Mumbai – 400 011	26.06.0214	Director : 04 Chairman of Committee: 01 Committee Member :01
9.	Shri Deepak I. Amin	Advisor 104 Neel Kanth Tirth, 6th Road Chembur, Mumbai – 400 071	26.06.2014	Director : 02 Committee Member : 01
10.	Shri Tribhuwan Nath Chaturvedi	Chartered Accountant, M/s.T.N.Chaturvedi & Co. 406, Chiranjiv Tower, 43, Nehru Place, New Delhi-110 019	29.08.2013	Director : 01
11.	Dr. Girish K. Ahuja	Chartered Accountant, M/s.G.K.Ahuja & Co., E-6A, LGF, Kailash Colony, New Delhi 110 048	28.01.2016	Director : 05 Committee Member : 02
12.	Dr. Pushpendra Rai	Development Specialist, (former National & International civil servant) 50, Paschimi Marg, Vasant Vihar, New Delhi-110 057	28.01.2016	Director : 01
13.	Ms. Anjuly Chib Duggal GOI Nominee	Secretary, (Financial Services) Ministry of Finance, Government of India, (Banking Division), Jeevan Deep Bldg., Parliament Street, New Delhi – 110 001	03.09.2015	Director : 03 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

CORPORATE GOVERNANCE

Annexure IIA

Total Number of Memberships/Chairmanships held by the Directors on the Boards / Board-level Committees of the Bank@/Other Companies as on 31.03.2016

{@Only Memberships/Chairmanships of Audit Committee and Stakeholders Relationship Committee are reckoned as per Regulation 26(1) of SEBI(Listing Obligations & Disclosure Requirements) Regulations, 2015 }

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 Limited	Chairman
8	SBI Pension Funds Private Limited	Chairman
9	SBI Life Insurance Company Limited	Chairman
10	SBI Funds Management Private Limited	Chairman
11	SBI Cards & Payment Services Private Limited	Chairman
12	SBI General Insurance Company Limited	Chairman
13	SBI DFHI Limited	Chairman
14	SBI Capital Markets Limited	Chairman
15	SBI Foundation	Chairman
16	Export-Import Bank of India	Director

2. Shri B. Sriram

S. No.	Name of the Company/ Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/ Member@
1	State Bank of India	Managing Director	Audit Committee of the Board-Member

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



4. Shri Rajnish Kumar

S.	Name of the Company/ No. 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 Life Insurance Co. Limited	Director	
3	SBI Foundation	Director	

5. Shri P. K. Gupta

S.	Name of the Company/ No. 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

6. Shri Sanjiv Malhotra

S.	Name of the Company/ No. Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/ Member@
1	State Bank of India	Director	-

7. Shri M.D. Mallya

S.	Name of the Company/ No. 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 – Member
3	Nitesh Estates Limited	Director	Audit Committee - Member
4	Emami Limited	Director	-
5	Nitesh Housing Developers (P) Limited	Director	-
6	Nitesh Urban Development (P) Limited	Director	-
7	Nitesh Indiranagar Retail (P) Limited	Director	-
8	IFMR Rural Channel & Services (P) Limited	Director	Audit Committee - Chairman
9	Seven Islands Shipping Limited	Director	Audit Committee - Member
10	Pudhuaru Financial Services Limited	Director	Audit Committee – Member
11	Interglobe Aviation Limited	Director	Audit Committee - Chairman
12	Coffee Day Enterprises Limited	Director	-

8. Shri Sunil Mehta

S.	Name of the Company/ No. 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
2	IL&FS AMC Trustee Limited	Director	-
3	Asia Society India Centre (Section 25 Company)	Director	-
4	SPM Capital Advisers P. Limited	Chairman & MD	-

9. Shri Deepak I. Amin

S.	Name of the Company/ No. 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	Radian Advisors P. Limited	Director	-
3	Five Villages Enterprises LLP (Partnership firm)	Partner	-

CORPORATE GOVERNANCE

10. 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	-

11. Dr. Girish Kumar Ahuja

S. No.	Name of the Company/ Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/ Member@
1	State Bank of India	Director	Audit Committee of the Board – Member Stakeholders Relationship Committee - Member
2	Flair Publications P.Limited	Director	-
3	Devyani International Limited	Director	-
4	Varuna Beverages Limited	Director	-
5	Devyani Food Street P.Limited	Director	-

12. Dr.Pushpendra Rai

S. No.	Name of the Company/ Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/ Member@
1	State Bank of India	Director	-

13. Ms.Anjuly Chib Duggal

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	National Financial Holdings Company Limited	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 31/03/2016

S. No.	Name	No. of Shares as on 31.03.2016
1	Smt. A Bhattacharya	2000
2	Shri B. Sriram	500
3	Shri V.G.Kannan	3855
4	Shri Rajnish Kumar	Nil
5	Parveen Kumar Gupta	4900
6	Shri Sanjiv Malhotra	8800
7	Shri M.D.Mallya	5000
8	Shri Sunil Mehta	5000
9	Shri Deepak I.Amin	5000
10	Shri T.N.Chaturvedi	2000
11	Girish K Ahuja	2000
12	Pushpendra Rai	Nil
13	Ms Anjuly Chib Duggal	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 2015-16

S. No.	Name of Director	Meetings of Central Board (₹)	Meetings of Other Board Level Committees (₹)	Total (₹)
1	Shri Sanjiv Malhotra	130000	415000	545000
2	Shri M.D. Mallya	150000	565000	715000
3	Shri Sunil Mehta	210000	735000	945000
4	Shri Deepak I. Amin	150000	630000	780000
5	Dr. Rajiv Kumar	10000	5000	15000
6	Shri Tribhuwan Nath Chatutvedi	100000	90000	190000
7	Shri Harichandra Bahadur Singh	60000	135000	195000
8	Shri S.K. Mukherjee	70000	25000	95000
9	Dr. Girish K. Ahuja	40000	20000	60000
10	Dr.Pushpendra Rai	40000	20000	60000

CORPORATE GOVERNANCE

Annexure V

STATE BANK OF INDIA DECLARATION

AFFIRMATION OF COMPLIANCE WITH THE BANK'S CODE OF CONDUCT (2015-16)

I declare that all Board Members and Senior Management have affirmed compliance with the Bank's Code of Conduct for the Financial Year 2015-16.

ARUNDHATI BHATTACHARYA
CHAIRMAN

Date: 18th April, 2016

DISCRETIONARY REQUIREMENTS (Regulation 27 of SEBI Listing Regulations, 2015)

1. **The Board** - As the Bank has an Executive Chairman, this is not applicable.
2. **Shareholders Rights** - Bank publishes its half yearly financial results in the newspapers having nationwide circulation. The half-yearly financial result and significant events are uploaded on the Bank's website. The Bank, however, does not send the half-yearly results to each household of shareholders.
3. **Modified Opinion(s) in audit report** - There is no audit modification in the financial statements of the Bank for the financial year ended on March 31, 2016.
4. **Separate post of chairperson and chief executive officer** - The appointment of the Chairman and the four Managing Directors is as per the provisions of the SBI Act, 1955.
5. **Reporting of Internal Auditor** - The Internal Auditor (Deputy Managing Director Inspection & Management Audit) reports directly to the Audit Committee of the Board.

BUSINESS RESPONSIBILITY REPORT



About the Business Responsibility Report:

Business Responsibility Report of the Bank, is published on an annual basis since FY2012-13 (Present one is 4th).

Regulation 34(2)(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular No. CIR/CFD/CMD/10/2015 dated 4th November, 2015 mandates the inclusion of Business Responsibility Report (BRR) as part of the Annual Report for Top 500 listed entities based on market capitalization (calculated as on March 31 of every financial year) at BSE and NSE. The Bank's Sustainability Report which contains the Business Responsibility Report for the financial year ended 31st March, 2016 has been hosted on the Bank's website www.sbi.co.in/www.statebankofindia.com under separate link <http://www.sbi.co.in/portal/web/corporate-governance/sr2016>. Any shareholder interested in obtaining a physical copy of the same may write to the Bank (email Id: gm.snb@sbi.co.in and postal address: General Manager, Shares & Bonds Department, State Bank of India, Corporate Centre, State Bank Bhavan, Madame Cama Road, Mumbai - 400 021)

STATE BANK OF INDIA

Balance Sheet as on 31st March, 2016

	Schedule No.	As on 31.03.2016 (Current Year)	As on 31.03.2015 (Previous Year)
(000s omitted)			
CAPITAL AND LIABILITIES			
Capital	1	776,27,77	746,57,31
Reserves & Surplus	2	143498,15,83	127691,65,34
Deposits	3	1730722,43,61	1576793,24,50
Borrowings	4	224190,58,61	205150,29,26
Other Liabilities and Provisions	5	159875,57,46	137698,03,57
TOTAL		2259063,03,28	2048079,79,98
ASSETS			
Cash and Balances with Reserve Bank of India	6	129629,32,53	115883,84,35
Balances with Banks and money at call and short notice	7	37838,33,12	38871,93,86
Investments	8	477097,27,65	481758,74,78
Advances	9	1463700,41,75	1300026,39,29
Fixed Assets	10	10389,27,72	9329,16,42
Other Assets	11	140408,40,51	102209,71,28
TOTAL		2259063,03,28	2048079,79,98
Contingent Liabilities	12	971956,00,58	1000627,25,78
Bills for Collection	-	92211,64,83	92795,24,84
Significant Accounting Policies	17		
Notes to Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

Signed by:

Shri P.K. Gupta
Managing Director
(Compliance & Risk)

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

Shri B. Sriram
Managing Director
(Corporate Banking Group)

Directors:

Shri Sanjiv Malhotra
Shri M.D. Mallya
Shri Deepak I. Amin
Shri Tribhuwan Nath Chaturvedi
Dr. Girish Kumar Ahuja
Dr. Pushpendra Rai
Shri Sunil Mehta

Smt. Arundhati Bhattacharya
Chairman



In terms of our report of even date

For M/s Varma & Varma
Chartered Accountants

Cherian K Baby
Partner, M.No.016043
Firm Regn.No.004532 S

For M/s V. Sankar Aiyar & Co.
Chartered Accountants

Ajay Gupta
Partner, M.No.090104
Firm Regn.No.109208 W

For M/s Manubhai & Shah LLP
Chartered Accountants

Hitesh M Pomal
Partner, M.No.106137
Firm Regn.No.106041W/W100136

For M/s Chatterjee & Co.
Chartered Accountants

S K Chatterjee
Partner, M.No.003124
Firm Regn.No.302114 E

For M/s S L Chhajed & Co.
Chartered Accountants

S N Sharma
Partner, M.No.071224
Firm Regn.No.000709 C

For M/s Mehra Goel & Co.
Chartered Accountants

R K Mehra
Partner, M.No.006102
Firm Regn.No.000517 N

For M/s S. N. Mukherji & Co.
Chartered Accountants

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Firm Regn.No.000459 S

For M/s Bansal & Co.
Chartered Accountants

D S Rawat
Partner, M.No.083030
Firm Regn.No.001113 N

For M/s Mittal Gupta & Co.
Chartered Accountants

Akshay Kumar Gupta
Partner, M.No.070744
Firm Regn.No.001874 C

For M/s S R R K Sharma Associates
Chartered Accountants

S R R K Sharma
Partner, M.No.18088
Firm Regn.No.003790 S

For M/s B. Chhawchharia & Co.
Chartered Accountants

Kshitiz Chhawchharia
Partner, M.No.061087
Firm Regn. No. 305123 E

For M/s GSA & Associates
Chartered Accountants

Sunil Aggarwal
Partner, M.No.083899
Firm Regn.No.000257 N

For M/s Amit Ray & Co.
Chartered Accountants

Basudeb Banerjee
Partner, M.No.070468
Firm Regn.No.000483 C

Place : Kolkata
Date : 27th May, 2016.

SCHEDULES

SCHEDULE 1 - CAPITAL

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
Authorised Capital : 5000,00,00,000 shares of ₹ 1 each (Previous Year 5000,00,00,000 shares of ₹ 1 each)	5000,00,00	5000,00,00
Issued Capital : 776,35,98,072 Equity Shares of ₹ 1 each (Previous Year 746,65,61,670 Equity Shares of ₹ 1 each)	776,35,98	746,65,61
Subscribed and Paid-up Capital : 776,27,77,042 Equity Shares of ₹ 1 each (Previous Year 746,57,30,920 Equity Shares of ₹ 1 each) [The above includes 14,45,93,240 Equity Shares of ₹ 1 each (Previous Year 16,04,31,560 Equity Shares of ₹ 1 each) represented by 1,44,59,324 (Previous Year 1,60,43,156) Global Depository Receipts]	776,27,77	746,57,31
TOTAL	776,27,77	746,57,31

SCHEDULE 2 - RESERVES & SURPLUS

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. Statutory Reserves		
Opening Balance	47839,40,98	43810,83,00
Additions during the year	2985,19,61	4029,07,98
Deductions during the year	-	-
	50824,60,59	47839,40,98
II. Capital Reserves		
Opening Balance	1849,51,49	1744,01,05
Additions during the year	345,27,46	105,50,44
Deductions during the year	-	-
	2194,78,95	1849,51,49
III. Share Premium		
Opening Balance	41444,68,60	41444,68,60
Additions during the year	8333,44,99	-
Deductions during the year	8,65,88	-
	49769,47,71	41444,68,60
IV. Foreign Currency Translation Reserve		
Opening Balance	6172,34,71	6040,01,00
Additions during the year	757,82,36	158,29,42
Deductions during the year	873,92,35	25,95,71
	6056,24,72	6172,34,71



(000s omitted)

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
V. Revenue and Other Reserves*		
Opening Balance	30385,37,08	24496,31,52
Additions during the year	4267,35,10	5889,05,56
Deductions during the year	-	-
	34652,72,18	30385,37,08
VI. Balance of Profit and Loss Account	31,68	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 ₹ 8499,18,16 thousand (Previous Year ₹ 6719,06,15 thousand)		
TOTAL	143498,15,83	127691,65,34

SCHEDULE 3 - DEPOSITS

(000s omitted)

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
A. I. Demand Deposits		
(i) From Banks	5735,58,63	5941,51,45
(ii) From Others	134071,44,66	118630,78,84
II. Savings Bank Deposits	597746,06,02	527332,81,84
III. Term Deposits		
(i) From Banks	6818,59,65	9179,86,77
(ii) From Others	986350,74,65	915708,25,60
TOTAL	1730722,43,61	1576793,24,50
B I. Deposits of Branches in India	1636424,58,65	1487236,32,78
II. Deposits of Branches outside India	94297,84,96	89556,91,72
TOTAL	1730722,43,61	1576793,24,50

SCHEDULES

SCHEDULE 4 - BORROWINGS

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. Borrowings in India		
(i) Reserve Bank of India	-	2595,00,00
(ii) Other Banks	-	674,52,05
(iii) Other Institutions and Agencies	1902,52,33	3490,55,76
(iv) Capital Instruments :		
a. Innovative Perpetual Debt Instruments (IPDI)	2165,00,00	2165,00,00
b. Subordinated Debt	<u>42374,23,80</u>	<u>36471,39,60</u>
	44539,23,80	38636,39,60
TOTAL	<u>46441,76,13</u>	<u>45396,47,41</u>
II. Borrowings outside India		
(i) Borrowings and Refinance outside India	173607,88,73	155847,56,85
(ii) Capital Instruments :		
Innovative Perpetual Debt Instruments (IPDI)	4140,93,75	3906,25,00
TOTAL	<u>177748,82,48</u>	<u>159753,81,85</u>
GRAND TOTAL	<u>224190,58,61</u>	<u>205150,29,26</u>
Secured Borrowings included in I & II above	8046,77,79	4581,96,92

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. Bills payable	18438,45,65	20184,69,67
II. Inter-office adjustments (Net)	36843,46,74	39061,18,75
III. Interest accrued	24934,79,20	20560,45,58
IV. Deferred Tax Liabilities (Net)	2684,95,65	2353,11,87
V. Others (including provisions)*	76973,90,22	55538,57,70
TOTAL	<u>159875,57,46</u>	<u>137698,03,57</u>

* Includes prudential provision for Standard Assets ₹ 11188,59,82 thousand (Previous Year ₹ 9018,36,10 thousand)



SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

	(000s omitted)	
	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. Cash in hand (including foreign currency notes and gold)	15080,91,89	14943,22,17
II. Balance with Reserve Bank of India		
(i) In Current Account	114548,40,64	100940,62,18
(ii) In Other Accounts	-	-
TOTAL	129629,32,53	115883,84,35

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

	(000s omitted)	
	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. In India		
(i) Balances with banks		
(a) In Current Accounts	151,94,16	193,75,88
(b) In Other Deposit Accounts	-	-
(ii) Money at call and short notice		
(a) With banks	2972,00,00	2240,00,00
(b) With other institutions	-	-
TOTAL	3123,94,16	2433,75,88
II. Outside India		
(i) In Current Accounts	24084,90,46	21059,05,65
(ii) In Other Deposit Accounts	1144,46,21	1946,13,70
(iii) Money at call and short notice	9485,02,29	13432,98,63
TOTAL	34714,38,96	36438,17,98
GRAND TOTAL (I and II)	37838,33,12	38871,93,86

SCHEDULES

SCHEDULE 8 - INVESTMENTS

(000s omitted)

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. Investments in India in :		
(i) Government Securities	360398,87,65	377654,15,03
(ii) Other approved securities	-	-
(iii) Shares	4327,90,22	4336,48,56
(iv) Debentures and Bonds	41126,76,36	30527,76,51
(v) Subsidiaries and/ or Joint Ventures (including Associates)	8784,23,26	7596,50,49
(vi) Others (Units of Mutual Funds, Commercial Papers etc.)	23022,78,82	31286,82,34
TOTAL	437660,56,31	451401,72,93
II. Investments outside India in :		
(i) Government Securities (including local authorities)	9969,94,18	5758,32,99
(ii) Subsidiaries and/ or Joint Ventures abroad	2591,72,94	2185,68,69
(iii) Other Investments (Shares, Debentures etc.)	26875,04,22	22413,00,17
TOTAL	39436,71,34	30357,01,85
GRAND TOTAL (I and II)	477097,27,65	481758,74,78
III. Investments in India :		
(i) Gross Value of Investments	437955,05,62	451634,98,40
(ii) Less: Aggregate of Provisions / Depreciation	294,49,31	233,25,47
(iii) Net Investments (vide I above)	TOTAL	437660,56,31
IV. Investments outside India :		
(i) Gross Value of Investments	39496,32,30	30603,67,21
(ii) Less: Aggregate of Provisions / Depreciation	59,60,96	246,65,36
(iii) Net Investments (vide II above)	TOTAL	39436,71,34
GRAND TOTAL (III and IV)	477097,27,65	481758,74,78



SCHEDULE 9 - ADVANCES

(000s omitted)

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
A. I. Bills purchased and discounted	94360,70,33	95605,93,62
II. Cash credits, overdrafts and loans repayable on demand	589442,33,19	538576,40,18
III. Term loans	779897,38,23	665844,05,49
TOTAL	1463700,41,75	1300026,39,29
B. I. Secured by tangible assets (includes advances against Book Debts)	1086206,36,64	988275,84,14
II. Covered by Bank/ Government Guarantees	61714,99,56	52640,93,65
III. Unsecured	315779,05,55	259109,61,50
TOTAL	1463700,41,75	1300026,39,29
C. I. Advances in India		
(i) Priority Sector	328551,49,99	288952,35,26
(ii) Public Sector	144401,91,16	99444,50,78
(iii) Banks	1473,74,93	261,94,79
(iv) Others	725604,44,16	678592,56,54
TOTAL	1200031,60,24	1067251,37,37
II. Advances outside India		
(i) Due from banks	71628,62,37	49656,27,37
(ii) Due from others		
(a) Bills purchased and discounted	15179,05,89	28459,86,93
(b) Syndicated loans	88579,38,30	73482,21,58
(c) Others	88281,74,95	81176,66,04
TOTAL	263668,81,51	232775,01,92
GRAND TOTAL (C-I & C-II)	1463700,41,75	1300026,39,29

SCHEDULES

SCHEDULE 10 - FIXED ASSETS

(000s omitted)

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. Premises		
At cost as on 31st March of the preceding year	3419,39,11	3112,45,97
Additions during the year	215,18,89	312,37,37
Deductions during the year	-	5,44,23
Depreciation to date	<u>491,08,22</u>	<u>447,32,80</u>
	3143,49,78	2972,06,31
II. Other Fixed Assets (including furniture and fixtures)		
At cost as on 31st March of the preceding year	17542,35,45	15573,29,35
Additions during the year	2280,58,65	2758,28,85
Deductions during the year	271,74,06	789,22,75
Depreciation to date	<u>12875,53,82</u>	<u>11472,61,90</u>
	6675,66,22	6069,73,55
III. Leased Assets		
At cost as on 31st March of the preceding year	208,70,20	233,62,47
Additions during the year	-	-
Deductions during the year	208,70,20	24,92,27
Depreciation to date including provision	<u>-</u>	<u>208,70,20</u>
	-	-
IV. Assets under Construction (Including Premises)	<u>570,11,72</u>	<u>287,36,56</u>
TOTAL (I, II, III and IV)	<u>10389,27,72</u>	<u>9329,16,42</u>



SCHEDULE 11 - OTHER ASSETS

(000s omitted)

	As on 31.03.2016 (Current Year)	As on 31.03.2015 (Previous Year)
	₹	₹
I. Inter-office adjustments (Net)	-	-
II. Interest accrued	16227,95,80	15020,62,03
III. Tax paid in advance / tax deducted at source	12698,28,68	9257,46,09
IV. Deferred Tax Assets (Net)	472,51,88	365,98,57
V. Stationery and stamps	102,67,31	104,48,23
VI. Non-banking assets acquired in satisfaction of claims	3,91,00	4,25,91
VII. Others *	110903,05,84	77456,90,45
TOTAL	140408,40,51	102209,71,28

*Includes Deposits placed with NABARD/ SIDBI/ NHB amounting to ₹ 52401,25,93 thousand (Previous Year ₹ 33374,16,90 thousand)

SCHEDULE 12 - CONTINGENT LIABILITIES

(000s omitted)

	As on 31.03.2016 (Current Year)	As on 31.03.2015 (Previous Year)
	₹	₹
I. Claims against the bank not acknowledged as debts	12347,03,03	14132,87,81
II. Liability for partly paid investments/ Venture Funds	154,55,16	463,08,37
III. Liability on account of outstanding forward exchange contracts	506354,87,97	568894,47,16
IV. Guarantees given on behalf of constituents		
(a) In India	135811,51,97	123711,14,64
(b) Outside India	82799,97,90	63673,91,98
V. Acceptances, endorsements and other obligations	106928,52,26	97765,09,54
VI. Other items for which the bank is contingently liable*	127559,52,29	131986,66,28
TOTAL	971956,00,58	1000627,25,78

*Includes Derivatives ₹ 125856,86,50 thousand (Previous Year ₹ 130178,19,69 thousand)

STATE BANK OF INDIA

Profit and Loss Account for the year ended 31st March, 2016

	Schedule No.	Year ended 31.03.2016 (Current Year)	Year ended 31.03.2015 (Previous Year)	(000s omitted)
		₹	₹	₹
I. INCOME				
Interest earned	13	163685,30,61	152397,07,42	
Other Income	14	28158,36,01	22575,89,26	
TOTAL		191843,66,62	174972,96,68	
II. EXPENDITURE				
Interest expended	15	106803,49,21	97381,82,36	
Operating expenses	16	41782,36,65	38053,87,14	
Provisions and contingencies		33307,15,39	26435,69,98	
TOTAL		181893,01,25	161871,39,48	
III. PROFIT				
Net Profit for the year		9950,65,37	13101,57,20	
Profit brought forward		32,48	32,48	
TOTAL		9950,97,85	13101,89,68	
IV. APPROPRIATIONS				
Transfer to Statutory Reserve		2985,19,61	4029,07,98	
Transfer to Capital Reserve		345,27,46	105,50,44	
Transfer to Revenue and other Reserves		4267,35,10	5889,05,56	
Dividend for the previous year paid during the year (including Tax on Dividend)		80	-	
Dividend for the Current year		2018,32,20	2648,17,28	
Tax on Dividend for the Current year		334,51,00	429,75,94	
Balance carried over to Balance Sheet		31,68	32,48	
TOTAL		9950,97,85	13101,89,68	
Basic Earnings per Share		₹ 12.98	₹ 17.55	
Diluted Earnings per Share		₹ 12.98	₹ 17.55	
Significant Accounting Policies	17			
Notes to Accounts	18			

Schedules referred to above form an integral part of the Profit & Loss Account

Signed by:

Shri P.K. Gupta
Managing Director
(Compliance & Risk)

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

Shri B. Sriram
Managing Director
(Corporate Banking Group)

Directors:

Shri Sanjiv Malhotra
Shri M.D. Mallya
Shri Deepak I. Amin
Shri Tribhuwan Nath Chaturvedi
Dr. Girish Kumar Ahuja
Dr. Pushpendra Rai
Shri Sunil Mehta

Smt. Arundhati Bhattacharya
Chairman



In terms of our report of even date

For M/s Varma & Varma

Chartered Accountants

Cherian K Baby

Partner, M.No.016043

Firm Regn.No.004532 S

For M/s V. Sankar Aiyar & Co.

Chartered Accountants

Ajay Gupta

Partner, M.No.090104

Firm Regn.No.109208 W

For M/s Manubhai & Shah LLP

Chartered Accountants

Hitesh M Pomal

Partner, M.No.106137

Firm Regn.No.106041W/W100136

For M/s Chatterjee & Co.

Chartered Accountants

S K Chatterjee

Partner, M.No.003124

Firm Regn.No.302114 E

For M/s S L Chhajed & Co.

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For M/s Mehra Goel & Co.

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Partner, M.No.006102

Firm Regn.No.000517 N

For M/s S. N. Mukherji & Co.

Chartered Accountants

Sudip Mukherji

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Firm Regn.No.301079 E

For M/s M. Bhaskara Rao & Co.

Chartered Accountants

M V Ramana Murthy

Partner, M.No.206439

Firm Regn.No.000459 S

For M/s Bansal & Co.

Chartered Accountants

D S Rawat

Partner, M.No.083030

Firm Regn.No.001113 N

For M/s Mittal Gupta & Co.

Chartered Accountants

Akshay Kumar Gupta

Partner, M.No.070744

Firm Regn.No.001874 C

For M/s S R R K Sharma Associates

Chartered Accountants

S R R K Sharma

Partner, M.No.18088

Firm Regn.No.003790 S

For M/s B. Chhawchharia & Co.

Chartered Accountants

Kshitiz Chhawchharia

Partner, M.No.061087

Firm Regn. No.305123 E

For M/s GSA & Associates

Chartered Accountants

Sunil Aggarwal

Partner, M.No.083899

Firm Regn.No.000257 N

For M/s Amit Ray & Co.

Chartered Accountants

Basudeb Banerjee

Partner, M.No.070468

Firm Regn.No.000483 C

Place : Kolkata

Date : 27th May, 2016.

