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

Soaring high...
towards new horizons

ऊंची उड़ान...
नए क्षितिज की ओर

वार्षिक रिपोर्ट
ANNUAL REPORT
2012 - 2013

₹ 909492 Crs
Rupee Loans
↑ 20%

₹ 17916 Crs
Net Profit (Consolidated)
↑ 16.8 %

₹ 14105 Crs
Net Profit (Standalone)
↑ 20.5 %

Branches (in India)
14816

NIM (Domestic)
3.66%

School Buses and Ambulances for Community Service

Water Purifiers to Schools

Donation for Regional Boxing Foundation (of Mary Kom), Manipur

Fans to Schools

Shri P. Chidambaram, Hon'ble Union Finance Minister addressing a meeting of the Central Board on 9th February 2013 at Mumbai

Address by Dr. Subba Rao, Governor, RBI at the Golden Jubilee Celebrations of State Bank Staff College, Hyderabad

NOTICE

STATE BANK OF INDIA

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

The 58th Annual General Meeting of shareholders of 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 Friday, the 21st June 2013 at 03.00 P.M. for transacting the following business:-

''to receive, discuss and adopt the Balance Sheet and the Profit and Loss Account of the State Bank made up to the 31st day of March 2013, 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''.

(PRATIP CHAUDHURI)
CHAIRMAN

Corporate Centre,
State Bank Bhavan,
Madame Cama Road,
Mumbai - 400 021

Date: 30th April, 2013

IMPORTANT INFORMATION
Dividend Declared: ₹41.50 per share
Dividend Payment Date: 17.06.2013
Period of Book Closure: 30.05.2013 **TO** 03.06.2013
RECORD DATE : 29.05.2013

SBI GROUP STRUCTURE AS ON 31.03.2013

SBI FAMILY TREE

SBI

Domestic Banking Subsidiaries

Ownership figures in %

75.07	**State Bank of Bikaner & Jaipur**
100	**State Bank of Hyderabad**
92.33	**State Bank of Mysore**
100	**State Bank of Patiala**
75.01	**State Bank of Travancore**

Non Banking Subsidiaries

Ownership figures in %

100	**SBI Capital Markets Ltd.**
	SBICAP Securities Ltd.
	SBICAP Ventures Ltd.
	SBICAP (UK) Ltd.
	SBICAP Trustees Co. Ltd.
	BICAP (Singapore Ltd.)
63.78	**SBI DFHI Ltd.**
100	**SBI Payment Services Pvt. Ltd.**
100	**SBI Mutual Fund Trustee Company Pvt Ltd.**
86.18	**SBI Global Factors Ltd.**
60	**SBI Pension Funds Pvt. Ltd.**
63	**SBI Funds Management Pvt. Ltd.**
	SBI Funds Mgt. (International) Pvt. Ltd.
60	**SBI Cards & Payment Services Pvt. Ltd.**
74	**SBI Life Insurance Company Ltd.**
65	**SBI-SG Global Securities Services Pvt. Ltd.**
74	**SBI General Insurance Company Ltd.**

Joint Ventures

Ownership figures in %

49	**C-Edge Technologies Ltd.**
40	**GE Capital Business Process Mgt. Services Pvt. Ltd.**
45	**Macquarie SBI Infrastructure Mgt. Pte. Ltd.**
	Macquarie SBI Infrastructure Trustee Ltd.
45	**SBI Macquarie SBI Infrastructure Mgt. Pvt. Ltd.**
45	**SBI Macquarie SBI Infrastructure Trustee Pvt. Ltd.**
50	**Oman India Joint Investment Fund-Mgt. Co Pvt. Ltd.**
50	**Oman India Joint Investment Fund-Trustee Co Pvt. Ltd.**

Foreign Banking Subsidiaries

Ownership figures in %

100	**State Bank of India (California)**
100	**State Bank of India (Canada)**
60	**Commercial Bank of India LLC, Moscow**
93.40	**SBI (Mauritius) Ltd.**
76	**PT Bank SBI Indonesia**
55.28	**Nepal SBI Bank Ltd.**

CONTENTS

RATINGS

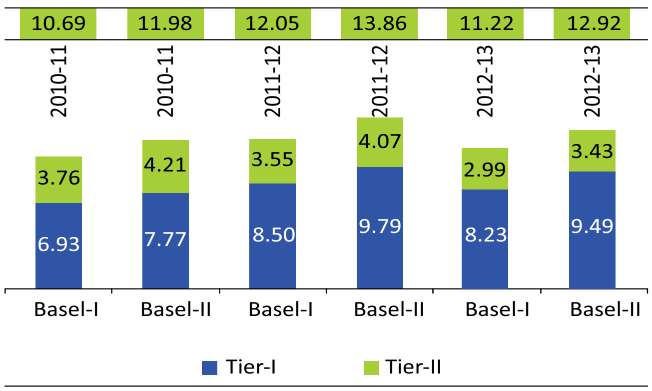
INSTRUMENT	RATINGS As on 31.03.2013	RATING AGENCY
BANK RATING	Baa3/P3/Stable/D+	Moody's
	BBB-/ A3/ Negative	S & P
	BBB-/ F3/ Negative	Fitch
INSTRUMENT RATING Innovative Perpetual Debt Instruments	'AAA/STABLE'	CRISIL
	'CARE AAA'	CARE
Upper Tier II Subordinated Debt	'AAA/STABLE'	CRISIL
	'CARE AAA'	CARE
Lower Tier II Subordinated Debt	'AAA/STABLE'	CRISIL
	'CARE AAA'	CARE
	AAA (Stable)	ICRA

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

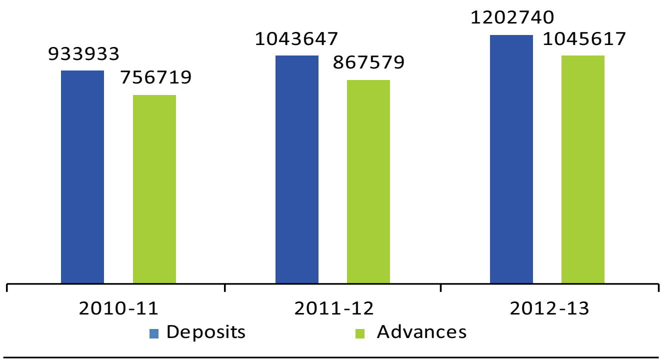
FINANCIAL HIGHLIGHTS FOR THE LAST 10 YEARS

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Liabilities										
Capital (₹ in crores)	526	526	526	526	631	635	635	635	671	684
Reserves & Surplus (₹ in crores)	19,705	23,546	27,118	30,772	48,401	57,313	65,314	64,351	83,280	98,200
Deposits (₹ in crores)	3,18,619	3,67,048	3,80,046	4,35,521	5,37,404	7,42,073	8,04,116	9,33,933	10,43,647	12,02,739
Borrowings (₹ in crores)	13,431	19,184	30,642	39,704	51,728	53,713	1,03,012	1,19,569	1,27,006	1,69,183
Other's (₹ in crores)	55,534	49,579	55,538	60,042	83,362	1,10,698	80,337	1,05,248	80,915	95,455
Total (₹ in crores)	**4,07,815**	**4,59,883**	**493,870**	**5,66,565**	**7,21,526**	**9,64,432**	**10,53,414**	**12,23,736**	**13,35,519**	**15,66,261**
Assets										
Investments (₹ in crores)	1,85,676	1,97,098	1,62,534	1,49,149	1,89,501	2,75,954	2,85,790	2,95,601	3,12,198	3,50,927
Advances (₹ in crores)	1,57,934	2,02,374	2,61,642	3,37,337	4,16,768	5,42,503	6,31,914	7,56,719	8,67,579	10,45,616
Other Assets (₹ in crores)	64,205	60,411	69,694	80,079	1,15,257	1,45,975	1,35,710	1,71,416	1,55,742	1,69,718
Total (₹ in crores)	**4,07,815**	**4,59,883**	**4,93,870**	**5,66,565**	**7,21,526**	**9,64,432**	**10,53,414**	**12,23,736**	**13,35,519**	**15,66,261**
Net Interest income (₹ in crores)	11,186	13,945	15,589	15,058	17,021	20,873	23,671	32,526	43,291	44,331
Provisions for NPA (₹ in crores)	3,703	1,204	148	1,429	2,001	2,475	5,148	8,792	11,546	11,368
Operating Result (₹ in crores)	9,553	10,990	11,299	10,000	13,108	17,915	18,321	25,336	31,574	31,082
Net Profit Before Taxes (₹ in crores)	4,971	6522	6,906	7,625	10,439	14,181	13,926	14,954	18,483	19,951
Net Profit (₹ in crores)	3,681	4,305	4,407	4,541	6729	9121	9,166	8,265	11,707	14,105
Return on Average Assets (%)	0.94	0.99	0.89	0.84	1.01	1.04	0.88	0.71	0.88	0.91
Return on Equity (%)	18.19	18.10	15.47	14.24	17.82	15.07	14.04	12.84	14.36	15.94
Expenses to Income (%) (Operating Expenses to total Net Income)	49.18	47.83	58.70	54.18	49.03	46.62	52.59	47.60	45.23	48.51
Profit Per Employee (₹ in 000)	177	207	217	237	373	474	446	385	531	645
Earnings Per Share (₹)	69.94	81.79	83.73	86.10	126.62	143.77	144.37	130.16	184.31	210.06
Dividend Per Share (₹)	11.00	12.50	14.00	14.00	21.50	29.00	30.00	30.00	35.00	41.50
SBI Share (Price on NSE) (₹)	605.85	654.80	968.50	994.45	1,600.25	1,067.10	2,078.20	2,765.30	2,096.35	2,072.75
Dividend Payout Ratio% (₹)	15.72	15.28	16.72	16.22	20.18	20.19	20.78	23.05	20.06	20.12
Capital Adequacy Ratio (%)										
Basel- I (%)	13.53	12.45	11.88	12.34	13.54	12.97	12	10.69	12.05	11.22
Tier I	8.34	8.04	9.36	8.01	9.14	8.53	8.46	6.93	8.50	8.23
Tier II	5.19	4.41	2.52	4.33	4.40	4.44	3.54	3.76	3.55	2.99
(₹ in crores)						85,393	90,975	98,530	1,16,325	1,29,362
Basel- II (%)	N.A.	N.A.	N.A.	N.A.	N.A.	14.25	13.39	11.98	13.86	12.92
(₹ in crores)						56,257	64,177	63,901	82,125	94,947
Tier I (%)	N.A.	N.A.	N.A.	N.A.	N.A.	9.38	9.45	7.77	9.79	9.49
(₹ in crores)						29,136	26,798	34,629	34,200	34,415
Tier II (%)	N.A.	N.A.	N.A.	N.A.	N.A.	4.87	3.94	4.21	4.07	3.43
Net NPA to Net Advances (%)	3.48	2.65	1.88	1.56	1.78	1.79	1.72	1.63	1.82	2.10
Number of Domestic Branches	9,039	9,102	9,177	9,231	10,186	11,448	12,496	13,542	14,097	14,816
Number of Foreign Branches/ Offices	54	54	70	83	84	92	142	156	173	186

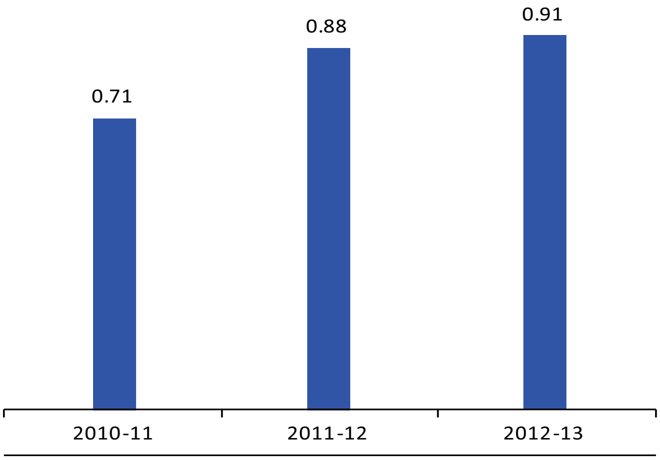
PERFORMANCE INDICATORS



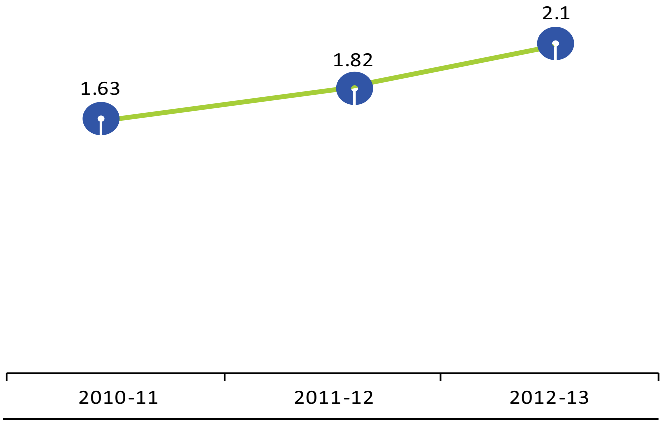
Capital Adequacy Ratio %



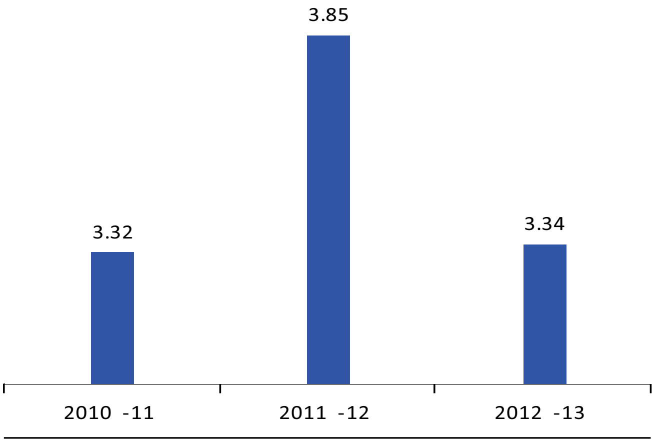
Deposits and Advances (₹ in crores)



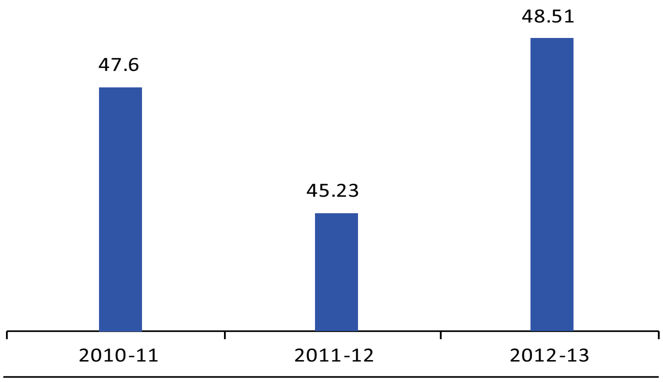
Return on Assets %



Net NPA Ratio %



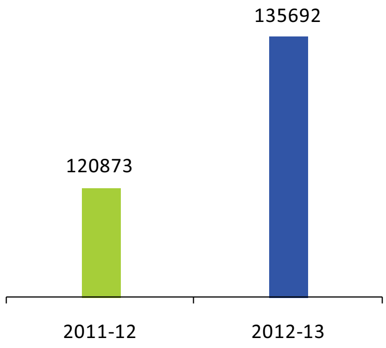
Net Interest Margin %



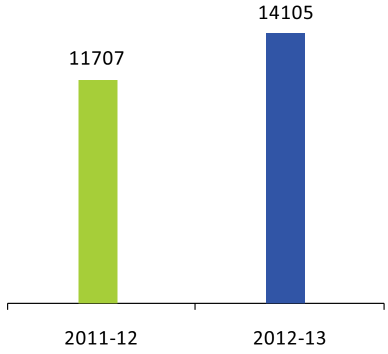
Cost to Income Ratio %

HIGHLIGHTS

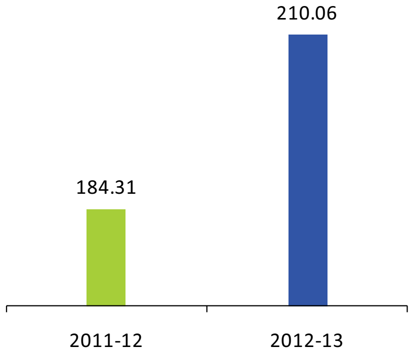
Total Income (₹ crores)



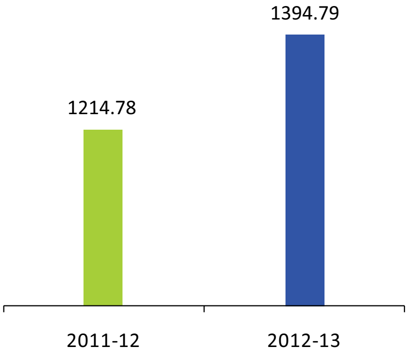
Net Profit (₹ crores)