SCHEDULES

SCHEDULE 13 - INTEREST EARNED

	(000s omitted)	
	Year ended 31.03.2016 (Current Year) ₹	Year ended 31.03.2015 (Previous Year) ₹
I. Interest / discount on advances / bills	115666,01,22	112343,91,20
II. Income on investments	42303,97,93	35353,64,24
III. Interest on balances with Reserve Bank of India and other inter-bank funds	621,06,84	505,12,35
IV. Others	5094,24,62	4194,39,63
TOTAL	163685,30,61	152397,07,42

SCHEDULE 14 - OTHER INCOME

	(000s omitted)	
	Year ended 31.03.2016 (Current Year) ₹	Year ended 31.03.2015 (Previous Year) ₹
I. Commission, exchange and brokerage	14415,98,00	13172,83,13
II. Profit / (Loss) on sale of investments (Net)	5168,79,59	3618,04,99
III. Profit/ (Loss) on revaluation of investments (Net)	(151,67,43)	-
IV. Profit / (Loss) on sale of land, buildings and other assets (Net)	(16,69,37)	(42,74,99)
V. Profit / (Loss) on exchange transactions (Net)	2112,34,08	1935,95,56
VI. Income earned by way of dividends, etc., from subsidiaries/ companies and/ or joint ventures abroad/ in India	475,82,57	677,03,43
VII. Income from financial lease	-	5,75
VIII. Miscellaneous Income *	6153,78,57	3214,71,39
TOTAL	28158,36,01	22575,89,26

* Miscellaneous Income includes Recoveries made in Write-off Accounts ₹ 2858,61,51 thousand (Previous year ₹ 2358,98,09 thousand)



SCHEDULE 15 - INTEREST EXPENDED

(000s omitted)

	Year ended 31.03.2016 (Current Year) ₹	Year ended 31.03.2015 (Previous Year) ₹
I. Interest on deposits	98864,98,84	89148,45,02
II. Interest on Reserve Bank of India / Inter-bank borrowings	4154,29,59	3972,04,27
III. Others	3784,20,78	4261,33,07
TOTAL	106803,49,21	97381,82,36

SCHEDULE 16 - OPERATING EXPENSES

(000s omitted)

	Year ended 31.03.2016 (Current Year) ₹	Year ended 31.03.2015 (Previous Year) ₹
I. Payments to and provisions for employees	25113,82,46	23537,06,76
II. Rent, taxes and lighting	3709,15,28	3406,94,48
III. Printing and stationery	376,81,38	373,50,46
IV. Advertisement and publicity	307,64,06	284,63,61
V. (a) Depreciation on Bank's property (other than Leased Assets)	1700,30,45	1116,49,32
(b) Depreciation on Leased Assets	-	-
VI. Directors' fees, allowances and expenses	63,37	60,71
VII. Auditors' fees and expenses (including branch auditors' fees and expenses)	197,04,21	178,99,93
VIII. Law charges	179,50,08	191,62,37
IX. Postages, Telegrams, Telephones, etc.	609,35,30	656,82,87
X. Repairs and maintenance	598,08,43	545,07,28
XI. Insurance	1718,03,67	1594,35,89
XII. Other expenditure	7271,97,96	6167,73,46
TOTAL	41782,36,65	38053,87,14

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, an amount equal to 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 financial 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 over a period of 8 quarters equally beginning the quarter in which the sale was effected.
- 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/ directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:
- In respect of term loans, interest and/or instalment of principal remains overdue for a period of more than 90 days;
 - 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 due during the same period;
 - In respect of bills purchased/discounted, the bill remains overdue for a period of more than 90 days;
 - 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:
- Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.
 - Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.
 - 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.

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:



Sr. No.	Description of Fixed Assets	Method of charging depreciation	Depreciation/amortisation rate
1	Computers	Straight Line Method	33.33% every year
2	Computer Software forming an integral part of the Computer hardware	Straight Line Method	33.33% every year
3	Computer Software which does not form an integral part of Computer hardware and cost of Software Development	Straight Line Method	33.33% every year
4	Automated Teller Machine/Cash Deposit Machine/ Coin Dispenser/ Coin Vending Machine	Straight Line Method	20.00% every year
5	Servers	Straight Line Method	25.00% every year
6	Network Equipment	Straight Line Method	20.00% every year
7	Other fixed assets	Straight Line Method	<p>On the basis of estimated useful life of the assets</p> <p>Estimated useful life of major group of Fixed Assets are as under:</p> <ul style="list-style-type: none"> 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 other financial assets 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

- 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.
 - 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.

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.

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 joinees not being entitled to become members of the existing SBI Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions are retained as deposits in the Bank and earn interest at the same rate as that of the current account of Provident Fund balance. The Bank recognizes such annual contributions and interest as an expense in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

iii. **Other Long Term Employee benefits:**

- a. All eligible employees of the Bank are eligible for compensated absences, silver jubilee award, leave travel concession, retirement award and resettlement allowance. The costs of such long term employee benefits are internally funded by the Bank.
- b. The cost of providing other long term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. Past service cost is immediately recognised in the Profit and Loss Account and is not deferred.

11.3

Employee benefits relating to employees employed at foreign offices are valued and accounted for as per the respective local laws/ regulations.

12. **Taxes on income:**

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - "Accounting for Taxes on Income" respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised

by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgment as to whether their realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

13. Earnings per Share:

- 13.1 The Bank reports basic and diluted earnings per share in accordance with AS 20 -'Earnings per Share' issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.
- 13.2 Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

14. Provisions, Contingent Liabilities and Contingent Assets:

- 14.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.
- 14.2 No provision is recognised for:

- i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

- ii. any present obligation that arises from past events but is not recognised because:
 - a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - b. a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

14.3 Provision for reward points in relation to the debit card holders of the Bank is being provided for on actuarial estimates.

14.4 Contingent Assets are not recognised in the financial statements.

15. Bullion Transactions:

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified under commission income. The Bank also accepts deposits and lends gold, which is treated as deposits/advances as the case may be with the interest paid / received classified as interest expense/income. Gold Deposits, Metal Loan Advances and closing Gold balances are valued at available Market Rate as on the date of Balance Sheet.

16. Special Reserves:

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961. The Board of Directors of the Bank have passed a resolution approving creation of the Reserve and confirming that it has no intention to make withdrawal from the Special Reserve.

17. Share Issue Expenses:

Share issue expenses are charged to the Share Premium Account.



SCHEDULE – 18:

NOTES TO ACCOUNTS

18.1 Capital

1. Capital Ratio

AS PER BASEL II

(Amount in ₹ crore)

Sr. Items No.	As at 31st March 2016	As at 31st March 2015
(i) Common Equity Tier 1 Capital Ratio (%)	N.A.	
(ii) Tier 1 Capital ratio (%)	10.41%	10.10 %
(iii) Tier 2 Capital ratio (%)	3.53%	2.69%
(iv) Total Capital Ratio (%)	13.94%	12.79%

AS PER BASEL III

Sr. Items No.	As at 31st March 2016	As at 31st March 2015
(i) Common Equity Tier 1 Capital Ratio (%)	9.81%	9.31%
(ii) Tier 1 capital ratio (%)	9.92%	9.60%
(iii) Tier 2 capital ratio (%)	3.20%	2.40%
(iv) Total Capital Ratio (%)	13.12%	12.00%
(v) Percentage of the Shareholding of Government of India	60.18%	58.60%
(vi) Number of Shares held by Government of India	4,67,16,34,652	4,37,45,98,250
(vii) Amount of Equity Capital raised	5,393.00	2,970.00*
(viii) Amount of Additional Tier 1(AT 1) capital raised of which		
a) PNCPs:	Nil	Nil
b) PDI:	Nil	Nil
(ix) Amount of Tier 2 capital raised of which		
a) Debt Capital instruments:	10,500.00	Nil
b) Preference Share Capital Instruments: {Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)}	Nil	Nil

* Shares allotted on 1st April 2015 (considered under AT 1)

RBI vide circular No. DBR.No.BP.BC.83/21.06.201/2015-16 dated 1st March 2016, has given discretion to banks to consider “Foreign Currency Translation Reserve” and

deferred tax asset for purposes of computation of Capital Adequacy as CET – 1 capital ratio. The Bank has exercised the option in the above computation for F.Y. 2015-16.

2. Share Capital

a) During the year, the Bank received application money of ₹ 5,393.00 crore (Previous Year ₹ 2,970.00 crore), including share premium of ₹ 5,373.34 crore (Previous Year ₹ 2,959.95 crore), from Government of India against preferential issue of 19,65,59,390 (Previous Year 10,04,77,012) equity shares of ₹ 1 each to Government of India. The equity shares were allotted on 29.09.2015.

b) The Bank received application money of ₹ 2,970.00 crore, including share premium of ₹ 2,959.95 crore, 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. The equity shares were allotted on 01.04.2015.

c) 9,720 Equity Shares of ₹ 1 each that had been issued as a part of the Right Issue -2008 but allotment of which was kept in abeyance, were allotted on 16.07.2015 and amount of ₹ 9,720.00 credited to Capital Account and ₹ 15,35,760.00 credited to Share Premium Account. Balance of such shares issued and kept in abeyance is 8,21,030 (Previous Year 8,30,750) of ₹ 1 each, since they are subject to title disputes or are subjudice.

d) Expenses in relation to the issue of shares: ₹ 8.66 crore (Previous Year ₹ Nil) is debited to Share Premium Account.

3. Innovative Perpetual Debt Instruments (IPDI)

The details of IPDI issued which qualify for Hybrid Tier 1 Capital and outstanding are as under:

A. Foreign

Particulars	Date of Issue	Tenor	Amount	Equivalent ₹ as on 31st March 2016	Equivalent ₹ as on 31st March 2015
Bond issued under the MTN Programme - 12th series*	15.02.2007	Perpetual Non call years	USD 400 million	2,650.20	2,500.00
Bond issued under the MTN Programme - 14th series#	26.06.2007	Perpetual Non call 10 yrs 1day	USD 225 million	1,490.74	1,406.25
Total			USD 625 million	4,140.94	3,906.25

- * 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

Sr. Nature of Bonds No.		Principal Amount	Date of Issue	₹ In crore 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 crore raised during the F.Y. 2009-10, of which ₹ 550 crore invested by SBI Employee Pension Fund, not reckoned for the purpose of Tier I Capital as per RBI instructions.

4. Subordinated Debts

The bonds are unsecured, long term, non-convertible and are redeemable at par.

The details of outstanding subordinate debts are as under:-

Sr. Nature of Bonds No.		Principal Amount	Date of Issue /Date of Redemption	₹ In crore Rate of Interest % p.a.	Maturity Period in Months
1	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (IX) (Lower Tier II)	1,500.00	28.03.2007 27.06.2016	9.85	111
2	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
3	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (IV) (Lower Tier II)	1,000.00	06.03.2009 06.06.2018	8.95	111
4	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09(II) (Lower Tier II)	1,500.00	29.12.2008 29.06.2018	8.40	114
5	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (Upper Tier II)	2,327.90	05.06.2006 05.06.2021	8.80	180
6	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (II) (Upper Tier II)	500.00	06.07.2006 06.07.2021	9.00	180



Sr. No.	Nature of Bonds	Principal Amount	Date of Issue /Date of Redemption	Rate of Interest % p.a.	Maturity Period in Months
7	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (III) (Upper Tier II)	600.00	12.09.2006 12.09.2021	8.96	180
8	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (IV) (Upper Tier II)	615.00	13.09.2006 13.09.2021	8.97	180
9	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (V) (Upper Tier II)	1,500.00	15.09.2006 15.09.2021	8.98	180
10	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (VI) (Upper Tier II)	400.00	04.10.2006 04.10.2021	8.85	180
11	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (VII) (Upper Tier II)	1,000.00	16.10.2006 16.10.2021	8.88	180
12	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
13	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (VIII) (Upper Tier II)	1,000.00	17.02.2007 17.02.2022	9.37	180
14	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
15	SBI NON CONVERTIBLE (Private placement) Bonds 2007-08 (I) (Upper Tier II)	2,523.50	07.06.2007 07.06.2022	10.20	180
16	SBI NON CONVERTIBLE (Private placement) Bonds 2007-08 (II) (Upper Tier II)	3,500.00	12.09.2007 12.09.2022	10.10	180
17	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (I) (Upper Tier II)	2,500.00	19.12.2008 19.12.2023	8.90	180
18	SBI NON CONVERTIBLE (Private Placement) Bonds 2013-14 (Tier II)	2,000.00	02.01.2014 02.01.2024	9.69	120
19	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (III) (Upper Tier II)	2,000.00	02.03.2009 02.03.2024	9.15	180
20	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (V) (Upper Tier II)	1,000.00	06.03.2009 06.03.2024	9.15	180
21	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
22	SBI Public Issue of Lower Tier II Non- Convertible Bonds 2010 (Series II)	866.92	04.11.2010 04.11.2025	9.50	180
23	SBI NON CONVERTIBLE, UNSECURED (Private Placement), Basel III Compliant Tier II Bonds 2015-16 (Series I)	4,000.00	23.12.2015 23.12.2025	8.33	120
24	SBI NON CONVERTIBLE, UNSECURED (Private Placement), Basel III Compliant Tier II Bonds 2015-16 (Series II)	3,000.00	18.02.2016 18.02.2026	8.45	120

Sr. No.	Nature of Bonds	Principal Amount	Date of Issue /Date of Redemption	Rate of Interest % p.a.	Maturity Period in Months
25	SBI Public Issue of Lower Tier II Non- Convertible Bonds 2011 Retail (Series IV)	3,937.60	16.03.2011 16.03.2026	9.95	180
26	SBI Public Issue of Lower Tier II Non- Convertible Bonds 2011 Non Retail (Series IV)	828.32	16.03.2011 16.03.2026	9.45	180
27	SBI NON CONVERTIBLE, UNSECURED (Private Placement), Basel III Compliant Tier II Bonds 2015-16 (Series III)	3,000.00	18.03.2016 18.03.2026	8.45	120
28	SBI NON CONVERTIBLE, UNSECURED (Private Placement), Basel III Compliant Tier II Bonds 2015-16 (Series IV)	500.00	21.03.2016 21.03.2026	8.45	120
TOTAL		42,374.24			

18.2. Investments

1. The details of Investments and the Movement of Provisions held towards Depreciation on Investments of the Bank are given below:

Particulars	As at 31st March 2016	As at 31st March 2015	₹ In crore
1. Value of Investments			
i) Gross value of Investments			
(a) In India	4,37,955.05	4,51,634.98	
(b) Outside India	39,496.32	30,603.67	
ii) Provision for Depreciation			
(a) In India	294.49	233.25	
(b) Outside India	59.61	246.65	
iii) Net value of Investments			
(a) In India	4,37,660.56	4,51,401.73	
(b) Outside India	39,436.71	30,357.02	
2. Movement of Provisions held towards Depreciation on Investments			
i) Balance at the beginning of the year	479.90	1,547.81	
ii) Add: Provisions made during the year	610.39	168.29	
iii) Less: Provision utilised during the year	293.72	511.13	
iv) Add: Foreign Exchange revaluation adjustment	18.36	33.29	
v) Less: Write back of excess provision during the year.	460.83	758.36	
vi) Balance at the end of the year	354.10	479.90	

Notes:

- a. Investments in Government Securities is net of ₹ 67,154 crore (Previous Year ₹ 36,761 crore) utilised under Liquidity Adjustment Facility (LAF) and ₹ 32,000 crore (Previous Year ₹ Nil) utilised under Marginal Standing Facility (MSF) with RBI.



- b. Securities amounting to ₹ 2,827.96 crore (Previous Year ₹ 13,779.33 crore) are kept as margin with Clearing Corporation of India Limited(CCIL) / NSCCL / MCX / USEIL / NSEIL / BSE towards securities settlement.
- c. During the year the Bank infused additional capital in its subsidiaries and associates viz. i) State Bank of Patiala ₹ 799.99 crore, ii) SBI Foundation ₹ 1 crore, iii) Nagaland Rural Bank ₹ 0.97 crore and iv) Ellaquai Dehati Bank ₹ 8.90 crore.
- d. During the year, State Bank of Travancore allotted 94,81,518 equity shares of ₹ 10 each at a premium of ₹ 390.00 per share to the Bank amounting to ₹ 379.26 crore under right issue and thus stake of the Bank has increased from 78.91% to 79.09%.
- e. During the year, the Bank has sold 24,00,000 equity shares of CCIL at a profit of ₹ 108 crore. Thus, the Bank's stake reduced from 26.00% to 21.20%.

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:

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	₹ In crore
				Balance as on 31st March 2016
Securities sold under Repos				
i. Government Securities	- (-)	99,581.36 (54,102.00)	17,406.51 (9,789.59)	99,581.36 (37,603.23)
ii. Corporate Debt Securities	- (-)	1,314.24 (516.56)	571.47 (258.28)	1,254.07 (-)
Securities purchased under Reverse Repos				
i. Government Securities	- (-)	55,000.00 (22,010.12)	4,692.95 (2,434.51)	- (-)
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:

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of "Below Investment Grade" Securities *	Extent of "Unrated" Securities *	Extent of "Unlisted" Securities *
				Extent of "Below Investment Grade" Securities *	Extent of "Unrated" Securities *	Extent of "Unlisted" Securities *
i	PSUs	19,718.43 (14,751.97)	9,452.46 (3,445.03)	341.83 (419.01)	176.49 (418.76)	541.78 (719.01)
ii	FIs	29,826.69 (15,395.58)	18,998.39 (8,484.47)	- (-)	- (-)	200.00 (200.00)

Sr. Issuer No.	Amount	Extent of Private Placement	Extent of "Below Investment Grade" Securities *	Extent of "Unrated" Securities *	Extent of "Unlisted" Securities *
(iii) Banks	15,398.01 (22,060.06)	1,256.40 (9,963.70)	1,118.15 (798.34)	23.62 (-)	23.62 (-)
(iv) Private Corporates	23,905.24 (30,846.04)	12,464.90 (16,654.33)	2,299.54 (1,594.50)	499.93 (933.07)	78.67 (238.39)
(v) Subsidiaries / Joint Ventures **	11,379.03 (9,785.06)	- (-)	- (-)	- (-)	- (-)
(vi) Others	16,825.10 (11,745.76)	- (-)	1,219.73 (719.38)	1,147.88 (852.70)	- (749.36)
(vii) Provision held towards depreciation	354.10 (479.90)	- (-)	31.97 (6.05)	- (93.72)	- (62.67)
Total	1,16,698.40 (1,04,104.57)	42,172.15 (38,547.53)	4,947.28 (3,525.18)	1,847.92 (2,110.81)	844.07 (1,844.09)

(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.

b) Non Performing Non-SLR Investments

Particulars	Current Year	Previous Year
Opening Balance	401.72	935.24
Additions during the year	52.36	48.11
Reductions during the year	307.84	581.63
Closing Balance	146.24	401.72
Total provisions held	126.68	394.17

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

Particulars	₹ In crore	
	As at 31st March 2016	As at 31st March 2015
i) The notional principal of swap agreements#	1,30,624.90	92,965.61
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	2,080.00	1,945.78
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	946.31	996.24

IRS/FRA amounting to ₹ 11,232.11 crore (Previous Year ₹ 14,072.53 crore) entered with the Bank's own foreign offices are not shown here as they are for hedging of FCNB corpus and hence not marked to market.

B. Exchange Traded Interest Rate Derivatives

Sr. Particulars No.	₹ In crore	Current Year	Previous Year
1 Notional principal amount of exchange traded interest rate derivatives undertaken during the year			
a Interest Rate Futures	Nil	Nil	
b 10 Year Government of India Securities	235.74	19,014.13	
2 Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2016			
a Interest Rate Futures	Nil	Nil	
b 10 Year Government of India Securities	Nil	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 Futures and Exchange Traded Currency Derivatives. Interest Rate Derivatives dealt by the Bank are rupee interest rate swaps, foreign currency interest rate swaps and forward rate agreements, Cap, Floor and Collars. Currency derivatives dealt by the Bank are currency swaps, rupee dollar options and cross-currency options. The products are offered to the Bank's customers to hedge their exposures and the Bank enters into derivatives contracts to cover such exposures. Derivatives are used by the Bank both for trading as well as hedging balance sheet items. The Bank also runs option position in 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. 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 2015-16.
- 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 crore

Particulars	Currency Derivatives		Interest Rate Derivatives	
	Current Year	Previous Year	Current Year	Previous Year
(i) Derivatives (Notional Principal Amount)				
(a) For hedging	17,713.28 @	4,450.61 @	55,699.48 #	69,056.07 #
(b) For trading*	2,32,714.53	2,42,870.49	74,925.42	62,128.01
(ii) Marked to Market Positions				
(a) Asset	3,971.40	3,152.45	1,642.57	979.00
(b) Liability	2,145.05	2,280.85	369.89	667.47
(iii) Credit Exposure	7,960.90	11,206.42	3,487.84	3,774.49
(iv) Likely impact of one percentage change in interest rate (100* PV01)				
(a) on hedging derivatives	-0.04	0.02	-63.09	-92.42
(b) on trading derivatives	2.68	2.88	20.34	24.44
(v) Maximum and Minimum of 100* PV01 observed during the year				
(a) on hedging –Maximum	0.08	-	-34.14	-79.11
–Minimum	-0.04	-0.03	-44.36	-88.24
(b) on trading –Maximum	0.67	6.22	0.90	0.38
–Minimum	-	0.039	-0.05	0.2225

- @ The swaps amounting to ₹ 7,811.17 crore (Previous Year ₹ 8,486.92 crore) entered with the Bank's own foreign offices are not shown here as they are for hedging of FCNB corpus and hence not marked to market.



- # IRS/FRA amounting to ₹ 11,232.11 crore (Previous Year ₹ 14,072.53 crore) entered with the Bank's own Foreign offices are not shown here as they are for hedging of FCNB corpus and hence not marked to market.
- * The forward contract deals with our own Foreign Offices are not included. Currency Derivatives – Nil (Previous Year ₹ 7,757.17 crore) and Interest Rate Derivatives – Nil (Previous Year ₹ 62.39 crore)
1. The outstanding notional amount of derivatives done between Global Markets Unit and International Banking Group as on 31st March 2016 amounted to ₹ 19,043.28 crore (Previous Year ₹ 30,379.01 crore) and the derivatives done in-between SBI Foreign Offices as on 31st March 2016 amounted to ₹ 18,071.97 crore (Previous Year ₹ 14,995.17 crore).
 2. The outstanding notional amount of interest rate derivatives which are not marked-to-market (MTM) where the underlying Assets/Liabilities are not marked to market as on 31st March 2016 amounted to ₹ 66,453.24 crore (Previous Year ₹ 1,29,113.66 crore).

18.4. Asset Quality

a) Non-Performing Assets

Particulars	₹ In crore	
	As at 31st March 2016	As at 31st March 2015
i) Net NPAs to Net Advances (%)	3.81%	2.12%
ii) Movement of NPAs (Gross)		
(a) Opening balance	56,725.34	61,605.35
(b) Additions (Fresh NPAs) during the year	64,198.49	29,435.02
Sub-total (I)	120,923.83	91,040.37
Less:		
(c) Reductions due to upgradations during the year	2,598.59	3,776.15
(d) Reductions due to recoveries (Excluding recoveries made from upgraded accounts)	4,389.18	9,235.42
(e) Technical/ Prudential Write-offs	Nil	Nil
(f) Reductions due to Write-offs during the year	15,763.26	21,303.46
Sub-total (II)	22,751.03	34,315.03
(g) Closing balance (I-II)	98,172.80	56,725.34
iii) Movement of Net NPAs		
(a) Opening balance	27,590.58	31,096.07
(b) Additions during the year	36,192.76	9,504.61
(c) Reductions during the year	7,976.32	13,010.10
(d) Closing balance	55,807.02	27,590.58
iv) Movement of provisions for NPAs		
(a) Opening balance	29,134.76	30,509.28
(b) Provisions made during the year	28,005.73	19,930.41
(c) Write-off / write-back of excess provisions	14,774.71	21,304.93
(d) Closing balance	42,365.78	29,134.76

Opening and closing balances of provision for NPAs include ECGC claims received and held pending adjustment of ₹ 62.64 crore (Previous Year ₹ 69.30 crore) and ₹ 67.27 crore (Previous Year ₹ 62.64 crore) respectively.

b) Restructured Accounts

Sr. No.	Type of Restructuring	Under CDR Mechanism (1)						Under SME Debt Restructuring Mechanism (2)			
		Asset Classification		Standard	Sub Doubtful	Loss	Total	Standard	Sub Doubtful	Loss	Total
Particulars	No. of Borrowers	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard
1	Restructured Accounts as on April 1, 2015 (Opening position)	121 (110)	7 (13)	47 (40)	2 (3)	177 (166)	315 (483)	90 (35)	107 (78)	11 (9)	523 (605)
	Amount outstanding	25,079.31 (21,134.61)	999.76 (836.09)	5,035.94 (5,066.44)	477.48 (499.74)	31,592.49 (27,536.80)	3,325.56 (3,834.26)	369.03 (251.71)	2,202.13 (1,209.96)	85.28 (86.17)	5,982.00 (5,382.10)
	Provision thereon	1,847.05 (1,636.32)	103.90 (60.34)	183.40 (520.73)	47.65 (0.10)	2,182.00 (2217.49)	121.85 (117.21)	9.95 (22.89)	71.77 (169.89)	- (0.04)	203.58 (310.03)
2	Fresh Restructuring during the current FY	2 (47)	- (4)	3 (8)	- (-)	5 (59)	22 (97)	5 (29)	10 (20)	1 (1)	38 (147)
	Amount outstanding	1,679.91 (8,208.93)	2.46 (839.32)	393.89 (648.19)	92.71 (-)	2,168.97 (9696.44)	143.57 (1616.65)	12.54 (194.15)	28.47 (364.74)	- (1.14)	184.58 (2176.68)
	Provision thereon	-183.63 (664.08)	-5.69 (90.44)	46.15 (14.81)	2.58 (-)	-140.59 (769.33)	4.18 (82.76)	1.17 (6.98)	1.65 (2.67)	- (-)	7.00 (92.40)
3	Upgradation to restructured standard category during current FY	2 (5)	- (-2)	-1 (-3)	-1 (-)	- (-)	5 (2)	- (-)	-5 (-2)	- (-)	- (-)
	Amount outstanding	217.44 (639.99)	- (-38.09)	107.47 (-660.99)	- (-)	-324.91 (-60)	- (-)	58.68 (38.7)	-14.62 (-3.87)	-44.06 (-)	- (-)
	Provision thereon	6.05 (29.74)	- (-1.49)	23.27 (-28.26)	- (-)	-29.32 (-)	- (-)	2.25 (-)	-0.03 (-)	-2.22 (-)	- (-)
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 (-16)	- (-20)	- (-)	- (-)	-16 (-20)	-79 (-68)	- (-68)	- (-68)	- (-68)	-79 (-68)
	Amount outstanding	-968.10 (-1,800.54)	- (-41.87)	- (-76.29)	- (-)	- (-)	-968.10 (1800.54)	-612.91 (-243.42)	- (-243.42)	- (-243.42)	-612.91 (-243.42)
	Provision thereon	-41.87 (-76.29)	- (-)	- (-)	- (-)	- (-)	-41.87 (-76.29)	-1.77 (-3.12)	- (-3.12)	- (-3.12)	-1.77 (-3.12)



Sr. No.	Type of Restructuring	Under CDR Mechanism (1)						Under SME Debt Restructuring Mechanism (2)		
		Asset Classification		Standard	Sub Doubtful	Loss	Total	Standard	Sub Doubtful	Loss
Particulars	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard	Standard
5 Downggrading of restructured accounts during current FY	No. of Borrowers	-35	-3	34	4	-	-31	-7	29	9
	(-16)	(-4)	(17)	(3)	(-)	(-90)	(39)	(43)	(8)	(-)
	Amount outstanding	-9,512.83	-760.38	10,252.24	20.97	-	-568.47	223.45	303.16	61.86
6 Write-offs of restructured accounts during current FY	(-2,725.70)	(-268.98)	(2,517.19)	(477.49)	(-)	(-1,177.97)	(23.53)	(904.13)	(250.32)	(-)
	Provision thereon	-537.57	-80.29	637.83	-19.97	-	-33.32	13.96	19.36	-
	(-122.91)	(-12.37)	(87.62)	(47.66)	(-)	(-31.35)	(-10.32)	(24.32)	(17.35)	(-)
7 Total Restructured Accounts No. of Borrowers as on 31st March, 2016 (Closing Position)	No. of Borrowers	-12	-1	-9	-2	-24	-46	-42	-18	-10
	(-5)	(-4)	(-15)	(-4)	(-28)	(-109)	(-13)	(-32)	(-7)	(-161)
	Amount outstanding	-2,309.70	-22.41	-1,744.12	-30.02	-4,106.25	-579.50	-145.41	-341.16	-115.58
	(-437.08)	(-368.57)	(-2,534.90)	(-498.74)	(-3840.28)	(-707.83)	(-100.36)	(-272.82)	(-252.35)	(-1,333.36)
	Provision thereon	-310.88	-4.28	-478.76	-	-793.92	-43.70	-6.81	13.65	-
	(-283.90)	(-33.03)	(-411.51)	(-0.10)	(-728.53)	(-43.64)	(-9.59)	(-125.10)	(-17.39)	(-195.73)
	Total Restructured Accounts No. of Borrowers as on 31st March, 2016 (Closing Position)	62	3	74	3	142	186	46	123	11
	Amount outstanding	14,186.03	219.43	14,045.42	236.23	28,687.11	1,746.93	444.99	2,148.54	31.56
	(25,079.31)	(999.76)	(5,035.94)	(477.49)	(31.592.49)	(3,325.56)	(368.03)	(2,202.13)	(85.28)	(5,982.00)
	Provision thereon	779.15	13.64	411.89	0.94	1,205.62	49.49	18.24	104.21	-
	(1,847.05)	(103.90)	(183.40)	(47.66)	(2,182.00)	(121.85)	(9.95)	(71.77)	(-)	(203.58)