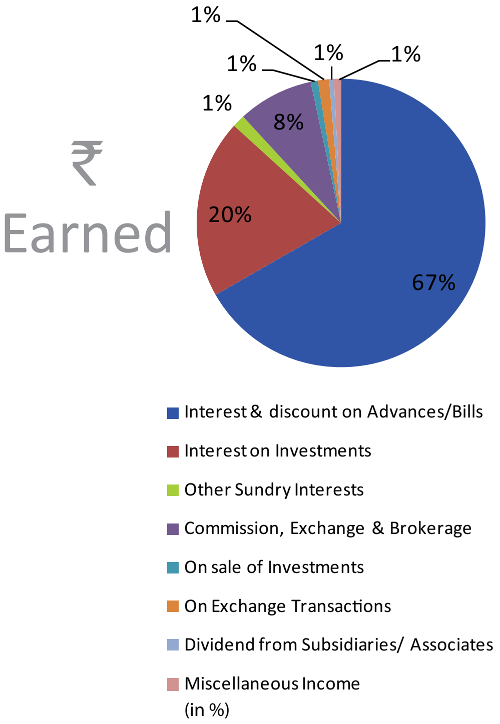
Earning ₹ per Share

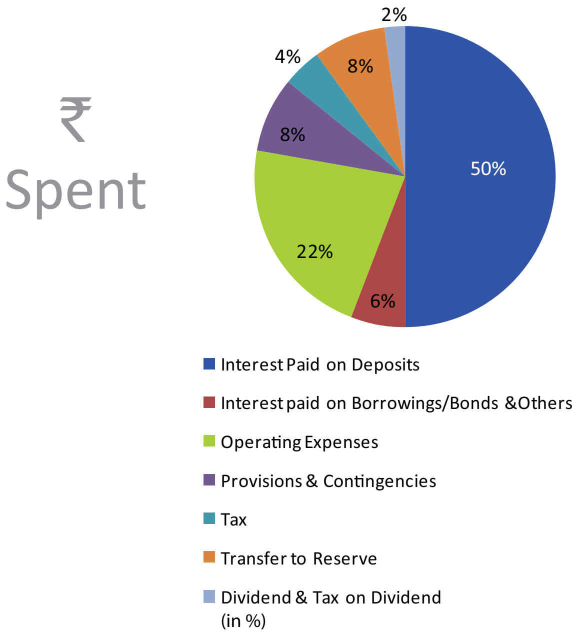


Book Value Per Share (₹)



₹ Earned / ₹ Spent





CENTRAL BOARD OF DIRECTORS


Shri Pratip Chaudhuri
Chairman

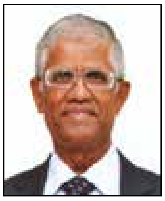

Shri Hemant G. Contractor
Managing Director


Shri Diwakar Gupta
Managing Director


Shri A. Krishna Kumar
Managing Director


Shri S. Vishvanathan
Managing Director


Shri S. Venkatachalam
Director

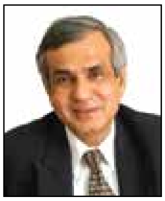

Shri D. Sundaram
Director


Shri Parthasarathy Iyengar
Director


Shri Thomas Mathew
Director

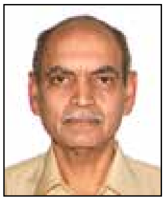

Shri J. B. Mohapatra
Director


Shri S. K. Mukherjee
Director


Dr. Rajiv Kumar
Director


Shri Deepak I. Amin
Director


Shri Harichandra Bahadur Singh
Director


Shri Rajiv Takru
Director


Dr. Urjit R. Patel
Director

Central Board of Directors

(As on 23rd May 2013)

Chairman

Shri Pratip Chaudhuri

Managing Directors

Shri Hemant G. Contractor

Shri Diwakar Gupta

Shri A. Krishna Kumar

Shri S. Vishvanathan

Directors elected under Section 19(c) of SBI Act

Shri S. Venkatachalam

Shri D. Sundaram

Shri Parthasarathy Iyengar

Shri Thomas Mathew

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

Maximum tenure: 6 years continuously

Director under Section 19(ca) of SBI Act

Shri Jyoti Bhushan Mohapatra

Director under Section 19(cb) of SBI Act

Shri S. K. Mukherjee

Directors under Section 19(d) of SBI Act

Dr. Rajiv Kumar

Shri Deepak Ishwarbhai Amin

Shri Harichandra Bahadur Singh

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

Shri Rajiv Takru

Director under Section 19(f) of SBI Act

Dr. Urjit R. Patel

COMMITTEES OF THE BOARD AS ON 23RD MAY 2013

Executive Committee of the Central Board (ECCB)

Chairman

Shri Pratip Chaudhuri

Managing Directors

Shri Hemant G. Contractor

Shri Diwakar Gupta

Shri A. Krishna Kumar

Shri S. Vishvanathan

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 S. Venkatachalam

Director – Chairman of the Committee

Shri D. Sundaram

Director – Member

Shri Thomas Mathew

Director – Member

Dr. Rajiv Kumar

Director -Member

Shri Rajiv Takru

GOI Nominee – Member

Dr. Urjit R. Patel

RBI Nominee – Member

Shri Hemant G. Contractor

MD&GE(IB) - Member (Ex-Officio)

Shri A. Krishna Kumar

MD&GE(NB) – Member (Ex-Officio)

Risk Management Committee of the Board (RMCB)

Shri Hemant G. Contractor

MD&GE(IB) - Member (Ex-Officio) - Chairman of the Committee

Shri Diwakar Gupta

MD&CFO-Member (Ex-Officio)

Shri S. Venkatachalam

Director – Member

Shri D. Sundaram

Director – Member

Shri Thomas Mathew

Director – Member

Dr. Rajiv Kumar

Director – Member

Shri Deepak I. Amin

Director – Member

Shareholders' / Investors' Grievance Committee of the Board (SIGCB)

Shri S. Venkatachalam

Director– Chairman of the Committee

Shri Thomas Mathew

Director – Member

Dr. Rajiv Kumar

Director - Member

Shri Harichandra Bahadur Singh

Director - Member

Shri Hemant G. Contractor

MD&GE(IB) – Member (Ex-Officio)

Shri S. Vishvanathan

MD&GE(A&S) - Member (Ex-Officio)

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

Shri Diwakar Gupta

MD&CFO-Member (Ex-Officio) - Chairman of the Committee

Shri S.Vishvanathan

MD&GE(A&S) - Member (Ex-Officio)

Shri S. Venkatachalam

Director – Member

Shri Parthasarathy Iyengar

Director - Member

Shri Thomas Mathew

Director – Member

Dr. Rajiv Kumar

Director – Member

Shri Deepak I. Amin

Director – Member

Shri Harichandra Bahadur Singh

Director - Member

Customer Service Committee of the Board (CSCB)

Shri A. Krishna Kumar

MD&GE(NB) – Member (Ex-Officio) - Chairman of the Committee

Shri S. Vishvanathan

MD&GE(A&S) - Member (Ex-Officio)

Shri S. Venkatachalam

Director – Member

Shri Thomas Mathew

Director – Member

Shri Harichandra Bahadur Singh

Director – Member

Shri Jyoti Bhushan Mohapatra

Director - Member

Shri S. K. Mukherjee

Director - Member

IT Strategy Committee of the Board (ITSC)

Shri D. Sundaram
Director - Chairman of the Committee

Shri S. Venkatachalam
Director – Member

Shri Parthasarathy Iyengar
Director – Member

Shri Deepak I . Amin
Director - Member

Shri Diwakar Gupta
MD&CFO - Member (Ex-Officio)

Shri A. Krishna Kumar
MD&GE(NB) – Member (Ex-Officio)

Remuneration Committee of the Board (RCB)

Shri Rajiv Takru
GOI Nominee – Member (Ex-Officio)

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

Shri S. Venkatachalam
Director – Member

Shri D. Sundaram
Director – Member

Board Committee to Monitor Recovery (BCMR)

Shri Pratip Chaudhuri
Chairman

Shri Hemant G. Contractor
MD&GE(IB) – Member

Shri Diwakar Gupta
MD&CFO - Member

Shri A. Krishna Kumar
MD&GE(NB) - Member

Shri S. Vishvanathan
MD&GE (A&S) - Member

Shri Rajiv Takru
GOI Nominee – Member (Ex-Officio)

Members of Local Boards, other than Managing Director & Group Executive (National Banking) - Nominated by the Chairman in terms of Section 21(1)(a) of SBI Act,1955 (As on 23rd May 2013)

Ahmedabad

Shri S. A. Ramesh Rangan
Chief General Manager (Ex-Officio)

Bangalore

Shri Ashwini Mehra
Chief General Manager (Ex-Officio)

Bhopal

Shri Dinesh K. Khara
Chief General Manager (Ex-Officio)
Shri Ramesh Warlyani
Shri G. P. Gupta
Shri Manohar Bothra

Bhubaneswar

Shri Praveen Kumar Gupta
Chief General Manager (Ex-Officio)

Chandigarh

Shri N. Krishnamachari
Chief General Manager (Ex-Officio)
Shri Vinod Bihari Sharma
Smt. Ravinder Kaur

Chennai

Smt. Varsha Purandare
Chief General Manager (Ex-Officio)
Shri T. R. Loganathan

Hyderabad

Shri Rakesh Sharma
Chief General Manager (Ex-Officio)

Kolkata

Shri Sunil Srivastava
Chief General Manager (Ex-Officio)

Lucknow

Shri Sudhir Dubey
Chief General Manager (Ex-Officio)
Shri Harichandra Bahadur Singh*
Shri Madan Mohan Shukla

Mumbai

Dr. J. N. Misra
Chief General Manager (Ex-Officio)
Shri S. Venkatachalam*
Shri D. Sundaram*
Shri Parthasarathy Iyengar*
Shri Thomas Mathew*
Shri S. M. Lodha

Delhi

Shri Kajal Ghose
Chief General Manager (Ex-Officio)
Dr. Rajiv Kumar*
Shri Deepak Ishwarbhai Amin*

North Eastern

Shri Rajnish Kumar
Chief General Manager (Ex-Officio)
Shri Ashok Kumar Das

Patna

Shri Jeevandas Narayan
Chief General Manager (Ex-Officio)
Shri Tanvir Akhtar
Shri Sanjay Mandal

Kerala

Dr. M. Sreenatha Sastry
Chief General Manager (Ex-Officio)
Smt. Alphonsa John
Shri Sudhir Abraham
Shir Philip Mathew

**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 23rd May 2013)

Shri Pratip Chaudhuri
Chairman

Shri Hemant G. Contractor
Managing Director & Group Executive
(International Banking)

Shri Diwakar Gupta
Managing Director & Chief Financial Officer

Shri A. Krishna Kumar
Managing Director & Group Executive
(National Banking)

Shri S. Vishvanathan
Managing Director & Group Executive
(Associates & Subsidiaries)

Shri Shyamal Acharya
Deputy Managing Director & Group Executive
(Mid Corporate)

Shri S. B. Nayar
Deputy Managing Director & Group Executive
(Corporate Banking)

Shri R. Venkatachalam
Deputy Managing Director & Chief Credit & Risk Officer

Smt. Soundara Kumar
Deputy Managing Director & Group Executive
(Stressed Assets Management)

Shri P. Pradeep Kumar
Deputy Managing Director & Group Executive
(Global Markets)

Shri R. K. Saraf
Deputy Managing Director
(Corporate Strategy & New Businesses)

Shri. B. V. Chaubal
Deputy Managing Director &
Corporate Development Officer

Shri S. K. Mishra
Deputy Managing Director &
Chief Information Officer

Shri. V. Murali
Deputy Managing Director
(Inspection & Management Audit)

THE BANK'S AUDITORS

M/s Todi Tulsyan & Co.,
Patna, Patna Circle

M/s SCM Associates,
Bhubaneshwar, Bhubaneshwar Circle

M/s Singhi & Co.,
Kolkata, North Eastern Circle

M/s S. N. Nanda & Co.,
New Delhi, Kerala Circle

M/s T. R. Chadha & Co,
New Delhi, Mumbai Circle

M/s S. Venkatram & Co.,
Chennai, Chennai Circle

M/s Prakash & Santosh,
Kanpur, Bhopal Circle

M/s K. B. Sharma & Co.,
Jammu, Chandigarh Circle

M/s Add & Associates,
Kolkata, Ahmedabad Circle

M/s V. P. Aditya & Co.,
Kanpur, Lucknow Circle

M/s S. Jaykishan,
Kolkata, Bengal Circle

M/s Dhamija Sukhija & Co.,
Srinagar, Delhi Circle

M/s Sriramamurthy & Co.,
Visakhapatnam, Hyderabad Circle

M/s V. Soundararajan & Co.,
Chennai, Bangalore Circle

From the Desk of the Chairman

Dear Stakeholders,

It is my privilege to present this preface to your Bank's Annual Report for the Financial Year 2012-13. As detailed in the report, your Bank continues to tread the path of sustained growth and maintain its flagship position in the banking space in India. We are confident that with the support of all our stakeholders your Bank will continue to prosper and achieve greater heights in the times to come.

Macro- Economic Scenario

Outlook for global growth for 2013 looks relatively better than the previous year, with reduced tail risks. On the domestic front, although growth contracted to around 5% in FY13, India continues to remain one of the fastest growing economies in the world. Outlook for the current fiscal with inflation now well within tolerance level, appears better than the previous year. Additionally, softening of global commodity prices should help reduce the imported inflation in domestic economy. Trends in industrial growth are encouraging. With exports turning positive, coupled with higher capital inflows, managing the current account deficit may be facilitated in the current year.

Against the above backdrop of a challenging macro-economic environment, the domestic banking system continued to enjoy the confidence of the banking public. This is reflected in the aggregate deposits of all scheduled commercial banks (ASCB) growing higher by 14.3% in FY13 against 13.5% growth in FY12. However, there was sharp deceleration in credit growth to 14.1% in FY 13 from 17.0% in FY12 due to a slow-down in investment demand and overall muted growth. Liquidity position was, however, normal as RBI provided refinance for exports. Since there was little head room to reduce the deposit rates, banks NIMs were under pressure.

Due to the downturn, many sectors were severely affected impacting the quality of assets financed by the banks. Gross NPAs of 40 listed banks went up by 43.1% from levels a year ago. Further the restructured assets book also showed an upward bias with recast assets under CDR around 50% more than the whole of last year.

Your Bank's performance

Deposits

The deposits of your Bank have risen to ₹12,02,740 crores with the annual growth at 15.24% over that of last year's level of ₹10,43,647 crores. What is noteworthy is that not only is this better than last year's growth, which was 11.75% but your Bank has achieved this against the trend prevailing in the industry. Furthermore, it has come on the back of retail deposits and the deposit profile of your Bank shows a significant move away from high cost bulk deposits. Out of the total Term Deposits of ₹6,04,649 crores, retail TDs comprise 78.27% at ₹4,73,235 crores. Your Bank's strength lies in its wide reach covering all strata of society and the trust of the people. Due to this the customer acquisition growth is also encouraging. I am glad to state that under Savings Bank, 287 lac new accounts came to the books of your Bank representing 18.62% growth over last year and in Current Accounts we could clock a growth of 8.43% with new accounts accretion at 2.20 lacs.

The Bank continued to have good domestic CASA ratio at 46.50% which is better than all the major public sector banks and most private sector banks which helped in keeping the cost of funds low at 6.46% as at 31.03.2013.

Advances

On the advances front, I am happy to convey that your Bank has crossed the ₹10,00,000 crores level and now the advances stand ₹10,78,557 crores. Like the deposits, the growth of 20.70% over last year is better than the growth recorded by All Scheduled Commercial Banks. The growth has come mainly from a surge in advances to large corporates at ₹50,549 crores, which represents an unprecedented growth of 40.28% during this FY compared to 15.23% (₹16,298 crores) achieved last FY. Mid corporate segment too has made a significant contribution of ₹31,472 crores giving an 18.15% growth, as against ₹12,173 crores (8.78% growth) last year. SME segment has, however, seen a lower off-take of ₹20,383 crores with growth at 12.45% against 17.41% last year reflecting market conditions. It may be noted that your bank has been mindful of asset quality and nearly 80% of the incremental exposure is to investment grade assets based on external ratings. It was a conscious strategy of your Bank to provide competitive rates of interest to the better rated companies. This, along-with CGTSME and ECGC covers, as also fair distribution across verticals, has helped to de-risk the portfolio.

You will be glad to note that your Bank's retail story has been exceptionally encouraging. The retail segment growth has been to the tune of ₹27,267 crores giving a growth of 14.95% against last year's 10.85%. Major drivers in this segment have been our Home Loans and Auto loans which have registered a 16.28% (₹ 16,728 crores) and 35.47% growth (₹6,494 crores) respectively. Both the portfolios are quite healthy with impaired assets at just around 1% only. I am pleased to convey that because of our competitive rates, which has attracted new and take-over proposals, your Bank is currently ranked at number 1 in both these segments across the industry.

Under flow of credit to the farming community, your Bank has disbursed direct Agriculture loans of ₹22,303 crores during the year, representing a growth of 25.85% covering 11.89 lac new farmers. Out of the total direct agriculture advance of ₹1,08,584 crores standing in the books as at 31.03.2013, 30.77% i.e. ₹33,409 crores is collateralised by gold. Your Bank was happy to provide an opportunity to the rural households to leverage their gold assets. It was for the first time that your Bank exceeded the stipulated ANBC bench mark of 13.5% in direct agricultural advances by reaching 14.24% as at 31.03.13. Your Bank has strengthened its reach to the agriculturists and added to its network 21 Agriculture Commercial branches opened at potential centres to capture emerging high value agriculture and agriculture related SME opportunity.

The above performance enabled the Bank to record an improvement in its market share in deposits from 16.29% last year to 16.46% during current year and in advances from 16.09% to 16.66% in the corresponding period. The Bank's CD ratio as at 31.03.2013 stood at 82.4 compared to All Scheduled Commercial Banks 78.

Other activities

During the year, the Bank expanded its reach by adding 719 branches to its network comprising 123 in Metros, 122 in Urban, 170 in Semi-Urban and 304 in Rural areas. As at 31.03.13, out of total 14,816 branches, 66% (9851 branches) are in Rural and Semi-urban areas.

On the financial inclusion front, your Bank has rolled out 38,480 Business Correspondent Customer Service Points through alliances both at the national and regional level. Transactions volume through BC channel has grown 2.4 times during FY12-13 at ₹13,033 crores over FY 11-12.

State Bank group has one of the largest ATM networks in the world with 32,752 ATMs as on 31.03.13. The position would have been much better but for significant restrictions during the year on expanding ATM network which prevented the Bank from fully leveraging the group's large debit card base of 136 million debit cards. On account of this, the Bank ended the year as a net issuer and paid out inter-change fees of ₹66 crores during the year.

Your Bank has introduced Cash Deposit Machines to facilitate customers to deposit cash in their accounts by swiping their SBI ATM cum Debit card. As on 31.03.13, the number of CDMs installed was 665.