Sr.	Type of Restructuring No.	Others (3)						TOTAL (1 + 2 + 3)			
	Asset Classification	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
	Particulars	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2015 (Opening position)	676 (3,771)	1,273 (1,088)	1,351 (750)	463 (77)	3,763 (5,686)	1,112 (4,364)	1,370 (1,136)	1,505 (868)	476 (89)	4,463 (6,457)
	Amount outstanding	27,437.97 (18,081.60)	770.82 (1,829.00)	5,140.13 (5,942.25)	305.27 (165.81)	33,654.17 (26,018.68)	55,842.83 (43,050.49)	2,139.61 (2,916.80)	12,378.20 (12,218.66)	868.03 (751.72)	71,228.67 (58,937.66)
	Provision thereon	1,095.69 (662.79)	12.58 (173.87)	138.97 (283.00)	5.73 (3.66)	1,252.98 (1,123.32)	3,064.59 (2,416.31)	126.43 (257.10)	394.15 (973.62)	53.39 (3.81)	3,638.56 (3,650.84)
2	Fresh Restructuring during the current FY	No. of Borrowers	105 (364)	252 (288)	73 (580)	19 (119)	449 (1351)	129 (508)	257 (321)	86 (608)	20 (120)
	Amount outstanding	6,497.48 (14,711.51)	65.63 (374.93)	284.39 (1,343.34)	102.82 (469.19)	6,950.32 (16,898.97)	8,320.96 (24,537.09)	80.63 (1,408.40)	706.75 (2,356.27)	195.54 (470.33)	9,303.88 (28,772.09)
	Provision thereon	15.54 (713.32)	4.62 (16.16)	3.25 (302.36)	0.18 (47.07)	23.59 (1,078.90)	-163.92 (1,460.15)	0.10 (113.58)	51.04 (319.84)	2.77 (47.07)	-110.01 (1,940.63)
3	Upgradation to restructured standard category during current FY	No. of Borrowers	13 (7)	1 (-3)	4 (-3)	-18 (-1)	-	20 (-)	1 (14)	-2 (-5)	-19 (-8)
	Amount outstanding	373.49 (273.81)	-2.06 (-229.23)	-322.69 (-0.05)	-48.74 (-44.52)	-	649.61 (-976.76)	-16.67 (-267.32)	-259.29 (-664.92)	-373.65 (-44.52)	-
	Provision thereon	13.90 (-)	- (1.17)	-10.94 (-1.17)	-2.96 (-)	-	22.20 (29.74)	-0.03 (-0.32)	10.11 (-29.43)	-32.28 (-)	-
4	Restructured Standard Advances which cease 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	-51 (-385)			-51 (-385)	-146 (-473)			-146 (-473)	
	Amount outstanding	-3,065.11 (-1,301.54)			-	-3,065.11 (-1,301.54)	-4,646.12 (-3,345.50)			-4,646.12 (-3,345.50)	
	Provision thereon	-117.18 (-34.20)			-	-117.18 (-34.20)	-160.82 (-113.61)			-160.82 (-113.61)	



Sr.	Type of Restructuring	Others (3)						TOTAL (1 + 2 + 3)				
No.	Asset Classification	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Doubtful	Loss	Total		
	Particulars											
5	Downgradations of restructured accounts during current FY	No. of Borrowers	-203	-832	1,132	-97	-	-269	-842	1,195	-84	-
	Amount outstanding	(-1,112)	(465)	(302)	(345)	(-)	(-1,218)	(500)	(362)	(356)	(-)	
	Provision thereon	-5,583.94	291.06	5,332.77	-39.89	-	-15,685.24	-245.88	15,888.18	42.94	-	
		(-2429.70)	(-285.92)	(2,479.08)	(236.53)	(-)	(-6,333.37)	(-531.37)	(5,900.40)	(964.34)	(-)	
6	Write-offs of restructured accounts during current FY	No. of Borrowers	-239	-174	-224	-277	-914	-297	-217	-251	-289	-1,054
	Amount outstanding	(-1969)	(-565)	(-278)	(-77)	(-)	(-2889)	(-2083)	(-582)	(-325)	(-88)	(-3078)
	Provision thereon	-2,537.47	-546.72	-1,223.85	-173.28	-4,481.31	-5,426.67	-714.53	-3,309.13	-318.91	-9,769.24	
		(-1,897.74)	(-917.96)	(-4,624.50)	(-521.74)	(-7,961.95)	(-3,042.65)	(-1,386.89)	(-7,432.22)	(-1,273.83)	(-13,135.59)	
7	TOTAL Restructured Accounts as on 31st March, 2016 (Closing Position)	No. of Borrowers	301	520	2,336	90	3,247	549	569	2,533	104	3,755
	Amount outstanding	(676)	(1,273)	(1,351)	(463)	(3,763)	(1,112)	(1,370)	(1,505)	(476)	(4463)	
	Provision thereon	23,122.42	578.73	9,210.75	146.17	33,058.07	39,055.37	1,243.16	25,404.71	413.95	66,117.19	
		(27,437.97)	(770.82)	(5,140.13)	(305.27)	(33,654.17)	(55,842.83)	(2,139.61)	(12,378.20)	(868.03)	(71,228.67)	
		(1,095.69)	(12.58)	(138.97)	(5.73)	(1,252.98)	(3,064.59)	(126.43)	(394.14)	(53.39)	(3,638.56)	

Note:

1. Increase in outstanding of ₹4,731.40 crore (Previous Year ₹ 3,491.65 crore) included in Fresh Additions.
2. Closure of ₹4,398.11 crore (Previous Year ₹ 3,794.15 crore) and decrease in Outstanding of ₹4,413.95 crore (Previous Year ₹ 3,827.03 crore) is included in Write off.
3. Total Column does not include standard assets moved out of higher provisioning.

c) **Details of Technical Write-offs and the recoveries made thereon:**

			₹ In crore
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 crore
Particulars		Current Year	Previous Year
i)	No. of Accounts	46,399	5,904
ii)	Aggregate value (net of provisions) of accounts sold to SC/ RC	1,500.88	6,981.42
iii)	Aggregate consideration*	1,007.63	4,406.07
iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
v)	Aggregate gain / (loss) over net book value #	(493.25)	(2,575.35)

* SRs received as part of considerations have been recognised at lower of Net book Value/ Face Value as per RBI Guidelines.

Includes amount of ₹ 0.52 crore (Previous Year ₹ 7.52 crore) credited to charges/ (interest) account.

e) **Details of Investments in Security Receipts against NPAs sold to Securitisation Company (SC) / Reconstruction Company (RC)**

Particulars	Backed by NPAs sold by the bank as underlying		Backed by the NPAs sold by other banks/ financial institutions / non-banking financial companies as underlying		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Book Value of Investments in Security Receipts as on 31st March 2016	5,425.63	4,703.28	27.19	30.07	5,452.82	4,733.35
Book Value of Investments in Security Receipts made during the year	783.92	3,337.48	2.65	2.05	786.57	3,339.53



f) Excess Provision reversed to Profit & Loss Account on account of Sale of NPAs to Securitisation Company (SC)/ Reconstruction Company (RC)

Particulars	₹ In crore	
	As at 31st March 2016	As at 31st March 2015
Excess Provision reversed to P&L Account in case of Sale of NPAs	11.70	177.42

g) Details of non-performing financial assets purchased

Particulars	₹ In crore	
	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

Particulars	₹ In crore	
	Current Year	Previous Year
1) No. of Accounts sold	45,331	1,825
2) Aggregate outstanding	2,168.54	10,852.55
3) Aggregate consideration received	955.62	4,294.60

i) Provision on Standard Assets

The Provision on Standard Assets held by the Bank as on 31st March 2016 is as under:

Particulars	₹ In crore	
	As at 31st March 2016	As at 31st March 2015
Provision towards Standard Assets	11,188.59	9,018.36

j) Business Ratios

Particulars	Current Year	Previous Year
i. Interest Income as a percentage to Working Funds	7.27%	7.61%
ii. Non-interest income as a percentage to Working Funds	1.25%	1.13%
iii. Operating Profit as a percentage to Working Funds	1.92%	1.94%
iv. Return on Assets*	0.46%	0.68%
v. Business (Deposits plus advances) per employee (₹ in crore)	14.11	12.34
vi. Profit per employee (₹ in thousands)	470.27	602.00

* (on net-assets basis)

k) Asset Liability Management: Maturity pattern of certain items of assets and liabilities as at 31st March 2016

	₹ In crore									
	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 3 years	Over 3 years & upto 5 years	Over 5 years	TOTAL
Deposits	32,254.69	31,224.38	18,964.10	26,786.00	91,505.07	1,42,701.27	3,29,433.98	4,06,204.54	1,59,306.39	4,92,342.02
	(57,851.81)	(26,454.50)	(18,078.37)	(26,277.89)	(93,336.98)	(1,39,455.40)	(2,28,347.53)	(3,74,749.76)	(1,68,526.42)	(4,43,714.53)
Advances	81,248.64	10,318.80	8,806.38	17,512.55	89,543.50	51,218.22	66,019.16	6,65,803.22	1,75,580.67	2,97,699.28
	(93,953.48)	(6,324.43)	(11,181.43)	(16,981.77)	(68,614.55)	(73,835.91)	(85,919.15)	(6,42,058.59)	(1,27,338.29)	(1,73,818.79)
Investments	0.70	639.94	1,023.78	1,589.66	12,513.13	10,767.42	19,519.25	89,293.75	57,136.04	2,84,613.61
	(-)	(829.89)	(3,679.12)	(5,522.64)	(17,160.51)	(15,385.63)	(17,946.26)	(69,307.56)	(80,867.00)	(2,71,060.14)
Borrowings	2,111.64	9,264.22	3,753.41	16,751.13	55,712.26	25,352.81	17,601.19	31,350.48	16,574.17	45,719.28
	(11,052.35)	(14,325.60)	(3,967.91)	(14,275.11)	(43,859.71)	(24,441.00)	(19,666.56)	(20,958.59)	(16,620.43)	(35,983.03)
Foreign Currency Assets #	78,671.10	1,495.59	990.85	7,330.95	30,412.64	19,118.60	20,884.87	59,109.37	65,118.64	47,100.93
	(81,569.01)	(1,910.62)	(2,541.70)	(7,449.89)	(17,120.90)	(28,290.16)	(21,562.61)	(49,095.23)	(44,185.46)	(39,850.95)
Foreign Currency Liabilities\$	28,569.54	9,803.31	4,293.14	20,231.25	62,665.39	36,463.27	52,236.94	59,586.10	32,578.57	10,116.16
	(33,991.88)	(14,174.37)	(4,943.86)	(17,085.47)	(52,563.89)	(34,153.04)	(39,677.83)	(52,273.23)	(34,428.42)	(7,999.68)

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 2015)



18.5. Exposures

The Bank is lending to sectors, which are sensitive to asset price fluctuations.

a) Real Estate Sector

Particulars	₹ In crore	
	As at 31st March 2016	As at 31st March 2015
(I) Direct exposure		
i) Residential Mortgages	2,06,765.40	1,83,082.23
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	2,06,765.40	1,83,082.23
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.	1,04,934.43	94,330.55
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.	27,364.60	20,761.65
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	877.99	614.48
a) Residential	877.99	603.28
b) Commercial Real Estate	0	11.20
(II) Indirect Exposure		
Fund based and Non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	28,656.55	18,930.16
Total	2,63,664.54	2,23,388.52

b) Capital Market

Particulars	₹ In crore	
	As at 31st March 2016	As at 31st March 2015
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.	4,026.53	3,727.32
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.	5.36	8.11

Particulars	₹ In crore	
	As at 31st March 2016	As at 31st March 2015
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.	9,339.52	7,358.66
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.	19.82	308.13
5) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	333.40	26.87
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.	516.87	285.76
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.	0.04	0.34
10) Exposures to Venture Capital Funds (both registered and unregistered)	1,618.44	1,873.05
Total Exposure to Capital Market	15,859.98	13,588.24

c) **Strategic Debt Restructuring (SDR) Scheme**

During the year the debt was converted into equity under SDR for the following borrowers:-

Sr. No.	Name of Company	₹ In crore	
		Amount of exposure Converted into equity	
1	Coastal Projects Ltd		25.86
2	IVRCL		200.00
3	Monnet Ispat & Energy Limited		24.12



d) 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.

Risk Category	Net Funded Exposure		Provision held		₹ In crore
	As at 31st March 2016	As at 31st March 2015	As at 31st March 2016	As at 31st March 2015	
Insignificant	1.00	1.68	Nil	Nil	
Very Low	69,481.69	52,107.06	78.60	56.89	
Low	2,599.83	883.78	Nil	Nil	
Low Medium	55,125.36	26,774.43	Nil	Nil	
Medium	5,942.22	3,148.82	Nil	Nil	
High	6,914.11	5,790.96	Nil	Nil	
Very High	2,790.41	2,296.82	Nil	Nil	
Restricted	4,182.70	3,390.41	Nil	Nil	
Off-Credit	Nil	Nil	Nil	Nil	
Total	1,47,037.32	94,393.96	78.60	56.89	

e) Single Borrower and Group Borrower exposure limits exceeded by the Bank

The Bank had taken single borrower exposure in excess of prudential limit prescribed by RBI in the cases given below:

Name of the Borrower	Exposure Ceiling	Exposure Sanctioned (Peak Level)	Period during which limit exceeded	Outstanding as on 31st March 2016	₹ In crore
Bharat Heavy Electricals Ltd	23,672.22	25,021.05	April 2015 to March 2016	21,696.22	

Note :-

1. No breach of Prudential Norms since Exposure on BHEL was well within the discretion given to banks by RBI for taking additional 5% exposure over the prudential limits.
2. Exposures on all the Borrower Groups were within the Prudential Norms during the year (F.Y. 2015-16).

f) Unsecured Advances

Particulars	₹ In crore	
	As at 31st March 2016	As at 31st March 2015
a) Total Unsecured Advances of the bank	3,15,779.06	2,59,109.61
i) Of which amount of advances outstanding against charge over intangible securities such as rights, licences, authority etc.	2,183.46	5,832.72
ii) The estimated value of such intangible securities (as in (i) above).	2,748.40	6,005.01

18.6. Miscellaneous

a) Disclosure of Penalties

₹ Nil (Previous year ₹ Nil) imposed by RBI.

Financial Intelligence Unit- India, New Delhi imposed a penalty of ₹ 0.05 crore under Section 12 of the PMLA Act.

During the current year the Hong Kong Monetary Authority have taken disciplinary action under Section 21 of AML ordinance and imposed a penalty of HKD 75,43,000. (Previous year, the Authority of Prudential Control and Resolution, Paris, France has imposed a penalty of Euro 3,00,000 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) Employee Benefits

i. Defined Benefit Plans

1. Employee's Pension Plan and Gratuity Plan

The following table sets out the status of the Defined Benefit Pension Plan and Gratuity Plan as per the actuarial valuation by the independent Actuary appointed by the Bank:-



₹ In crore

Particulars	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Change in the present value of the defined benefit obligation				
Opening defined benefit obligation as at 1st April 2015	51,616.04	45,236.99	7,182.35	6,838.07
Current Service Cost	843.64	897.53	128.33	108.88
Interest Cost	4,237.68	4,193.47	589.67	639.36
Past Service Cost (Vested Benefit)	-	-	-	-
Actuarial losses (gains)	6,212.17	4,537.90	451.06	533.18
Benefits paid	(1,511.96)	(1,346.63)	(1,019.27)	(937.14)
Direct Payment by Bank	(2,246.16)	(1,903.22)	-	-
Closing defined benefit obligation as at 31st March 2016	59,151.41	51,616.04	7,332.14	7,182.35
Change in Plan Assets				
Opening fair value of Plan Assets as at 1st April 2015	49,387.97	42,277.01	7,110.25	7,090.59
Expected Return on Plan Assets	4,296.75	3,678.10	618.59	616.88
Contributions by employer	1,400.54	2,493.62	213.24	233.88
Benefits Paid	(1,511.96)	(1,346.63)	(1,019.27)	(937.14)
Actuarial Gains / (Loss) on plan Assets	(162.93)	2,285.87	(43.04)	106.04
Closing fair value of plan assets as at 31st March 2016	53,410.37	49,387.97	6,879.77	7,110.25
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of Funded obligation as at 31st March 2016	59,151.41	51,616.04	7,332.14	7,182.35
Fair Value of Plan assets as at 31st March 2016	53,410.37	49,387.97	6,879.77	7,110.25
Deficit/(Surplus)	5,741.04	2,228.07	452.37	72.10
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	5,741.04	2,228.07	452.37	72.10
Amount Recognised in the Balance Sheet				
Liabilities	59,151.41	51,616.04	7,332.14	7,182.35
Assets	53,410.37	49,387.97	6,879.77	7,110.25
Net Liability / (Asset) recognised in Balance Sheet	5,741.04	2,228.07	452.37	72.10

Particulars	₹ In crore			
	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Unrecognised Past Service Cost (Vested)	-	-	-	-
Closing Balance				
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	5,741.04	2,228.07	452.37	72.10
Net Cost recognised in the profit and loss account				
Current Service Cost	843.64	897.53	128.33	108.88
Interest Cost	4,237.68	4,193.47	589.67	639.36
Expected return on plan assets	(4,296.75)	(3,678.10)	(618.59)	(616.88)
Past Service Cost (Amortised) Recognised	-	-	-	-
Past Service Cost (Vested Benefit) Recognised	-	-	-	-
Net actuarial losses (Gain) recognised during the year	6,375.10	2,252.03	494.10	427.14
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	7,159.67	3,664.93	593.51	558.50
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	4,296.75	3,678.10	618.59	616.88
Actuarial Gain/ (loss) on Plan Assets	(162.93)	2,285.87	(43.04)	106.04
Actual Return on Plan Assets	4,133.82	5,963.97	575.55	722.92
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet				
Opening Net Liability/ (Asset) as at 1st April 2015	2,228.07	2,959.98	72.10	(252.52)
Expenses as recognised in profit and loss account	7,159.67	3,664.93	593.51	558.50
Paid by Bank Directly	(2,246.16)	(1,903.22)	-	-
Debited to Other Provision	-	-	-	-
Recognised in Reserve	-	-	-	-
Employer's Contribution	(1,400.54)	(2,493.62)	(213.24)	(233.88)
Net liability/(Asset) recognised in Balance Sheet	5,741.04	2,228.07	452.37	72.10



Investments under Plan Assets of Pension Fund & Gratuity Fund as on 31st March 2016 are as follows:

Category of Assets	Pension Fund	Gratuity Fund
	% of Plan Assets	% of Plan Assets
Central Govt. Securities	33.20%	23.13%
State Govt. Securities	22.59%	15.35%
Debt Securities, Money Market Securities and Bank Deposits	39.51%	29.82%
Insurer Managed Funds	--	27.79%
Others	4.70%	3.91%
Total	100.00%	100.00%

Principal actuarial assumptions

Particulars	Pension Plans		Gratuity Plans	
	Current year	Previous year	Current year	Previous year
Discount Rate	8.06%	8.21%	7.86%	8.21%
Expected Rate of return on Plan Asset	8.06%	8.70%	7.86%	8.70%
Salary Escalation	5.00%	5.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

Surplus/ Deficit in the Plan

Gratuity Plan	₹ In crore
Amount recognised in the Balance Sheet	Year ended 31-03-2012
Liability at the end of the year	6,462.82
Fair value of Plan Assets at the end of the year	5,251.79
Difference	1,211.03
Unrecognised Past Service Cost	300.00
Unrecognised Transition Liability	-
Amount Recognised in the Balance Sheet	Year ended 31-03-2013
Liability at the end of the year	7,050.57
Fair value of Plan Assets at the end of the year	6,549.31
Difference	501.26
Unrecognised Past Service Cost	-
Unrecognised Transition Liability	-
Amount Recognised in the Balance Sheet	Year ended 31-03-2014
Liability at the end of the year	6,838.07
Fair value of Plan Assets at the end of the year	7,090.59
Difference	(252.52)
Unrecognised Past Service Cost	-
Unrecognised Transition Liability	-
Amount Recognised in the Balance Sheet	Year ended 31-03-2015
Liability at the end of the year	7,182.35
Fair value of Plan Assets at the end of the year	7,110.25
Difference	72.10
Unrecognised Past Service Cost	-
Unrecognised Transition Liability	-
Amount Recognised in the Balance Sheet	Year ended 31-03-2016
Liability at the end of the year	7,332.14
Fair value of Plan Assets at the end of the year	6,879.77
Difference	452.37
Unrecognised Past Service Cost	-
Unrecognised Transition Liability	-

Experience adjustment

Amount recognised in the Balance Sheet	Year ended 31-03-2012	Year ended 31-03-2013	Year ended 31-03-2014	Year ended 31-03-2015	Year ended 31-03-2016	₹ In crore
On Plan Liability (Gain) /Loss	367.64	459.56	210.19	(24.69)	326.09	
On Plan Asset (Loss) /Gain	32.58	62.46	23.87	106.04	(43.09)	

Surplus/Deficit in the plan Pension

Amount recognised in the Balance Sheet	Year ended 31-03-2012	Year ended 31-03-2013	Year ended 31-03-2014	Year ended 31-03-2015	Year ended 31-03-2016
Liability at the end of the year	36,525.68	39,564.21	45,236.99	51,616.04	59,151.41
Fair value of Plan Assets at the end of the year	27,205.57	35,017.57	42,277.01	49,387.97	53,410.37
Difference	9,320.11	4,546.64	2,959.98	2,228.07	5,741.04
Unrecognised Past Service Cost	-	-	-	-	-
Unrecognised Transition Liability	-	-	-	-	-
Amount Recognised in the Balance Sheet	9,320.11	4,546.64	2,959.98	2,228.07	5,741.04

Experience adjustment

On Plan Liability (Gain) /Loss	1,677.80	345.90	7,709.67	1,732.86	5,502.35
On Plan Asset (Loss) /Gain	130.16	419.58	335.40	2,285.87	(162.93)

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.

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. 2015-16.



The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuary appointed by the Bank:-

Particulars	Provident Fund	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation as at 1st April 2015	22,498.51	21,804.39
Current Service Cost	1,632.22	527.14
Interest Cost	2,026.72	1,869.09
Employee Contribution (including VPF)	1,983.67	661.66
Actuarial losses/(gains)	0.01	-
Benefits paid	(2,981.43)	(2,363.77)
Closing defined benefit obligation as at 31st March 2016	25,159.70	22,498.51
Change in Plan Assets		
Opening fair value of Plan Assets as at 1st April 2015	23,197.82	22,366.42
Expected Return on Plan Assets	2,026.72	1,869.09
Contributions	3,615.89	1,188.80
Benefits Paid	(2,981.43)	(2,363.77)
Actuarial Gains / (Loss) on plan Assets	126.32	137.28
Closing fair value of plan assets as at 31st March 2016	25,985.32	23,197.82
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation as at 31st March 2016	25,159.70	22,498.51
Fair Value of Plan assets as at 31st March 2016	25,985.32	23,197.82
Deficit/(Surplus)	(825.62)	(699.31)
Net Asset not recognised in Balance Sheet	825.62	699.31
Net Cost recognised in the profit and loss account		
Current Service Cost	1,632.22	527.14
Interest Cost	2,026.72	1,869.09
Expected return on plan assets	(2,026.72)	(1,869.09)
Interest shortfall reversed	-	-
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	1,632.22	527.14
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2015	-	-
Expense as above	1,632.22	527.14
Employer's Contribution	(1,632.22)	(527.14)
Net Liability/(Asset) Recognised In the Balance Sheet	-	-

Investments under Plan Assets of Provident Fund as on 31st March 2016 are as follows:

Provident Fund	
Category of Assets	% of Plan Assets
Central Govt. Securities	40.36%
State Govt. Securities	20.55%
Debt Securities, Money Market	34.15%
Securities and Bank Deposits	
Insurer Managed Funds	--
Others	4.94%
Total	100.00%

Principal actuarial assumptions:

Particulars	Provident Fund	
	Current year	Previous year
Discount Rate	7.86%	8.21%
Guaranteed Return	8.75%	8.75%
Attrition Rate	2.00%	2.00%
Salary Escalation	5.00%	5.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

There is a guaranteed return applicable to liability under SBI Employees Provident Fund. Fund has been crediting the interest at the rate of interest as declared under Employees Provident Fund and Miscellaneous Provisions Act 1952 and hence treated as a defined benefit plan.

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.2015-16, the Bank has contributed ₹ 191.18 crore (Previous Year ₹ 145.51 crore).

iii. Long Term Employee Benefits (Unfunded Obligation):

(a) Accumulating Compensated Absences (Privilege Leave)

The following table sets out the status of Accumulating Compensated Absences (Privilege Leave) as per the actuarial valuation by the independent Actuary appointed by the Bank:-

Particulars	₹ in crore		
	Accumulating Compensated Absences (Privilege Leave)	Current Year	Previous Year
Change in the present value of the defined benefit obligation			
Opening defined benefit obligation at 1st April 2015	3,756.50	3,079.47	
Current Service Cost	230.94	135.55	
Interest Cost	308.41	287.62	
Actuarial losses/(gains)	590.64	681.86	
Benefits paid	(511.00)	(428.00)	
Closing defined benefit obligation at 31st March 2016	4,375.49	3,756.50	
Net Cost recognised in the profit and loss account			
Current Service Cost	230.94	135.55	
Interest Cost	308.41	287.62	
Actuarial (Gain)/ Losses	590.64	681.86	
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	1,129.99	1,105.03	
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet			
Opening Net Liability as at 1st April 2015	3,756.50	3,079.47	
Expense as above	1,129.99	1,105.03	
Employer's Contribution	-	-	
Benefit paid directly by the Employer	(511.00)	(428.00)	



₹ in crore		
Accumulating Compensated Absences (Privilege Leave)		
Particulars	Current Year	Previous Year
Net Liability/(Asset)	4,375.49	3,756.50
Recognized In the Balance Sheet		

Principal actuarial assumptions:

Particulars	Current year	Previous year
Discount Rate	7.86%	8.21%
Salary Escalation	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

(b) Other Long Term Employee Benefits

Amount of ₹ (-) 7.62 crore (Previous Year ₹ (-)40.05 crore) is (written back)/ provided towards Other Long Term Employee Benefits as per the actuarial valuation by the independent Actuary appointed by the Bank and is included under the head "Payments to and Provisions for Employees" in Profit and Loss Account.