The Corporate Social Responsibility(CSR) activities of your Bank continue to gain momentum and earn accolades. The Bank's pan India campaigns under CSR provide support to a host of socially relevant schemes and this year's highlights included providing safe and clean drinking water facility through installation of 43,161 water purifiers to 42,000 schools benefitting 84 lac students. The programme of providing fans was also continued with supply of 1,40,000 fans to 14,000 schools. I am happy to convey that for the first time in the history of your Bank, the CSR spend has crossed the milestone of ₹ 100 crores touching ₹ 123 crores in this fiscal.

Profit and NIM parameters

Though the challenges of the environment were felt across the banking system, your Bank displayed great resilience and could sustain a sound performance under most parameters due to strategic and market oriented initiatives. I am happy to report that your Bank, on a consolidated basis, recorded a 16.77% growth in net profits standing at ₹17,916 crores. On a stand-alone basis also, your Bank recorded a Net Profit of ₹14,105 crores, up by 20.48% over ₹11,707 crores achieved last year. This places your Bank amongst the top 3 corporates in the country.

Total Interest income grew by 12.33% to a level of ₹1,19,657 crores up from ₹1,06,521 crores last year, total interest expenses were on a higher trajectory with a growth of 19.13%. Consequently, the Net Interest Income increased from ₹43,291crores last year to ₹44,331 crores this year, reflecting the business environment. Non- interest income growth too was on similar lines gaining 11.73% and increased to a level of ₹16,035 crores from ₹14,351 crores last year. This position is, however, not strictly comparable as last year income from Pension Fund was included while this year the Pension Fund is outside the Bank. In this context, the performance of our Treasury portfolio has been outstanding and has made a significant contribution moving from a whole bank loss position of ₹920 crores on sale of domestic and foreign investments (Equity, MF and Bonds) last year to a profit of ₹1098 crores this financial. In the process the Bank has churned the portfolio to exit out of poor quality stock. Currently, Bank's investment policy envisages subscribing only to indexed stocks.

Operating expenses increased by 12.33% to a level of ₹29,285 crores against last year's ₹26,069 crores mainly on account of overhead expenses due to significant increase in the physical spread and up gradation of branch ambience, results from which will flow-in in the coming years. Staff costs, including provision for superannuation benefits, have increased from ₹16,974 crores to ₹18,381 crores an increase of 8.29% primarily due to all round increase in inflation. However, as a proportion of Operating expenses, staff expenses have declined to 62.77% from last year's 65.11%.

The Net Interest Margin (NIM) for whole bank is in line with the guidance and better than the average industry norm. Looking to the severe competition and NPA position, the NIM was under pressure. Though this is lower than that achieved last FY, at the level of 3.34% your Bank continues to rank high amongst peers. On the domestic book the NIM stands at 3.66% and for the foreign offices it is at 1.50%. If interest from liquid Mutual funds is considered, the domestic NIM improves to 3.71%.

Asset Quality

The level of impaired assets has shown an upward bias, symptomatic of the state of the economy, and we experienced an unprecedented level of delinquencies. The deterioration has occurred in the mid-corporate space in sectors under stress in the economy namely Paper and Plastics, Iron and Steel, Textiles, Engineering Goods, Transport, etc. Gross NPAs are currently at 4.75% with Net NPA level of 2.10%. Special efforts made during the course of the year, especially during Q4 FY13, in the direction of NPA management paid good dividends which enabled control, significant improvement in the last quarter and prevented the position from getting out of hand. Your Bank has done the requisite provisioning with provision for NPAs during the year at ₹ 11,368 crores. The Provision Coverage ratio stands at 66.58%. The total restructured assets book stood at ₹ 43,111 crores of which ₹ 32,228 crores are in the standard category and ₹ 10,883 crores in the NPA category .

While external factors had a large bearing on the growth of NPAs, special efforts were made by your Bank to contain the impact through stringent loan screening, close follow-up and interaction with the borrowers, setting up of special teams for recovery, re-structuring and re-scheduling on a case to case basis and merits, recourse to SARFAESI, real time monitoring through account tracking centres and related ground level resolution strategies. In fact in the last quarter of the FY 2012-13, there was a significant contraction of Gross NPAs from ₹ 53,458 crores (5.30%) in Q3FY12-13 to ₹ 51,189 crores (4.75%)at the end of Q4FY12-13. Overall, the effort saw Upgradation of ₹ 10,119 crores and Cash Recovery of ₹ 4,766 crores in the NPA accounts. Recovery in Written Off/AUCA accounts was to the tune of ₹ 1066 crores during the year. In the times ahead and supported by the growth in the real economy, we are not going to allow any let up in our efforts at resolving the impaired assets through timely and proactive measures.

Capital structure

The Capital Adequacy Ratio of your Bank stands at 12.92%, against RBI stipulation of 9%, with Tier1 capital at 9.49% and Tier II at 3.43%. The CAR remains strong and the strength comes from the following three factors:

a) Robust internal generation and plough back of profits of ₹10,890 crores;

b) Capital infusion of ₹3004 crores by the Government; and

c) Continuous and on-going efforts at optimizing capital

Looking to the fact that the rules for Tier II capital have become quite stiff and challenging, your Bank did not think it optimum to raise tier II capital.

Your Bank continues to enjoy very good market valuations and is currently ranked 8th amongst top 10 market cap companies and number 1 amongst Public Sector banks.

The Bank on a consolidated basis continues to be amongst the top tax payers of the country with tax payout during FY12-13 at ₹7,559 crores against ₹8,639 crores last FY, the reduction coming about on account of prudent and efficient tax planning measures.

Dividend

I am happy to announce that the Board of Directors of your Bank has declared a dividend of ₹41.50 per share (415%) for the year ended 31st March 2013.

New Business Drivers

1. Low cost (₹100) Personal Accident Cover of ₹4 lacs for all SB account holders of the Bank;
2. Inter core charges for transfer transactions made NIL;
3. Pre-payment penalties abolished;
4. No minimum balance requirement for SB accounts;
5. SME Insta Deposit Card for MSME segment, State Bank Business Debit Card and State Bank Virtual Card launched;
6. Introduction of on-line Savings Bank account opening facility;
7. Multi city cheque books provided to all our customers.

Associates and Subsidiaries

I am happy to convey that your Bank's Associates and Subsidiaries continue to achieve good growth traction.

During the year, the 5 Associate banks saw their consolidated PAT at ₹ 3,678 crores. Their Operating profit increased from ₹8,214 crores to ₹8,802 crores in current FY. All these banks are profitable and well capitalized with average NIM at 3.13% and CAR averaging 11.85% as at 31.03.13.

Of the non-banking subsidiaries, SBI Life Insurance Company Ltd. posted a PAT of ₹ 622.20 crores, a YOY growth of 11.87% and has emerged as the private market leader in new business premium for FY 12-13. SBI Capital Market Ltd. has registered a YOY growth of 17.92% in PAT reaching a level of ₹296 crores. SBI Cards and Payment Services (Pvt.) Ltd., the only stand-alone card issuing company in India,continues to excel with a PAT of ₹ 136.30 crores representing a YOY growth of 258%. SBI General Insurance Company Ltd. has issued 7.28 lac policies across Retail, SME and Corporate segments garnering premium of ₹ 771 crores, a rise of 208% over previous fiscal. SBI DFHI registered an excellent growth of 84% in their profit over that of last year improving from a level of ₹43.50 crores to ₹ 80.29 crores.

Honours and Awards

Your Bank's achievements in various fields have received national and international recognition as enumerated below:

- FE Best Banks Award-Award for Initiatives
- National Award- 2011-12 Best Bank for Excellence in the field of Khadi & Village Industries (PMEGP)
- "Agriculture Leadership Award 2012" from Agriculture Today under Development Leadership category.
- "Best IT driven Innovation Award in Banking" in the Country from NASSCOM was awarded to APGVB, RRB sponsored by SBI.
- Ministry of Rural Development, GOI, awarded "Certificate of Excellence" for Bank's proactive role in establishing Rural Self Employment Training Institutes across the country during the year 2011-12.
- Asia's Best CSR Practice Award instituted by CMO Asia has been awarded to the Bank in Singapore.
- 'Asian CSR Leadership Award 2012' has been conferred to the Bank in Dubai.
- IPE Best CSR Award – 2012.
- Most Caring Companies of India Award – 2012.
- Star of the Industry Award for excellence in Banking (PSU) – 2012.
- Golden Peacock Award 2012' in Corporate Governance by the Institute of Directors on 11th October 2012
- Golden Peacock National Training Award-2012.

The Road Ahead

The economy appears to have bottomed out and we can look forward with enthusiasm to exciting times ahead. Challenges remain and in a dynamic and growing economy new ones will surface but we are hopeful that with the fresh thrust to balanced growth initiatives by the Government and support from RBI with appropriate monetary policies, the banking industry shall achieve greater heights. Your Bank has demonstrated its resilience in the current challenging environment and I am confident that we have the strength and resources which, along with the trust our customers have reposed in us, will enable us to withstand any adversity and emerge stronger.

I would like to thank each and everyone of our employees without whose efforts and commitment your Bank would not have been in the strong position it is in.

I would also like to thank all our shareholders for their belief in us and their support in our endeavor towards progressive growth.

With warm regards,

Yours sincerely,

(Pratip Chaudhuri)

DIRECTORS' REPORT

Management Discussion and Analysis

ECONOMIC BACKDROP AND BANKING ENVIRONMENT

Global Economy

The global economy has entered 2013 with reduced downside risks, as the US fiscal cliff and a flare up of the euro area crisis being averted. With downside risks receding, it is now worth considering the prospects for an improvement in global growth. As per the IMF forecast, global economy is forecast to grow by 3.3% in 2013 (vis-a-vis 3.2% in 2012). The housing sector in the US economy – the epicentre of the downturn - has made considerable progress in repairing its balance sheet. Policy makers in the euro zone area have reconfirmed their commitment to resolution of the euro crisis by working on a common euro area integration framework. Going forward, US economy is supposed to gain continued traction, even though a sustained pick-up in euro area may take a while to materialize. Growth in emerging market and developing economies is projected at 5.3% in 2013 (vis-a-vis 5.1% in 2012). On the whole, an environment of progressively lower global tail risks and continued structural reforms in various economies will favourably impact global growth outlook in 2013.

Indian Economy

India's economic growth touched 5% in FY13-a decadal low. This was mainly due to the protracted weakness in industrial activity aggravated by domestic supply bottlenecks (manufacturing sector expanded at 1% in FY13 vis-a-vis 2.7% in FY12), and slowdown in the services sector reflecting weak external demand.

India's economic growth is expected to improve in the current financial year 2014.

Agricultural production was impacted during the year reflecting deficiency and uneven distribution of rainfall (agricultural sector expanded at 1.9% in FY13 vis-a-vis 3.6% in FY12). It dented Kharif sowing, however, recovery of rainfall from September 2012 onwards helped maintain soil moisture during the rabi season. The third advance estimates of crop production for FY13 indicate a marginal decline of 1.5% in overall food grain production to 255.4 million tonnes from 259.3 mt in the previous year. The current stock of foodgrains 59.7 million tonnes at end-March 2013 is sufficient to meet the requirement of the country.

Headline inflation after progressively rising from 7.5% in Apr'12 to over 8% till Sept'12, has now declined to 4.9% in April 13, a 41 month low and within the RBI comfort zone. Core inflation has also declined to 2.8% in Apr'13, a 39 month low. The CPI -Rural Urban (CPI-RU) has eased to 9.4% in Apr'13. This was the lowest CPI inflation in 13 months. Various other CPI indicators support the contention that consumer inflation may have peaked out. Interestingly, rural inflation is coming down at a faster rate than urban areas indicating some deceleration in rural demand as well. Moreover, the calibrated increase in diesel prices are not likely to continue over the entire fiscal, with the current under-recovery on diesel at lower levels. This will further reduce the prospects of an upturn in inflation over FY14.

The growth of industrial production decelerated to 1% during FY13 (vis-a-vis 2.9% in FY12). Even though, there has been a pick-up in industrial activity in March 2013, contraction in capital goods and mining sector continues to pose a downside risk.

India's current account deficit (CAD) touched a sharp 6.7% of GDP in the third quarter of FY13. The widening in CAD was in part attributed to a deceleration in India's exports (decline of 1.8% in FY13). With regards to the concerns regarding the widening current account deficit, we believe soft global commodity prices, reduced volatility in Indian rupee and Government's export promotion measures will facilitate a reduction in trade deficit and subsequently CAD over the medium term.

However, the good news is that a look at the direction of Indian exports, reveal a shifting trend with exports to Asia, Africa and Latin America during FY13 touching 65% of our total export basket. This is indeed a development with significant import as Asia's accelerating economic growth has been shifting the global economic and industrial centres of gravity away from the US and EU, raising the importance of Asia in world trade and boosting the prospects of South-South trade.

On the hindsight, India still remains one of the fastest growing economies in the world, and continues to be a favoured destination for investment. The foreign investment flows into the debt markets have increased in the recent months, with a cumulative flow of $3.1 bn during the calendar year 2013 (till May'17). Moreover, the recent decision to reduce the withholding tax on Government and INR-denominated corporate debt has boosted the FII debt flows. On the whole, portfolio capital inflows increased to $27.5 billion during FY13 (vis-a-vis $16.8 bn in FY12). Net FDI inflows increased to $22.9 bn in FY13 (vis-a-vis $21.8 bn in FY12).

Banking Environment

The slowdown in the economy and monetary tightening has affected banks' business in 2012-13. Aggregate deposit growth of All Scheduled Commercial Banks (ASCB) grew higher by 14.3% in FY13 against 13.5% growth in FY12, while growth in credit decelerated sharply to 14.1% in FY13 from 17.0% in FY12.

RBI kept the key interest rates unchanged till the end of third quarter of FY13. However, to ease pressure on liquidity, RBI has cut CRR by 75 bps from 4.75% to 4.0% and slashed SLR by 100 bps to 23%. As a part of monetary transmission, deposit rate of major banks for more than one year maturity softened from 8.50-9.25% in FY'12 to 7.5-9.0% in FY'13, and base rate of major banks fell from 10.0-10.75% to 9.70-10.25% in the same period. Growth deceleration impinging on corporate profitability and move to system-driven identification of NPAs, non-performing assets of banks increased during the year.

In a new development, RBI is likely to issue new bank licenses during FY14, which apart from providing an impetus to financial inclusion, is expected to intensify competition in banking sector in medium term. Meanwhile, with the implementation of Basel III norms by March 2018, Indian banks will be required to raise significant capital from the market.

The other policy initiatives taken by RBI during the last fiscal, include among others (a) Banks to provide "CTS-2010" standard cheques to customers, (b) Enhanced provisioning requirement on certain categories of non-performing advances and restructured advances, (c) Revised guidelines for electronic payment transactions and (d) International use of debit and credit cards.

In the Monetary Policy announced in May 2013, RBI reduced the repo rate by 25 bps. Depending upon growth inflation dynamics, RBI is expected to cut rates further during FY14 to boost growth. It will provide business opportunity for banks and threat as well to do business with lower margins.

A strong and resilient banking system is the foundation for sustainable economic growth, as banks are at the centre of the credit intermediation process between savers and investors. Moreover, banks provide critical services to consumers, small and medium-sized enterprises, large corporate firms and governments who rely on them to conduct their daily business. In this context, it is needless to mention that the Indian banking sector has demonstrated strong resilience during the global financial crisis. Such resilience has also been ably abetted by RBI through initiation of Basel III norms embedded with provisions and guidelines for higher capital adequacy norms to be adopted by the banks in India.

Outlook

During FY14, economic activity is expected to show a modest improvement over last year, with a pick-up likely in the second half of the year. Conditional upon a normal monsoon, agricultural growth could return to trend levels.

The outlook for industrial activity remains subdued, with a recovery more likely in the later part of FY14. In this context, the National Manufacturing Policy (NMP) sets the framework for revitalization of manufacturing sector of the country. Rapid implementation of the NMP and the creation of National Manufacturing & Investment Zones can be seedbeds not only for manufacturing, but also concomitant development of the service sector. Additionally, continued monetary accommodation by RBI will also support industrial growth. A declining inflation trend, as being witnessed currently will also help to prop up consumption demand to a certain extent as well.

Infrastructure however, remains an area for improvement. It is imperative that we continue to support a meaningful public-private partnership with inclusiveness and sustainability as essential prerequisites for sustained growth rates over the next decade.

On the inflation front, we believe average level of inflation will trend downwards and may be closer to RBI comfort level in FY14, based on the emerging trend of continued soft international commodity prices, and provided the rupee remain stable. Such a development will also reduce the worries on CAD during the course of FY14. Additionally, capital inflows to emerging economies,

Next generation banking is to be a priority for the Indian banks on a going forward basis.

including India are likely to remain buoyant in FY14 reflecting benign monetary conditions in developed economies.

We also believe that fiscal consolidation will remain a priority, with Government clearly making its intent clear several times. It may be noted that the Government plans to trim the fiscal deficit to 3% by 2016-17.

Exports are unlikely to post significant gains in FY14, as the global economy will witness only a gradual recovery. The import elasticity of our growth remains significant and going forward we would need to develop a new paradigm of a low-carbon economy. It is now becoming clear that the centre of gravity of the world economy is shifting to South and for trade, investment and finance India may have to look more and more to the South.

On the aggregate, we believe GDP to grow by about 5.5%-6% during FY14. Faster resolution of projects currently awaiting regulatory clearances may provide the much needed impetus to domestic investment and reinvigorate growth prospects.

Finally, amidst growth slowdown in emerging Asian economies, fears of a "middle-income trap" are now growing rapidly. Empirical evidences (IMF, 2013) suggest that sound economic institutions, favourable demographics and trade structures can all reduce the likelihood of such a growth trap. Though India is currently poised favourably on demographics and trade structures, the current slowdown may just provide the right occasion for India to move from physical resource intensive growth to human resource intensive growth. Over the medium term, India's opportunity for accelerated development lies in human capital formation. There are huge opportunities for expansion of service sector provided we can accelerate our programs for skill formation. This is all the more important given that services sector currently contributes to more than 60% of India's GDP.

The Bank has declared Dividend of ₹ 41.50 per share for FY 2013 as against ₹ 35 per share for FY 2012.

The fact that India has a young population also implies that Indian banks are moving towards a right mix of assisted and self-serviced channels to provide a rich, unified and consistent banking experience. For example, Green Channel Counters are the latest innovation in the series for banks to serve its customers in an eco friendly atmosphere. With continued regulatory changes, Indian banks will have more of opportunities in the area of financial inclusion, rural banking and mobile banking in their quest for a new banking paradigm.

Financial Performance

Profit

The Operating Profit of the Bank for 2012-13 stood at ₹ 31,081.72 crores as compared to ₹ 31,573.54 crores in 2011-12 registering a marginal decline of 1.56%. The Bank has posted a Net Profit of ₹ 14,104.98 crores for 2012-13 as compared to ₹ 11,707.29 crores in 2011-12 registering a growth of 20.48%.

While Net Interest Income recorded a growth of 2.40%, the Other Income increased by 11.73%, Operating Expenses increased by 12.33% attributable to higher staff cost and other expenses.

Net Interest Income

The Net Interest Income of the Bank registered a growth of 2.40% from ₹ 43,291.08 crores in 2011-12 to ₹ 44,331.30 crores in 2012-13. This was due to higher growth in the advances and investment portfolios.

The gross interest income from global operations correspondingly rose from ₹ 1,06,521.45 crores to ₹ 1,19,657.10 crores during the year registering a growth of 12.33%.

Interest income on advances in India registered an increase from ₹ 77,309.15 crores in 2011-12 to ₹ 85,782.26 crores in 2012-13 due to higher volumes. The average yield on advances in India has declined from 11.05% in 2011-12 to 10.54% in 2012-13. Interest income on advances at foreign offices has grown by 26.17%.

Income from resources deployed in treasury operations in India increased by 13.82% mainly due to higher average resources deployed. The average yield, which was 7.51% in 2011-12, has increased to 7.54% in 2012-13.

Total interest expenses of global operations increased from ₹ 63,230.37 crores in 2011-12 to ₹ 75,325.80 crores in 2012-13. Interest expenses on deposits in India during 2012-13 recorded an increase of 20.88% compared to the previous year, whereas the average level of deposits in India grew by 14.3%. The average cost of deposits has consequently increased from 5.95% in 2011-12 to 6.29% in 2012-13.

Non-Interest Income

Non-interest income stood at ₹ 16,034.84 crores in 2012-13 as against ₹ 14,351.45 crores in 2011-12 registering an increase of 11.73%.

During the year, the Bank received an income of ₹ 715.51 crores (₹ 767.35 crores in the previous year) by way of dividends from Associate Banks/ subsidiaries and joint ventures in India and abroad.

Operating Expenses

There was an increase of 8.29% in the Staff Cost from ₹ 16,974.04 crores in 2011-12 to ₹ 18,380.90 crores in 2012-13. Other Operating Expenses registered an increase of 19.89% mainly due to increase in expenses on rent, taxes and lighting, advertisement & publicity, law charges, postage, telegrams & telephones, insurance and miscellaneous expenditure.

Operating Expenses, comprising both staff cost and other operating expenses, have registered an increase of 12.33% over the previous year.

Provisions and Contingencies

Major amounts of provisions made in 2012-13 were as under:

- ₹ 961.29 crores write back from provisions for depreciation on investments, excluding amortization of premium on 'Held to Maturity' category (as against ₹ 663.70 crores provided towards depreciation on investments in 2011-12).
- ₹ 5,953.88 crores towards Provision for Tax, excluding deferred tax creation of ₹ 107.97 crores (as against ₹ 6,320.09 crores in 2011-12 excluding deferred tax reversal of ₹ 455.93 crores).
- ₹ 11,367.79 crores (net of write-back) for non-performing assets (as against ₹ 11,545.85 crores in 2011-12).
- ₹ 749.61 crores towards Standard Assets (as against ₹ 978.81 crores in 2011-12). Including the current year's provision, the total provision held on Standard Assets amounts to ₹ 5,289.58 crores.

Reserves and Surplus

- An amount of ₹ 4,417.86 crores (as against ₹ 3,516.98 crores in 2011-12) was transferred to Statutory Reserves.
- An amount of ₹ 19.17 crores (as against ₹ 14.38 crores in 2011-12) was transferred to Capital Reserve Fund.
- An amount of ₹ 6,453.26 crores (as against ₹ 5,536.50 crores in 2011-12) was transferred to Other Reserve Funds.

Table 1: Key Performance Indicators

Indicators	**SBI**		**SBI Group**	
	2011-12	2012-13	2011-12	2012-13
Return on Average Assets (%)	0.88	0.91	0.89	0.89
Return on Equity (%)	16.05	15.94	16.49	15.97
Expenses to Income (%) (Operating Expenses to Total Net Income)	45.23	48.51	53.51	56.35
Book Value per share (₹)	1214.78	1394.79	1540.64	1769.19
Basic Earnings Per Share (₹)	184.31	210.06	241.55	266.82
Diluted Earnings Per Share (₹)	184.31	210.06	241.55	266.82
Capital Adequacy Ratio (%) (Basel-I)	12.05	11.22	11.84	11.07
Tier I	8.50	8.23	8.30	8.10
Tier II	3.55	2.99	3.54	2.97
Capital Adequacy Ratio (%) (Basel-II)	13.86	12.92	13.68	12.82
Tier I	9.79	9.49	9.65	9.46
Tier II	4.07	3.43	4.03	3.36
Net NPAs to Net Advances (%)	1.82	2.10	1.81	2.07

Assets

The total assets of the Bank increased by 17.28% from ₹ 13,35,519.23 crores at the end of March 2012 to ₹ 15,66,261.04 crores as at the end of March 2013. During the period, the loan portfolio increased by 20.52% from ₹ 8,67,578.89 crores to ₹ 10,45,616.55 crores. Investments increased by 12.41% from ₹ 3,12,197.61 crores to ₹ 3,50,927.27 crores as at the end of March 2013. A major portion of the investment was in the domestic market in government securities.

Liabilities

The Bank's aggregate liabilities (excluding capital and reserves) rose by 17.24% from ₹ 12,51,568.03 crores on 31st March 2012 to ₹ 14,67,377.36 crores on 31st March 2013. The increase in liabilities was mainly contributed by increase in deposits and borrowings. The Global deposits stood at ₹ 12,02,739.57 crores as on 31st March 2013 against ₹ 10,43,647.36 crores as on

31st March 2012, representing an increase of 15.24% over the level on 31st March 2012. The borrowings increased by 33.21% from ₹ 1,27,005.57 crores at the end of March 2012 to ₹ 1,69,182.71 crores as at the end of March 2013 mainly attributable to borrowings from RBI in India and borrowings & refinance outside India.

I CORE OPERATIONS

I. 1. Customer Service

Our vision statement unambiguously spells out the centricity of the customer in the Bank's business strategies and operations. A multi-tiered structure of committees constantly review existing services and suggest improvements. Important issues raised by these Committees and action taken thereon, as well as analysis of the consolidated data for customer grievances for all Circles are placed before the Customer Service Committee of the Board every quarter, to identify common systemic and policy issues that require rectification.

The Bank has a well defined and documented Grievance Redressal Policy which provides for:

- A dedicated Customer Care Cell

- Bank's Web based Complaint Management System (CMS) has been redesigned and launched as a single online Grievance Lodging and Redressing System for the Bank. Customers can lodge their complaints through various channels including written complaint at branch, by calling at the toll free number of Bank's Contact Centre 1800 425 3800 / 1800 11 22 11, online through Bank's website www.sbi.co.in, sending SMS message 'UNHAPPY' to number 8008 202020 etc. All complaints are lodged through CMS and are acknowledged with a unique ticket number immediately on lodging. Bank has mandated and has been able to redress a majority of the customer grievances within a maximum period of three weeks of receipt, as against the time limit of 30 days prescribed in the BCSBI Code. All ATM related complaints of Bank customers are redressed within the RBI-prescribed 7 days.

- While the Bank strives to achieve the highest standards in customer service, it has also put in place a Board approved Compensation Policy to compensate the customer financially in the unlikely event of any slippage in services extended. The Policy ensures that the aggrieved customer is compensated without having to ask for it.

- Over 70% of the recommendations of the Damodaran Committee have already been implemented.

- Suitable structure has been put in place at the Branches, Regional Business Offices, Local Head Offices, Administrative offices and at the Corporate Centre of the Bank for handling requests and appeals under the RTI Act 2005, Consumer Forums, etc.

Customer Friendly Initiatives

During 2012-2013, in the backdrop of slowing investment/consumption/net exports, constrained food production, high inflation, distress in several industry and infrastructure sectors-textile, chemicals, iron and steel, food processing, construction, telecom-major initiatives were taken by your Bank towards catalyzing investment & growth, to facilitate the flow of credit to critical sectors of the economy including agriculture, infrastructure, micro, small & medium enterprises, housing, exports, and with a view to reducing customer distress/pain points & raising levels of customer satisfaction. These initiatives include:

➢ ***Pricing concessions***

❖ **Interest rates** Base rate was twice reduced during the year from 10% to 9.75% as on 20/9/2012, and then again to 9.70% as on 4/2/2013, the lowest amongst all banks and so pegged, to bring relief to all borrowers, particularly SME units, home loan borrowers, who continued to enjoy the lowest home loan interest rates, and commercial real estate accounts, which were aligned with the prevailing retail housing loans in terms of interest rates.

❖ Guarantee fees were absorbed by the Bank, both for exporters (ECGC fees) and fees payable by MSE units to CGTMSE for guarantee cover on collateral free loans upto ₹ 1 crore.

Several Customer friendly initiatives were introduced by your Bank during the year 2012-13.

- ***Process innovations***

- Relationship management platform was strengthened across business verticals-Accounts Management teams for corporates, premier banking services for high networth customers, relationship managers for SMEs (ME&SE)

- The number of processing cells(RACPCs/ SMECCs), supported by loan origination software, were increased and revamped, for quicker processing of loans

- Touch-points with customers were expanded, through opening of branches and increasing Customer Service Points, BC outlets in remote areas

- Cluster models were introduced at all currency chest branches for efficient cash management at semi-urban/rural areas

- A dedicated wing was created in all processing cells to monitor NPA accounts

- ***Product changes***

- We have a great CASA franchise and savings bank accounts form the bulwark. The savings bank account is normally the first on-board facility availed by a customer and the referral point for all future services from the Bank. To preserve and enhance the value of our savings bank offering, your Bank introduced the following initiatives during the year :

- Minimum balance in savings account was done away with.

- The penalty on non-maintenance of Average Quarterly Balance stands withdrawn.

- The inter-core transfer transactions have been made free, and cash deposit minimum charges were reduced from ₹ 25 to ₹ 10.

- Introduction of Personal Accident Insurance Policy for all savings bank account holders at a nominal rate received tremendous response.

- Proactively, providing CTS-2010 compliant multi- city cheque-books benefited all our customers

> State Bank Virtual Card enables secured e-commerce on-line transactions, through Internet Banking facility.

- Unfixed Deposits scheme applicable to term deposits of 6 months was extended to term deposits upto one year.

- A new tractor loan scheme with relaxations in eligibility, margin, security, interest & upfront fee was launched. Also a revised KCC scheme was rolled out for the benefit of farmers. Relaxed collateral security norms for all agri loans upto ₹1 lac was introduced.

- SBI loan scheme for Vocational Education & Training was launched while loan amount for studies abroad was raised to ₹ 30 lacs

- ***Technology upgrades***

- SBI through CMP Centre was the first Bank to use NPCI Aadhar Payment Bridge System (APBS) for transferring LPG subsidy based on Aadhar Number.

- The Bank launched an Online Savings Bank Application facility and e-RD,TDR/STDR accounts which evoked enthusiastic response from the customers. Issuance of TDR/STDR through ATMs have been operationalised.

- Centralised printing and mailing of current account/OD/Cash credit statements, housing loan interest certificates, deposit accounts' certificates to enhance customer convenience, were initiated during the year

- The Bank issued a series of new plastic cards for the convenience of their target groups, e.g State Bank Business debit card for corporate customers in two variants-Pride & Premium, Insta Deposit cards enabling traders & service providers to quickly deposit cash, State Bank Virtual Card for retail customers

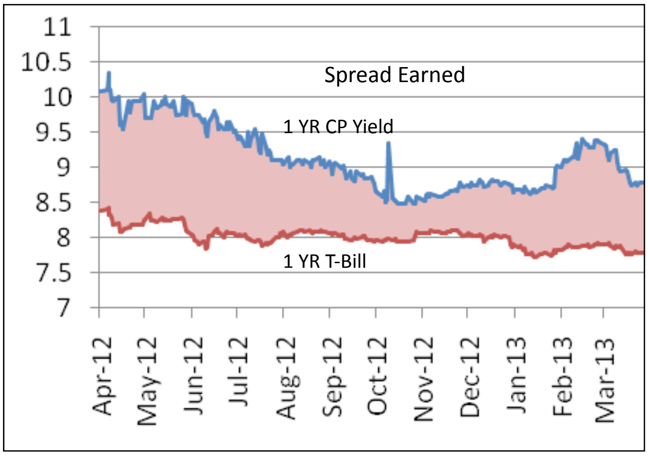
- State Bank MobiCash Easy, a mobile wallet, was introduced during the year

- E-challan cum return for collection of Employees Provident fund, through branches and corporate internet, commenced during the year.

I.2. BUSINESS GROUPS

A. GLOBAL MARKETS OPERATIONS

Global Markets Unit manages the Bank's rupee liquidity, compliance with reserve requirements and investment portfolio of the Bank besides offering a wide range of foreign exchange and hedging products to the customers. It also offers portfolio management services to large retirement funds. It constantly endeavors to keep liquidity at the optimum level while maximizing the returns.



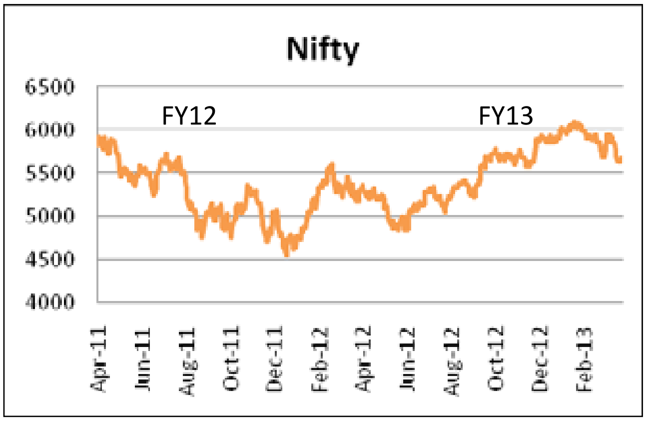
During the year the Reserve Bank of India reduced Cash Reserve Ratio by 0.75% and Statutory Liquidity Ratio by 1%. The Bank therefore had ample liquidity during the year. This offered the Bank opportunities to invest in short term money market instruments like Commercial Papers (CPs) and Certificate of Deposits (CDs). Bank invested over ₹ 75,000 Crores in CDs and CPs at an average spread of 65 to 75 basis points (BPs) over applicable yield on Treasury Bills, thereby earning additional interest income.

The Bank was adjudged the "Best Overall Domestic Provider of FX Services" in the Asiamoney Polls 2012

The yield on Government securities declined during the year responding to the Repo rate cuts of 100 BPs by the RBI and moderation in inflation. Yield on the benchmark 10 year Central Government securities declined from 8.63% in April 2012 to 7.99% by 31st March 2013. This reduction in yield offered opportunities for churning the SLR portfolio of the Bank. We booked more than ₹ 200 Crores from active management of the portfolio. Despite a fall of 64 BPs in yield on Government Securities, the return on SLR portfolio was only marginally lower by 5 basis points, because of dynamic rebalancing of the portfolio.

As the yields were in a declining trend, the Bank decided to increase duration of the portfolio. The Bank purchased long dated Securities of over ₹ 35,000 Crores of Central and State Governments. The Bank also invested in high yielding corporate bonds aggregating to more than ₹ 10,000 Crores during the year. The gross corpus of funds under the management of Global Markets was close to ₹ 4 lac Crores as on 31st March 2013.

Equities witnessed a turnaround this year led by improved economic situation in the USA, reduced stress in Eurozone, pro-reform measures of the Indian Government as well as rate cuts by the RBI. While the Bank remains invested in multiple strategic positions, Global Markets increased proprietary trading in Nifty stocks. The Bank also used Mutual fund schemes for liquidity management and higher returns. The Bank made a profit of about ₹ 600 Crores from Equity and Mutual Funds.



The Bank continued to explore opportunities in the area of private equity and venture capital fund investments. During the year, investments of ₹ 100 Crores were made in different venture capital funds. Bank also partially exited from one of the private equity investments during FY13 resulting in a profit in excess of ₹ 50 Crores at an IRR of more than 45.25%. Due to favorable valuations and market conditions, Bank also exited from another strategic investment resulting in a profit of ₹ 65 Crores. The Bank also participated in the primary market and disinvestment programme of the Government of India through Offer For Sale (OFS) route by investing about ₹ 1,300 Crores.

Global Markets provides foreign exchange solutions to the customers in all currencies for managing their currency flows and hedging risks through options, swaps, forwards and bullion services. Given the large presence across the country, the Bank provides a world class technology platform to seamlessly process currency flows between its customers through branches and the dealing room. This is part of our continuous endeavour to provide enhanced services to our customers. The Treasury Marketing outfits complement this by engaging with customers to provide them with inputs about markets and suggest products to suit their requirements. The Bank earned income of over ₹ 1600 Crores from covering the customer flows in foreign exchange, hedging, gold, and proprietary trading, registering an increase of 18%. Global Markets also manages FCNR(B) corpus of the Bank and provides funds for Export Finance in Foreign Currency and FCNR(B) loans.

The Bank was also ranked number one in the "Best for FX options" and "Best for FX Products and Services" categories and number two in the "Best for FX Research & Market Coverage" category in the same poll. These help us to consistently improve our service to our esteemed customers.