Details of Provisions made for various Other Long Term Employee Benefits during the year:

₹ in crore			
Sr. No.	Long Term Employee Benefits	Current Year	Previous Year
1	Leave Travel and Home Travel Concession (Encashment/ Availment)	10.00	(51.00)
2	Sick Leave	-	-
3	Silver Jubilee Award	(7.79)	1.71
4	Resettlement Expenses on Superannuation	(0.54)	6.22
5	Casual Leave	-	-
6	Retirement Award	(9.29)	3.02
Total		(7.62)	(40.05)

Principal actuarial assumptions:

Particulars	Current year	Previous year
Discount Rate	7.86%	8.21%
Salary Escalation	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Mortality Table	I ALM (2006-08) ULTIMATE	I ALM (2006-08) ULTIMATE

b) 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)

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	₹ In crore Total
Revenue #	49,572.24	63,983.80	76,531.65	-	1,90,087.69
	(41,095.95)	(61,445.90)	(71,248.38)	(-)	(1,73,790.23)
Unallocated Revenue #					1,755.98
					(1,182.73)
Total Revenue					1,91,843.67
					(1,74,972.96)
Result #	8,246.77	-11,466.70	18,967.10	-	15,747.17
	(7,554.38)	(-308.47)	(14,758.80)	(-)	(22,004.71)
Unallocated Income(+) / Expenses(-) Net #					-1,973.12
					(-2690.75)
Profit before tax #					13,774.05
					(19,313.96)
Tax #					3,823.40
					(6,212.39)
Extraordinary Profit #					Nil
					Nil
Net Profit #					9,950.65
					(13,101.57)
Other Information:					
Segment Assets *	5,07,261.72	8,74,603.31	8,57,750.16	-	22,39,615.19
	(4,99,202.87)	(7,83,263.69)	(750,148.40)	(-)	(20,32,614.96)
Unallocated Assets *					19,447.84
					(15,464.84)
Total Assets*					22,59,063.03
					(20,48,079.80)
Segment Liabilities *	2,92,776.35	7,96,500.56	965,368.29	-	20,54,645.20
	(3,08,334.71)	(6,88,172.53)	(8,68,722.52)	(-)	(18,65,229.76)
Unallocated Liabilities*					60,143.40
					(54,411.81)
Total Liabilities *					21,14,788.60
					(19,19,641.57)

(Figures in brackets are for previous year)

Part B: Secondary (Geographical Segments)

	Domestic		Foreign		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue #	1,78,322.68	1,64,304.43	11,765.01	9,485.80	1,90,087.69	1,73,790.23
Net Profit#	5,936.62	9,972.10	4,014.03	3,129.47	9,950.65	13,101.57
Assets *	19,30,789.77	17,47,311.56	3,28,273.26	3,00,768.24	22,59,063.03	20,48,079.80
Liabilities*	17,86,515.34	16,18,873.33	3,28,273.26	3,00,768.24	21,14,788.60	19,19,641.57

For the year ended 31st March 2016

* As at 31st March 2016

- c) 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. SBI Canada Bank
 3. State Bank of India (California)
 4. Commercial Indo Bank Llc , Moscow
 5. PT Bank SBI Indonesia
 6. Nepal SBI Bank Ltd.
 7. Bank SBI Botswana Limited
 - 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.
 15. SBI Foundation
 - iv. **FOREIGN NON-BANKING SUBSIDIARIES**
 1. SBICAP (UK) Ltd.
 2. SBI Funds Management (International) Pvt. Ltd.
 3. SBICAP (Singapore) Ltd.
 4. State Bank of India Servicos Limitada
 - 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. Rajasthan Marudhara Gramin Bank
 16. Telangana Grameena Bank
 17. Kaveri Grameena Bank
 18. Malwa Gramin Bank
 - ii. **Others**
 1. SBI Home Finance Ltd.(under liquidation)
 2. The Clearing Corporation of India Ltd.
 3. Bank of Bhutan Ltd.
- D. Key Management Personnel of the Bank**
1. Smt. Arundhati Bhattacharya, Chairman
 2. Shri P. Pradeep Kumar, Managing Director (Corporate Banking Group) (upto 31.10.2015)
 3. Shri V.G. Kannan, Managing Director (Associates & Subsidiaries)



- 4. Shri B. Sriram, Managing Director (National Banking Group) (upto 01.11.2015)
Managing Director (Corporate Banking Group) (from 02.11.2015)
- 5. Shri Rajnish Kumar, Managing Director (Compliance & Risk) (from 26.05.2015 to 01.11.2015)
Managing Director (National Banking Group) (from 02.11.2015)
- 6. Shri P. K. Gupta, Managing Director (Compliance & Risk) (from 02.11.2015)

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

Particulars	₹ In crore		
	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
A. Outstanding as at 31st March			
Borrowings	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Deposit	39.07	Nil	39.07
	(35.80)	(Nil)	(35.80)
Other Liabilities	Nil	Nil	Nil
	(0.02)	(Nil)	(0.02)
Balance with Banks	Nil	Nil	Nil
	(2.12)	(Nil)	(2.12)
Advance	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Investment	41.55	Nil	41.55
	(41.55)	(Nil)	(41.55)
Non-fund commitments (LCs/BGs)	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
B. Maximum outstanding during the year			
Borrowings	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Deposit	51.95	Nil	51.95
	(57.06)	(Nil)	(57.06)

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	₹ In crore Total
Other Liabilities	0.02	Nil	0.02
	(0.02)	(Nil)	(0.02)
Balance with Banks	2.12	Nil	2.12
	(5.94)	(Nil)	(5.94)
Advance	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Investment	41.55	Nil	41.55
	(41.55)	(Nil)	(41.55)
Non-fund commitments (LCs/BGs)	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
C. During the year ended 31st March			
Interest Income	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Interest expenditure	1.86	Nil	1.86
	(2.78)	(Nil)	(2.78)
Income earned by way of dividend	27.32	Nil	27.32
	(33.82)	(Nil)	(33.82)
Other Income	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Other expenditure	Nil	Nil	Nil
	(3.09)	(Nil)	(3.09)
Profit/(loss) on sale of land/building and other assets	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Management contracts	Nil	1.58	1.58
	(Nil)	(1.03)	(1.03)

Figures in brackets are for Previous Year

There are no materially significant related party transactions during the year.



d) Liability for Operating Leases

Premises taken on operating lease are given below:

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the Bank.

- a. Liability for Premises taken on Non-Cancellable operating lease are given below

₹ In crore

Particulars	As at 31st March 2016	As at 31st March 2015
Not later than 1 year	277.70	191.05
Later than 1 year and not later than 5 years	1165.78	674.79
Later than 5 years	311.17	178.17
Total	1,754.65	1,044.01

- b. Amount of lease payments recognised in the P&L Account for operating leases is ₹ 2,110.27 crore (₹ 1,659.09 crore)

e) 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	746,57,30,920
Number of Equity Shares issued during the year	29,70,46,122	0
Number of Equity Shares outstanding at the end of the year	776,27,77,042	746,57,30,920

Particulars	Current Year	Previous Year
Weighted average number of equity shares used in computing basic earnings per share	766,55,68,627	746,57,30,920
Weighted average number of shares used in computing diluted earnings per share	766,55,68,627	746,60,06,199
Net profit (₹ In crore)	9,950.65	13,101.57
Basic earnings per share (₹)	12.98	17.55
Diluted earnings per share (₹)	12.98	17.55*
Nominal value per share (₹)	1	1

*Diluted earnings per share is computed taking into consideration the amount received for equity shares allotted on 1st April 2016.

f) Accounting for Taxes on Income

i. **Current Tax :-**

During the year the Bank has debited to Profit & Loss Account ₹4,003.27 crore (Previous Year ₹6,719.11 crore) on account of current tax. The Current Tax in India has been calculated in accordance with the provisions of Income Tax Act 1961 after taking appropriate relief for taxes paid in foreign jurisdictions.

ii. **Deferred Tax :-**

During the year, ₹245.47 crore has been debited to Profit and Loss Account (Previous Year ₹477.56 crore Credited) on account of deferred tax.

- iii. The Bank has a net Deferred Tax Liability (DTL) of ₹2,212.44 crore (Previous Year net DTL of ₹1,987.14 crore), which comprises of DTL of ₹2,684.96 crore (Previous Year ₹2,353.12 crore) included under 'Other Liabilities and Provisions' and Deferred Tax Assets (DTA) of ₹472.52 crore (Previous Year ₹365.98 crore) included under

'Other Assets'. The major components of DTA and DTL is given below:

Particulars	₹ In crore		On Foreign Currency Translation Reserve	262.27	-
	As at 31st March 2016	As at 31st March 2015			
Deferred Tax Assets (DTA)					
Provision for Defined Benefit Schemes on account of Wage Revision	-	451.63			
Provision for long term employee Benefits	1,605.78	1,831.55			
Provision/ Additional Provision on specified Restructured Standard Assets/Standard Assets over the specified RBI Prudential Norms	1,791.21	1,132.65			
Provision for Other Assets	238.29	-			
Deferred Tax Liabilities (DTL)					
Depreciation on Fixed Assets		174.61	155.22		
Interest accrued but not due on Securities		3,476.39	3,286.61		
Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961		2,941.40	2,325.33		
On account of Foreign Offices		1.90	1.79		
Total		6,594.30	5,768.95		
Net Deferred Tax Assets/ (Liabilities)		(2,212.44)	(1,987.14)		

g) Investments in Jointly Controlled Entities

Investments include ₹ 38.43 crore (Previous Year ₹ 38.28 crore) representing Bank's interest in the following jointly controlled entities

Sr. No	Name of the Company	Amount ₹ In crore	Country of Residence	Holding %
1	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	Macquarie SBI Infrastructure Trustee Ltd.*	0.93 (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. (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:

₹ In crore

Particulars	As at 31st March 2016	As at 31st March 2015
Liabilities		
Capital & Reserves	174.57	159.14
Deposits	-	-
Borrowings	5.31	8.15
Other Liabilities & Provisions	101.07	76.93
Total	280.95	244.22
Assets		
Cash and Balances with RBI	0.01	-
Balances with Banks and money at call and short notice	114.50	96.36
Investments	9.00	9.69
Advances	-	-
Fixed Assets	31.02	35.75
Other Assets	126.42	102.42
Total	280.95	244.22
Capital Commitments		
Other Contingent Liabilities	6.04	3.51
Income		
Interest earned	6.75	6.09
Other income	328.38	285.04
Total	335.13	291.13
Expenditure		
Interest expended	0.96	1.23
Operating expenses	260.30	223.70
Provisions & contingencies	22.18	18.73
Total	283.44	243.66
Profit	51.69	47.47

h) Impairment of Assets

In the opinion of the Bank's Management, there is no indication of impairment to the assets during the year to which Accounting Standard 28 – "Impairment of Assets" applies.

i) 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.



j) **Movement of provisions against Contingent Liabilities**

₹ In crore		
Particulars	Current Year	Previous Year
Opening balance	443.58	327.31
Additions during the year	190.90	206.59
Amount utilised during the year	6.00	26.66
Unused amount reversed during the year	227.38	63.66
Closing balance	401.10	443.58

18.8. Additional Disclosures

1. **Provisions and Contingencies recognised in Profit and Loss Account**

₹ In crore		
Particulars	Current Year	Previous Year
Provision for Taxation		
-Current Tax	4,003.27	6,719.11
-Deferred Tax	245.47	-477.56
-Write Back of Income Tax	-425.34	-39.16
-Other Tax	-	10.00
Provision for Depreciation on Investments	149.56	-590.07
Withdrawal from Counter Cyclical Buffer	-1,149.00	-382.00
Provision on Non-Performing Assets	29,880.77	17,487.41
Provision on Restructured Assets	-1,747.63	802.65
Provision on Standard Assets	2,157.55	2,435.37
Other Provisions	192.50	469.95
Total	33,307.15	26,435.70

2. **Floating Provisions**

₹ In crore		
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, no withdrawal has been made from reserves.

4. **Status of complaints**

A. **Customer complaints**

Particulars	As at 31st March 2016	As at 31st March 2015
No. of complaints pending at the beginning of the year	30,896	21,413
No. of complaints received during the year	12,22,250	16,34,042
No. of complaints redressed during the year	12,37,811	16,24,559
No. of complaints pending at the end of the year	15,335	30,896

Does not include complaints redressed within one working day.

B. **Awards passed by the Banking Ombudsman**

Particulars	Current Year	Previous Year
No. of unimplemented Awards at the beginning of the year	15	9
No. of Awards passed by the Banking Ombudsman during the year	16	39
No. of Awards implemented during the year	31	33
No. of unimplemented Awards at the end of the year	-	15

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 no letters of comfort outstanding on behalf of its subsidiaries as on 31st March 2016. (Previous Year: ₹ 715.16 crore).

7. Provisioning Coverage Ratio (PCR):

The Provisioning to Gross Non-Performing Assets ratio of the Bank as on 31st March 2016 is 60.69 % (Previous Year 69.13%).

8. Fees/remuneration received in respect of the bancassurance business

₹ In crore

Name of Company	Current Year	Previous Year
SBI Life Insurance Co. Ltd.	379.94	281.16
SBI General Insurance Co. Ltd.	82.25	62.86
Manu Life Financial Limited and NTUC	1.65	0.57
Tokio Marine, ACE	0.16	0.21
TOTAL	464.00	344.80

9. Concentration of Deposits, Advances Exposures & NPAs (computed as per directions of RBI)

a) Concentration of Deposits

₹ In crore

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	1,13,783.78	1,01,148.22
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	6.57%	6.41%

b) Concentration of Advances

₹ In crore

Particulars	Current Year	Previous Year
Total Advances to twenty largest borrowers	2,34,099.47	2,06,512.83
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	15.51%	15.46%

c) Concentration of Exposures

₹ In crore

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/customers	3,51,117.08	3,45,152.13
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	14.93%	15.88%

d) Concentration of NPAs

₹ In crore

Particulars	Current Year	Previous Year
Total Exposure to top four NPA accounts	26,863.55	1,839.51



10. Sector-wise NPAs

₹ In crore

Sr. No.	Sector	Current Year			Previous year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A Priority Sector							
1	Agriculture & allied activities	1,26,455.87	9,839.11	7.78	1,12,705.39	10,216.74	9.06
2	Industry (Micro & Small, Medium and Large)	91,144.42	11,602.30	12.73	65,699.72	7,087.13	10.79
3	Services	32,341.80	1,747.36	5.40	26,146.41	1,699.94	6.50
4	Personal Loans	89,625.80	1,033.79	1.15	90,352.32	1,202.51	1.33
Sub-total (A)		3,39,567.89	24,222.56	7.13	2,94,903.84	20,206.32	6.85
B Non Priority Sector							
1	Agriculture & allied activities	5,644.32	496.94	8.80	5,024.05	199.91	3.98
2	Industry (Micro & Small, Medium and Large)	7,22,102.72	67,674.75	9.37	6,66,218.20	31,152.77	4.68
3	Services	1,90,365.38	4,355.62	2.29	1,75,819.02	4,014.14	2.28
4	Personal Loans	2,51,819.51	1,422.93	0.57	1,93,458.59	1,152.20	0.60
Sub-total (B)		11,69,931.93	73,950.24	6.32	10,40,519.86	36,519.02	3.51
C Total (A+B)		15,09,499.82	98,172.80	6.50	13,35,423.70	56,725.34	4.25

11. Overseas Assets, NPAs and Revenue

₹ In crore

Sr. No.	Particulars	Current Year	Previous Year
1	Total Assets	3,28,273.26	3,00,768.24
2	Total NPAs (Gross)	7,785.13	2,618.65
3	Total Revenue	11,765.01	9,485.80

12. Off-balance Sheet SPVs sponsored

Name of the SPV Sponsored		₹ In crore	
	Domestic	Overseas	
Current Year	NIL	NIL	
Previous Year	NIL	NIL	

13. Disclosure relating to Securitisation

₹ In crore			
Sr.	Particulars	Number	Amount
No.			
1.	No. of the SPVs sponsored by the Bank for securitisation transactions	Nil	Nil
2.	Total amount of securitised 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	Nil	Nil
	i. Exposures to own securitisations		
	1. First Loss		
	2. Others		
	ii. Exposures to third party securitisations	Nil	Nil
	1. First Loss		
	2. Others		

Sr.	Particulars	Number	Amount
No.			

b) On-balance sheet exposures

- 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

Sr. No.	Particulars	Current Year		Previous Year	
		As	As	As	As
		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



Sr. No. Particulars	Current Year		Previous Year		Sr. No. Particulars	Current Year		Previous Year	
	As Protection Buyer	As Protection Seller	As Protection Buyer	As Protection Seller		As Protection Buyer	As Protection Seller	As Protection Buyer	As Protection Seller
3. No. of transactions where credit event payment was received / made during the year					a) No. of Transactions (as on 1st April)	Nil	Nil	Nil	Nil
a) pertaining to current year's transactions	Nil	Nil	Nil	Nil	b) Amount of protection (as on 1st April)	Nil	Nil	Nil	Nil
b) pertaining to previous year(s)' transactions	Nil	Nil	Nil	Nil					
4. Net income/ profit (expenditure/ loss) in respect of CDS transactions during year-to-date:									
a) premium paid / received	Nil	Nil	Nil	Nil	i Total amount of intra-group exposures	9,251.34	15,442.79		
b) Credit event payments:					ii Total amount of top-20 intra-group exposures	9,251.34	15,442.79		
• made (net of the value of assets realised)	Nil	Nil	Nil	Nil	iii Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	0.39	0.71		
• received (net of value of deliverable obligation)	Nil	Nil	Nil	Nil	iv Details of breach of limits on intra-group exposures and regulatory action thereon	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:									

15. Intra-Group Exposures:

Particulars	Current Year	Previous Year
i Total amount of intra-group exposures	9,251.34	15,442.79
ii Total amount of top-20 intra-group exposures	9,251.34	15,442.79
iii Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	0.39	0.71
iv Details of breach of limits on intra-group exposures and regulatory action thereon	Nil	Nil

16. Unclaimed Liabilities transferred to Depositor Education and Awareness Fund (DEAF)

Particulars	Current Year	Previous Year
Opening balance of amounts transferred to DEAF	757.14	Nil
Add : Amounts transferred to DEAF during the year	123.78	757.14
Less : Amounts reimbursed by DEAF towards claims	Nil	Nil
Closing balance of amounts transferred to DEAF	880.92	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 has provided for Unhedged

Foreign Currency Exposure'. An amount of ₹ 161.21 crore (Previous Year ₹ 293.08 crore) was held as on 31st March 2016 for Currency Induced Credit Risk and Capital allocated for Currency Induced Credit Risk amounting to ₹ 237.62 crore (Previous Year ₹408.44 crore).

18. Liquidity Coverage Ratio (LCR):

a. Standalone LCR

Liquidity Coverage Ratio (LCR) standard has been introduced with the objective that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

Stock of high quality liquid assets (HQLAs)
 LCR has been defined as: Total net cash outflows over the next 30 calendar days

Liquid assets comprise of high quality assets that can be readily encashed or used as collateral to obtain cash in a range of stress scenarios. There are two categories of assets included in the stock of HQLAs, viz. Level 1 and Level 2 assets. Level 1 assets are with 0% haircut while in Level 2, 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 outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or be drawn down. Total expected cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in up to an aggregate cap of 75% of total expected cash outflows.

Quantitative Disclosure:

LCR COMPONENTS	FY - 2015-16		Q4 - 2015-16	
	Total Unweighted Value (Avg)	Total Weighted Value(Avg)	Total Unweighted Value (Avg)	Total Weighted Value (Avg)
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 Total High Quality Liquid Assets(HQLA)		2,39,970		2,50,927
CASH OUTFLOWS				
2 Retail Deposits and deposits from small business customers, of which:				
(i) Stable deposits	1,42,631	7,132	1,61,391	8,070
(ii) Less Stable Deposits	10,66,580	1,06,658	11,26,491	1,12,649
3 Unsecured wholesale funding, of which:				
(i) Operational deposits(all counterparties)	565	141	0	0
(ii) Non-operational deposits (all counterparties)	3,77,180	2,27,113	3,72,702	2,27,461
(iii) Unsecured debt	0	0	0	0
4 Secured wholesale funding	26,129	13	59,444	29
5 Additional requirements, of which				
(i) Outflows related to derivative exposures and other collateral requirements	70,333	70,333	76,881	76,881
(ii) Outflows related to loss of funding on debt products	0	0	0	0



₹ In crore

LCR COMPONENTS	FY - 2015-16		Q4 - 2015-16	
	Total Unweighted Value (Avg)	Total Weighted Value(Avg)	Total Unweighted Value (Avg)	Total Weighted Value (Avg)
(iii) Credit and liquidity facilities	1,85,287	26,327	2,08,731	29,801
6 Other contractual funding obligations	12,445	12,445	14,283	14,283
7 Other contingent funding obligations	3,71,624	17,989	3,65,189	15,889
8 TOTAL CASH OUTFLOWS	22,52,774	4,68,151	23,85,112	4,85,063
CASH INFLOWS				
9 Secured lending (eg. Reverse repos)	3,324	0	312	0
10 Inflows from fully performing exposures	1,34,289	1,17,996	1,41,656	1,23,564
11 Other cash inflows	39,325	31,188	41,950	32,873
12 TOTAL CASH INFLOWS	1,76,938	1,49,184	1,83,918	1,56,437
13 TOTAL HQLA		2,39,970		2,50,927
14 TOTAL NET CASH OUTFLOWS		3,18,967		3,28,626
15 LIQUIDITY COVERAGE RATIO (%)		75.23%		76.36%

The above LCR disclosure template shows the average of the un-weighted and weighted value of LCR components for the State Bank of India including its Foreign Branches. The averages are computed based on the month-end values for;

- a. the entire Financial Year 2015-16
- b. the quarter ended March 2016

Both the positions are above the minimum 70% prescribed by RBI (60% upto December 2015 and 70% from 1st January 2016). Bank's LCR comes out to 75.23% based on average of twelve months (FY15-16) and 76.36% based on average of last three months (Q4 FY15-16). The average HQLA for the Q4 FY15-16 was ₹ 250,927 crore, of which Level 1 assets constituted on an average 92% of total HQLA and cash, excess CRR, and 0% risk weighted Marketable securities issued/guaranteed by foreign sovereigns. Government securities consisting of 88% of Total Level 1 Assets. The net cash outflows position has gone up in the Q4 FY15-16 on account of growth of Balance Sheet size. Derivative exposures are considered insignificant due to almost matching inflows and outflows position. During the last quarter USD was the significant Foreign Currency which constituted more than 5% of the Balance Sheet of the Bank. Average USD LCR was 82% for Q4 FY15-16.

Liquidity Management in the Bank is driven by the ALM Policy, approved by the Bank's Board. The Domestic and International Treasuries are reporting to the Asset Liability

Management Committee (ALCO). The ALCO has been empowered by the Bank's Board to formulate the Bank's funding strategies to ensure that the funding sources are well diversified and is consistent with the operational requirements of the Bank. All the major decisions of ALCO are being reported to the Bank's Board periodically. In addition to monthly LCR reporting, Bank prepares daily Structural Liquidity statements to assess the liquidity needs of the Bank on an ongoing basis. Further, Dynamic Liquidity Reports are also being prepared periodically to forecast liquidity requirements and to strategize accordingly.

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 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.

b. Consolidated LCR

The RBI through a supplementary guideline issued on March 31, 2015 had stipulated the implementation of LCR at a consolidated level from January 1, 2016. Accordingly, SBI Group has been computing the Consolidated LCR.

The entities covered in the Group LCR are six Domestic Banking and seven Overseas Banking Subsidiaries. These are State Bank of India, State Bank of Bikaner and Jaipur,

State Bank of Hyderabad, State Bank of Patiala, State Bank of Mysore, State Bank of Travancore, Bank SBI Botswana Ltd, Commercial Indo Bank LLC, Moscow, Nepal SBI Bank Ltd., State Bank of India (California) Ltd, SBI Canada Bank, State Bank of India (Mauritius) Ltd, PT Bank SBI Indonesia.

SBI Group LCR comes out to 77.21% as on 31st March 2016 based on average of three months as under:

	₹ In crore	
LCR COMPONENTS	Total Unweighted Value(Average)	Total Weighted Value(Average)
HIGH QUALITY LIQUID ASSETS(HQLA)		
1 Total High Quality Liquid Assets(HQLA)		3,25,539
CASH OUTFLOWS		
2 Retail Deposits and deposits from small business customers, of which:		
(i) Stable deposits	2,42,670	12,134
(ii) Less Stable Deposits	14,19,909	1,41,991
3 Unsecured wholesale funding, of which:		
(i) Operational deposits(all counterparties)	4,540	1,127
(ii) Non-operational deposits(all counterparties)	494,122	2,87,505
(iii) Unsecured debt	0	0
4 Secured wholesale funding	66,768	5,872
5 Additional requirements, of which		
(i) Outflows related to derivative exposures and other collateral requirements	99,420	99,420
(ii) Outflows related to loss of funding on debt products	0	0
(iii) Credit and liquidity facilities	2,18,045	33,777
6 Other contractual funding obligations	22,415	22,415
7 Other contingent funding obligations	4,53,671	17,154
8 TOTAL CASH OUTFLOWS	30,21,560	6,21,395
CASH INFLOWS		
9 Secured lending(eg. Reverse repos)	1,440	331
10 Inflows from fully performing exposures	1,85,061	1,57,195
11 Other cash inflows	55,503	42,258
12 TOTAL CASH INFLOWS	2,42,004	1,99,784
13 TOTAL HQLA		3,25,539
14 TOTAL NET CASH OUTFLOWS		4,21,611
15 LIQUIDITY COVERAGE RATIO (%)		77.21%



The Group has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail deposits constitute major portion of total funding sources, and such funding sources are well diversified. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future short term requirements.

19. **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. **Sale of Assets to Reconstruction Companies**

Shortfall on account of sale of assets to Reconstruction Companies during the year amounting to ₹ 461.39 crore (previous year ₹ 2,803.19 crore) 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, ₹ 1,509.79 crore (previous year ₹ 623.78 crore) has been charged to the Profit & Loss Account for the year ended March 31, 2016. The amount unamortised as at March 31, 2016 is ₹ 1,131.01 crore (previous year ₹ 2,179.42 crore).

21. **Counter Cyclical Provisioning Buffer (CCPB)**

RBI vide Circular No. DBR.No.BP. BC.79/21.04.048/2014-15 dated March 30, 2015 on 'Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer' has allowed the banks, to utilise up to 50 per cent of CCPB held by them as on December 31, 2014, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors. Accordingly, the Bank has utilized the CCPB of ₹ 1149 crore (previous year ₹ 382 crore) for making specific provision for NPAs, in accordance with the board approved policy and approval of the Board.

22. **Asset Quality Review (AQR)**

During the year, as a part of Asset Quality Review (AQR) conducted by RBI, the Bank has been advised to reclassify/make additional provision in respect of certain advance accounts over two quarters ending December 2015 and March 2016. The Bank has accordingly implemented the RBI directions.

23. **Food Credit**

In accordance with RBI instruction, the Bank has made a provision of 7.5% amounting to ₹ 543.50 crore against outstanding in the food credit advance to a State Government pending resolution by stakeholders.

24. **Depreciation on Fixed Assets**

During the current year, estimated useful life of a few assets such as ATMs, cash dispensing machines, coin dispensing machine, computer servers, computer software, networking equipment were changed . The effect of which on the financial statements is considered not material.

25. Other income includes ₹ 2,033.83 crore on account of exchange gain on repatriation of funds from foreign offices to India and restatement of capital funds at historical costs at foreign offices.

26. In accordance with RBI circular dated July 16, 2015 investment in Rural Infrastructure and Development Fund and other related deposits have been re-classified to Schedule 11- Other Assets from Schedule 8 – Investments. Consequently, interest on such deposits have been re-classified to "Others" from "Income from investments" in Schedule 13 – Interest Earned.

27. 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 on 31st March, 2016

Particulars	(000s omitted)	
	Year ended on 31.03.2016 (Current Year) ₹	Year ended on 31.03.2015 (Previous Year) ₹
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Taxes	13774,05,74	19313,96,20
Adjustments for:		
Depreciation on Fixed Assets	1700,30,45	1116,49,32
(Profit)/Loss on sale of Fixed Assets (Net)	16,69,37	42,74,99
(Profit)/Loss on revaluation of Investments (Net)	151,67,43	0
(Profit)/Loss on sale of Investments Subsidiaries/Joint Ventures/Associates	(108,00,00)	0
Provision for diminution in fair value & Non Performing Assets	26984,14,36	17908,05,50
Provision on Standard Assets	2157,54,91	2435,37,49
Provision for Investment depreciation/(appreciation)	149,55,88	(590,07,29)
Other provisions including provision for contingencies	192,49,87	469,95,29
Income from investment in Subsidiaries, Joint Ventures, Associates	(475,82,57)	(677,03,43)
Interest paid on Capital Instruments	3722,80,38	3822,78,30
	48265,45,82	43842,26,37
Adjustments for:		
Increase/(Decrease) in Deposits	153929,19,11	182384,74,02
Increase/ (Decrease) in Borrowings other than Capital Instruments	12902,76,40	22057,84,75
(Increase)/ Decrease in Investments other than investments in Subsidiaries/Joint Ventures/Associates	5954,00,84	(80924,33,06)
(Increase)/ Decrease in Advances	(190658,16,81)	(108105,72,87)
Increase/ (Decrease) in Other Liabilities	23446,33,07	34437,35,30
(Increase)/ Decrease in Other Assets	(34583,68,76)	(61812,21,44)
Reduction in FCTR on disposal of investments in non-integral Operations	(873,92,35)	0
	18381,97,32	31879,93,07
Tax refund/ (Taxes paid)	(7185,42,60)	(4258,90,17)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	A	11196,54,72
CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/ Decrease in Investments in Subsidiaries/Joint Ventures/Associates	(1593,77,02)	(1444,77,30)
Profit/(Loss) on sale of Investments Subsidiaries/Joint Ventures/Associates	108,00,00	0
Dividend received from Subsidiaries/Joint Ventures/Associates	475,82,57	677,03,43
(Increase)/ Decrease in Fixed Assets	(2738,42,72)	(2490,36,07)
NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES	B	(3748,37,17)
		(3258,09,94)



(000s omitted)

Particulars		Year ended on 31.03.2016 (Current Year) ₹	Year ended on 31.03.2015 (Previous Year) ₹
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares including share premium		5384,49,57	0
Share application money pending allotment received during the year		0	2970,00,00
Issue/(redemption) of Capital Instruments		5902,84,20	(200,00,00)
Interest on Capital Instruments		(3722,80,38)	(3822,78,30)
Dividends paid including tax thereon		(3058,65,86)	(1236,33,43)
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	C	4505,87,53	(2289,11,73)
EFFECT OF EXCHANGE FLUCTUATION ON TRANSLATION RESERVE	D	757,82,36	132,33,71
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C+D)		12711,87,44	22206,14,94
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		154755,78,21	132549,63,27
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		167467,65,65	154755,78,21

Note:

Components of Cash & Cash Equivalents as at:	31.03.2016	31.03.2015
Cash & Balance with RBI	129629,32,53	115883,84,35
Balances with Banks and money at call & short notice	37838,33,12	38871,93,86
Total	167467,65,65	154755,78,21

Signed by:

Shri P.K. Gupta
Managing Director
(Compliance & Risk)

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

Shri B. Sriram
Managing Director
(Corporate Banking Group)

Directors:

Shri Sanjiv Malhotra
Shri M.D. Mallya
Shri Deepak I. Amin
Shri Tribhuwan Nath Chaturvedi
Dr. Girish Kumar Ahuja
Dr. Pushpendra Rai
Shri Sunil Mehta

Smt. Arundhati Bhattacharya
Chairman

In terms of our report of even date

For M/s Varma & Varma Chartered Accountants	For M/s Mehra Goel & Co. Chartered Accountants	For M/s S R R K Sharma Associates Chartered Accountants
Cherian K Baby Partner, M.No.016043 Firm Regn.No.004532 S	R K Mehra Partner, M.No.006102 Firm Regn.No.000517 N	S R R K Sharma Partner, M.No.18088 Firm Regn.No.003790 S
For M/s V. Sankar Aiyar & Co. Chartered Accountants	For M/s S. N. Mukherji & Co. Chartered Accountants	For M/s B. Chhawchharia & Co. Chartered Accountants
Ajay Gupta Partner, M.No.090104 Firm Regn.No.109208 W	Sudip Mukherji Partner, M.No.013321 Firm Regn.No.301079 E	Kshitiz Chhawchharia Partner, M.No.061087 Firm Regn. No. 305123 E
For M/s Manubhai & Shah LLP Chartered Accountants	For M/s M. Bhaskara Rao & Co. Chartered Accountants	For M/s GSA & Associates Chartered Accountants
Hitesh M Pomal Partner, M.No.106137 Firm Regn.No.106041W/W100136	M V Ramana Murthy Partner, M.No.206439 Firm Regn.No.000459 S	Sunil Aggarwal Partner, M.No.083899 Firm Regn.No.000257 N
For M/s Chatterjee & Co. Chartered Accountants	For M/s Bansal & Co. Chartered Accountants	For M/s Amit Ray & Co. Chartered Accountants
S K Chatterjee Partner, M.No.003124 Firm Regn.No.302114 E	D S Rawat Partner, M.No.083030 Firm Regn.No.001113 N	Basudeb Banerjee Partner, M.No.070468 Firm Regn.No.000483 C
For M/s S L Chhajed & Co. Chartered Accountants	For M/s Mittal Gupta & Co. Chartered Accountants	
S N Sharma Partner, M.No.071224 Firm Regn.No.000709 C	Akshay Kumar Gupta Partner, M.No.070744 Firm Regn.No.001874 C	

Place : Kolkata
Date : 27th May, 2016.