The Bank provides portfolio management services to an array of retirement funds in the country consistently giving better returns. The Portfolio Management Services section, with an AUM of over ₹ 2,38,000 Crores, has consistently outperformed private sector peers in generating returns for the EPFO funds. Last year, the bank was adjudged the best fund manager for EPFO.

B. CORPORATE BANKING GROUP

The Bank's Corporate Banking Group consists of three Strategic Business Units viz. Corporate Accounts Group, Transaction Banking Unit and Project Finance & Leasing SBU.

B.1. Corporate Accounts Group (CAG)

CAG is the dedicated SBU for handling the large credit portfolio of the Bank. The SBU has Offices in 6 regional centers viz. Mumbai, Delhi, Chennai, Kolkata, Hyderabad and Ahmedabad headed by General Managers. The business model of CAG is centered around the Relationship Management concept and each client is mapped to a Relationship Manager who spear-heads a cross-functional Client Service Team. The Relationship strategy is anchored on delivering integrated and comprehensive solutions to the clients, including structured products, within a strict Turn-Around-Time. The principal objective of the strategy is to make SBI the first choice of the top corporates thereby deepening the wallet-share and improving the Return on Capital Employed. A sustained Account Planning exercise with rigorous review by senior management sets the pace for the Relationship Management in CAG.

Coastal Gujarat Power of Tata Group, Mundra,(Guj)

Table 2: Business Performance of CAG (₹ in cr)

Facility	Mar-12	Mar-13	YoY Growth
Fund Based (O/s)	125286	175831	40%
Non Fund Based (Vol)	337486	409477	21%

While the Fund Based outstandings of CAG constitute 16% of total credit portfolio of the Bank, CAG also handles about 59% of the domestic forex business of the Bank. During the year, CAG handled several high value deals for clients such as Essar Oil, HDFC, Hindalco Industries, Essar Steel, Power Grid Corporation, DVC, JSW Energy etc.

In an environment of depreciating Rupee, several CAG clients prefer to borrow in foreign currency. Significant International business is thus originated from CAG clients like PSU Oil Majors and groups such as Tata, Reliance, Essar, Adani, JSW, etc. In the highly competitive area of Acquisition Funding also, CAG has registered a strong presence through deals such as Hinduja's acquisition of Houton International Inc, USA and B C Jindal group's acquisition of Exxon Mobil's global BOPP business.

Simhadri Power Project of NTPC, Visakhapatnam district (A.P.)

The Asset quality of CAG remained well under control with the Gross NPAs at 0.57% of total advances. About 87% of CAG's portfolio is investment grade with 40% carrying the highest rating from the External Credit Rating Agencies.

In the backdrop of the robust growth of CAG, it is proposed to open additional Offices in major centres beginning with Mumbai and Delhi. All CAG Offices are now headed by General Managers in line with the rising business profile of the Group and to facilitate interaction at senior level with due regard to the high profile of the CAG clients. Keeping in view the critical importance of the delivery platform, the incumbency of the Chief Operating Officer has also been upgraded to the level of Dy. General Manager in all CAG units.

B.2. Transaction Banking Unit (TBU)

The Bank's growth in advances is mainly attributable to loans to Corporates, which grew by over 40% during 2012-13.

TBU oversees Cash Management Products, Trade Finance and Supply Chain (Dealer / Vendor) Finance and has expanded its activity during the last three years.

❖ **Cash Management Product (CMP)** collection services in the Bank are now offered through 1219 authorized branches located at 722 Centres. Besides usual cheque and cash collections, Doorstep Banking for cash / cheque pickup and collections for Public Issues (IPO/Bonds), are being handled by CMP. Payment services comprising Dividend Warrants, Multi City Cheques, IOIs and e-payment are extended through all branches. CMP Centre has integrated the State Government Payments Systems with the Core Banking Solution of the Bank providing Centralized Payment Solutions to the State Governments in their ambitious National e-Governance Project (NeGP). SBI was the first Bank to use NPCI Aadhar Payment Bridge System (APBS) for transferring LPG subsidy based on Aadhar Numbers.

❖ **e-Trade SBI**, a web-based portal, to enhance customer comfort and provide easy access to trade finance services, by enabling customers to lodge Letters of Credit, Bank Guarantees and Bills Collection/ negotiation requirements online from any corner of the world has been well received, with 1326 Corporates registered under e-Trade SBI as on 31.03.2013 and more than 11000 transactions per month through e-Trade platform.

❖ **e-VFS (Electronic Vendor Financing Scheme) & e-DFS (Electronic Dealer Financing Scheme)** are fully automated and secured products, designed to ensure efficient management of working capital cycle of the corporates and sustained growth and profitability of business partners.

❖ **Financial Institutions Business Unit (FIBU),** a dedicated vertical created for capturing potential business opportunities from financial institutions, has been able to bring on board 15 Insurance Companies, 26 Mutual Fund Companies, 45 NBFCs and 15 Banks.

B.3. Project Finance & Leasing SBU (PFSBU)

PFSBU deals with the approval and arrangement of funds for large projects in infrastructure sectors like power, telecom, roads, ports, airports, other urban infrastructure as also other non-infrastructure projects in sectors like metals, cement etc., with certain threshold on minmum project cost.

Table 3 : Business Performance of PFSBU (₹ in cr.)

	2011-12	2012-13
Project Cost	109293	166299
Project Debt	84858	88033
Sanctioned Amount	24976	24119
Syndication Amount	18160	33454

As on 31.03.2013, the portfolio of infrastructure projects under implementation with PFSBU involves Power projects with aggregate capacity of 52,862 MW; Telecom Projects serving 303 million subscribers; Road projects covering 5,386 kms; new Ports to handle 40 MTPA multi-purpose cargo and 1.2 million TEU of container capacity; Metro project in Hyderabad besides a host of projects in steel, cement, Urban Infra, CRE etc. During the year, a total (FB + NFB) of ₹12,884 crores (₹15,410 crores in FY 12) were disbursed to these projects.

Table 4: Major deals during 2012-13:

Project	Details
Tata Steel Odisha	Integrated Steel Plant of 6 mio TPA capacity.
ONGC Petro-additions	Greenfield Petro-Chemical Plant of 1100 KTPA of ethylene and 400 KTPA of propylene.
Jindal Power	Setting up Thermal Power Plant of 1200 MW capacity.
Videocon Industries	Term loan refinance and SBLC for Mozambique Oil operations. The deal won the Business World Magna best structured deal of the year award.

Thermal Power Plant of Neyveli Lignite Corporation, Neyveli, Tamilnadu

The Bank has constituted a panel of 21 eminent Consultants who are former CEOs/ Directors of leading PSUs with domain expertise in various important sectors. The expert panel has significantly enhanced the capability of PFSBU in evaluating the techno-economic feasibility of projects in critical sectors like Power, Oil Refining, Metals, Fertilizers, Telecom etc.

C. MID CORPORATE GROUP

Mid Corporate Group (MCG), through its 13 regional offices at Ahmedabad, Bangalore, Chandigarh, Chennai (2), Hyderabad, Indore, Kolkata, Mumbai (2), New Delhi (2) and Pune, has 60 branches as on 31.03.2013. During the year, the advances grew from ₹1,70,442 crores to ₹2,04,853 crores.

On the successful conclusion of sanction process of ₹2,650 crores Corporate Loan Facility to Rastriya Ispat Nigam Ltd (RINL), our Chairman along with Shri A.P. Chaudhary, Chairman, RINL keenly observing a model of the steel plant.

Looking to the expansion and growth in business, both in number and volumes, an additional Chief General Manager (CGM) was posted in October 2012 at the Mid Corporate Group, Corporate Centre. The distribution of work between the 2 CGMs is based on geographical lines, with one looking after Northern and Southern regions and the other Eastern and Western regions - assisting the DMD & Group Executive in handling the increased number of MCROs/MCG branches and the growing complexities of business. Similarly, an additional General Manager has been posted at Delhi, Mumbai and Chennai Regional Offices during 2012-13, with clear allocation of MCG branches and attendant responsibilities. The doubling of General Managers at these centres has provided customers with greater

> The fund-based business of Mid Corporate Group recorded an impressive growth of 18%.

access to senior officials, and has also resulted in improved credit delivery - with greater thrust on attracting good quality new business. During the year, the incumbency of 16 Mid Corporate branches was upgraded from Assistant General Manager (AGM) to Deputy General Manger (DGM). With these branches now being headed by DGMs, instead of AGMs earlier, the customers would have more effective resolution of their credit and other related problems.

Account Management Team (AMT) Model, with manageable number of accounts in each team, has been implemented at all branches (214 AMTs), for better credit delivery and focused attention to individual accounts. In the AMT set-up, both pre and post-sanction formalities are handled by the same team - consisting of Relationship Manager, Credit Analyst and Service Officer, which helps in having a holistic view of the requirements of customers as also the underlying risks.

The MCG held several conclaves, essentially as brain-storming sessions with the key functionaries to understand and analyse the trends of business. The frank and detailed exchange of views between the top executives and the operating officials on the ground, in these conclaves, were extremely useful in planning business growth and asset management.

As a result of a concerted drive for selecting good quality assets by making pricing and other terms more attractive for top rated customers, the total percentage of assets above investment grade grew from 64.26% as on March 2012 to 68.31% as on March 2013.

The Group also assisted companies in India to acquire assets / companies overseas and provides support for such expansion plans, including by way of external loans to overseas subsidiaries/JVs (backed by LoCs) through the International Banking Group. Over the years, the Group has helped many such acquisitions by Indian companies in USA, Europe, Australia, Africa, etc.

Simultaneously, a conscious attempt was made to improve the asset quality through intense engagement with promoters of weak/stressed accounts. Consequently, the Non Performing Assets (NPAs) of MCG declined from ₹19,777 crores as on December 2012 to ₹18,443 crores as on March 2013, and NPAs as a percentage of total advances were not only contained but also significantly brought down in the last quarter of 2012-13.

The Mid Corporates have been more severely affected by the down-turn in economy - leading to deterioration in asset quality. The processes of appraisal/sanction, follow-up and supervision were, therefore, significantly beefed up. An additional position of General Manager (Restructuring) has also been created in the Group at Corporate Centre, in view of the recent increase in restructuring cases - both CDR and non-CDR. With these additions, the DMD has greater support from senior officials to look after customer relationships.

D. NATIONAL BANKING GROUP

Table 5 : NBG Business Performance (₹ In cr.)

As on	31.3.2011	31.03.2012	31.03.2013	YTD GROWTH	
	Level	Level	Level	Absolute	(%)
Segmental Deposits	7,91,836	9,12,848*	10,48,136	1,35,288	14.82
Segmental Advances (non-food)	3,75,037	4,29,509*	4,96,394	66,885	15.57

(* This figure is excluding accounts transferred to MCG during FY 2012-13)

In terms of Business volumes, Branch Network, and Human Resources, the National Banking Group (NBG) is the largest Business Vertical of the Bank. The Group has five strategic Business Units, comprising of Rural Banking (RBU), Personal Banking (PBBU), Real Estate Habitat & Housing Development (RE, H & HD), Small & Medium Enterprises (SMEBU), and Government Business (GBU). National Banking Group's share in the total business of the Bank as on 31st March 2013 is 95.05% in total domestic Deposits, and 56.70% in total domestic Advances.

National Banking group, as on 31st March 2013, comprised of 14,733 branches out of 14,816 total domestic branches, which are controlled by 14 Local Head Offices.

With a view to enhance customer experiences at our branches, we have air-conditioned all our branches, and improved ambience of our branches. With the recruitment of a large number of Assistants, Branch expansion programme also got an impetus, and during the year we increased our Branch count by 719.

Table 6: Branch Expansion

As on	Rural	Semi-Urban	Urban	Metro	Total
31.03.12	5382	3995	2502	2218	14097
Branches added during FY 2012-13	304	170	122	123	719
31.03.13	5686	4165	2624	2341	14816

Shri P. Chidambaram, Hon'ble Union Minister of Finance Inaugurating 101 Branches of the Bank spread over 21 States on 9th Feb 2013

New branches were opened with very good ambience, air-conditioning, digital display facilities and with adequate staffing.

To improve operational efficiencies , we have added 2 more Networks, 7 more Administrative Offices and 81 Regional Business Offices during the FY 2012-13.

ATM Network: State Bank of India has the largest ATM network in the country, which we have expanded further during the year, to provide better ATM facilities to the customers. We have also improved upon uptime of ATMs.

Table 7: ATM Network

As on	No. of ATMs	ATM Availability uptime	No. of transactions at ATMs (in lacs)
31.03.12	22141	95.15%	23811
31.03.13	27175	96.42%	29324

To further improve upon customer satisfaction and to minimize their hardship during bunched holidays, we have been suo-moto offering increased working hours/ additional working days.

D.1 RURAL BUSINESS UNIT

❖ FINANCIAL INCLUSION:

- Bank has set up 38,480 BC Customer Service Points, through alliances both at national and regional level.
- SBI is offering various technological-enabled products, through Business Correspondents (BC) channel, such as, Savings Bank, RD, STDR, remittances & OD facilities.
- Opened 2.03 crores small accounts with simplified KYC.
- Bank has covered 12,931 FI villages (population >2000) and 7,600 FIP villages (population <2000).
- Transactions volume through BC Channel has grown 2.4 times during FY12-13 at ₹13,033 crores over FY 11-12.
- Direct Benefit Transfer (DBT) Scheme successfully rolled out. SBI has Lead responsibility in 28 out of 121 DBT pilot districts. SBI has successfully completed 1.31 lac transactions amounting to ₹ 8.77 crores as Sponsoring Bank, in addition to handling 0.41 lac transactions amounting to ₹ 7.08 crores as Receiving Bank.
- Around 99% households covered & 9.85 lac accounts linked with Aadhaar in 43 pilot districts.
- Under Urban Financial Inclusion, 5,629 BC outlets have been set up in Urban/Metro centres to cater to the requirements of migrant labourers, vendors, etc. 157 lac remittance transactions for ₹ 6,962 crores were registered during FY 13.

- 5.45 lac SHGs were credit linked with credit deployment of ₹ 5,600 crores. Our market share in SHGs is 23%.

Multiple IT enabled channels for Financial Inclusion include:

- Kiosk Banking – The Bank's own technology initiative, operated at internet enabled PC (Kiosk) with bio-metric validation at 20,178 CSPs, covering 83 lac customer enrolments, has been rolled out in 31 states and 479 districts.
- SBI Tiny Card – About 14 lac customers have been enrolled during FY13 (cumulative more than 76 lac customers).
- Mobile Rural Banking – Bank's own technology on mobile platform introduced. This technology works on even very inexpensive mobile handsets.
- Cell Phone Messaging Channel-This cost effective model, working on low-cost simple mobile phones and well secured through PIN / signature based security has been rolled out in 12 states across 50 districts and covered 2,025 CSP outlets.

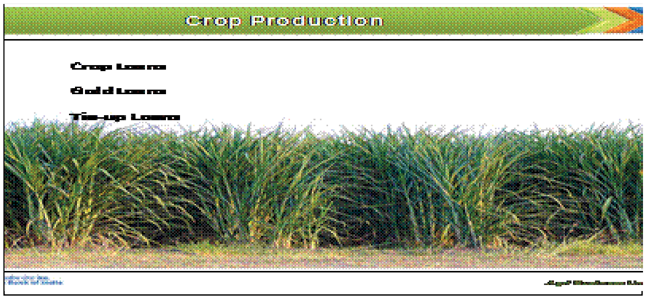
Table 8: Business Performance of Agri-Advances

₹ in cr.

Particulars	Level	
	31.03.2012	31.03.2013
Number of farmers covered	99,80,156	1,11,69,524
Agri Priority Advances	1,07,256	1,24,834
Direct Agri Advances	86,281	1,08,584
Direct Agriculture Advances (%of ANBC) Benchmark 13.5%	12.99%	14.24%

Direct Agri Advances crossed ₹ 1,00,000 crores, the only Bank to have crossed this landmark, covering more than 1,11,00,000 farmers and surpassed the Benchmark of 13.5% of ANBC. The Bank has also achieved an all time high growth of ₹ 21,408 cr under Agri segmental advances during FY'13. YOY growth works out to 25%.

- Bank has opened the largest number- 111 RSETIs for empowering rural youth to take up self-employment.


Crop Production
Crop Loans
Gold Loans
Tie-up Loans

❖ Credit Flow to Agriculture

The Bank has disbursed loans aggregating ₹63,936 crores in FY'13 surpassing the annual GOI target of ₹60,000 crores and 11.89 lakh new famers were brought into the bank's fold during the year.

Combined harvester financed by Edathua ADB (Kerala Circle)

❖ New Products launched:

- The revised Kisan Credit Card scheme provides for comprehensive short term credit limit, assessed for 5 years with 10% step up every year, with inbuilt post harvest/household/consumption requirement, maintenance expenses of farm assets, Crop Insurance, Personal Accidental Insurance Scheme (PAIS), asset insurance and investment credit. In addition, loan account is operated through multi-delivery channels (PoS and ATMs)using the State Bank Kisan Cards.

- The new Tractor Loan Scheme was rolled out to cater to emerging needs with relaxations in eligibility norms, margin, security, coupled with competitive interest rates and EMI mode of repayment.
- **Special campaigns** were launched to accelerate agri-business growth:

'Swarna Dhara Campaigns' for agri-gold loans was continued, with quarterly competitions and garnered ₹ 14,345 crores business.

'Tractor Carnival' launched from 1st Sep' 12 to regain the market share, resulted in a business growth of ₹ 328 crores (8083 *tractor loans*).

- **Growth enablers**:

- Corporate and Partnership Tie-ups: Bank has entered into 14 new corporate tie-ups for driving growth , major being PepsiCo (KCC), Rallis India (KCC), ITC Ltd (KCC) and National Bulk Handling Corporation (Warehousing receipt financing).

- Special interest concessions: Special interest concessions ranging from 1.5% to 3.5% were extended to promote loan growth in high value agriculture activities like horticulture, minor irrigation, seed processing, warehousing, rural godowns, fishery, dairy, poultry, dealers in agri inputs, farm machinery etc.

- Relaxed collateral security norms upto ₹1.00 lac for all agri loans and ₹3.00 lac for loans with recovery tie up arrangements have been leveraged to improve quality Agri-Business.

- **Bonding with Farmers**:

During the year 209 new villages were adopted under "SBI Ka Apna Gaon Scheme" for overall development taking the total to 1,272. 373 new Farmer Clubs were formed for fostering continued relationship with the farming community taking the total to 10,648.

❖ Regional Rural Banks:

Table 9: Overview of Regional Rural Banks

Particulars	Level as on	
	31.03.2012	31.03.2013
No. of RRBs	18	15
States covered	16	15
Districts covered	129	138
Branches	3180	3380
Deposits (₹in crores)	29491	33379
Advances (₹ in crores)	17833	20681
CD Ratio	60.47	61.95
Profit after tax (₹ in crores)	320	386

As on 31.03.2013, SBI has 15 sponsored RRBs, which operate in 138 districts of 15 states and have a network of 3380 branches. During FY2012-13, four RRBs viz.,Sharda Gramin Bank, Rewa Sidhi Gramin Bank, Nainital Almora Kshetriya Gramin Bank &Rushikulya Gramin Bank, sponsored by other Commercial Banks, have amalgamated with SBI sponsored RRBs and three RRBs sponsored by the Bank viz; Parvatiya Gramin Bank, Samastipur Kshetriya Gramin Bank &Vidisha Bhopal Kshetriya Gramin Bank have amalgamated with RRBs, sponsored by other Banks. All the RRBs are operating on Core Banking platform and are leveraging technology in electronic banking services such as NEFT, RTGS, ATM linked KCC and ATM, to provide better customer service. The RRBs are endeavouring to increase the size and business volumes by implementing financial inclusion.

❖ Rural Self Employment Training Institutes (RSETIs)

Table 10: Performance of RSETIs (₹ in cr.)

Particulars	31.03.2012	31.03.2013
Number of RSETIs	106	111
States/ UT covered	19	24
Persons trained	1,11,049	1,43,190
Persons settled	45,285	56,630

RSETIs offer free, unique and intensive short term residential self employment training programmes with free food and accommodation, designed specially to empower rural youth. Bank has set up 111 RSETIs as on 31.03.2013 across the country. The SBI- RSETIs in aggregate conducted 5371 training programmes, trained 1,43,190 candidates and 56,630 trainees are settled under self employment/wage employment.

Dr. Veerendra Heggade, President, National Advisory Council, RSETIs addressing participants

❖ Other Highlights

- Under Prime Minister's Programme for the welfare of Minorities and implementation of Sachar Committee recommendations, against GOI stipulated target of 15% of the total priority sector lending (PSL) to Minority Communities, the Bank has achieved a level of 16.77% of the total PSL as on 31.03.2013.

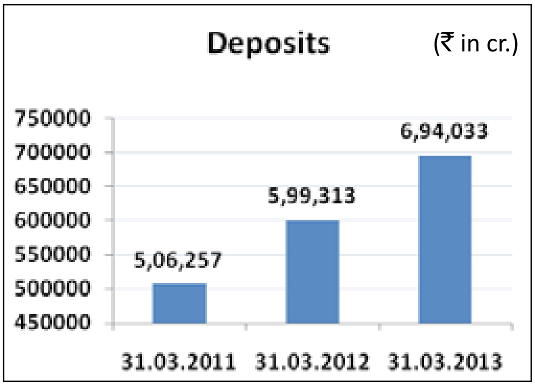
- 169 Financial Literacy Centres (FLCs) were set up with the main objective of creating financial awareness, importance of savings, and advantage of savings with banks, other facilities provided by banks and benefits of borrowing from Banks
- The Bank has extended advances to the tune of ₹ 77,019 crores as on 31.03.2013 to the weaker sections, which is 10.14% of ANBC against the Benchmark of 10% set by Reserve Bank of India.
- The Bank has opened 172 new branches in under-banked/unbanked areas in Minority Community Districts (MCDs) taking the total number of such branches to 3,438 as on 31.03.2013.

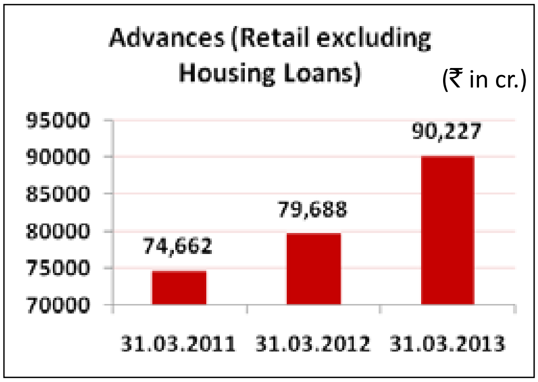
D. 2 Personal Banking Business Unit

Table 11: Domestic Business performance of PBBU

(₹ in cr)

Particulars	31.03.2012	31.03.2013	YTD Growth (%)
Deposits	5,99,313	6,94,033	15.80
Advances (Retail excluding Housing Loans)	79,688	90,227	13.23
CASA	2,82,047	3,29,699	16.89

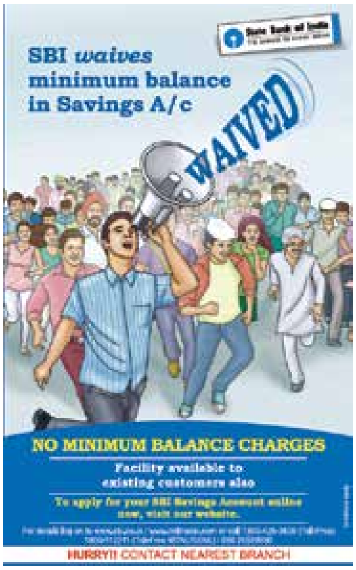




Domestic Deposits have grown by ₹ 94,720 crores with a growth of 15.8% and Advances by ₹ 10,539 crores with a growth rate of 13.23% as on 31 March 2013. CASA Deposit has grown by 16.89% and CASA Ratio as on 31.03.2013 is 47.5%.

Table 12: Growth in Savings Bank Accounts

	31.03.2012	31.03.2013
No. of New Savings Bank Accounts opened	227 lacs	286.60 lacs



Waiver of Minimum Balance Charges

Other highlights include:

- Western Union transactions are being offered at all the branches and have contributed ₹ 8.11 crores to other income up to 31st March, 2013. During the year the Bank also commenced Money Gram transactions.
- Our Bank has been designated as the point of Presence (POP) for conducting business under the New Pension System (NPS), an initiative of the Government of India, and 3879 branches across all Circles have been registered for conducting business under the New Pension System. Our Bank has also developed a Corporate Model and has registered 08 Corporates including State Bank of India. Bank is also registered as an Aggregator for promotion of registrations under NPS Lite which is a variant of NPS.
- Our Bank is Self-Certified Syndicate Member for ASBA (Application Supported by Blocked Amount), as per SEBI guidelines, which is being offered through all our branches in India.
- SBI has enabled 3000 ATMs across the country for Visually Challenged Persons to carry out ATM transaction through voice guidance. These ATMs can be accessed by visually challenged custmomers of all banks.

❖ NRI Services:

•During the year 2012-13, NRI Deposits have grown by ₹ 13,922 crores (22%) and reached a level of ₹ 77,185 crores as on 31.03.2013. Advances to NRIs recorded a growth of ₹ 442 crores (25%) during the financial year 2012-13, the level reached being ₹ 2,240 crores as on 31.03.2013. NRIs have invested in the schemes of SBIMF and SBI Life to the tune of ₹ 696 crores during the year.

•SBI was the principal sponsor of Pravasi Bharatiya Divas, a flagship event for NRI Diaspora from all over the world, organized by the Ministry of Overseas Indian Affairs, which was held in Kochi (Kerala) from 7th- 9th January 2013.

•To achieve the status of the preferred NRI Bank, we have opened 16 new NRI Branches in India during the current financial year, taking the number of NRI branches to 69. These branches have an excellent ambience along with dedicated team of officials to serve NRI customers.

•SBI has started offering FCNR (B) deposits in 4 additional currencies viz. Swiss Franc (CHF), New Zealand Dollar (NZD), Swedish Krona (SEK) and Danish Krone (DKK) since September 2012.

Table 13: Corporate & Institutional Tie-Ups:

Particulars	31.03.2012	31.03.2013	Growth during FY 2012-13	
			Absolute	%
Defence Salary Package and Para Military Salary Package accounts	19,21,107	22,27,930	3,06,823	15.97
Other Salary Package Accounts	42,54,397	48,51,168	5,96,771	14.03
Total No of Salary Package Accounts	61,75,504	70,79,098	9,03,594	14.63
CASA (in ₹ crores)	16,221	21,262	5,041	31.08

The various Salary packages together have resulted in taking the total salary account Customer base to 70.79 lacs, i.e. a growth of 9.03 lac new accounts during the period 01.04.2012 to 31.03.2013. CASA in these accounts has gone up from ₹ 16,221 crores to ₹ 21,262 crores during this period. The incremental CASA of ₹ 5,041 crores represents 11.58 % of the incremental Personal Banking CASA of the Bank.

❖ Auto Loans

SBI Auto Loans maintains its retail market leadership in car loan financing. The Auto Loan portfolio has grown by 35.48% during FY 2012-13 in spite of near flat growth of passenger car market. The Bank has emerged as a clear market leader in Auto Loans with a market share of 22.25% amongst ASCB as on Mar'2013.

Car Loan Advertisement

The Bank is currently offering car finance on "On Road Price" of the car, with the longest repayment period of 7 years, no pre-payment penalty, no advance EMI and at competitive interest rates. A new product "SBI Combo Loan Scheme" has been launched during the year for financing a car and a two-wheeler together (combined limit).

SBI has taken up various joint promotional activities with major car manufacturers like Maruti, Hyundai, Tata Motors, Ford, Mahindra & Mahindra, Toyota, and Mercedes during the financial year 2012-13.

❖ Education Loans

SBI Education Loans has grown by 9.43% during FY 2012-13. SBI has a total exposure of ₹ 13,751 crores as on Mar 2013.

SBI is the market leader in Education Loans with a market share of 24.97% amongst ASCB as on March 2013.

SBI Loan Scheme for Vocational Education and Training was launched in July 2012 and loans upto ₹ 1 lac are given under this scheme.

Maximum Loan Amount for Studies Abroad has also been increased to ₹ 30 lac from the previous limit of ₹ 20 lac.

In order to provide financial assistance to more students opting for higher education, the SBI Scholar Loan scheme has been extended to 114 institutes . The maximum loan amount under this scheme has also been enhanced to ₹ 30 lac.

❖ **Personal Loans**

The Personal Loans Portfolio, which is the second largest in the Personal Banking Segment, has grown by ₹ 2,860 crores during FY 2012-13. It includes Loan against Securities, Loans against Properties, Gold Loan, etc. Of these, Xpress Credit and Loan against Time Deposits are two major products and have grown by ₹ 1,002 crores and ₹ 1,217 crores during FY 2012-13 respectively. The most notable growth has been in Gold Loan portfolio of ₹ 480 crores (96.94%) during FY 2012-13.In order to further increase our market share in the 'Loan against Deposit' Scheme, we have reduced our rate of interest from 0.75% above the TD rate to 0.50% above the TD Rate, which is one of the lowest in the industry.

The Delivery Systems for loan products have been under constant focus. Retail Assets Centralized Processing Centres (RACPCs) have been opened up across the country, based on the volume, geographical spread and product focus to ensure uniformity in processing of all Retail loan proposals. This ensures smooth delivery to the customer and with the support of Loan Originating Software (LOS) that currently takes care of Credit- related risks, will enable customers, in future, the facility to track their application online. As on 31.03.2013, there were 60 RACPCs and 70 Retail Assets and Small & Medium Enterprises City Credit Centres (RASMECCs).

Some of the steps taken to reduce NPAs are:

- Risk Scoring Models have been developed for all P-Segment Loans on the basis of statistical models for objective assessment. Recently, the Auto Loan scoring model has been made tighter and more emphasis is now being given to Net Income of an individual. (For eg: The minimum income criterion for Auto Loans has been raised from ₹ 1 lac to ₹ 2.5 lac p.a.).
- Loan Origination Software (LOS) usage (100% usage at RACPCs), and its integration with the Risk Scoring Model (RSM) and CIBIL check to take care of many process related risks.
- In view of the rising NPAs in Education Loans, PAN card of the student and co-borrower/guarantor has been made mandatory for all Education Loans. For existing Education Loans, a one-time exercise is planned to obtain the PAN card numbers. Instructions have been issued to all operating units to send Notices to borrower, co-borrowers and guarantors in case of default in Education Loans.
- Immediate action under SARFAESI, including seizure of cars for eligible cases.
- Instructions are in place for granting no further Retail Loans (except Education Loans) to the employees of those companies whose accounts are classified as NPAs.

D.3 Real Estate, Habitat & Housing Development (RE, H&HD)

State Bank of India, the 'Most Preferred Home Loan Provider' with the largest Home Loan portfolio in the Banking Sector and market share of over 26% amongst All Scheduled Commercial Banks (ASCBs) :

Table 14: Performance in Home Loans (₹ in cr.)

Particulars	March, 2012	March, 2013
Levels	1,02,739	1,19,467
YTD Growth	12,826	16,728
YTD Growth (%)	14.41	16.30

During FY 2012-13, several initiatives were taken by the Bank to give an additional thrust to its Home Loan portfolio. Some of the important initiatives in this regard are as under:-

- The 'Maximum Repayment Period' permissible under NRI Home Loans Scheme has been increased from 25 years to 30 Years to align the same with the 'Maximum Repayment Period' under domestic Home Loans Scheme, imparting it with greater flexibility.

- The ceiling on financing Home Interiors/Furnishings, as part of the project cost, has been revised upwards from ₹3 lac to ₹6 lac subject to the amount expended towards Home Interiors/Furnishings being restricted to 10% of the Project Cost and the Maximum Loan Amount adhering to the stipulated Loan to Value (LTV) Ratio.

BEST OFFER

State Bank of India
THE BANKER TO EVERY INDIAN

HOME LOANS
@ 9.95%* p.a.

Lowest EMI/Lac ₹ 874

Quick Sanction

No Pre-payment Penalty

Easy Takeover

HAPPY DAYS ARE BACK AGAIN!

	EMI in ₹/lac/month	
Period of Loan (Years)	Upto ₹ 30 lacs @ 9.95% p. a.	Above ₹ 30 lacs @ 10.10% p. a.
30	874	885
25	905	916
20	962	972
15	1,072	1,081

HURRY !!! CONTACT NEAREST BRANCH

*Interest rates linked to Bank's Base Rate conditions apply

For details log on to : www. sbi.co.in or call 1800 425 3800 (Toll free)
1800 11 22 11 (Toll free MTNL/BSNL) / 080 26599990 or e-mail to : customercare.homeloans@sbi.co.in

EMI HUA KAM, GHOOMNE CHALE HUM !!!

- Home Loan Interest Rates were reduced substantially w.e.f. 7th August, 2012 by reducing the spread over the Base Rate. With subsequent downward revisions in the Base Rate itself, the effective Interest Rate on Home Loans ultimately stood reduced to 9.95% p.a. for loans upto ₹30 lac and 10.10% p.a. for Home Loans above ₹30 lac as on 4th February, 2013 rendering them very competitive and the lowest in the market.

- The premium of 0.25% p.a. applicable on Interest Rates under Commercial Real Estate (CRE) Home Loans has been waived to align the same with the prevailing Interest Rates on normal Home Loans.

- With a view to extend the benefit of lower rates of interest (both Fixed and Floating Interest) to our existing Home Loan customers paying relatively higher interest rates, an option to switch-over their loans to the current lower interest rates was made available on payment of a fee of 0.56% of the outstanding w.e.f. 21st September, 2012.

- A Special Takeover Campaign was launched from 1st September, 2012, assuring prospective customers, of a fixed Processing Fee of ₹ 1000/- on Home Loan Takeovers, irrespective of the loan amount. The Campaign was extended till 31st March, 2013 and provided our Bank with a competitive edge in the overall pricing of our Home Loan products.

- Term Assurance (Loan Protection) Cover (optional) is available to our Home Loan customers from SBI Life Insurance Company Ltd through RiNnRaksha /Smart Shield/Saral Shield. The Bank provides additional loan for payment of the premium of the above policies on the same terms as those applicable to the underlying Home Loans.

D.4 SME BUSINESS UNIT (SMEBU)

Shri A. Krishna Kumar, MD & GE (NB) felicitating an SME customer in a customers' meet at New Delhi

During the financial year 2012-13, the advances under SME Business Unit has registered year on year growth of 12.45%. The advances figures of SME Business Unit as on 31..03.2013 are as under.

Table 15: Business Performance in SME (₹ in Cr.)

Particulars	31.03.2012	31.03.2013	Growth (% increase)
Advances	1,63,745	1,84,128	20,383 (12.45)
No of accounts (in lakhs)	12.84	12.97	0.13

- **Relationship Banking :**

  Under single window approach, the Bank is offering Relationship Banking to SME Entrepreneurs. The strength of Relationship Managers (Medium Enterprises) was augmented to 566 as on 31.03.2013 and mapped to ME units with credit limits ₹1.00 crores and above across the country. The advances portfolio under Relationship banking as on 31.03.2013 is ₹ 1,03,619 crores. For units having credit limits between ₹ 10.00 lacs to ₹ 1.00 crores, Relationship Managers (SE) have been posted to improve credit flow to Micro and Small Enterprises.

- **SME Credit City Centres (SMECCC):**

  SMECCCs, rolled out during 2004-05 as a part of BPR initiative, are centralized loan processing centres for sanction of SME loans upto credit limit of ₹ 1 crore. At present 78 SMECCCs and 58 RASMECCs across the country are functional. To further revamp the structure and process of SMECCCs to enable consolidation of the Bank's position in the SME universe in the country a major exercise has been initiated in association with renowned consulting group. The revamped process will be in place by September 2013.