Independent Auditors' 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 March 31, 2016, which comprises the Balance Sheet as at March 31, 2016, 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) 8,903 Indian Branches audited by other auditors;
 - iii) 55 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 8,714 Indian Branches (including other accounting units) which have not been subjected to audit. These unaudited branches account for 4.03% of advances, 17.81% of deposits, and 4.99% of interest income and 16.08% 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 2016 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 Note 18 of Schedule 18: 'Notes to Accounts' regarding:
 - (a) Note No. 18.8 – para 20: non-amortization of ₹1,131.01 crore on account of loss on sale of assets to Reconstruction Companies.
 - (b) Note No. 18.8 – para 21: utilization of Counter Cyclical Buffer of ₹1, 149 crore during the year.

Our opinion is not qualified in respect of the above stated matter.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act 1949 and these give information as required to be given by virtue of the provisions of the State Bank of India Act, 1955 and regulations there under.
9. Subject to the limitations of the audit indicated in paragraphs 1 to 5 above and as required by the State Bank of India Act, 1955, and subject also to the limitations of disclosure required there in, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.
 - b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
10. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the applicable accounting standards.



For M/s Varma & Varma Chartered Accountants	For M/s Mehra Goel & Co. Chartered Accountants	For M/s S R R K Sharma Associates Chartered Accountants
Cherian K Baby Partner, M.No.016043 Firm Regn.No.004532 S	R K Mehra Partner, M.No.006102 Firm Regn.No.000517 N	S R R K Sharma Partner, M.No.18088 Firm Regn.No.003790 S
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For M/s S L Chhajed & Co. Chartered Accountants	For M/s Mittal Gupta & Co. Chartered Accountants	
S N Sharma Partner, M.No.071224 Firm Regn.No.000709 C	Akshay Kumar Gupta Partner, M.No.070744 Firm Regn.No.001874 C	

Place : Kolkata

Date : 27th May, 2016.

STATE BANK OF INDIA

Consolidated Balance Sheet as on 31st March 2016

	Schedule No.	As on 31.03.2016 (Current Year)	As on 31.03.2015 (Previous Year)
(000s omitted)			
CAPITAL AND LIABILITIES			
Capital	1	776,27,77	746,57,31
Reserves & Surplus	2	179816,08,85	160640,96,97
Minority Interest		6267,40,44	5497,11,75
Deposits	3	2253857,56,44	2052960,78,88
Borrowings	4	258214,39,05	244663,46,71
Other Liabilities and Provisions	5	271965,91,64	235601,10,84
TOTAL		2970897,64,19	2700110,02,46
ASSETS			
Cash and Balances with Reserve Bank of India	6	160424,56,91	144287,54,67
Balances with Banks and Money at Call & Short Notice	7	43734,89,64	44193,50,13
Investments	8	705189,07,67	673507,48,44
Advances	9	1870260,89,28	1692211,33,41
Fixed Assets	10	15255,68,28	12379,29,52
Other Assets	11	176032,52,41	133530,86,29
TOTAL		2970897,64,19	2700110,02,46
Contingent Liabilities	12	1184201,34,24	1190338,69,09
Bills for Collection		106611,67,61	105970,51,47
Significant Accounting Policies	17		
Notes to Accounts	18		

In term of our Report of even date.
For Varma and Varma
Chartered Accountants

(Arundhati Bhattacharya)
CHAIRMAN

Cherian K Baby
Partner

(P. K. Gupta)
MD (C & R)

(V. G. Kannan)
MD (A & S)

(B. Sriram)
MD (CBG)

Mem. No. : 16043
Firm Regn. No. : 004532 S

KOLKATA
Dated 27th May 2016

SCHEDULES



SCHEDULE 1 - CAPITAL

(000s omitted)

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
Authorised Capital	5000,00,00	5000,00,00
5000,00,00,000 equity shares of ₹ 1/- each (Previous Year 5000,00,00,000 equity shares of ₹ 1/- each)		
Issued Capital :	776,35,98	746,65,61
776,35,98,072 equity shares of ₹ 1/- each (Previous Year 746,65,61,670 equity shares of ₹ 1/- each)		
Subscribed and Paid up Capital	776,27,77	746,57,31
776,27,77,042 equity shares of ₹ 1/- each (Previous Year 746,57,30,920 equity shares of ₹ 1/- each) [The above includes 14,45,93,240 equity shares of ₹ 1/- each (Previous Year 16,04,31,560 equity shares of ₹ 1/- each) represented by 1,44,59,324 (Previous Year 1,60,43,156) Global Depository Receipts]		
TOTAL	776,27,77	746,57,31

SCHEDULE 2 - RESERVES & SURPLUS

(000s omitted)

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. Statutory Reserves		
Opening Balance	57789,72,97	52885,09,44
Additions during the year	3709,43,37	4904,63,53
Deductions during the year	- 61499,16,34	- 57789,72,97
II. Capital Reserves #		
Opening Balance	2816,00,26	2500,48,95
Additions during the year	538,20,31	315,51,31
Deductions during the year	1,09 3354,19,48	- 2816,00,26
III. Share Premium		
Opening Balance	41444,68,60	41444,68,60
Additions during the year	8333,44,99	-
Deductions during the year	8,65,88 49769,47,71	- 41444,68,60
IV. Foreign Currency Translation Reserves		
Opening Balance	6765,70,93	6759,69,99
Additions during the year	937,97,19	98,24,78
Deductions during the year	890,05,13 6813,62,99	92,23,84 6765,70,93
V. Revaluation Reserve		
Opening Balance	-	-
Additions during the year	1374,03,37	-
Deductions during the year	- 1374,03,37	-

SCHEDULES

	As on 31.03.2016 (Current Year)	As on 31.03.2015 (Previous Year)
	₹	₹
VI. Revenue and Other Reserves		
Opening Balance	49208,96,59	41001,62,17
Additions during the year ##	4885,36,61	8228,28,70
Deductions during the year	368,57,53	53725,75,67
	3279,83,29	20,94,28
VII. Balance in Profit and Loss Account	49208,96,59	49208,96,59
TOTAL	179816,08,85	2615,87,62
		160640,96,97

includes Capital Reserve on consolidation ₹ 242,83,39 thousand (Previous Year ₹ 237,49,80 thousand)
net of consolidation adjustments

SCHEDULE 3 - DEPOSITS

	(000s omitted)	
	As on 31.03.2016 (Current Year)	As on 31.03.2015 (Previous Year)
	₹	₹
A. I. Demand Deposits		
(i) From Banks	6740,88,18	7247,03,57
(ii) From Others	163938,91,29	145818,36,10
II. Savings Bank Deposits	744908,74,55	656490,39,45
III. Term Deposits		
(i) From Banks	9082,28,40	11852,80,26
(ii) From Others	1329186,74,02	1231552,19,50
TOTAL	2253857,56,44	2052960,78,88
B I. Deposits of Branches in India	2143972,00,39	1948918,04,67
II. Deposits of Branches outside India	109885,56,05	104042,74,21
TOTAL	2253857,56,44	2052960,78,88



SCHEDULE 4 - BORROWINGS

(000s omitted)

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹		
I. Borrowings in India				
(i) Reserve Bank of India	3391,79,00			5798,75,00
(ii) Other Banks	3686,76,87			3579,39,47
(iii) Other Institutions and Agencies	10547,50,98			18761,45,07
(iv) Capital Instruments :				
a. Innovative Perpetual Debt Instruments(IPDI)	3849,72,60			3890,00,00
b. Subordinated Debts & Bonds	53873,63,80	57723,36,40	47929,81,20	51819,81,20
TOTAL	75349,43,25			79959,40,74
II. Borrowings outside India				
(i) Borrowings and Refinance outside India		178661,48,05		160735,38,97
(ii) Capital Instruments :				
a. Innovative Perpetual Debt Instruments(IPDI)	4140,93,75			3906,25,00
b. Subordinated Debts & Bonds	62,54,00	4203,47,75	62,42,00	3968,67,00
TOTAL		182864,95,80		164704,05,97
GRAND TOTAL (I & II)		258214,39,05		244663,46,71
Secured Borrowings included in I & II above		13591,47,33		13595,79,97

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(000s omitted)

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. Bills payable	23335,72,69	24904,60,85
II. Inter Bank Adjustments (net)	237,92,52	321,30,21
III. Inter Office adjustments (net)	37419,45,02	39770,62,75
IV. Interest accrued	29833,04,28	25563,20,50
V. Deferred Tax Liabilities (net)	2930,88,61	2667,22,18
VI. Liabilities relating to Policyholders in Insurance Business	78668,25,79	70098,11,58
VII. Others (including provisions)	99540,62,73	72276,02,77
TOTAL	271965,91,64	235601,10,84

SCHEDULES

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

	(000s omitted)	
	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. Cash in hand (including foreign currency notes and gold)	17787,02,59	17753,63,55
II. Balance with Reserve Bank of India		
(i) In Current Account	142637,54,32	126533,91,12
(ii) In Other Accounts	-	-
TOTAL	160424,56,91	144287,54,67

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

	(000s omitted)	
	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. In India		
(i) Balances with banks		
(a) In Current Accounts	288,01,40	247,81,87
(b) In Other Deposit Accounts	2170,64,23	2244,22,90
(ii) Money at call and short notice		
(a) With banks	3722,29,44	3799,23,66
(b) With other institutions	37,97,35	-
TOTAL	6218,92,42	6291,28,43
II. Outside India		
(i) In Current Accounts	26911,87,69	22355,46,00
(ii) In Other Deposit Accounts	1571,46,56	2631,23,59
(iii) Money at call and short notice	9032,62,97	12915,52,11
TOTAL	37515,97,22	37902,21,70
GRAND TOTAL (I and II)	43734,89,64	44193,50,13



SCHEDULE 8 - INVESTMENTS

(000s omitted)

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. Investments in India in :		
(i) Government Securities	532290,24,22	517554,20,64
(ii) Other approved securities	3759,80,59	3516,13,23
(iii) Shares	23506,08,44	27460,41,25
(iv) Debentures and Bonds	61387,92,23	49626,98,14
(v) Subsidiaries and Associates	2456,08,15	2283,02,14
(vi) Others (Units of Mutual Funds, Commercial Papers etc.)	41525,68,15	41954,66,96
TOTAL	664925,81,78	642395,42,36
II. Investments outside India in :		
(i) Government Securities (including local authorities)	12291,86,27	7937,53,43
(ii) Associates	91,26,16	76,18,20
(iii) Other Investments (Shares, Debentures etc.)	27880,13,46	23098,34,45
TOTAL	40263,25,89	31112,06,08
GRAND TOTAL (I and II)	705189,07,67	673507,48,44
III. Investments in India :		
(i) Gross Value of Investments	666116,72,04	642857,88,24
(ii) Less: Aggregate of Provisions / Depreciation	1190,90,26	462,45,88
(iii) Net Investments (vide I above)	TOTAL	664925,81,78
IV. Investments outside India :		
(i) Gross Value of Investments	40360,83,74	31448,21,49
(ii) Less: Aggregate of Provisions / Depreciation	97,57,85	336,15,41
(iii) Net Investments (vide II above)	TOTAL	40263,25,89
GRAND TOTAL (III and IV)	705189,07,67	673507,48,44

SCHEDULES

SCHEDULE 9 - ADVANCES

(000s omitted)

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
A. I. Bills purchased and discounted	105904,33,41	108753,54,27
II. Cash credits, overdrafts and loans repayable on demand	768139,02,40	715170,45,86
III. Term loans	996217,53,47	868287,33,28
TOTAL	1870260,89,28	1692211,33,41
B. I. Secured by tangible assets (includes advances against Book Debts)	1449464,11,29	1338415,24,90
II. Covered by Bank/ Government Guarantees	65407,28,51	54987,35,00
III. Unsecured	355389,49,48	298808,73,51
TOTAL	1870260,89,28	1692211,33,41
C. I. Advances in India		
(i) Priority Sector	475038,00,97	425714,33,30
(ii) Public Sector	163126,02,25	121196,09,53
(iii) Banks	2541,75,87	1263,17,82
(iv) Others	952633,31,09	899895,18,92
TOTAL	1593339,10,18	1448068,79,57
II. Advances outside India		
(i) Due from banks	71750,72,87	49750,01,71
(ii) Due from others		
(a) Bills purchased and discounted	15298,95,44	28523,86,79
(b) Syndicated loans	92239,49,49	76503,24,02
(c) Others	97632,61,30	89365,41,32
TOTAL	276921,79,10	244142,53,84
GRAND TOTAL (C-I & C-II)	1870260,89,28	1692211,33,41



SCHEDULE 10 - FIXED ASSETS

(000s omitted)

	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹	
I. Premises			
At cost as on 31st March of the preceding year	4672,16,65		4323,51,56
Additions during the year	1835,36,27		355,12,36
Deductions during the year	2,39,36		6,47,27
Depreciation to date	672,31,88	5832,81,68	572,01,06 4100,15,59
II. Other Fixed Assets (including furniture and fixtures)			
At cost as on 31st March of the preceding year	23192,34,20		20473,94,21
Additions during the year	3056,76,25		3704,27,88
Deductions during the year	502,26,24		985,87,89
Depreciation to date	17125,95,43	8620,88,78	15332,16,54 7860,17,66
III. Leased Assets			
At cost as on 31st March of the preceding year	329,83,42		343,55,90
Additions during the year	2,09,22		11,72,44
Deductions during the year	209,40,98		25,44,92
Depreciation to date including provision	101,52,99		306,48,56
	20,98,67		23,34,86
Less : Lease Adjustment Account	47,045	16,28,22	47,045 18,64,41
IV. Assets under Construction (Including Premises)		785,69,60	400,31,86
TOTAL		15255,68,28	12379,29,52

SCHEDULES

SCHEDULE 11 - OTHER ASSETS

	(000s omitted)	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. Inter Office adjustments (net)		2700,12,71	2625,04,07
II. Interest accrued		21428,47,87	20948,92,59
III. Tax paid in advance / tax deducted at source		15697,31,41	11790,89,06
IV. Stationery and Stamps		140,48,46	137,51,42
V. Non-banking assets acquired in satisfaction of claims		52,20,86	24,17,35
VI. Deferred tax assets (net)		1161,66,36	949,49,97
VII. Deposits placed with NABARD/SIDBI/NHB etc. for meeting shortfall in priority sector lending		60047,16,38	42289,78,98
VIII. Others #		74805,08,36	54765,02,85
TOTAL		176032,52,41	133530,86,29

Includes Goodwill on consolidation ₹ 945,21,86 thousand (P.Y. ₹ 945,21,86 thousand)

SCHEDULE 12 - CONTINGENT LIABILITIES

	(000s omitted)	As on 31.03.2016 (Current Year) ₹	As on 31.03.2015 (Previous Year) ₹
I. Claims against the Group not acknowledged as debts		16060,79,90	16967,68,59
II. Liability for partly paid investments		157,84,11	464,57,92
III. Liability on account of outstanding forward exchange contracts		655899,96,45	695217,28,45
IV. Guarantees given on behalf of constituents			
(a) In India		164515,57,51	151058,82,39
(b) Outside India		88084,20,47	67589,77,46
V. Acceptances, endorsements and other obligations		131160,23,60	125913,03,37
VI. Other items for which the Group is contingently liable		128322,72,20	133127,50,91
TOTAL		1184201,34,24	1190338,69,09
Bills for collection		106611,67,61	105970,51,47

STATE BANK OF INDIA



Consolidated Profit and Loss Account for the year ended 31st March 2016

	SCHEDULE NO.	Year ended 31st March 2016 (Current Year) ₹	Year ended 31st March 2015 (Previous Year) ₹
I. INCOME			(000s omitted)
Interest earned	13	221854,84,37	207974,33,97
Other Income	14	51016,18,48	49315,16,86
TOTAL		272871,02,85	257289,50,83
II. EXPENDITURE			
Interest expended	15	143047,35,65	133178,64,45
Operating expenses	16	73717,06,84	73224,24,22
Provisions and contingencies		43363,31,29	33369,25,66
TOTAL		260127,73,78	239772,14,33
III. PROFIT			
Net Profit for the year (before adjustment for Share in Profit of Associates and Minority Interest)		12743,29,07	17517,36,50
Add: Share in Profit of Associates		275,81,61	314,44,18
Less: Minority Interest		794,51,18	837,50,76
Net Profit for the Group		12224,59,50	16994,29,92
Balance Brought forward		2615,87,62	2032,37,15
Amount available for Appropriation		14840,47,12	19026,67,07
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		3709,43,37	4904,63,53
Transfer to Other Reserves		5388,68,06	8301,62,00
Dividend for the previous year paid during the year (including Tax on Dividend)		80	-
Final Dividend for the year		2018,32,20	2648,17,28
Tax on Dividend		444,19,40	556,36,64
Balance carried over to Balance Sheet		3279,83,29	2615,87,62
TOTAL		14840,47,12	19026,67,07
Basic Earnings per Share		₹ 15.95	₹ 22.76
Diluted Earnings per Share		₹ 15.95	₹ 22.76
Significant Accounting Policies	17		
Notes to Accounts	18		

In term of our Report of even date.

For **Varma and Varma**
Chartered Accountants

(Arundhati Bhattacharya)
CHAIRMAN

Cherian K Baby
Partner

(P. K. Gupta)
MD (C & R)

(V. G. Kannan)
MD (A & S)

(B. Sriram)
MD (CBG)

Mem. No. : 16043
Firm Regn. No. : 004532 S

KOLKATA
Dated 27th May 2016

SCHEDULES

SCHEDULE 13 - INTEREST EARNED

	(000s omitted)	(000s omitted)
	Year ended 31.03.2016 (Current Year) ₹	Year ended 31.03.2015 (Previous Year) ₹
I. Interest / discount on advances / bills	157001,74,81	153144,59,00
II. Income on investments	57922,72,37	48952,27,42
III. Interest on balances with Reserve Bank of India and other inter-bank funds	1186,80,31	1033,54,96
IV. Others	5743,56,88	4843,92,59
TOTAL	221854,84,37	207974,33,97

SCHEDULE 14 - OTHER INCOME

	(000s omitted)	(000s omitted)
	Year ended 31.03.2016 (Current Year) ₹	Year ended 31.03.2015 (Previous Year) ₹
I. Commission, exchange and brokerage	17662,46,76	15841,75,18
II. Profit / (Loss) on sale of investments (Net)	8116,67,73	9671,95,41
III. Profit / (Loss) on revaluation of investments (Net)	(3144,68,18)	1786,05,64
IV. Profit / (Loss) on sale of land, buildings and other assets (Net)	(21,05,23)	(51,28,58)
V. Profit / (Loss) on exchange transactions (Net)	2539,37,79	2385,78,18
VI. Dividends from Associates in India/ abroad	7,52,34	17,38,47
VII. Income from financial lease	-	5,05
VIII Credit Card membership/ service fees	981,08,93	750,80,67
IX Insurance Premium Income (net)	16636,87,72	13628,73,49
X Miscellaneous Income	8237,90,62	5283,93,35
TOTAL	51016,18,48	49315,16,86



SCHEDULE 15 - INTEREST EXPENDED

	(000s omitted)	
	Year ended 31.03.2016 (Current Year) ₹	Year ended 31.03.2015 (Previous Year) ₹
I. Interest on deposits	132402,04,61	121588,38,03
II. Interest on Reserve Bank of India / Inter-bank borrowings	4893,83,34	5218,58,00
III. Others	5751,47,70	6371,68,42
TOTAL	143047,35,65	133178,64,45

SCHEDULE 16 - OPERATING EXPENSES

	(000s omitted)	
	Year ended 31.03.2016 (Current Year) ₹	Year ended 31.03.2015 (Previous Year) ₹
I. Payments to and provisions for employees	32525,59,82	31117,61,37
II. Rent, taxes and lighting	4939,78,70	4506,67,55
III. Printing and stationery	511,61,80	510,09,33
IV. Advertisement and publicity	609,67,64	796,87,12
V. (a) Depreciation on Leased Assets	4,05,74	5,18,40
(b) Depreciation on Fixed Assets (other than Leased Assets)	2248,14,79	1576,30,98
VI. Directors' fees, allowances and expenses	7,71,33	5,59,20
VII. Auditors' fees and expenses (including branch auditors' fees and expenses)	285,40,65	262,91,23
VIII. Law charges	362,14,06	322,29,26
IX. Postages, Telegrams, Telephones, etc.	812,91,81	854,98,57
X. Repairs and maintenance	797,06,39	730,45,95
XI. Insurance	2228,56,82	2080,02,62
XII. Other Operating Expenses relating to Credit Card Operations	1163,24,81	551,21,23
XIII. Other Operating Expenses relating to Insurance Business	17930,19,27	21972,48,10
XIV. Other Expenditure	9290,93,21	7931,53,31
TOTAL	73717,06,84	73224,24,22

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 30 subsidiaries, 8 Joint Ventures and 20 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.
 - e. In terms of RBI circular on "Strategic Debt Restructuring Scheme", the controlling interest acquired in entities as part of Strategic Debt Restructuring Scheme is neither considered for consolidation nor such investment is treated as investments in subsidiary/associate as the control is protective in nature and not participative.
 2. The difference between cost to the group of its investment in the subsidiary entities and the group's portion of the equity of the subsidiaries is recognised in the financial statements as goodwill / capital reserve.
 3. Minority interest in the net assets of the consolidated subsidiaries consists of:
 - a. The amount of equity attributable to the minority at the date on which investment in a subsidiary is made, and
 - b. The minority share of movements in revenue reserves/loss (equity) since the date the parent-subsidiary relationship came into existence.
- ### D. Significant Accounting Policies
1. Revenue recognition:
 - 1.1 Income and expenditure are accounted on accrual basis, except otherwise stated. As regards, foreign offices/entities, income and expenditure are recognised as per the local laws of the country in which the respective foreign offices/entities are located.



-
- 1.2 Interest 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, an amount equal to 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 over a period of 8 quarters equally beginning from the quarter in which the sale was effected .
 - 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. Recovery from funded guarantee schemes is recognised as income in the year of receipt.
- d. Expenses of schemes in excess of the stipulated rates and expenses relating to new fund offer are charged to the Profit and Loss Account in the year in which they are incurred in accordance with the requirements of SEBI (Mutual Funds) Regulations, 1996.

- e. 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 same is recognised on accrual basis.
- b. Interchange income is recognised on accrual basis.
- c. The total unidentified receipts which could not be credited or adjusted in the customers' accounts for lack of complete & correct information is considered as liability in balance sheet. The estimated unidentified receipts aged more than 6 months and up to 3 years towards the written off customers is written back as income on balance sheet date. Further, the unresolved unidentified receipts aged more than 3 years are also written back as income on balance sheet date. The liability for stale cheques aged for more than three years is written back as income.
- d. All other service income/fees are recorded at the time of occurrence of the respective events.

Factoring:

Factoring charges are accrued on factoring of debts at the applicable rates as decided by the company. Processing fees are recognised as income only when there is reasonable certainty of its receipt after execution of documents. Facility Continuation fees (FCF) are calculated and charged in the month of May for the entire next financial year on all live standard accounts. 1st of May is deemed as date for accrual of the FCF.

Life Insurance:

- a. Premium of non-linked business is recognised as income (net of service tax) 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.
 - f. Amounts recoverable from re-insurers are accounted for in the same period as the related claims and are reduced from claims.
 - 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 before the end of the accounting year but are
 - not yet reported or claimed (IBNR) or
 - not enough reported i.e. reported with

information insufficient for making a reasonable estimate of likely claim amount (IBNR), is the amount determined by the Appointed Actuary based on actuarial principles in accordance with the Actuarial Practice Standards and Guidance Notes issued by the Institute of Actuaries of India and IRDA regulations and guidelines.

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 the 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, if any, is ignored. On

- provision for depreciation, the book value of the individual security remains unchanged after marking to market.
- vi. In case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognised at lower of (i) Net Book Value (NBV) (i.e., book value less provisions held) of the financial asset and (ii) Redemption value of SR. SRs issued by an SC/ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ARC, is reckoned for valuation of such investments.
 - vii. Investments are classified as performing and non-performing, based on the guidelines issued by the RBI in the case of domestic offices/entities and respective regulators in the case of foreign offices/ entities. Investments of domestic offices become non-performing where:
 - a. Interest/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 Re. 1 per company on account of the non availability of the latest balance sheet, those equity shares would be reckoned as NPI.
 - c. If any credit facility availed by an entity is NPA in the books of the bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.
 - d. The above would apply mutatis-mutandis to Preference Shares where the fixed dividend is not paid.
 - e. The investments in debentures/bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.
 - f. In respect of foreign offices/entities, provisions for NPIs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.
- viii. Accounting for Repo/Reverse Repo transactions (other than transactions under the Liquidity Adjustment Facility (LAF) with the RBI)**
- a. The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However securities are transferred as in the case of normal outright sale/purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo A/c is classified under schedule 4 (Borrowings) and balance in Reverse Repo A/c is classified under schedule 7 (Balance with Banks and Money at Call & Short Notice).
 - b. 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.
- ◆ In case of Security Lending and Borrowing (SLB), equity shares lent are valued as per valuation policy for equity shares as mentioned above.
- ◆ 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:-

- ◆ Debt Securities including Government securities with remaining maturity of more than one year are valued at prices obtained from Credit Rating Information Services of India Limited ('CRISIL'). Debt securities including Government securities with remaining maturity of less than one year are valued on yield to maturity basis, where yield is derived using market price provided by CRISIL on the day when security is classified as short term. If security is purchased during its short term tenor, it is valued at amortised cost using yield to maturity method. In case of securities with options, earliest Call Option/Put Option date will be taken as maturity date for this purpose. Money market securities are valued at historical cost subject to amortization of premium or accretion of discount on yield to maturity basis. 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).
- ◆ Unlisted equity securities are measured at historical cost.
- ◆ 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.