Campaign for promotion of collateral free loans upto ₹ 1 Cr. Under CGTMSE guarantee coverage

- **Specialized SME Branches :**

  To provide specialized services to SME Entrepreneurs, 400 branches having predominant share of SME advances in their portfolio are being branded as **"SME BRANCH"** to define the identity of these branches with a common nomenclature and to develop these branches as centres of excellence for SME loan delivery.

- **Credit Flow to Micro and Small Enterprises under CGTMSE:**

  Bank is extending collateral free lending up to ₹ 1.00 crores to MSE sector under guarantee of CGTMSE. Additionally, to provide relief to these units Bank has decided to absorb the guarantee charges payable to CGTMSE. The outstanding under the guarantee scheme of CGTMSE is as under:

Table 16: Performance in CGTMSE (₹ in cr.)

Particulars	As on 31.03.2012	As on 31.03.2013	Growth (% Increase)
Outstandings (% to total SME advances)	3,716 (2.27)	7,236 (3.92)	3,520 (94.7)
No of customers (in lakhs)	1.13	1.72	0.59 (52.2)

- **Project Uptech:**

  Bank is providing consultancy support to SMEs for catalyzing Technology Upgradation in SME clusters with the objective of making the clusters more competitive through increase in productivity and quality and reduction in costs. Since inception of the initiative 1600 units have benefitted in 28 clusters. Presently, three projects, Steel Structural Fabrication & Boiler Component (Trichy), Fabrication Engineering (Jamshedpur and Nagpur) are going on.

- **Entrepreneurship Development programme :**

  Bank has formulated a scheme for conduct of EDPs on an ongoing basis, in association with reputed national level EDP training institutes. To begin with, 4 centres were identified for conduct of EDPs on pilot basis during the year, viz. Ahmedabad (in association with EDI), Hyderabad (in association with NI-MSME), New Delhi (in association with

NIESBUD) and Bhubaneswar (in association with SBI-RSETI, Jharsuguda). The target groups for the EDPs were mainly final year students of engineering / management colleges and educated youth. The total number of participants was 120. It is proposed to have EDP programmes on regular basis in all the Circles across the country during FY 2013-14.

- **Supply Chain Finance:**

  Leveraging its state-of-art technology, SBI is focusing on further strengthening its relationship with the Corporate World by financing their Supply Chain partners**.** Towards this SBI introduced Channel Financing Products with the following features:

  - Web based platform, fully integrated worth Corporate Enterprise Resource Planning Software
  - Real time online transfer of funds
  - Automated settlement of funds
  - Customized MIS
  - Centralized hassle free processing

All the product offerings under Channel finance are designed to ensure efficient management of working capital cycle and sustained growth and profitability of business partners and the entire Supply chain is taken care under the scheme, which is fully automated, secured and robust. The products offered under channel financing are **Electronic Dealer Financing Scheme (e-DFS) and Electronic Vendor Finance scheme (e-VFS).** Under Supply Chain Finance bank has tied up with 65 Industry majors with across all Industry Verticals like Auto, Oil, steel, Power, fertilizer, FMCG and Textile.

Table 17: Performance in Supply Chain Finance

(₹ in cr.)

Particulars	As on 31.03.2012	As on 31.03.2013	Growth (% Increase)
Outstandings	2,190	4,781	2,591 (118.3)
No of customers	813	1766	953 (117.2)

- **Cash Management**

The Bank has introduced cash deposit machines to facilitate deposit of cash into their account by customers themselves by swiping their SBI ATM cum Debit card. To enable SME customers also to deposit cash into their CA/CC account through CDMs, State Bank SME Insta Deposit Card was launched during the year. With Insta Deposit Card, SME customers like traders & service providers are able to quickly deposit their cash into their accounts without waiting in the queue. As on March 31, 2013, the Bank had issued 1,66,477 insta deposit cards to SME customers, showing the growing popularity of the facility. The number of CDMs installed was 665. Similarly, the cash pickup facility of collecting cash at customers doorsteps was introduced for SME customers in August 2011 Marketing campaigns were launched during the year to popularize the scheme among SME customers. The growth in usage of this facility has been as under:

Table18: Cash Pick up Facility (₹ in cr.)

Particulars	As on 31.03.2012	As on 31.03.2013	Growth (% Increase)
No of customers availing the facility	88	484	396 (450)
Amount of cash pick-up	153.20	2,246.75	2,093.55 (1348)

D.5 GOVERNMENT BANKING UNIT

"e-Baat" an initiative of RBI was organized by the Bank to encourage Pensioners to use Internet Banking/ ATMs

Table 19: Performance in Government Business

Year	Turnover (in cr.)	Commission (in cr.)	Market Share (%)
2011-12	2536900	2008.23	58.50
2012-13	2862053	1778.20	58.12

- While the Bank retained its leadership in Government Business ,there was a minor dip in Agency Commission due to downward revision in rates by RBI with effect from 1st July, 2012. The adverse impact on Agency Commission was contained by marketing of various products, customized to suit the requirements of the Government.

- The Bank brought more State Governments and taxes under the ambit of Cyber Treasury and paid special attention to opening Public Provident Fund Accounts and Pension Accounts.

- E- Governance Projects of Central and State Governments which are bringing a paradigm shift in the way Government business is conducted are being leveraged for customers convenience bringing about more efficiencies of processes.

- 2.83 Lakhs new Pension Accounts were opened, bringing the tally to 34.74 Lakhs Pension Accounts being serviced efficiently through 14 Centralized Pension Processing Cells set up in various parts of the country. Pension details are being sent to the pensioners on their mobile numbers. Besides this, pensioners can lodge their complaints online, on our website, or seek clarifications at our contact Centre.

- The Bank is ushering in the era of hassle free fee collection on behalf of various Departments, Union Ministries and state Governments. An income of ₹ 41 crores was generated from this product during the current financial year.

- The Bank is actively participating in the "SAAKSHAR BHARAT" Mission of the Union Government and has opened 1,23,343 accounts for dispensation of funds upto Gram Panchayat level in 22 states across the country. The Bank has also sponsored the SAAKSHAR BHARAT celebrations at Red Fort, Delhi and Lucknow, the Capital city of Uttar Pradesh.

- State Bank of India is the exclusive Banker to the Ministry of External Affairs (MEA) and is collecting the Passport Fees from Passport Sewa Kendra (PSK) in the country.

- Bank is proud to be associated with Central Government Projects like Government e-Payment Gateway (GePG). By integrating with GePG portal, the Bank is now enabled to make electronic payments to employees/ vendors of Central Government across the country.

- Products like "Rail Shakti", "E-Auction" and "Imprest Cards" have been very well received by Railway Authorities and are expected to gain momentum during FY 13-14.

- The Bank has since been authorized to collect RTI fee online which will be helpful in generating substantial revenue as Agency Commission.

SBI is the market leader in Government business with 58% market share.

E INTERNATIONAL BANKING GROUP

Operation of Foreign Offices

The asset level of foreign branches rose by 18%, from USD 35.826 bn in March 2012 to USD 42.146 bn in March 2013. During FY'13, net customer credit grew by 17% from USD 26.681 bn to USD 31.148 bn, customer deposits grew by 11%, from USD 12.075 bn to USD 13.374 bn. Net profit rose by 10% to USD 435.64 mn.

Table 20: Business Performance of Foreign Offices

(IN USD MIO)

	Mar-12	Mar-13	YOY Growth	YOY increase in %
Net Assets	35826.46	42146.10	6319.65	17.64
Net Customer Credit	26681.23	31148.53	4467.31	16.74
Net profit	395.63	435.62	39.99	10.11

Overseas Expansion

Inauguration of Duesseldorf Branch, Germany. Among the dignitaries were Indian Ambassador to Germany, H.E Mr. Taranjit S Sandhu and Chairman, Mr Pratip Chaudhuri

The number of foreign offices increased from 173 as on 31st March 2012 to 186 as on 31st March 2013 spread across 34 countries. The offices comprised of 51 branches, 7 Representative Offices, 107 offices of the six foreign banking subsidiaries and 21 other offices.

Table 21: Break –Up of Foreign Offices

	FY-12	New Offices opened during the year	FY-13
Branches/SO/Other Offices	58	10	68
Subsidiaries/JV (6)			
Offices	103	4	107
Rep Offices*	8	-1	7
Associates/ Managed Exchange Cos/Investments	4	0	4
Total	173	13	186

*Tianjin Representative office was Upgraded to full fledged Branch

Resource Management

Bank's Foreign Offices maintained comfortable liquidity position during the fiscal, despite volatile market conditions. In July 2012, Bank successfully priced a USD 1.25 Bn Bond issue, 144A/ Reg S transaction maturing in August 2017. Bank received overwhelming response across investor classes for the Bond, despite very difficult market conditions. Bilateral loans of different maturities worth USD 540 Mn were also raised during the fiscal. At Singapore, where the Bank has 7 branches and 24 ATMS, including ATMs at Changi Airport terminals 1, 2 & 3, retail deposits saw a 21% growth year-on-year. Our UK operations also scaled up its retail presence to achieve a retail deposit growth of 41% in the fiscal.

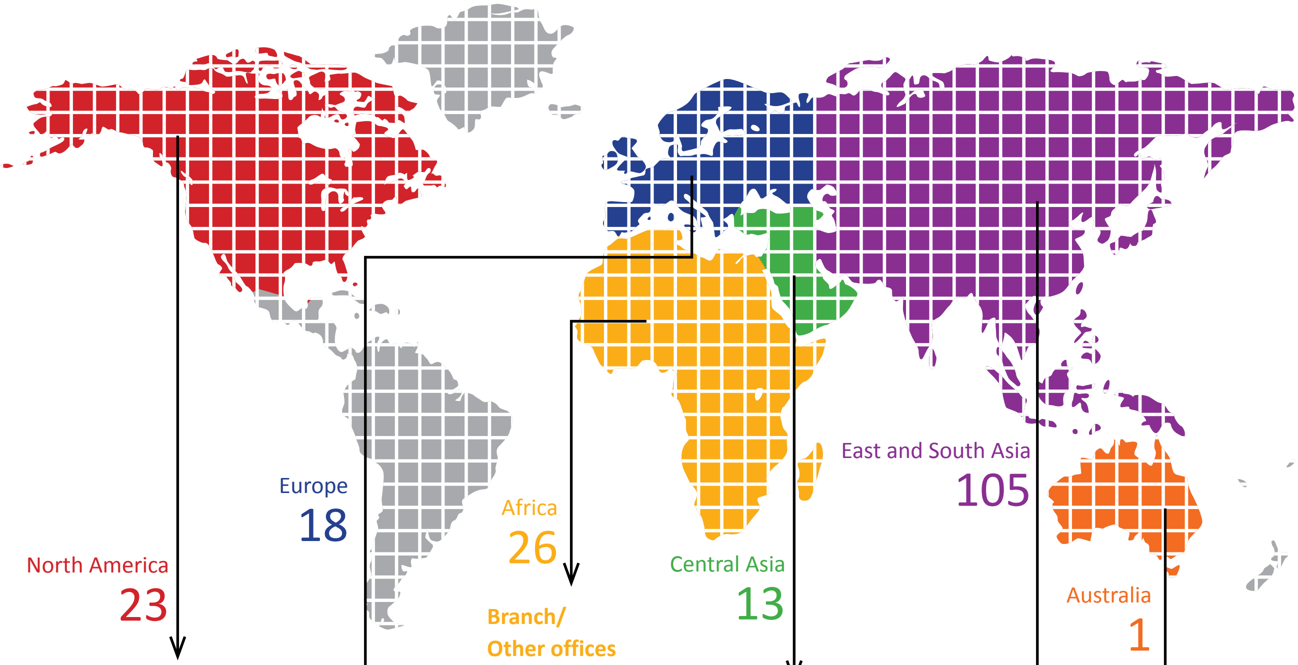
Remittance

Inward remittances grew from ₹ 61,457 crores in FY'12 to ₹ 69,812 crores in FY'13, clocking a growth of 14%. The Bank had a tie-up with 27 exchange companies and five banks in Middle-East countries for routing remittances through SBI. During the year, new remittance product 'SBI Express Remit-Canada' was launched exclusively for Canadian Dollar remittances. An Outward remittance product 'RemXout' was launched for SBI Internet Banking customers.

STATE BANK OF INDIA - INTERNATIONAL BANKING GROUP

International banking network of **186 Offices**

Branches in **34 Countries**



Branches/ Other offices
Bahamas (1)
USA (4)

Subsidiaries
California (10)
Canada (7)

Rep Office
Washington

Branches/ Other offices
Belgium (1)
France (1)
Germany (2)
UK (11)

Subsidiary
Russia (1)

Rep Office
Italy
Turkey

Branch/ Other offices
South Africa (8)

Subsidiary/JV
Mauritius (15)
Nigeria (1)

Rep Offices
Angola
Egypt

Branches/Other offices /RHO
Bahrain (4)
Israel (1)
Oman (1)
Qatar (1)
Saudi Arabia (1)
UAE (2)

Rep Offices
Iran

Managed Exchange Cos
Oman
Qatar

Branches/ Other offices
Bangladesh (8)
China (2)
Hong Kong (2)
Japan (2)
Maldives (3)
Sri Lanka (5)
Singapore (7)

Subsidiary/JV
Indonesia (14)
Nepal (60)
Bhutan (1)

Rep Offices
Philippines

Branch/Other offices
Australia (1)

E-2. Domestic Operations

Merchant Banking

The Bank retained its premier position as Mandated Lead Arranger and Book Runner for syndicated loans in Asia Pacific (excluding Japan but including Australia) for the sixth consecutive calendar year, in FY'13.

During FY-13, Bank acted as the Mandated Lead Arranger in 17 deals aggregating USD 6.442 Bn for several leading Indian corporates like IOCL, REC, NPCL, MRPL, Reliance Industries and Vedanta Resources Plc.

Table 22: Syndicated Loan Deals

	No of Deals	Amount (in USD bn)
FY-12	14	4.76
FY-13	17	6.29

Apart from this, foreign currency term loans aggregating USD 3.68 bn were extended to Indian corporates on a bilateral basis. Further, 10 loans amounting to USD 229.04 mn were acquired through secondary market.

Fee income of USD 89.88 mn was earned from foreign currency term loans concluded during the year through syndication / bilateral deals.

Global Link Services (GLS)

Global Link Services (GLS), a specialized outfit, caters to centralized processing of Export Bills collection, Cheque collection and online inward remittance transactions.

During the financial year 2012-13, GLS (on behalf of domestic branches) handled 104,262 export bills and 74,566 foreign currency cheque collections aggregating USD 15.27 bn. In addition, it handled 7,047,064 online inward remittance transactions amounting to USD 6.45 bn received from all over the world in 39 currencies

Correspondent Relations

The Bank maintains correspondent banking arrangement with 429 reputed International Banks to extend seamless services to varied clients. These correspondent Banks are located in 118 countries. The Bank also has 1,765 Relationship Management Application (RMA) arrangements with SWIFT, facilitating speedier flow of financial messages.

Inauguration of the first ATM of the Bank in Bangladesh by MD & GE (IB), Mr. Hemant G. Contractor

Country Risk and Bank Exposures

The Bank has in place a Country Risk Management Policy in tune with RBI guidelines. The policy outlines robust risk management model with prescriptions for Country, Bank, Product and Counter party exposure limits. Both Country-wise and Bank-wise exposure limits are monitored and reviewed on a regular basis. The exposure ceilings and classifications are moderated in line with the dynamics of their risk profiles. Periodical corrective steps are initiated to safeguard the Bank's interests.

I.3. CORPORATE STRATEGY AND NEW BUSINESSES

Emerging business areas, including tech-based products, are developed and launched by a dedicated department headed by a Dy. Managing Director. Progress on some of their key initiatives is detailed hereunder:

➢ **Debit Cards:**

Debit Card spends of State Bank Group crossed ₹ 15,000 crores for FY 2012-13 which constitutes over 20% of total Debit Card spends in the industry. The Bank has been actively promoting Debit Card usage at Point of Sale/for e-Commerce. For the festive season from 16-Oct-2012 to 15-Nov-2012, the Bank ran a promotional Campaign called "Cracker of an Offer" where the Bank along with its subsidiary, SBI Card, tied up with a number of merchant partners to offer attractive discounts for State Bank Debit and Credit Card usage at their outlets/websites. With a view to increasing Debit Card activation, the Bank also ran special promotional offers for its Debit Cardholders with leading merchants of different merchant categories in the industry in co-ordination with SBI Card.

State Bank Group continues to lead Debit Card issuance in the country with over 136 million Debit Cards as on 31-Mar-2013 with over 40% market share.

The Bank launched "State Bank Business Debit Card" for its corporate customers in two variants "Pride" and "Premium" on the occasion of Bank's Day 2012. Till 31-March-2013, more than 86,000 Business Debit Cards have been issued. This product is being launched in Associate Banks shortly.

➢ **Prepaid Cards:**

Bank's range of products include popular Rupee Prepaid Cards like Gift Card, General Purpose Prepaid Card like eZ-Pay Card and Foreign Travel Card catering to various payment needs of the customers.

➢ **Foreign Travel Card:**

Foreign Travel Card, now a CHIP based EMV Compliant Card, is available in eight currencies, US Dollar (USD), Great Britain Pound (GBP), Euro, Canadian Dollar (CAD), Australian Dollar (AUD), Japanese Yan (JPY), Saudi Riyal (SAR) and Singapore Dollar (SGD), providing safety, security and convenience to overseas travellers. Corporate variants of SBFTC have been introduced to cater to the needs of Corporates. Sales for FY 2012-13 were to the tune of to USD 66.92 million.

➢ **eZ-Pay Cards**

eZ-Pay Cards are aligned with most of the social schemes of State and Central Governments in addition to salary payments by Corporate entities, thus reaching millions of households. Sales for FY 2012-13 were to the tune of to INR 931.92 crores. Co-branded Prepaid Cards for various Zones of Indian Railways and Federation of Freight Forwarders' Association in Indian (FFFAI) were rolled out during FY 2012-13.