3. Loans /Advances and Provisions thereon:

- 3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:
- i. In respect of term loans, interest and/or instalment of principal remains overdue for a period of more than 90 days;
 - ii. In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e. if the outstanding balance exceeds the sanctioned limit/drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance-sheet, or if the credits are not adequate to cover the interest due 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/entities, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.
- 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 head "Other liabilities & Provisions – Others".

6. Derivatives:

- 6.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, 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.
- 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 stated at historical cost except in the case of assets which have been revalued. The accumulated depreciation/amortisation is reduced from the cost/revalued amount. The appreciation on revaluation (if any) is credited to Revaluation Reserve.
- 7.2 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure/s incurred on the assets put to use are capitalised only when it increases the future benefits from such assets or their functioning capability.
- 7.3 The rates of depreciation and method of charging depreciation in respect of domestic operations are as under:

Sr. No.	Description of Fixed Assets	Method of charging depreciation	Depreciation/ amortisation rate
1	Computers	Straight Line Method	33.33% every year
2	Computer Software forming an integral part of the Computer hardware	Straight Line Method	33.33% every year
3	Computer Software which does not form an integral part of Computer hardware and cost of Software Development	Straight Line Method	33.33% every year
4	Automated Teller Machine/ Cash Deposit Machine/ Coin Dispenser / Coin Vending Machine	Straight Line Method	20.00% every year
5	Servers	Straight Line Method	25.00% every year
6	Network Equipment	Straight Line Method	20.00% every year
7	Other fixed assets	Straight Line Method	On the basis of estimated useful life of the assets Estimated useful life of major group of Fixed Assets are as under: 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 other financial assets 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 certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

In Consolidated Financial Statement, income tax expenses are the aggregate of the amounts of tax expense appearing in the separate financial statements of the parent and its subsidiaries/joint ventures, as per their applicable laws.

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. Gold Deposits, Metal Loan Advances and closing Gold Balances are valued at available Market Rate as on the date of Balance Sheet.

16. Special Reserves:

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961. The Board of Directors 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 30 Subsidiaries, 8 Joint Ventures and 20 Associates including 18 Regional Rural Banks (which along with State Bank of India, the parent, constitute the Group), considered in the preparation of the consolidated financial statements, are

A) Subsidiaries:

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	79.09	78.91
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	71.58
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)	SBI Canada Bank	Canada	100.00	100.00
18)	State Bank of India (California)	USA	100.00	100.00
19)	SBI (Mauritius) Ltd.	Mauritius	96.60	96.60
20)	PT Bank SBI Indonesia	Indonesia	99.00	99.00
21)	Bank SBI Botswana Limited	Botswana	100.00	100.00
22)	State Bank of India Servicos Limitada	Brazil	100.00	-
23)	SBICAP (UK) Ltd.	U.K.	100.00	100.00
24)	SBI Cards and Payment Services Pvt. Ltd. @	India	60.00	60.00
25)	SBI Funds Management Pvt. Ltd. @	India	63.00	63.00
26)	SBI Life Insurance Company Ltd. @	India	74.00	74.00
27)	Commercial Indo Bank Llc , Moscow @	Russia	60.00	60.00
28)	Nepal SBI Bank Ltd.	Nepal	55.10	55.10
29)	SBI Funds Management (International) Private Ltd. @	Mauritius	63.00	63.00
30)	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's holding in these companies exceeds 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	24.42	29.22
20)	Bank of Bhutan Ltd.	Bhutan	20.00	20.00



- a. In the month of April 2015, State Bank of Travancore, a Domestic Banking Subsidiary (DBS) of SBI has allotted 94,81,518 equity shares to SBI of worth ₹ 379.26 crore having face value of ₹ 10 each at a premium of ₹ 390 per share under Right Issue and the stake of SBI has increased from 78.91% to 79.09%.
- b. In the month of March 2016, SBI has sold its 4.80% stake in The Clearing Corporation of India Ltd. (an associate of SBI) after which SBI's stake reduced from 26.00% to 21.20% and group's stake reduced from 29.22% to 24.42%.
- c. The name of "State Bank of India (Botswana) Limited" a Foreign Banking Subsidiary (FBS) of SBI has been changed to "Bank SBI Botswana Limited" w. e .f. July 1, 2015.
- d. The name of "State Bank of India (Canada)" a Foreign Banking Subsidiary (FBS) of SBI has been changed to "SBI Canada Bank" w. e .f. March 1, 2016.
- e. State Bank of India Servicos Limitada, a Foreign Subsidiary of SBI, has started its operations during the financial year 2015-16, thus included in Consolidated Financial Statements.
- f. SBI Foundation, (a Not-for-Profit Company) was incorporated under Sec. 7(2) of the Companies Act 2013, as a subsidiary of SBI on June 26, 2015, to focus on the CSR activities of the Group. As it is a Not-for-Profit Company, SBI Foundation is not considered for consolidation in preparation of Consolidated Financials of the Group. SBI has infused ₹ 1 crore as capital in the month of August 2015 against 10,00,000 shares having face value of ₹ 10 each.
- g. SBI Home Finance Ltd., an associate in which SBI is having 25.05% stake, is under liquidation, thus not considered in Consolidated Financial Statements.
- 1.2** The consolidated financial statements for the financial year 2015-16 of the Group includes unaudited financial statements of one subsidiary (SBI Canada Bank) and 8 associates (Bank of Bhutan Ltd. and 7 Regional Rural Banks), the results of which are not material.
- 2. Share capital:**
- 2.1** During the year, SBI received application money of ₹ 5,393.00 crore (Previous Year ₹ 2,970.00 crore), including share premium of ₹ 5,373.34 crore (Previous Year ₹ 2,959.95 crore) from Government of India against preferential issue of 19,65,59,390 (Previous Year 10,04,77,012) equity shares of ₹ 1 each to Government of India. The equity shares were allotted on September 29, 2015.
- 2.2** SBI received application money of ₹ 2,970.00 crore including share premium of ₹ 2,959.95 crore 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. The equity shares were allotted on April 1, 2015.
- 2.3** 9,720 Equity Shares of ₹ 1 each that had been issued as a part of the Right Issue - 2008 but allotment of which was kept in abeyance, were allotted on July 16, 2015 and amount of ₹ 9,720.00 credited to Share Capital Account and ₹ 15,35,760.00 credited to Share Premium Account. Balance of such shares issued and kept in abeyance is 8,21,030 (Previous Year 8,30,750) of ₹ 1 each, since they are subject to title disputes or are subjudice.
- 2.4** Expenses in relation to the issue of shares ₹ 8.66 crore (Previous Year ₹ Nil) is debited to Share Premium Account.

3. Disclosures as per Accounting Standards

3.1 Employee Benefits:

3.1.1 Defined Benefit Plans

3.1.1.1 Employee's Pension Plans and Gratuity Plans

The following table sets out the status of the Defined Benefit Pension Plans and Gratuity Plan as required under AS 15 (Revised 2005) :-

₹ in crore

Particulars	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Change in the present value of the defined benefit obligation				
Opening defined benefit obligation at 1st April 2015	64,529.56	56,863.05	9,543.10	9,176.98
Current Service Cost	1,360.54	1,561.91	256.26	219.45
Interest Cost	5,276.63	5,070.61	778.43	833.14
Past Service Cost (Vested Benefit)	Nil	Nil	0.03	(0.02)
Actuarial losses /(gains)	6,909.53	5,083.47	652.16	529.94
Benefits paid	(2,665.72)	(2,146.26)	(1,331.74)	(1,216.39)
Direct Payment by SBI	(2,246.16)	(1,903.22)	Nil	Nil
Closing defined benefit obligation at 31st March 2016	73,164.38	64,529.56	9,898.24	9,543.10
Change in Plan Assets				
Opening fair value of plan assets at 1st April 2015	61,886.14	53,143.82	9,362.94	9,206.33
Expected Return on Plan assets	5,341.46	4,719.23	798.31	794.11
Contributions by employer	2,322.17	3,731.53	383.63	471.60
Benefits Paid	(2,665.72)	(2,146.26)	(1,331.74)	(1,216.39)
Actuarial Gains / (Losses) on plan assets	(70.08)	2,437.82	36.58	107.29
Closing fair value of plan assets at 31st March 2016	66,813.97	61,886.14	9,249.72	9,362.94
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of funded obligation at 31st March 2016	73,164.38	64,529.56	9,898.24	9,543.10
Fair Value of plan assets at 31st March 2016	66,813.97	61,886.14	9,249.72	9,362.94
Deficit/(Surplus)	6,350.41	2,643.42	648.52	180.16
Unrecognised Past Service Cost (Vested) Closing Balance	Nil	Nil	Nil	Nil
Net Liability/(Asset)	6,350.41	2,643.42	648.52	180.16
Amount Recognised in the Balance Sheet				
Liabilities	73,164.38	64,529.56	9,898.24	9,543.10
Assets	66,813.97	61,886.14	9,249.72	9,362.94
Net Liability / (Asset) recognised in Balance Sheet	6,350.41	2,643.42	648.52	180.16
Unrecognised Past Service Cost (Vested) Closing Balance	Nil	Nil	Nil	Nil
Net Liability/ (Asset)	6,350.41	2,643.42	648.52	180.16
Net Cost recognised in the profit and loss account				
Current Service Cost	1,360.54	1,561.91	256.26	219.45
Interest Cost	5,276.63	5,070.61	778.43	833.14
Expected return on plan assets	(5,341.46)	(4,719.23)	(798.31)	(794.11)
Past Service Cost (Amortised) Recognised	Nil	187.10	0.03	51.57



Particulars	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Past Service Cost (Vested Benefits) Recognised	Nil	Nil	Nil	Nil
Net Actuarial Losses / (Gains) recognised during the year	6,979.61	2,645.65	615.58	422.65
Total costs of defined benefit plans included in Schedule 16 “Payments to and provisions for employees”	8,275.32	4,746.04	851.99	732.70
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	5,341.46	4,719.23	798.31	794.11
Actuarial Gains/ (Losses) on Plan Assets	(70.08)	2,437.82	36.58	107.29
Actual Return on Plan Assets	5,271.38	7,157.05	834.89	901.40
Reconciliation of opening and closing net liability/(asset) recognised in Balance Sheet				
Opening Net Liability/(Asset) as at 1st April 2015	2,643.42	3,532.13	180.16	(80.94)
Expenses as recognised in profit and loss account	8,275.32	4,746.04	851.99	732.70
Paid by SBI Directly	(2,246.16)	(1,903.22)	Nil	Nil
Employer's Contribution	(2,322.17)	(3,731.53)	(383.63)	(471.60)
Past Service Cost	Nil	Nil	Nil	Nil
Net liability/(Asset) recognised in Balance Sheet	6,350.41	2,643.42	648.52	180.16

Investments under Plan Assets of Gratuity Fund & Pension Fund as on March 31, 2016 are as follows:

Category of Assets	Pension Fund	Gratuity Fund
	% of Plan Assets	% of Plan Assets
Central Govt. Securities	31.19%	22.45%
State Govt. Securities	22.30%	14.65%
Debt Securities, Money Market Securities and Bank Deposits	39.79%	29.49%
Insurer Managed Funds	1.21%	28.86%
Others	5.51%	4.55%
Total	100.00%	100.00%

Principal actuarial assumptions:

Particulars	Pension Plans		Gratuity Plans	
	Current year	Previous year	Current year	Previous year
Discount Rate	8.00% to 8.10%	8.21% to 8.21%	7.86% to 8.10%	8.21% to 8.21%
Expected Rate of return on Plan Asset	8.00% to 9.00%	8.21% to 9.00%	7.86% to 9.00%	8.00% to 9.00%
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.

3.1.1.2 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. 2015-16.

The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuary appointed by SBI:-

Particulars	₹ in crore	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2015	22,498.51	21,804.39
Current Service Cost	1,632.22	527.14
Interest Cost	2,026.72	1,869.09
Employee Contribution (including VPF)	1,983.67	661.66
Actuarial losses/(gains)	0.01	-
Benefits paid	(2,981.43)	(2,363.77)
Closing defined benefit obligation at 31st March 2016	25,159.70	22,498.51
Change in Plan Assets		
Opening fair value of Plan Assets as at 1st April 2015	23,197.82	22,366.42
Expected Return on Plan Assets	2,026.72	1,869.09
Contributions	3,615.89	1,188.80
Benefits Paid	(2,981.43)	(2,363.77)
Actuarial Gains / (Loss) on plan Assets	126.32	137.28
Closing fair value of plan assets as at 31st March 2016	25,985.32	23,197.82
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at 31st March 2016	25,159.70	22,498.51
Fair Value of Plan assets at 31st March 2016	25,985.32	23,197.82
Deficit/(Surplus)	(825.62)	(699.31)
Net Asset not recognised in Balance Sheet	825.62	699.31
Net Cost recognised in the profit and loss account		
Current Service Cost	1,632.22	527.14
Interest Cost	2,026.72	1,869.09
Expected return on plan assets	(2,026.72)	(1,869.09)
Interest shortfall reversed	-	-
Total costs of defined benefit plans included in Schedule 16 “Payments to and provisions for employees”	1,632.22	527.14
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2015	-	-
Expense as above	1,632.22	527.14
Employer's Contribution	(1,632.22)	(527.14)
Net Liability/(Asset) Recognized In the Balance Sheet	-	-



Investments under Plan Assets of Provident Fund as on March 31, 2016 are as follows:

Category of Assets	Provident Fund	
	% of Plan Assets	
Central Govt. Securities	40.36%	
State Govt. Securities	20.55%	
Debt Securities, Money Market Securities and Bank Deposits	34.15%	
Insurer Managed Funds	-	
Others	4.94%	
Total	100.00%	

Principal actuarial assumptions

Particulars	Provident Fund	
	Current year	Previous year
Discount Rate	7.86%	8.21%
Guaranteed Return	8.75%	8.75%
Attrition Rate	2.00%	2.00%
Salary Escalation	5.00%	5.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

There is a guaranteed return applicable to liability under SBI Employees Provident Fund. Fund has been crediting the interest at the rate of interest as declared under Employees Provident Fund and Miscellaneous Provisions Act 1952 and hence treated as a defined benefit plan.

3.1.2 Defined Contribution Plans

3.1.2.1 Employees Provident Fund

An amount of ₹ 36.98 crore (Previous Year ₹ 33.30 crore) is contributed 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.

3.1.2.2 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 ₹ 266.32 crore (Previous Year ₹ 200.10 crore) has been contributed in the scheme.

3.1.3 Other Long term Employee Benefits (Unfunded Obligation)

3.1.3.1 Accumulating Compensated Absences (Privilege Leave)

The following table sets out the status of Accumulating Compensated Absences (Privilege Leave) of SBI as per the actuarial valuation by the independent Actuary:-

Particulars	₹ in crore		
	Accumulating Compensated Absences (Privilege Leave)	Current Year	Previous Year
Change in the present value of the defined benefit obligation			
Opening defined benefit obligation at 1st April 2015	3,756.50	3,079.47	
Current Service Cost	230.94	135.55	
Interest Cost	308.41	287.62	
Actuarial losses/(gains)	590.64	681.86	
Benefits paid	(511.00)	(428.00)	
Closing defined benefit obligation at 31st March 2016	4,375.49	3,756.50	
Net Cost recognised in the profit and loss account			
Current Service Cost	230.94	135.55	
Interest Cost	308.41	287.62	
Actuarial (Gain)/ Losses	590.64	681.86	
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	1,129.99	1,105.03	
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet			
Opening Net Liability as at 1st April 2015	3,756.50	3,079.47	
Expense as above	1,129.99	1,105.03	
Employer's Contribution	-	-	-
Benefit paid directly by the Employer	(511.00)	(428.00)	
Net Liability/(Asset) recognized in the Balance Sheet	4,375.49	3,756.50	

Principal actuarial assumptions

Particulars	Current year	Previous year
Discount Rate	7.86%	8.21%
Salary Escalation	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE



Accumulating Compensated Absences (Privilege Leave) (excluding SBI)

An amount of ₹ 167.78 crore (Previous Year ₹ 124.26 crore) is provided by the group (excluding SBI) towards Privilege Leave (Encashment) including leave encashment at the time of retirement and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

3.1.3.2 Other Long Term Employee Benefits

Amount of ₹ 21.35 crore (Previous Year ₹ 12.55 crore) is provided by the group towards other Long Term Employee Benefits and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

Details of Provisions made for various Other Long Term Employees' Benefits during the year;

₹ in crore

Sl. No.	Long Term Employees' Benefits	Current Year	Previous Year
1	Leave Travel and Home Travel Concession (Encashment/ Availment)	25.85	(21.66)
2	Sick Leave	(1.43)	6.46
3	Silver Jubilee/Long Term Service Award	3.11	11.15
4	Resettlement Expenses on Superannuation	2.74	13.23
5	Casual Leave	Nil	Nil
6	Retirement Award	(8.92)	3.37
Total		21.35	12.55

3.1.4 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.

3.2 Segment Reporting:

3.2.1 Segment identification

A) Primary (Business Segment)

The following are the Primary Segments of the Group:

- Treasury
- Corporate / Wholesale Banking
- Retail Banking
- Insurance Business
- Other Banking Business

The present accounting and information system of the 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.

3.2.2 SEGMENT INFORMATION

PART A: PRIMARY (BUSINESS) SEGMENTS:

₹ in crore

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Insurance Business	Other Banking Operations	Elimination	TOTAL
Revenue	61,296.54	86,837.57	97,196.40	20,870.02	4,869.88		2,71,070.41
	(51,426.82)	(85,230.94)	(90,781.04)	(24,476.88)	(4,144.11)		(2,56,059.79)
Unallocated Revenue							1,800.62
							(1,229.72)
Total Revenue							2,72,871.03
							(2,57,289.51)
Result	9,071.69	-11,271.53	20,936.37	932.55	1,375.21		21,044.29
	(6,890.86)	(1,945.87)	(18,355.51)	(843.39)	(1,361.91)		(29,397.54)
Unallocated Income(+)/ Expenses(-) net							-2,867.51
							(-3,542.97)
Profit Before Tax							18,176.78
							(25,854.57)
Taxes							5,433.50
							(8,337.20)
Extraordinary Profit							-
							(-)
Net Profit before share in profit in Associates and Minority Interest							12,743.28
							(17,517.37)



Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Insurance Business	Other Banking Operations	Elimination	TOTAL
Add: Share in Profit in Associates							275.82
						(314.44)	
Less: Minority Interest							794.51
						(837.51)	
Net Profit for the Group							12,224.59
						(16,994.30)	

Other Information:

Segment Assets	6,51,194.08	11,31,334.93	10,54,672.01	87,073.44	17,298.70	29,41,573.16
	(6,21,415.72)	(10,35,530.32)	(9,31,543.92)	(76,948.47)	(13,468.53)	(26,78,906.96)
Unallocated Assets						29,324.48
						(21,203.06)
Total Assets						29,70,897.64
						(27,00,110.02)
Segment Liabilities	3,59,351.71	10,74,172.76	11,82,374.63	81,602.86	12,473.12	27,09,975.08
	(3,66,954.63)	(9,58,490.64)	(10,59,909.52)	(72,072.91)	(9,110.23)	(24,66,537.93)
Unallocated Liabilities						80,330.19
						(72,184.55)
Total Liabilities						27,90,305.27
						(25,38,722.48)

PART B: SECONDARY (GEOGRAPHIC) SEGMENTS

₹ in crore

	Domestic Operations	Foreign Operations	TOTAL
Revenue	2,59,965.33	12,905.70	2,72,871.03
	(2,46,689.00)	(10,600.51)	(2,57,289.51)
Net Profit	8,172.53	4,052.06	12,224.59
	(12,806.58)	(4,187.72)	(16,994.30)
Assets	26,19,303.39	3,51,594.25	29,70,897.64
	(23,78,661.71)	(3,21,448.31)	(27,00,110.02)
Liabilities	24,42,680.61	3,47,624.66	27,90,305.27
	(22,20,650.02)	(3,18,072.46)	(25,38,722.48)

(i) Income/Expenses are for the whole year. Assets/Liabilities are as at March 31, 2016.

(ii) Figures within brackets are for previous year

3.3 Related Party Disclosures:

3.3.1 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 liquidation)

C) Key Management Personnel of the Bank:

1. Smt. Arundhati Bhattacharya, Chairman
2. Shri P. Pradeep Kumar, Managing Director (Corporate Banking Group) (upto 31.10. 2015)
3. Shri V.G. Kannan, Managing Director (Associates & Subsidiaries)
4. Shri B. Sriram
 - ◆ Managing Director (National Banking Group) (upto 01.11.2015)
 - ◆ Managing Director (Corporate Banking Group) (from 02.11.2015)
5. Shri Rajnish Kumar
 - ◆ Managing Director (Compliance & Risk) (from 26.05.2015 to 01.11.2015)
 - ◆ Managing Director (National Banking Group) (from 02.11.2015)
6. Shri P. K. Gupta, Managing Director (Compliance & Risk) (from 02.11.2015)

3.3.2 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.



3.3.3 Transactions and Balances:

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	₹ in crore Total
Transactions during the year 2015-16			
Interest Income			
Interest Income	-	-	-
	(-)	(-)	(-)
Interest Expenditure	1.86	-	1.86
	(2.78)	(-)	(2.78)
Income earned by way of Dividend	27.32	-	27.32
	(33.82)	(-)	(33.82)
Other Income	3.46	-	3.46
	(-)	(-)	(-)
Other Expenditure	5.70	-	5.70
	(9.01)	(-)	(9.01)
Management Contract	399.08	1.58	400.66
	(308.94)	(1.03)	(309.97)
Outstanding as on 31st March 2016			
Payables			
Deposit	39.26	-	39.26
	(36.06)	(-)	(36.06)
Other Liabilities	42.23	-	42.23
	(29.45)	(-)	(29.45)
Receivables			
Balances with Banks	-	-	-
	(2.12)	(-)	(2.12)
Investments	41.55	-	41.55
	(41.55)	(-)	(41.55)
Advances	0.33	-	0.33
	(0.24)	(-)	(0.24)
Other Assets	0.13	-	0.13
	(0.34)	(-)	(0.34)
Maximum outstanding during the year			
Borrowings	-	-	-
	(-)	(-)	(-)
Deposit	52.32	-	52.32
	(57.32)	(-)	(57.32)
Other Liabilities	74.90	-	74.90
	(87.46)	(-)	(87.46)
Balance with Banks	2.12	-	2.12
	(5.94)	(-)	(5.94)
Advances	0.37	-	0.37
	(0.52)	(-)	(0.52)
Investment	41.55	-	41.55
	(41.55)	(-)	(41.55)
Other Assets	0.13	-	0.13
	(0.34)	(-)	(0.34)
Non-fund commitments (LCs/BGs)	-	-	-
	(-)	(-)	(-)

(Figures in brackets pertain to previous year)

There are no materially significant related party transactions during the year.

3.4 Leases:

3.4.1 Finance Leases

Assets taken on Financial Leases on or after April 01, 2001:

The details of financial leases are given below:

Particulars	₹ in crore	
	As at March 31, 2016	As at March 31, 2015
Total Minimum lease payments outstanding		
Less than 1 year	4.79	5.12
1 to 5 years	3.29	5.43
5 years and above	-	-
Total	8.08	10.55
Interest Cost payable		
Less than 1 year	0.63	0.89
1 to 5 years	0.39	0.51
5 years and above	-	-
Total	1.02	1.40
Present value of minimum lease payments payable		
Less than 1 year	4.16	4.23
1 to 5 years	2.90	4.92
5 years and above	-	-
Total	7.06	9.15

3.4.2 Operating Lease

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the group entities.

Liability for Premises taken on Non-Cancellable operating lease are given below:

Particulars	₹ in crore	
	As at March 31, 2016	As at March 31, 2015
Not later than 1 year	335.87	262.05
Later than 1 year and not later than 5 years	1,285.14	836.60
Later than 5 years	341.41	222.21
Total	1,962.42	1,320.86

Amount of lease payments recognised in the P&L Account for the year is ₹ 2,181.50 crore (Previous Year ₹ 1,744.10 crore).

3.5 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	746,57,30,920	746,57,30,920
Number of Equity Shares issued during the year	29,70,46,122	-
Number of Equity Shares outstanding at the end of the year	776,27,77,042	746,57,30,920
Weighted average number of equity shares used in computing basic earnings per share	766,55,68,627	746,57,30,920
Weighted average number of shares used in computing diluted earnings per share	766,55,68,627	746,60,06,199
Net Profit for the Group (₹ in crore)	12,224.59	16,994.30
Basic earnings per share (₹)	15.95	22.76
Diluted earnings per share (₹)	15.95	22.76*
Nominal value per share (₹)	1.00	1.00

* Diluted earnings per share is computed taking into consideration the amount received for equity shares allotted on April 1, 2016.

3.6 Accounting for Taxes on Income:

- i) During the year, ₹ 83.18 crore has been debited to Profit and Loss Account (Previous Year



₹ 1,049.64 crore credited) on account of deferred tax.

- ii) The break up of deferred tax assets and liabilities into major items is given below:

Particulars	₹ in crore	
	As at 31-Mar-2016	As at 31-Mar-2015
Deferred Tax Assets		
Provision for Defined Benefit Schemes on account of Wage Revision	1.26	954.34
Provision for long term employee Benefits	2,092.14	2,235.65
Provision/Additional Provision on Specified Restructured Standard/Standard Assets over the specified RBI Prudential Norms	2,136.25	1,745.05
Depreciation on Fixed Assets	5.18	(0.23)
Provision for non performing assets	1,214.43	195.67
Others	1,434.89	690.95
Total	6,884.15	5,821.43
Deferred Tax Liabilities		
Depreciation on Fixed Assets	236.11	210.79
Interest accrued but not due on securities	3,863.93	3,660.78
Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961	4,043.24	3,196.64
Others	510.09	470.94
Total	8,653.37	7,539.15
Net Deferred Tax Assets/ (Liabilities)	(1,769.22)	(1,717.72)

3.7 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.

3.8 Provisions, Contingent Liabilities & Contingent Assets:

◆ Provisions and contingencies recognised in Profit and Loss Account:

Particulars	₹ in crore	
	Current Year	Previous Year
a) Provision for Taxation		
- Current Tax	5,350.36	9,375.30
- Deferred Tax	83.18	(1,049.64)
- Other Taxes	(0.04)	11.54
b) Provision on Non-Performing Assets	38,024.06	20,634.68
c) Provision on Restructured Assets	(2,912.87)	1,563.63
d) Provision on Standard Assets	2,284.22	2,918.48
e) Provision for Depreciation on Investments	320.96	(663.07)
f) Other Provisions	213.45	578.34
Total	43,363.32	33,369.26

(Figures in brackets indicate credit)

◆ Floating provisions:		
	₹ in crore	
Particulars	Current Year	Previous Year
a) Opening Balance	222.05	362.37
b) Addition during the year	-	-
c) Draw down during the year	28.29	140.32
d) Closing balance	193.76	222.05

◆ 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/ remaining unpaid towards liability Venture Funds	This item represents amounts 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.



<p>5 Other items for which the Group is contingently liable</p>	<p>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.</p>	<p>◆ Movement of provisions against contingent liabilities:</p> <p>₹ in crore</p>																		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Particulars</th><th style="text-align: right; padding: 2px;">Current Year</th><th style="text-align: right; padding: 2px;">Previous Year</th></tr> </thead> <tbody> <tr> <td style="padding: 2px;">a) Opening Balance</td><td style="text-align: right; padding: 2px;">1,077.91</td><td style="text-align: right; padding: 2px;">790.46</td></tr> <tr> <td style="padding: 2px;">b) Additions during the year</td><td style="text-align: right; padding: 2px;">240.83</td><td style="text-align: right; padding: 2px;">378.00</td></tr> <tr> <td style="padding: 2px;">c) Amount utilised during the year</td><td style="text-align: right; padding: 2px;">286.02</td><td style="text-align: right; padding: 2px;">26.88</td></tr> <tr> <td style="padding: 2px;">d) Unused amount reversed during the year</td><td style="text-align: right; padding: 2px;">314.51</td><td style="text-align: right; padding: 2px;">63.67</td></tr> <tr> <td style="padding: 2px;">e) Closing balance</td><td style="text-align: right; padding: 2px;">718.21</td><td style="text-align: right; padding: 2px;">1,077.91</td></tr> </tbody> </table>	Particulars	Current Year	Previous Year	a) Opening Balance	1,077.91	790.46	b) Additions during the year	240.83	378.00	c) Amount utilised during the year	286.02	26.88	d) Unused amount reversed during the year	314.51	63.67	e) Closing balance	718.21	1,077.91
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d) Unused amount reversed during the year	314.51	63.67																		
e) Closing balance	718.21	1,077.91																		
		<p>4 Inter Office Accounts between branches, controlling offices, local head offices and corporate centre establishments of each domestic banking entity are being reconciled on an ongoing basis. Inter-Bank/ Company balances between group entities are also being reconciled on an ongoing basis. No material effect is expected on the profit and loss account of the current year.</p>																		
		<p>5 Depreciation on Fixed Assets</p>																		

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.

6 Sale of Assets to Reconstruction Companies

Shortfall on account of sale of assets to Reconstruction Companies during the year amounting to ₹ 1,669.24 crore (previous year ₹ 3,897.04 crore) is being amortized over two years, in terms of RBI Circular DBOD. BP.BC.98/21.04.132/2013-14 dated February 26, 2014. Consequently, ₹ 2,397.95 crore (previous year ₹ 887.13 crore) has been charged to the Profit & Loss Account for the year ended March 31, 2016. The amount unamortized as at March 31, 2016 is ₹ 2,281.20 crore (previous year ₹ 3,009.91 crore).

- 7 Counter Cyclical Provisioning Buffer (CCPB)**
- RBI vide Circular No. DBR.No.BP. BC.79/21.04.048/2014-15 dated March 30, 2015 on 'Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer' has allowed the banks, to utilise up to 50% of CCPB held by them as on December 31, 2014, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors. Accordingly, SBI and State Bank of Mysore have utilized the CCPB of ₹ 1,149.00 crore and ₹ 21.78 crore (previous year ₹ 382.00 crore and ₹ Nil) respectively for making specific provision for NPAs, in accordance with the board approved policy and approval of the Board.
- 8 Asset Quality Review (AQR)**
- During the year, as a part of Asset Quality Review (AQR) conducted by RBI, SBI and its Domestic Banking Subsidiaries have been advised to reclassify/make additional provision in respect of certain advance accounts over two quarters ended December 2015 and March 2016. Accordingly, they have implemented the RBI directions.
- 9 Food Credit**
- In accordance with RBI instruction, SBI and Domestic Banking Subsidiaries have made a provision of 7.50% amounting to ₹ 715.98 crore against outstanding in the food credit advance to a State Government pending resolution by stakeholders.
- 10 Other income includes ₹ 2,033.83 crore on account of exchange gain on repatriation of funds from SBI's foreign offices to India and restatement of capital funds at historical costs at SBI's foreign offices.
- 11 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 crore and to refund the excess commission paid to corporate agent vide order no. IRDA/Life/ORD/Misc/083/03/ 2014 dated March 11, 2014 amounting to ₹ 275.29 crore 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.
- 12 Revaluation Reserve on revaluation of fixed assets in respect of State Bank of Patiala and State Bank of Mysore is reported in 'Revaluation Reserve' under Schedule 2 "Reserves and Surplus".
- 13 The investments of life and general insurance subsidiaries have been accounted for 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 11.03% (Previous Year 9.97%) of the total investments as on March 31, 2016.



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- 14 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.
- 15 In accordance with current RBI guidelines, the general clarification issued by ICAI has been considered in the preparation of the Consolidated financial statements. Accordingly, additional statutory information disclosed in separate financial statements of the parent and its subsidiaries having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements in view of the Accounting Standard Interpretation issued by ICAI.
- 16 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.

In terms of our Report of even date

**For Varma and Varma
Chartered Accountants**

**(Arundhati Bhattacharya)
CHAIRMAN**

**Cherian K Baby
Partner**

**(P. K. Gupta)
MD (C & R)**

**(V. G. Kannan)
MD (A & S)**

**(B. Sriram)
MD (CBG)**

**Mem. No. : 16043
Firm Regn. No. : 004532 S**

KOLKATA
Dated 27th May 2016

STATE BANK OF INDIA

Consolidated Cash flow statement for the year ended 31st March 2016

Particulars	₹ in 000	
	Year ended on 31.03.2016 (Current Year) ₹	Year ended on 31.03.2015 (Previous Year) ₹
Cash flow from operating activities		
Net Profit before taxes (including share in profit from associates and net of minority interest)	17658,09,16	25331,49,77
Adjustments for :		
Depreciation on Fixed Assets	2252,20,53	1581,49,38
(Profit)/Loss on sale of Fixed Assets (Net)	21,05,23	51,28,58
(Profit)/Loss on sale of Investments (Net) (Investing Activity)	(11,85,66)	-
(Profit)/Loss on revaluation of Investments (Net)	3144,68,18	(1786,05,64)
Provision on Non Performing Assets	35111,18,68	22198,30,58
Provision on Standard Assets	2284,21,68	2918,47,70
Provision for depreciation on Investments	320,96,40	(663,06,38)
Other Provisions	213,44,87	578,33,91
Share in Profit of Associates (Investing Activity)	(275,81,61)	(314,44,18)
Dividend from Associates (Investing Activity)	(7,52,34)	(17,38,47)
Interest on Capital Instruments (Financing Activity)	4797,86,72	4894,70,92
SUB TOTAL	65508,51,84	54773,16,17
Adjustments for :		
Increase/(Decrease) in Deposits	200896,77,56	214108,43,23
Increase/(Decrease) in Borrowings other than Capital Instruments	7412,56,39	19761,57,51
(Increase)/Decrease in Investments other than Investment in Subsidiary and Associates	(34959,09,82)	(91344,03,30)
(Increase)/Decrease in Advances	(213160,74,55)	(136132,95,39)
Increase/(Decrease) in Other Liabilities & Provisions	37187,01,71	45919,41,32
(Increase)/Decrease in Other Assets	(38436,00,12)	(73270,85,58)
Reduction in FCTR on disposal of investments in non-integral operations	(873,92,35)	-
SUB TOTAL	23575,10,66	33814,73,96
Taxes Paid	(9498,42,83)	(7517,36,65)
Net cash generated from / (used in) operating activities	(A)	14076,67,83
Cash flow from investing activities		
(Increase)/Decrease in Investments in Subsidiary and Associates	99,53,30	1,37,27
Dividend received from Associates	7,52,34	17,38,47
(Increase)/Decrease in Fixed Assets	(3775,61,16)	(3452,29,40)



₹ in 000

Particulars		Year ended on 31.03.2016 (Current Year)	Year ended on 31.03.2015 (Previous Year)
	(B)	₹	₹
(Increase)/Decrease in Goodwill on Consolidation		-	3,13,15
Net Cash generated from / (used in) investing activities	(B)	(3668,55,52)	(3430,40,51)
Cashflow from financing activities			
Proceeds from issue of equity shares		5384,49,57	-
Share Application Money pending allotment received		-	2970,00,00
Increase/(Decrease) in Capital Instruments		6138,35,95	1142,18,25
Interest on Capital Instruments		(4797,86,72)	(4894,70,92)
Dividends paid including tax thereon		(3058,65,86)	(1236,33,43)
Dividends tax paid by Subsidiaries/JVs		(88,16,60)	(122,38,00)
Increase/(Decrease) in Minority Interest		770,28,69	587,96,68
Net Cash generated from / (used in) financing activities	(C)	4348,45,03	(1553,27,42)
Effect of exchange fluctuation on translation reserve	(D)	921,84,41	6,00,95
Net increase / (decrease) in cash and cash equivalents		15678,41,75	21319,70,33
(A)+(B)+(C)+(D)			
Cash and Cash equivalents at the beginning of the year		188481,04,80	167161,34,47
Cash and Cash equivalents at the end of the year		204159,46,55	188481,04,80
Components of Cash & Cash Equivalents as at:		31.03.2016	31.03.2015
Cash & Balances with Reserve Bank of India		160424,56,91	144287,54,67
Balances with Banks and Money at Call & Short Notice		43734,89,64	44193,50,13
TOTAL		204159,46,55	188481,04,80

In term of our Report of even date.
For Varma and Varma
Chartered Accountants

(Arundhati Bhattacharya)
CHAIRMAN

(P. K. Gupta)
MD (C & R)

(V. G. Kannan)
MD (A & S)

(B. Sriram)
MD (CBG)

Cherian K Baby
Partner

Mem. No. : 16043
Firm Regn. No. : 004532 S

KOLKATA
Dated 27th May 2016

Independent Auditor's Report

To,
The Board of Directors,
State Bank of India,
Corporate Centre,
State Bank Bhavan, Mumbai

Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated Financial Statements of State Bank of India (the "Bank") and its Subsidiaries, Joint Ventures and Associates (the "Group") [The entities of the Group whose Financial Statements are included in the Consolidated Financial Statements are listed in Schedule 18 - Notes to Accounts - which forms part of the Consolidated Financial Statements of the Group] which comprise the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Management of State Bank of India is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the requirements of the Accounting Standard 21 – "Consolidated Financial Statements", Accounting Standard 23 – "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard 27 – "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India, the requirements of Reserve Bank of India, the State Bank of India Act, 1955 and other accounting principles generally accepted in India. This responsibility of the management of State Bank of India includes the design, implementation and maintenance of internal controls and risk management systems relevant to the preparation and presentation of the consolidated financial statements of the SBI Group that give a true and fair view and are free from material misstatement, whether due to fraud or error. We are informed that the management of the individual entities of the group have implemented such internal controls and risk management systems that are relevant to the preparation of the financial statements

and the designed procedures that are appropriate in the circumstances so that the internal controls with regard to all the activities of the SBI Group are effective. These statements have been prepared on the basis of separate financial statements and other financial information of the entities of the Group, relevant for consolidation.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management of the entities of the Group, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, and based on our consideration of the reports of other auditors on separate financial statements and the other financial information of Subsidiaries, Joint Ventures and Associates, the unaudited financial statements and the other financial information of a subsidiary and



certain associates as furnished by the Management, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2016;
- (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

7. Without qualifying our opinion, we draw attention to schedule 18 of Consolidated Financial Statements : 'Notes to Accounts' regarding:

- (a) Note no. 6: non-amortization of ₹2,281 crore on account of loss on sale of assets to Reconstruction Companies.
- (b) Note no. 7: utilization of Counter Cyclical Buffer of ₹1,171 crore during the year.

Our opinion is not qualified in respect of the above stated matters.

Other Matters

8. Incorporated in these consolidated financial statements are the:

- (a) Audited accounts of the Bank audited by 14 (fourteen) Joint Auditors including us which reflect total assets of ₹22,59,063 crore as at March 31, 2016, total revenue of ₹191,843 crore, and net cash inflows amounting to ₹12,711 crore for the year then ended;
- (b) Audited accounts of 29 (twenty nine) Subsidiaries, 8 (eight) Joint Ventures and 12 (twelve) Associates audited by other auditors whose financial statements reflects the Group's share in total assets of ₹7,26,950 crore as at March 31, 2016, the Group's share in total revenue of ₹83,228 crore, the Group's share in net cash inflows amounting to ₹3,499 crore, and the Group's share in profit from associates of ₹ 177 crore for the year then ended;

- (c) Unaudited accounts of 1 (one) Subsidiary and 8 (eight) Associates whose financial statements reflect total assets of ₹4,114 crore as at March 31, 2016, total revenue of ₹146 crore, net cash inflows amounting to ₹49 crore and the Group's share in profit from associates of ₹78 crore for the year then ended.

These financial statements and other financial information have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such subsidiaries, joint ventures and associates, is based solely on the report of the other auditors and unaudited financial statements referred to above.

- 9. The auditors of SBI Life Insurance Company, a subsidiary of the Group have reported that the; The actuarial valuation of liabilities for life policies in force is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which the premium has been discontinued but liability exists as at 31 March 2016 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDAI / "Authority") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists on standalone financial statements of the Company.

Our opinion is not qualified in respect of these matters.

- 10. The consolidated financial statements of the Bank for the year ended 31 March 2015 were audited by another auditor who expressed an unmodified opinion on those statements vide their report dated May 22nd, 2015.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

Cherian K Baby
Partner
M No.016043

Place: Kolkata
Date: May 27, 2016

PILLAR 3 DISCLOSURES (CONSOLIDATED)

as on 31st March 2016

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 31.03.2016

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	Explain the method of consolidation (yes / no)	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 & 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
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



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
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	SBI Canada Bank	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	Bank SBI Botswana Ltd.	Botswana	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
28	State Bank of India Servicos Limitada	Brazil	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
29	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
30	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
31	C - Edge Technologies Ltd.	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	JV Entity:Not under scope of Regulatory Consolidation

PILLAR 3 DISCLOSURES (CONSOLIDATED)

as on 31st March 2016

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
32	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
33	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
34	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
35	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
36	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
37	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
38	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
39	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
40	Arunachal Pradesh Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
41	Chhattisgarh Rajya 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 (yes / no)	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
42	Ellaquai Dehati Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
43	Meghalaya Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
44	Langpi Dehangi Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
45	Madhyanchal Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
46	Mizoram Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
47	Nagaland Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
48	Purvanchal Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
49	Utkal Grameen Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
50	Uttarakhand Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation

PILLAR 3 DISCLOSURES (CONSOLIDATED)

as on 31st March 2016

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
51	Vananchal Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
52	Saurashtra Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
53	Rajasthan Marudhara Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
54	Telangana Grameena Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
55	Kaveri Grameena Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
56	Malwa Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate Entity:Not under scope of Regulatory Consolidation
57	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
58	Bank of Bhutan Ltd.	Bhutan	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 31.03.2016

(₹ in crore)

Sr. No.	Name of the entity	Country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
1	SBI Foundation	India	A Not-for-Profit Company to focus on Corporate Social Responsibility (CSR) Activities	0.96	100%	Risk weighting at 1250%	0.96
2	SBI Home Finance Ltd.	India	Under Liquidation	N.A.	25.05%	Full provision available	N.A.

(ii) Quantitative Disclosures:

c. List of group entities considered for regulatory consolidation as on 31.03.2016

Following is the list of group entities considered under regulatory scope of consolidation :

(₹ in crore)

Sr. No.	Name of the entity	Country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) \$	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
1	State Bank of Bikaner & Jaipur	India	Banking Services	6,742.80	110,336.27
2	State Bank of Hyderabad	India	Banking Services	10,399.63	164,596.78
3	State Bank of Mysore	India	Banking Services	5,241.79	82,975.00
4	State Bank of Patiala	India	Banking Services	7,886.99	131,036.21
5	State Bank of Travancore	India	Banking Services	6,021.12	114,506.78
6	SBI Capital Markets Ltd.	India	Merchant Banking and Advisory Services	1,078.65	1,189.28
7	SBICAP Securities Ltd.	India	Securities Broking & its allied services and third party distribution of financial products	115.97	211.43
8	SBICAP Ventures Ltd.	India	Asset Management Company for Venture Capital Fund	27.24	28.89
9	SBICAP Trustee Company Ltd.	India	Corporate Trusteeship Activities	52.67	54.27
10	SBICAP (UK) Ltd.	U.K.	Arrangement of corporate finance & providing advisory services	15.66	15.77
11	SBICAP (Singapore) Ltd.	Singapore	Business & management Consultancy Services	63.55	64.09

PILLAR 3 DISCLOSURES (CONSOLIDATED)

as on 31st March 2016

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) (₹ in crore)
12	SBI DFHI Ltd.	India	Primary Dealer in Govt. Securities	1,001.28	5,836.20
13	SBI Payment Services Pvt. Ltd.	India	Payment Solution Services	2.19	2.49
14	SBI Global Factors Ltd.	India	Factoring Activities	322.81	889.18
15	SBI Pension Funds Pvt Ltd.	India	Management of assets of NPS Trust allocated to them	34.08	34.33
16	SBI –SG Global Securities Services Pvt. Ltd.	India	Custody and Fund accounting services	87.68	92.26
17	SBI Mutual Fund Trustee Company Pvt Ltd.	India	Trusteeship Services to schemes floated by SBI Mutual Fund	20.78	20.80
18	SBI Funds Management Pvt. Ltd.	India	Asset Management Services to schemes floated by SBI Mutual Fund	630.91	782.11
19	SBI Funds Management (International) Private Ltd.	Mauritius	Investment Management Services	1.07	1.30
20	SBI Cards and Payment Services Pvt. Ltd.	India	Credit Cards Business	1,155.04	7,843.42
21	State Bank of India (California)	USA	Banking Services	754.98	4,365.62
22	SBI Canada Bank	Canada	Banking Services	672.07	4,114.12
23	Commercial Indo Bank Llc. , Moscow	Russia	Banking Services	174.65	631.20
24	SBI (Mauritius) Ltd.	Mauritius	Banking Services	1,247.82	7,158.78
25	PT Bank SBI Indonesia	Indonesia	Banking Services	596.27	2,194.40
26	Nepal SBI Bank Ltd.	Nepal	Banking Services	394.52	4,505.23
27	Bank SBI Botswana Ltd.	Botswana	Banking Services	32.57	242.01
28	State Bank of India Servicos Limitada	Brazil	Representative Office Services	1.64	1.92

\$ 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

As on 31.03.2016

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
 - ▶ Operational Risk
 - ▶ Liquidity Risk
 - ▶ Compliance Risk
 - ▶ Pension Fund Obligation Risk
 - ▶ Reputation Risk
 - ▶ Residual Risk from Credit Risk Mitigants
 - ▶ Settlement Risk
 - ▶ Market Risk
 - ▶ Credit Concentration Risk
 - ▶ Interest Rate Risk in the Banking Book
 - ▶ Country Risk
 - ▶ New Businesses Risk
 - ▶ Strategic Risk
 - ▶ Model 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 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 ₹ 1,31,950.57 crs.
 - ▶ Securitization exposures Nil
- Total ₹ 1,31,950.57 crs

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(c) Capital requirements for market risk:

- ▶ Standardized duration approach;
 - Interest Rate Risk ₹ 7,620.98 crore
 - Foreign Exchange Risk (including gold) ₹174.59 crore
 - Equity Risk ₹3,460.35 crore

Total ₹11,255.92 crore

(d) Capital requirements for operational risk:

- ▶ Basic Indicator Approach ₹14,928.04 crore
- ▶ The Standardized Approach (if applicable)

Total ₹14,928.04 crore

(e) Common Equity Tier 1, Tier 1 and Total Capital Ratios:

- ▶ For the top consolidated group; and
- ▶ For significant bank subsidiaries (stand alone or sub-consolidated depending on how the Framework is applied)

CAPITAL ADEQUACY RATIOS AS ON 31.03.2016			
	CET 1 (%)	Tier 1 (%)	Total (%)
SBI Group	9.67	9.87	12.92
State Bank of India	9.81	9.92	13.12
State Bank of Bikaner & Jaipur	8.81	8.97	11.06
State Bank of Hyderabad	8.90	9.27	11.62
State Bank of Mysore	9.01	9.28	12.43
State Bank of Patiala	8.12	8.32	11.50
State Bank of Travancore	8.90	9.19	11.60
SBI Mauritius Ltd.	20.09	20.09	21.14
SBI Canada Bank	17.76	17.76	20.47
State Bank of India (California)	16.39	16.39	17.64
Commercial Indo Bank LLC, Moscow	34.37	34.37	34.37
Bank SBI Indonesia	40.24	40.24	40.24
Nepal SBI Bank Ltd.	12.21	12.21	15.11
Bank SBI Botswana Ltd.	20.26	20.26	20.26

DF-3: CREDIT RISK: GENERAL DISCLOSURES

a. Qualitative Disclosures

▶ Definitions of past due and impaired assets (for accounting purposes)

Non-performing assets

An asset becomes non-performing when it ceases to generate income for the Bank. As from 31st March 2006, a non-performing Asset (NPA) is an advance where

- (i) Interest and/or installment 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 installment of principal or interest thereon remains overdue for two crop seasons and a loan granted for long duration crops is treated as NPA, if installment of principal or interest thereon remains overdue for one crop season
- (vi) An account would be classified as NPA only if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter.



-
- (vii) The amount of a liquidity facility remains outstanding for more than 90 days, in respect of securitization transactions undertaken in accordance with the RBI guidelines on securitization dated February 1, 2006.
 - (viii) In respect of derivative transactions, the overdue receivables representing the positive mark to market value of a derivative contract, remain unpaid for a period of 90 days from the specified due date for payment.
- (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.

'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.

The Bank has also a Loan Policy which aims at ensuring that there is no undue deterioration in quality of individual assets within the portfolio. Simultaneously, it also aims at continued improvement of the overall quality of assets at the portfolio level, by establishing a commonality of approach regarding credit basics, appraisal skills, documentation standards and awareness of institutional concerns and strategies, while leaving enough room for flexibility and innovation

The Bank has processes and controls in place in regard to various aspects of Credit Risk Management such as appraisal, pricing, credit approval authority, documentation, reporting and monitoring, review and renewal of credit facilities, management of problem loans, credit monitoring, etc. The Bank also have a system of Credit Audit with the aims of achieving continuous improvement in the quality of the Commercial Credit portfolio with exposure of ₹10 crore. and above. Credit Audit covers audit of credit sanction decisions at various levels. Both the pre-sanction process and post-sanction position are examined as a part of the Credit Audit System. Credit Audit also examines identified Risks and suggests Risk Mitigation Measures.

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as on 31st March 2016

DF-3: Quantitative Disclosures as on 31.03.2016

(Insurance entities, JVs & Non-financial entities excluded)

General Disclosures:		Amount - ₹ in crore		
Quantitative Disclosures		Fund Based	Non Fund Based	Total
b	Total Gross Credit Risk Exposures	1928714.97	467472.30	2396187.27
c	Geographic Distribution of Exposures : FB / NFB			
	Overseas	280212.88	39797.83	320010.71
	Domestic	1648502.09	427674.47	2076176.56
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)			123463.87
	i. Substandard			38661.95
	ii. Doubtful 1			40330.01
	iii. Doubtful 2			32513.19
	iv. Doubtful 3			8988.19
	v. Loss			2970.53
g	Net NPAs			69809.03
h	NPA Ratios			
	i) Gross NPAs to gross advances			6.40
	ii) Net NPAs to net advances			3.73
i	Movement of NPAs (Gross)			
	i) Opening balance			74613.37
	ii) Additions			91899.40
	iii) Reductions			43048.90
	iv) Closing balance			123463.87
j	Movement of provisions for NPAs			
	i) Opening balance			36812.67
	ii) Provisions made during the period			36859.34
	iii) Write-off			20001.37
	iv) Write-back of excess provisions			15.80
	v) Closing balance			53654.84
k	Write-offs and recoveries that have been booked directly to the Income St.			668.85
l	Amount of Provisions held for Non-Performing Investments			372.24
m	Movement of Provisions for Depreciation on Investments			
	i) Opening balance			678.28
	ii) Provisions made during the period			801.76
	iii) Add: Foreign Exchange Revaluation Adj.			0.00
	iv) Write-off			335.98
	v) Write-back of excess provisions			448.42
	vi) Closing balance			695.64
n	By major industry or counter party type			
	i) Amt. of NPA and if available, past due loans, provided separately			70423.13
	ii) Specific & general provisions; and			6237.98
	iii) Specific provisions and write-offs during the current period			1156.17
o	Amt. of NPAs and past due loans provided separately by significant geographical areas including specific and general provisions			66439.66
	Provisions			3992.12



Table- A: DF-3 (d) Industry Type Distribution of Exposures as on 31.03.2016

CODE	INDUSTRY	Amount - ₹ in crore		
		FUND BASED [Outstanding-O/s)]	NON-FUND BASED(O/s)	Total
		Standard	NPA	
1	Coal	2,993.74	1,425.07	4,418.81
2	Mining	8,288.48	630.58	8,919.06
3	Iron & Steel	111,655.25	22,696.56	134,351.81
4	Metal Products	47,772.99	2,271.14	50,044.13
5	All Engineering	38,619.06	5,574.56	44,193.62
5.1	Of which Electronics	10,358.59	768.34	11,126.93
6	Electricity	35,722.05	243.16	35,965.21
7	Cotton Textiles	30,021.99	4,818.55	34,840.54
8	Jute Textiles	453.60	55.41	509.01
9	Other Textiles	26,233.58	3,409.26	29,642.84
10	Sugar	9,603.16	687.69	10,290.85
11	Tea	748.79	119.21	868.00
12	Food Processing	34,179.36	5,542.92	39,722.28
13	Vegetable Oils & Vanaspati	5,226.36	1,279.86	6,506.22
14	Tobacco / Tobacco Products	654.92	11.80	666.72
15	Paper / Paper Products	5,150.95	1,095.82	6,246.77
16	Rubber / Rubber Products	4,742.98	216.69	4,959.67
17	Chemicals / Dyes / Paints etc.	73,770.59	4,989.82	78,760.41
17.1	Of which Fertilizers	12,141.75	52.94	12,194.69
17.2	Of which Petrochemicals	40,471.74	1,262.89	41,734.63
17.3	Of which Drugs & Pharma	9,425.59	2,755.23	12,180.82
18	Cement	8,481.33	701.30	9,182.63
19	Leather & Leather Products	2,499.98	82.80	2,582.78
20	Gems & Jewellery	12,952.88	2,070.69	15,023.57
21	Construction	20,512.05	525.59	21,037.64
22	Petroleum	49,734.19	1,137.65	50,871.84
23	Automobiles & Trucks	14,884.47	215.08	15,099.55
24	Computer Software	3,446.40	587.55	4,033.95
25	Infrastructure	282,530.90	15,029.26	297,560.16
25.1	Of which Power	166,194.82	3,955.23	170,150.05
25.2	Of which Telecommunication	27,331.64	559.77	27,891.41
25.3	Of which Roads & Ports	30,930.20	4,325.25	35,255.45
26	Other Industries	161,367.04	12,756.97	174,124.01
27	NBFCs & Trading	196,674.59	9,836.64	206,511.23
28	Residual Advances	616,284.17	25,452.24	641,736.41
	Total	1,805,251.10	123,463.87	1,928,714.97
				467472.30

PILLAR 3 DISCLOSURES (CONSOLIDATED)

as on 31st March 2016

Table- B

DF-3 (e) SBI (CONSOLIDATED) Residual contractual maturity breakdown of assets as on 31.03.2016*

INFLOWS										₹ in crore	
	1-14 days	15-30 days	31 days & upto 2 months	More than 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	TOTAL	
1 Cash	17523.37	0.26	0.51	4.31	13.48	3.33	8.56	0.00	0.00	17553.82	
2 Balances with RBI	49578.49	1560.35	1274.22	1473.10	4019.48	16000.99	26830.35	10586.70	31313.87	142637.55	
3 Balances with other Banks	33167.99	1489.13	1287.49	1998.97	2210.45	911.19	3372.93	0.00	22.79	44460.94	
4 Investments	18283.22	3415.59	11068.11	11336.81	18350.74	29471.97	111843.44	78544.10	356023.26	638337.24	
5 Advances	115536.72	28229.30	56659.84	60484.72	66958.22	100337.69	853996.62	221617.79	369721.41	1873542.31	
6 Fixed Assets	0.00	0.00	0.00	0.00	0.00	15.29	11.66	43.37	14639.00	14709.32	
7 Other Assets	52308.05	9174.29	3044.28	7356.72	8864.14	9917.15	9526.63	8304.25	63050.62	171546.13	
TOTAL	286397.84	43868.92	73334.45	82654.63	100416.51	156657.61	1005590.19	319096.21	834770.95	2902787.31	

*Notes:

- i) Insurance entities, Non-financial entities, JVs, Special Purpose Vehicles & Intra-group Adjustments are excluded.
- ii) Investments include Non-performing Investments and Advances includes Non-performing Advances.
- iii) The Bucketing structure has been revised based on the RBI guidelines dated March 23, 2016.

DF-4: CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

Qualitative Disclosures

(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

The key aspects of the Bank's external ratings application framework are as follows:

- All long term and short term ratings assigned by the credit rating agencies specifically to the Bank's long term and short term exposures respectively are considered by the Bank as issue specific ratings.
- Foreign sovereign and foreign bank exposures are risk-weighted based on issuer ratings assigned to them.
- The Bank ensures that the external rating of the facility/borrower has been reviewed at least once by the ECAI during the previous 15 months and is in force on the date of its application.
- Where multiple issuer ratings are assigned to an entity by various credit rating agencies, In this context, the lower rating, where there are two ratings and the second-lowest rating where there are three or more ratings are used for a given facility.



Long-term Issue Specific Ratings (For the Bank's own exposures or other issuance of debt by the same borrower-constituent/counter-party) or Issuer (borrower-constituents/counter-party) Ratings are applied to other unrated exposures of the same borrower-constituent/counter-party in the following cases :

- If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures, any other unrated exposure on the same counter-party is assigned the same Risk Weight, if the exposure ranks 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 31.03.2016

	(₹in crore)
	Amount
(b) For exposure amounts after risk mitigation subject to the Standardized Approach, amount of group's outstanding (rated and unrated) in each risk bucket as well as those that are deducted.	
Below 100% Risk Weight	1512863.16
100% Risk Weight	560379.61
More than 100% Risk Weight	320061.05
Deducted	2883.45
Total	2396187.27

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 Policy (Credit Risk Management, Credit Risk Mitigation, Collateral Management and Counterparty Credit Risk Management) 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 part of the 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 :

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as on 31st March 2016

- (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) Custody of collateral
- (vii) Insurance
- (viii) Monitoring of credit risk mitigants
- (ix) 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

Units of Mutual Funds regulated by securities regulator.

► Main types of Guarantor Counterparty and their creditworthiness

The Bank accepts the following entities as eligible guarantors, in line with RBI guidelines :

Quantitative Disclosures as on 31.03.2016

(Amount - ₹ in crore)

(b)	For each separately disclosed credit risk portfolio the total exposure (after, where applicable, on- or off balance sheet netting) that is covered by eligible financial collateral after the application of haircuts.	252267.31
(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)	24660.19



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 processes in place to monitor changes in the credit and market risk of securitisation exposures (for example, how the behaviour of the underlying assets impacts securitisation exposures as defined in para 5.16.1 of the Master Circular on NCAF dated July 1, 2012).	Not Applicable
A description of the bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitisation exposures;	Not Applicable
(b) Summary of the bank's accounting policies for securitization activities, including:	
Whether the transactions are treated as sales or financings;	Not Applicable
Methods and key assumptions (including inputs) applied in valuing positions retained or purchased	Not Applicable
Changes in methods and key assumptions from the previous period and impact of the changes;	Not Applicable
Policies for recognising liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitised assets.	Not Applicable
(c) In the banking book, the names of ECAs 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

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as on 31st March 2016

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

- 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) Review of Market Risk Limits (Trading Book)
 - (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.

(b) Quantitative Disclosures:

Capital Charge On Market Risk

Bank maintains Capital Charge for Market Risk under the Standardised measurement method as under.

Category	(₹in crore)
	31.03.2016
Interest rate Risk(including Derivatives)	7620.98
Equity Position Risk	3460.35
Foreign Exchange Risk	174.59
Total	11255.92

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. In SBI, Chief Risk Officer reports to MD (Compliance & Risk)
- 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, encompasses Operational Risk Management Framework for systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the Operational Risks

- Loss Data Management Policy
- External Loss Data Management Policy
- IS Policy
- IT Policy
- Business Continuity Planning (BCP) Policy
- Business Continuity Management System (BCMS) Policy
- Policy on Know Your Customer (KYC) Standards and Anti Money Laundering (AML)/ Combating of Financing of Terrorism Measures
- Policy on Fraud Risk Management
- Bank's Outsourcing Policy
- Policy on Insurance
- Operational Risk Appetite Framework (SBI) Document
- 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(Parallel Run)

- In SBI, in order to successfully embed the risk culture and operational risk management, Risk Management Committees at various levels at circles like RMCAOs, 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).

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as on 31st March 2016

- ▶ The process of building a comprehensive database of internal and external losses due to Operational Risks as per Basel defined 8 Business Lines and 7 Loss Event Types is in place, as part of AMA process. In addition, Near Miss Events and external losses are also captured so as to improve risk management practices.
- ▶ Excel based template for conducting Risk & Control Self Assessment (RCSA) exercise through workshops has been introduced with the provision of inherent Risk and Residual Risk, control element to arrive at and assess the effectiveness of the current control environment and heat maps to describe the Risk Levels. During the year, about 2035 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. Presently, 185 KRIs are being monitored across the business & support groups.
- ▶ 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 received approval for parallel run for AMA to RBI while ABs have submitted their LoI.
- ▶ Updated Manuals and operating instructions relating to Business Process Re-engineering (BPR) units.
- ▶ Delegation of Financial powers, which details sanctioning powers of various levels of officials for different types of financial and non-financial transactions.
- ▶ Training of staff-Inputs on Operational Risk is included as a part of Risk Management modules in the trainings conducted for various categories of staff at Bank's Apex Training Institutes and State Bank Learning Centers.
- ▶ Insurance cover is obtained for most of the potential operational risks excluding frauds as per Bank's policy on insurance.
- ▶ Internal Auditors are responsible for the examination and evaluation of the adequacy and effectiveness of the control systems and the functioning of specific control procedures. They also conduct review of the existing systems to ensure compliance with legal and regulatory requirements, codes of conduct and the implementation of policies and procedures.
- ▶ In order to ensure business continuity, resumption and recovery of critical business process after a disaster, the Bank (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 & Whistle Blowing has been established in all the Group entities.
- ▶ Significant risks thrown up in RCSA exercise, Scenario Analysis and loss data analysis are reported to Top Management at regular intervals and corrective actions are initiated on an ongoing basis.
- ▶ Basic Indicator Approach with capital charge of 15% of average gross income for previous 3 years is applied for Operational Risk, except Insurance

Others

The following measures are being used to control and mitigate Operational Risks in the Domestic Banking entities:

- ▶ "Book of Instructions" (Manual on General Instructions, Manual on Loans & Advances) which contains detailed procedural guidelines for processing various banking transactions. Amendments and modifications to update these guidelines are being carried out regularly through e-circulars/Master circulars. Guidelines and instructions are also propagated through Job Cards, e-Circulars, E-Learning Lessons, Mobile nuggets, Training Programs, etc.



Companies, for the year ended 31st March, 2016. Bank's Capital under AMA is also computed for the year ended 31st March, 2016 as part of AMA Parallel Run.

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 repricing 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.

- 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.

- The following prudential limits have been fixed for monitoring of various interest risks:

Changes on account of Interest rate volatility	Maximum Impact (as % of capital and reserve)
Changes in Net Interest Income (with 1% change in interest rates for both assets and liabilities)	5%
Change in Market value of Equity (with 2% change in interest rates for assets and liabilities) – Banking Book only	20%

- 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 2016)

Earnings at Risk (EaR)

(₹ in crore)	Impact on NII
Impact of 100 bps parallel shift in interest rate on both assets & liability on Net Interest Income (NII)	7472.10

Market Value of Equity (MVE)

(₹ in crore)	Impact on MVE
Impact of 200 bps parallel shift in interest rate on both assets & liability on Market Value of Equity (MVE)	13762.16
Impact of 100 bps parallel shift in interest rate on both assets & liability on Market Value of Equity (MVE)	6881.08

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as on 31st March 2016

DF-10: GENERAL DISCLOSURE FOR EXPOSURE RELATED TO COUNTERPARTY CREDIT RISK

Qualitative Disclosure:

Counterparty Credit Risk is the risk that the counterparty to a derivative transaction can default before the final settlement of the transaction's cash flow. To mitigate this risk, derivative transactions are undertaken only with those counterparties where approved counterparty limits are in place. Counterparty limits for banks are assessed using internal models considering a number of financial parameters like networth, capital adequacy ratio, rating etc. For corporates the Derivatives limits are assessed and sanctioned in conjunction with regular credit limit as part of regular appraisal.

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

As on 31.03.2016

		Quantitative Disclosures (₹in crore)	
Particulars	Notional	Current Credit Exposure	
a) Interest rate Swaps	95778.88	1931.00	
b) Currency Swaps	20560.57	754.81	
c) Currency Options	5806.16	57.24	
d) Foreign Exchange Contracts	393344.11	4339.51	
e) Currency Futures	0.00	0.00	
f) Forward Rate Agreements	19.88	0.01	
g) Others (Foreign Swaps)	0.00	0.00	
Total	515509.60	7082.57	
Credit derivatives transactions			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)
Common Equity Tier 1 capital (CET1): instruments and reserves			
1 Directly issued qualifying common share capital plus related stock surplus (share premium)	50545.76		A1 + B3
2 Retained earnings	115616.69		B1 + B2 + B7 (#) + B8
3 Accumulated other comprehensive income (and other reserves)	5726.41		B5 * 75% + B6 * 45%
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)	3613.55		
6 Common Equity Tier 1 capital before regulatory adjustments	175502.41		
Common Equity Tier 1 capital before regulatory adjustments			
7 Prudential valuation adjustments			
8 Goodwill (net of related tax liability)	756.18	189.04	D * 80%
9 Intangibles other than mortgage-servicing rights (net of related tax liability)	1824.95	456.24	
10 Deferred tax assets	57.40		
11 Cash-flow hedge reserve			



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. respect to DF - 12: Step 2)
12 Shortfall of the stock of provisions to expected losses		
13 Securitisation gain on sale		
14 Gains and losses due to changes in own credit risk on fair valued liabilities		
15 Defined-benefit pension fund net assets		
16 Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	202.61	37.70
17 Reciprocal cross-holdings in common equity	134.09	33.47
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)	0.00	
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)	0.00	
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)	0	
22 Amount exceeding the 15% threshold	0	
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)	1098.00	274.50
26a of which: Investments in the equity capital of unconsolidated insurance subsidiaries	1077.44	269.36
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	20.56	5.14
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	4073.23	
29 Common Equity Tier 1 capital (CET1)	171429.18	

PILLAR 3 DISCLOSURES (CONSOLIDATED)

as on 31st March 2016

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)
Additional Tier 1 capital (AT1) : instruments		
30 Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)		
31 of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		
32 of which: classified as liabilities under applicable accounting standards (Perpetual Debt Instruments)		
33 Directly issued capital instruments subject to phase out from Additional Tier 1	3031.58	
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)	1547.51	
35 of which: instruments issued by subsidiaries subject to phase out	1047.00	
36 Additional Tier 1 capital before regulatory adjustments	4579.09	
Additional Tier 1 capital: regulatory adjustments		
37 Investments in own Additional Tier 1 instruments		
38 Reciprocal cross-holdings in Additional Tier 1 instruments	239.84	59.96
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	788.77	
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	1028.61	



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. respect to DF - 12: Step 2)
44	Additional Tier 1 capital (AT1)	3550.48	
44a	Additional Tier 1 capital (AT1) reckoned for capital adequacy	3550.48	
45	Tier 1 capital (T1 = CET1 + AT1) [29 + 44a]	174979.66	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	12500.00	
47	Directly issued capital instruments subject to phase out from Tier 2	18962.16	
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)	7763.15	
49	of which: instruments issued by subsidiaries subject to phase out		
50	Provisions	15029.06	
51	Tier 2 capital before regulatory adjustments	54254.37	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	79.21	
53	Reciprocal cross-holdings in Tier 2 instruments	6.14	
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	134.68	0
	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	220.03	
58	Tier 2 capital (T2)	54034.34	
58a	Tier 2 capital reckoned for capital adequacy	54034.34	
58b	Excess additional Tier 1 capital reckoned as Tier 2 capital	0	
58c	Total Tier 2 capital admissible for capital adequacy (58a+58b)	54034.34	

PILLAR 3 DISCLOSURES (CONSOLIDATED)

as on 31st March 2016

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)
59	Total capital (TC = T1 + T2) [45 + 58c]	229014.00	
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment		
	of which: [INSERT TYPE OF ADJUSTMENT]		
	of which: ...		
60	Total risk weighted assets (60a + 60b + 60c)	1772683.61	
60a	of which: total credit risk weighted assets	1466117.5	
60b	of which: total market risk weighted assets	140698.95	
60c	of which: total operational risk weighted assets	165867.16	
Capital Ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	9.67%	
62	Tier 1 (as a percentage of risk weighted assets)	9.87%	
63	Total capital (as a percentage of risk weighted assets)	12.92%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	6.125%	
65	of which: capital conservation buffer requirement	0.625%	
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	514.51	
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	1123.86	
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)	15029.06	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	18326.47	
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	



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. respect to DF - 12: Step 2)
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)		

B7: Revenue & Other Reserves is taken net of Integration & Development Fund (₹ 5 crore)

DF-12: COMPOSITION OF CAPITAL-RECONCILIATION REQUIREMENTS

As on 31.03.2016

STEP-1

		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
			(₹ in crore)
A Capital & Liabilities			
i Paid-up Capital		776.28	776.28
Reserves & Surplus		179,816.08	174,876.78
Minority Interest		6,267.40	4,845.05
Total Capital		186,859.76	180,498.11
ii Deposits		2,253,857.57	2,254,956.55
of which: Deposits from banks		15,823.17	15,823.17
of which: Customer deposits		2,238,034.40	2,239,133.38
of which: Other deposits (pl. specify)		-	-
iii Borrowings		258,214.39	258,279.24
of which: From RBI		3,391.79	3,391.79
of which: From banks		143,753.48	143,753.48
of which: From other institutions & agencies -		49,142.28	49,136.96
of which: Others (pl. specify)		-	-
of which: Capital Instruments		61,926.84	61,997.01
iv Other liabilities & provisions		271,965.92	190,496.27
Total		2,970,897.64	2,884,230.17

PILLAR 3 DISCLOSURES (CONSOLIDATED)

as on 31st March 2016

	(₹in crore)	
	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
B Assets		
i Cash and balances with Reserve Bank of India	160,424.57	160,176.83
Balance with banks and money at call and short notice	43,734.90	41,474.78
ii Investments	705,189.08	625,327.19
of which: Government securities	544,582.10	510,062.11
of which: Other approved securities	3,759.81	0.13
of which: Shares	23,509.71	5,350.30
of which: Debentures & Bonds	89,080.26	73,190.28
of which: Subsidiaries / Joint Ventures / Associates	2,547.34	1,963.99
of which: Others (Commercial Papers, Mutual Funds etc.)	41,709.86	34,760.38
iii Loans and advances	1,870,260.89	1,870,136.85
of which: Loans and advances to banks	74,292.49	74,292.49
of which: Loans and advances to customers	1,795,968.40	1,795,844.36
iv Fixed assets	15,255.68	14,709.06
v Other assets	175,087.30	171,460.24
of which: Goodwill and intangible assets	2,281.19	2,281.19
of which: Deferred tax assets	1,161.66	1,154.32
vi Goodwill on consolidation	945.22	945.22
vii Debit balance in Profit & Loss account	-	-
Total Assets	2,970,897.64	2,884,230.17

STEP-2

	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	(₹in crore)
	As on reporting date	As on reporting date	Reference number
A Capital & Liabilities			
i Paid-up Capital	776.28	776.28	A
of which: Amount eligible for CET 1	776.28	776.28	A1
of which: Amount eligible for AT1	-	-	A2
Reserves & Surplus	179,816.08	174,876.78	B
of which: Statutory Reserve	61,499.16	61,499.16	B1
of which: Capital Reserves	3,354.19	3,352.59	B2
of which: Share Premium	49,769.48	49,769.48	B3
of which: Investment Reserve	1,300.79	1,300.79	B4
of which: Foreign Currency Translation Reserve	6,813.63	6,810.79	B5
of which: Revaluation Reserve	1,374.03	1,374.03	B6
of which: Revenue and Other Reserve	52,424.97	49,895.28	B7
of which: Balance in Profit & Loss Account	3,279.83	874.66	B8
Minority Interest	6,267.40	4,845.05	
Total Capital	186,859.76	180,498.11	
ii Deposits	2,253,857.57	2,254,956.55	
of which: Deposits from banks	15,823.17	15,823.17	
of which: Customer deposits	2,238,034.40	2,239,133.38	
of which: Other deposits (pl. specify)	-	-	
iii Borrowings	258,214.39	258,279.24	
of which: From RBI	3,391.79	3,391.79	



(₹ in crore)

	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference number
	As on reporting date	As on reporting date	
of which: From banks	143,753.48	143,753.48	
of which: From other institutions & agencies	49,142.28	49,136.96	
of which: Others (pl. specify)	-	-	
of which: Capital Instruments	61,926.84	61,997.01	
iv Other liabilities & provisions	271,965.92	190,496.27	
of which: DTLs related to goodwill	-	-	
of which: DTLs related to intangible assets	-	-	
Total	2,970,897.64	2,884,230.17	
B Assets			
i Cash and balances with Reserve Bank of India	160,424.57	160,176.83	
Balance with banks and money at call and short notice	43,734.90	41,474.78	
ii Investments	705,189.08	625,327.19	
of which: Government securities	544,582.10	510,062.11	
of which: Other approved securities	3,759.81	0.13	
of which: Shares	23,509.71	5,350.30	
of which: Debentures & Bonds	89,080.26	73,190.28	
of which: Subsidiaries / Joint Ventures / Associates	2,547.34	1,963.99	
of which: Others (Commercial Papers, Mutual Funds etc.)	41,709.86	34,760.38	
iii Loans and advances	1,870,260.89	1,870,136.85	
of which: Loans and advances to banks	74,292.49	74,292.49	
of which: Loans and advances to customers	1,795,968.40	1,795,844.36	
iv Fixed assets	15,255.68	14,709.06	
v Other assets	175,087.30	171,460.24	
of which: Goodwill	-	-	
of which: Other intangibles (excluding MSRs)	2,281.19	2,281.19	
of which: Deferred tax assets	1,161.66	1,154.32	C
vi Goodwill on consolidation	945.22	945.22	D
vii Debit balance in Profit & Loss account	-	-	
Total Assets	2,970,897.64	2,884,230.17	

STEP-3

(₹ in crore)

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	50545.76	A1 + B3
2 Retained earnings	115616.69	B1 + B2 + B7 (#) + B8
3 Accumulated other comprehensive income (and other reserves)	5726.41	
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)	3613.55	
6 Common Equity Tier 1 capital before regulatory adjustments	175502.41	
7 Prudential valuation adjustments	0	
8 Goodwill (net of related tax liability)	756.18	D * 80%

* B7: Revenue & Other Reserves is taken net of Integration & Development Fund (₹ 5 crore)

PILLAR 3 DISCLOSURES (CONSOLIDATED)

as on 31st March 2016

TABLE DF-16: EQUITIES - DISCLOSURE FOR BANKING BOOK POSITIONS

Qualitative Disclosure

1	The general qualitative disclosure (Para 2.1 of this annex) with respect to equity risk, including :	
	► Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons;	All equity investments (domestic) in HTM Category are made in Associates, Subsidiaries and RRBs. These are strategic in nature
	► Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices	As detailed in Schedule 17 - C-1- para 1.3 and C-2-para 2.3 of the Bank's Annual Report 2014-15 regarding accounting and valuation of HTM securities.

Quantitative Disclosures as on 31.03.2016

	(Amt. in Crs.)	
1	Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	1316.53
2	The types and nature of investments, including the amount that can be classified as:	
	• Publicly traded and	3424.25
	• Privately held	7988.93
3	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	3.16
4	Total unrealized gains (losses)	40.33
5	Total latent revaluation gains (losses)	0.66
6	Any amounts of the above included in Tier 1 and/or Tier 2 capital	0.35
7	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory transition or grandfathering provisions regarding regulatory capital requirements	15.24

TABLE DF-17: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE

LEVERAGE RETURN AS ON 31.03.2016

STATE BANK OF INDIA (GROUP)

DF-17- Summary comparison of accounting assets vs. leverage ratio exposure measure	
ITEM	₹ (In million)
1 Total consolidated assets as per published financial statements	29708976.40
2 Adjustment for investments in banking,financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-866674.60
3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0
4 Adjustments for derivative financial instruments	149,596.77
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	995813.60
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	3467274.73
7 Other adjustments	-51018.36
8 Leverage ratio exposure	33403968.54



TABLE DF-18: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

AS ON 31.03.2016

DF-18 -Leverage ratio common disclosure template	
ITEM	(₹ In Million)
On balance sheet exposures	
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	28842301.80
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	-51018.36
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	28791283.44
Derivatives exposures	
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	58,540.73
5 Add-on amounts for PFE associated with all derivatives transactions	91,056.04
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8 (Exempted CCP leg of client-cleared trade exposures)	0
9 Adjusted effective notional amount of written credit derivatives	0
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11 Total derivative exposures (sum of lines 4 to 10)	149,596.77
Securities financing transaction exposure	
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	995813.60
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14 CCR exposure for SFT assets	0
15 Agent transaction exposures	0
16 Total securities financing transaction exposures (sum of lines 12 to 15)	995813.60
Other off balance sheet exposures	
17 Off-balance sheet exposure at gross notional amount	9266142.40
18 (Adjustments for conversion to credit equivalent amounts)	-5798867.67
19 Off-balance sheet items (sum of lines 17 and 18)	3467274.73
Capital and total exposures	
20 Tier 1 capital	1749796.56
21 Total exposures (sum of lines 3,11,16 and 19)	33,403,968.54
Leverage ratio	
22 Basel III leverage ratio	5.24

PILLAR 3 DISCLOSURES (CONSOLIDATED)

as on 31st March 2016

TABLE DF- GR: ADDITIONAL DISCLOSURES ON GROUP RISK AS ON 31.03.2016

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':	
a) inappropriate transfer of capital or income from one entity to the other in the Group;	
b) vitiation of the Arm's Length Policy within which the Group entities are expected to operate;	
c) adverse impact on the solvency, liquidity and profitability of the individual entities within the Group;	
d) evasion of capital or other regulatory requirements;	
e) operation of 'Cross Default Clauses' whereby a default by a related entity on an obligation (whether financial or otherwise) is deemed to trigger a default on itself.	

* Entities covered:

BANKING – DOMESTIC	BANKING - OVERSEAS	NON - BANKING
State Bank of India	State Bank of India (California)	SBI Capital Markets Ltd.
State Bank of Bikaner & Jaipur	SBI Canada Bank	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	Bank SBI Indonesia	SBI Global Factors Ltd.
	Bank SBI 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

Disclosures on indicators for identification of Global Systemically Important Banks (G-SIBs) as on 31st March, 2016 have been disclosed separately on the Bank's website under a separate link <http://www.sbi.co.in/portal/web/corporate-governance/g-sib-indicators>

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.,

(in case of physical holding) From

To

Whether having voting rights in terms of State Bank of India

General Regulation R. 31*

Yes / No

If yes number of votes to which he/she is entitled, in case of Poll by ballot.

In person as a shareholder	<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:

- i) The Branch Managers/Managers of Divisions of the branches of the State Bank of India (whose signatures are circulated) are authorised to attest the signature of the shareholders, on production of suitable evidence of his/her shareholding to the branch where the shareholders may be maintaining account.
- ii) If the shareholder maintains account with a bank other than State Bank of India, the signature may be attested by the Branch Manager of that Bank, affixing the branch seal/stamp to evidence the attestation.
- iii) Alternatively, the shareholder may have his/her signature attested by a Notary or a Magistrate.
- iv) The signature of shareholders can also be got attested at the venue of the Meeting by the designated officers of the State Bank of India, on production of satisfactory evidence of his/her identification such as Passport/Driving Licence with photograph, Voters Identity Card or such other similar acceptable evidence.

* Regulation 31 - Determination of Voting Rights:

- i) Subject to the provisions contained in section 11 of the Act, each shareholder who has been registered as a Shareholder for a period of not less than three months prior to the date of a general meeting shall, at such meeting, have one vote for each fifty shares held by him or it.
- ii) Every shareholder, other than the Central Government, entitled to vote as aforesaid who, not being a company is present in person or by proxy or who being a company is present by a duly authorized representative or by proxy, shall have one vote on a show of hands and in case of a poll shall have one vote for each fifty shares held by him or it for the whole period of three months prior to the date of such meeting.
- iii) The duly authorized person representing the Central Government shall have one vote on a show of hands and, in case of a poll, shall have one vote for each fifty shares held by it for the whole period of three months prior to the date of such meeting.

FOR SHAREHOLDER(S) USE

M/s Datamatics Financial Services Ltd.,
Unit: State Bank of India
Plot NO. B-5, Part B, Cross lane,
MIDC, Andheri (East)
Mumbai – 400093

Tel. Nos. 022 – 66712198 / 2199 / 2202

INVESTOR'S OPTION TO RECEIVE PAYMENT THROUGH CREDIT CLEARING MECHANISM / ELECTRONICALLY AS APPLICABLE

1. Investor's Name

(i) _____
(ii) _____
(iii) _____

2. Present Address

Pin: _____

Tel. No. & Mobile No. _____

Email address: _____

(For all future communication including, receipt of E-Annual Report)

3. Folio No.: _____

(Only in case of physical shareholders)

4. PF INDEX NO.: _____

(to be filled in only by SBI employees holding SBI shares)

5. Particulars of Bank Account

a. Bank Name: _____

b. Branch Name: _____

(Complete address)

Pin: _____

c. 9- Digit MICR Code Number of the Bank and Branch:

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(as appearing on the MICR cheque issued by the Bank)

d. Account Type: _____

(S.B. Account (code 10) or Current Account (code 11) or Cash Credit (code 13))

e. Account Number (as appearing on the cheque book.

Please attach a blank "cancelled" cheque or photocopy thereof)

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I, hereby, declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I will not hold State Bank of India responsible.

Place:

Date:

(Signature of the first holder)

- Note:-
1. Shareholder(s) holding shares in Electronic (Demat) Form are requested to notify all the above particulars to their Depository Participant (DP), quoting their DPID/Client ID.
 2. Shareholders are requested to opt for converting their physical holding into Demat account.
 3. Shareholders/Bondholders are requested to avail Nomination Facility.
 4. Nomination forms are available on Bank's website under link corporate governance / Nomination forms.
 5. Visit www.sbi.co.in/corporate-governance /SHARE HOLDER INFO for latest updates.

A GREEN INITIATIVE

Dear Shareholder,

Green Initiative in Corporate Governance

In accordance with SEBI guidelines, we are issuing Annual Report in electronic form to those shareholders whose e-mail addresses are available.

Your Bank invites you to participate in the Green initiative by enabling the Bank to communicate with you through electronic mode i.e. e-mail. It will not only contribute to conservation of environment, but also bring in better efficiency in communication by obviating transit delays and losses. We request you to join us in this initiative by updating your email ID with your Depository Participant, if your holding is in demat form. Shareholders holding shares in physical form shall have to send their updated information / changes to the Registrar & Transfer Agent (RTA), M/s Datamatics Financial Services Ltd., through email to sbigreenar@dfssl.com.

Further, while most of you hold shares of your Bank in demat form, some of you are still retaining the shares in physical form. The Shares held by you in physical form can be easily dematerialized i.e converted into electronic form. The various benefits derived out of dematerialization of shares are:-

- Immediate transfer of securities. No stamp duty on transfer of securities
- Reduction in risks associated with holding securities in paper form such as theft, damage due to fire, wear & tear etc., bad delivery in settlement process, fake / Forged securities etc.
- Change in address recorded with DP gets registered electronically with all companies in which investor holds securities eliminating the need to correspond with each of them separately;
- Transmission of securities is done by DP eliminating correspondence with companies;
- Holding investments in equity, debt instruments and Government securities in a single account;
- Automatic credit into demat account, of shares, arising out of bonus/ split/consolidation/ merger etc;

If you are holding shares in physical form, please approach any Depository Participant (DP) (like SBICAP Securities Limited toll free number 1800223345 email- helpdesk@sbigcapsec.com) of your choice for opening the Demat account. Fill in a Demat Request Form (DRF) and handover the relative shares certificate(s) to your DP for Dematerialisation of your shares. Shares will get converted into electronic form and will automatically be credited to your Demat Account.

If you are receiving dividend in the physical form, you are requested to furnish/ update bank account details with DP/RTA, as the case may be, to receive dividend electronically.

We are sure that you will appreciate the "Green Initiative" taken by your Bank and hope that you will enthusiastically participate in the effort.

Kind Attention of shareholders is brought to Section 38A of the State Bank of India Act, 1955 inserted with effect from 15.09.2010 by the State Bank of India (Amendment) Act, 2010. As per the said section, a dividend declared by the State Bank which has not been paid to a shareholder or claimed by any eligible shareholder, within thirty days from the date of declaration shall be transferred to a special account called as "unpaid dividend account". Further, all unpaid dividend amount of period prior to the above amendment was already transferred to the said "unpaid dividend account." Any money transferred to the unpaid dividend account of the State Bank as above which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Bank to the Investor Education and Protection Fund established under Section 125 of the Companies Act, 2013, for being utilised for the purpose and in the manner specified in that section. In view of the above, all shareholders are requested to ensure that any dividend payable to them, are claimed without any delay.



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- ✓ Loan amount ₹ 20 lacs to ₹ 1.5 Cr.
- ✓ Repayment upto 10 years

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call on 1800 425 3800/1800 112211 (Toll free) or 080 26599990

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Buddy ho toh aisa!

The central part of the advertisement features a smartphone displaying the Buddy mobile wallet app. The app's interface includes a balance of ₹ 1,500 and several service icons: 'Ask Money' (blue speech bubble with ₹), 'Send Money' (blue paper airplane), 'Recharge & Pay Bills' (green lightning bolt), 'Add Money' (red plus sign), 'Shopping' (yellow shopping bag), 'Movie' (yellow movie ticket), and 'Flights' (orange airplane). Below the phone, three young people are sitting on red and blue bean bags, looking at the screen of the phone.

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Flight and Hotel

Ask Money

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