➢ **Gift Cards**

Gift Cards remain the preferred option to customers to gift the 'freedom of choice' to their loved ones. Customers can create Gift Cards online. Sales registered during FY 2012-13 was INR 77.44 crores. State Bank Achiever Card, a re-loadable corporate incentive Card with a validity of 10 years for disbursement of incentives/awards was rolled out during March-2013.

➢ **Green Channel Counter (GCC)**

The 'Green Channel Counter' facility is made available in 7052 branches. On an average, the daily transactions routed through GCC are more than 1,00,000.

➢ **Self Service Kiosk (SSK)**

As on 31.03.2013, SSKs have been installed in 965 branches. On an average, SSKs are recording more than 30,000 transactions on a daily basis.

➢ **Green Remit Card (GRC)**

GRC, a remittance card, was introduced on 02.01.2012 mainly to take care of the large number of non-home cash deposit transactions at our branches. A cardholder can swipe the card at Green Channel Counter or in Cash Deposit Machines and remit money to the beneficiary whose account number is mapped to the card. Once the transaction is complete, both the remitter and beneficiary get confirmation through SMS on their mobile phone. The Bank has issued 6,23,623 cards resulting into 8,08,830 cash deposit transactions as on 31.03.2013.

➢ **Mobile Banking & Wallet**

Presently, the Bank has a market share of around 65% in the transaction volume and over 36% in the transaction value . During the FY, financial transactions to the tune of ₹1933 Crores were done through the service resulting in a total income of ₹4.67 crores. As on February 2013 SBI is the market leader in terms of registered user base and number of transactions. Efforts are in place to maintain the leadership position in this space.

The Bank has launched a full KYC mobile wallet under the brand name "State Bank MobiCash". A variant of the same "State Bank MobiCash Easy", a wallet which does not require completion of KYC formalities was launched in Mumbai, Delhi and Chandigarh on the 31st December, 2012. So far, around 14,500 wallets have been issued.

- **Merchant Acquiring Business (MAB)**

In order to create a comprehensive electronic infrastructure in the country, activate our more than 136 million debit cards on POS terminals, increase visibility and to tap the huge potential available in the market, Merchant Acquiring business is being conducted by the bank. With around 70000 terminals in the market, Bank is already the largest player amongst the Public Sector Banks and 4th largest Acquirer in India. Bank has already entered into Corporate tie-ups with many prominent players including top educational institutions and hospitals.

- **Private Equity**

> The Bank signed a preliminary non-binding MoU with Russian Sovereign Wealth Fund-Russian Direct Investment Fund (RDIF)

The Bank's foray into the Private Equity space began in 2009 with a Joint Venture with the Macquarie Group of Australia. The Fund raised US $ 1.2 billion, making it one of the largest India focussed Private Equity Funds. The Fund has made 8 investments in sectors such as Airports, Telecom, Roads, Renewable and Thermal Energy. The Fund made investments to the extent of 90% of the Capital Committed.

The Joint Venture with State General Reserve Fund of the Sultanate of Oman, named the Oman India Joint Investment Fund, a US $ 100 million Fund has made three investments of ₹202 crores, in sectors such as defense electronics and industrial explosives. With this, the Fund has made investments to the extent of 40% of the Capital Committed.

The Bank signed a preliminary non-binding MoU with Russian Sovereign Wealth Fund- Russian Direct Investment Fund (RDIF) for setting up US $ 2 billion Private Equity Fund to invest / facilitate investments into bilateral co-operation projects, bilateral trade related projects or companies, privatization or globalization opportunities, projects particularly with India-Russia context.

I.4. NPA MANAGEMENT

Credit Policy and Procedures

This year was characterized by sharp increase in non-performing assets in the first three quarters of the year, which abated only in the fourth quarter. While a major reason for such high NPA generation could be the overall slowdown in economic growth and other macro economic factors, it has also brought to attention the need for arranging our credit policy and practices to achieve the following objectives:

a. To analyse and address the reasons for relatively higher NPAs in comparison to the other banks,

b. Reasons for our relatively low share in better performing business segments.

The Credit Policy and Procedure Committee of the Bank, headed by Chairman, comprises of all heads of business groups/verticals like CFO, IBG, NBG, MCG, CAG and also Treasury. The forum of CPPC was activated and 17 meetings were held during the year and 72 policy changes were approved.

Details of the Credit Committees' Structure are as below:

At Corporate Centre:

a) Executive Committee of Central Board (ECCB)
b) Corporate Centre Credit Committee (CCCC)
c) Whole Banking Credit Committee (WBCC-I)
International Division Credit Committee (IDCC)
d) Whole Banking Credit Committee (WBCC-II)
International Division Credit Committee (IDCC-II)

At Local Head Office/Mid Corporate Group

a) Circle Credit Committee (CCC-I)/
Mid Corporate Credit Committee(MCCC)
b) Circle Credit Committee (CCC-II)
c) Zonal Credit Committee (ZCC)/
SME Credit Committee (Branch level Credit Committee in MCG)
d) Regional Credit Committee (RCC)

In order to downstream the credit sanction process, a Regional Credit Committee (RCC) at each Regional Office was created with discretionary powers of ₹5 crores fund based and ₹2.5 crores non-fund based for Corporates.

SAMG has also put in place a new Credit Committee.

The above structure has the benefit of being able to respond to the business opportunities in a quick manner and at the same time having adequate control and oversight. All the above Committees have periodic and regular meetings whenever there were enough proposals to be considered. The collective decision making process has been found to be effective in better risk assessment and quality decision making.

The analysis revealed the spreads in non-fund business in the Bank are much lower compared to the fund based even after adjusting for cost of capital. Accordingly, the Bank has decided to link the pricing for all non-fund based business to External Credit Ratings and also improve the security cover for these exposures. Simultaneously, the pricing for top rated companies' viz. AAA, AA, A was made more aggressive in order to get higher share. The first half of the financial year was slack. The results of these strategies were noticeable in the second half and there was a robust growth of ₹46,491 crores in advances from the last quarter and more than 80% of this came from companies rated investment grade.

The Bank has also fine tuned its policy for Corporates, which allows the Bank to refinance their high cost loans with other Banks. Corporate loan has twin advantage as it is extended for long term working capital requirements of the corporate and requires only a minimum Fixed Assets Coverage Ratio (FACR) of 1.25. It has proved to be quite popular with our constituents. Similarly, from time to time, the pricing and terms of various other loans like Home Loans, etc. have been adjusted to generate high growth with good quality.

The product of electronic platform for financing to dealers of reputed companies e-DFS was made strong and pricing was also made very attractive, which has led to phenomenal growth in the portfolio of e-DFS.

The Bank also continued with its policy of 100% ECGC cover for all export oriented units and premium thereof was borne by the Bank. During the year ECGC based on their understanding of global slowdown and default by several overseas buyers, made the rules stricter for packing and post shipment credit. Accordingly, Bank's credit policy also envisages that packing credit can be sanctioned only when there are satisfactory credit reports available on the overseas buyers on a recent date and verification of Buyers Specific Approval list maintained by ECGC.

Similarly, credit scoring model for car loans was modified to make it more effective without significantly diluting credit standards. Further, the minimum threshold credit rating for takeover of advance has also been enhanced to SB6 and with External Rating of minimum BBB.

External rating: The Bank has to allocate capital on assets depending on the basis of credit rating. As per current regulations, credit rating is necessary / mandatory for all accounts of advances of ₹5 crores and above. Out of 55,130 eligible accounts, 31,702 have already been rated. We are continuing our endeavours to encourage the remaining eligible accounts to obtain the required external credit rating.

In order to impart transparency and impartiality to the pricing process for all working capital advances, the pricing has been linked to external rating and the current matrix is:

Table 23: Pricing of Loans

External Rating	WCDL	Cash Credit
AAA / AA	Base Rate	Base Rate + 25 bps
A	Base Rate + 25 bps	Base Rate + 50 bps
BBB	Base Rate + 0.65 bps	Base Rate + 0.90 bps

With the pricing for loans being non-discriminatory, executive time is not required to be given for deciding on pricing for individual companies. Similarly, in other business areas like Home Loans, Education Loans, Car Loans, etc. the pricing was made non-discriminatory and uniform for similar categories.

STRESSED ASSETS MANAGEMENT GROUP

Stressed Assets Management Branch, Ernakulam

In the wake of the Global crisis of 2008 and the headwinds before the Indian economy today, asset quality of Indian Banks, including SBI, has been under pressure. Slippages have continued unabated and resolution of NPAs today poses a major challenge to Banks.

With a view to address this issue, we have, during 2004, set up the Stressed Assets Management Group (SAMG). SAMG is headed by a Deputy Managing Director supported by a team of 2 Chief General Managers and other senior officials. SAMG has been set up as a dedicated and specialised vertical to efficiently resolve high value NPAs which are transferred to the Group by other Strategic Business Units.

Today, SAMG has 15 branches across the country of which 2, one at Ernakulam and another at Mumbai (second branch) were opened during the year. The Bank also holds licenses for opening branches in three other Centres. Arrangements are on hand to open one of these in Coimbatore. The branches are staffed with officials with expertise in resolution of stressed assets, duly supported by Law officers.

As on date, 24.35% and 58.14% of the Bank's NPAs and AUCA reside within SAMG. While SAMG is primarily responsible for resolution of NPAs in the Corporate segment, Stressed Assets Recovery Branches (SARBs) and Stressed Assets Recovery Cells (SARCs) have been set up within the National Banking Group to tackle retail NPAs. The recovery efforts of SARBs/SARCs are supplemented by efforts put in by ground level operating staff at our 14,816 branches across the country. Besides, Account Tracking & Monitoring (AT@M) Centres have been operationalised in all Circles to contact SMAs and NPAs in the retail segment. Business Correspondents, Business Facilitators and Self Help Group are also involved in recovery of Agricultural NPAs.

SAMG employs multi-pronged strategies to resolve stressed assets including, inter alia,

- Restructuring of both Standard assets and NPAs, either though the CDR mechanism or through a bilateral arrangement
- Recovery through auction of assets using the SARFAESI route
- Filing suits in Debt Recovery Tribunals and other Courts for recovery of our dues
- Identifying strategic investors and engaging with them for takeover of stressed assets
- Sale of NPAs to Asset Reconstruction Companies
- Entering into One Time Settlements with borrowers
- Using Resolution Agents to take possession of properties mortgaged to the Bank and arranging for their auction
- Using the e-auction platform to reach out to as many prospective bidders as possible
- Debt Asset swaps have been considered in some cases
- Engaging investigation agencies to trace out unencumbered assets of promoters and guarantors and obtaining Attachment Before Judgements over these properties
- Identifying Companies and promoters as Wilful Defaulters and arranging for display of their names on the websites of Credit Information Companies such as CIBIL. These names are also reported to the Reserve Bank of India.
- Publishing photographs of defaulters in newspapers where warranted.

The focussed and specialised attention that SAMG has been able to bring to the task has resulted in substantial recoveries in high value NPAs during the year. Besides, the concerted efforts of SAMG have resulted in recoveries of dues to the Bank this year, some of which are decades old.

The skills of officials posted in SAMG and other recovery units are constantly upgraded and honed by:

- Regular training programmes tailor made to the requirements of SAMG organized by the Bank's Apex Training Institutes
- Arranging for Guest Lectures by acknowledged experts in the field (For e.g. Shri R. C. Kohli, an experienced banker and author of "Practical Approach to Recovery Management in Banks and Financial Institutions and Securitisation Act" has addressed our officials on several occasions)
- Regular conclaves are held where matters of topical relevance are discussed. Individual accounts are also reviewed and strategies decided to expedite

recoveries in these accounts. Feedback from operating functionaries is regularly elicited on how the Group can further optimize operations.

- Top Management of the Bank, including the Chairman, regularly review all high value accounts and suggest ways and means to resolve these NPAs.

The Bank took an important initiative during the year to facilitate expeditious credit decisions, such as approving OTSs, fixing reserve prices for auction of seized properties, etc., within SAMG. Till recently, all matters requiring sanctions/approvals were routed through Credit Committees of other Business Groups. A Stressed Assets Management Credit Committee (SAMCC) has now been set up with the sole objective of considering proposals of SAMG for sanction or approval. This dedicated Credit Committee is a valuable resource for SAMG as credit decisions are taken immediately and communicated at once to operating functionaries resulting in swifter recoveries. During the year, the Bank had also announced a scheme where nominal incentives were paid to officials instrumental in recovering amounts written off over 5 years ago, which yielded significant results and the Bank was able to recover more than ₹ 1000 crores during this year from written off accounts.

Notwithstanding the harsh and challenging environment we have seen in the year gone by, the determined and focussed efforts of the SAMG and SAMBs/SARBs/SARCs has contributed to a deceleration in NPA accretion. This was particularly evident during Q4 of 2012-13 when Gross and Net NPA percentages were brought down to 4.75% and 2.10% respectively from the peak levels of 5.30% and 2.59% witnessed during the year. In fact, Q4 also saw a reduction in gross NPAs by ₹2, 269 crores in absolute terms. More details are furnished below:

Table 24: Break –up of NPA (₹ In cr.)

NPA	FY 11-12	Q3 FY13	FY 12-13
Gross NPAs	39,676	53,458	51,189
Gross NPA%	4.44	5.30	4.75
Net NPA%	1.82	2.59	2.10
Fresh Slippages	24,712	26,126	31,993
Cash Recoveries/ Upgradations	9,618	9,167	14,885
Write Offs	744	3,176	5,594
Recoveries in Written Off Accounts	962	673	1,066

While asset quality is expected to be under pressure during FY 13-14 also, the SAMG and other recovery outfits of the Bank are fully geared up to meet the challenges of the future.

II SUPPORT & CONTROL OPERATIONS

II.1. INFORMATION TECHNOLOGY

➢ CORE BANKING PROJECT

The CBS environment is benchmarked to establish the capability to support one billion accounts, over 250 million transactions in a day, and delivering a throughput of over 17,000 transactions per second.

Several new features were rolled out in CBS during the year for making the system more user-friendly. Two new ATM cards on 'RUPAY' platform. Password protected statements in PDF format of Savings Bank, Current Account, Cash Credit accounts are now being sent to the e-mail addresses of customers. Functionalities for issuance of TDR/ STDR through ATM, online capture of 16-digit Census Code have been developed in CBS. Biometric authentication as a second–factor authentication method is being implemented in branches for all CBS users.

The process for the systematic and proactive risk identification, assessment, measurement, monitoring and mitigation of various risks in the IT vertical has been initiated. Disaster Recovery Drills are conducted regularly as part of the implementation of the Business Continuity Management System (BCMS). The first comprehensive Integrated Business Continuity Exercise (IBCE) during the current financial year was tested on 8th & 9th December 2012 and the second on 17th & 18th February 2013.

➢ ATM

SBI has issued more than 11.00 crores Cards out of which around 8.54 crores Cards are transacting regularly on the ATMs. The State Bank Group's ATM operations run from two Switches. The BASE24 Switch has recently been upgraded and it can now handle close to 50,000 ATMs. The ATM footprint is being enlarged substantially through Brown Label ATMs which are being rolled out as totally outsourced initiative under the guidance of Ministry of Finance. A wide variety of ATMs and various types of cards have been deployed. 581 new Cash Deposit Machines have been installed to facilitate customers to deposit the cash.

➢ INTERNET BANKING

Internet Banking service is available through the Bank's website "https://www.onlinesbi.com". The Bank's internet banking solution is a comprehensive product for both retail and corporate users. The following major new features have been added during current financial year 2012-13:

Personal Internet Banking:

IPO(Debt) ASBA facility, Multi-lingual image based keyboard for profile password, Voice OTP for J&K customers for doing Internet Banking transactions etc.

> ☞ State Bank of India along with its Associate Banks has one of the largest ATM networks in the world with 32752 ATMs, as on 31.03.2013.

Corporate Internet Banking:

Rakhsha IRCTC – Ticket Booking by Paramilitary Forces, Central Plan Scheme Monitoring System (CPSMS) facility , EPF payments by Corporate customers, Second Factor authentication through Hardware token for login by corporate customers, Merchant pre-approved transactions for corporate, Foreign Currency Loan Application

➢ IT - FOREIGN OFFICES

145 Foreign Offices of the Bank in 25 countries use the Finacle suite of applications that include Finacle Core, Finacle Treasury and Finacle Internet Banking Applications. 134 ATMs and 2 Kiosks have been installed at Foreign Centres and 7.63 lakh Debit Cards have been issued. Around 1.43 lakh users have been registered for Internet Banking.

➢ ENTERPRISE DATA WAREHOUSE DEPARTMENT

Data Marts relating to the various areas like Risk Management, Customer Analytics, Assets and Liability Management etc. have been designed. Dashboards have been developed and deployed for use by the executives for decision making. Campaign Management Tool has been implemented and campaigns through emails/SMS have been launched by the various Business Units targeting customers under various segments. "Customer One view" (COV) has been developed for Corporate Account Group, Mid Corporate Group and Small and Medium Enterprise Accounts for better monitoring. Data Mining and Analytics are being performed in the areas of business development, Control, Performance and Profitability.

➢ NETWORKING

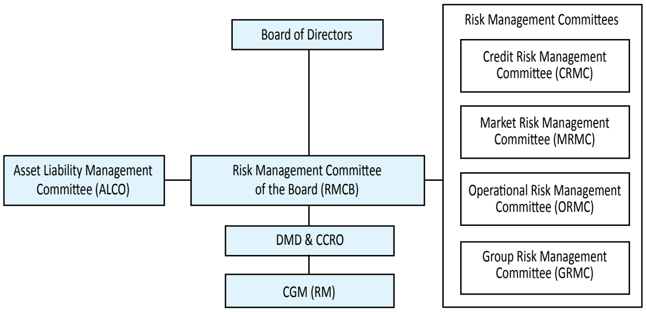
The Bank has implemented a secured, robust WAN architecture network connecting branches/offices and ATMs of State Bank Group through leased lines, VSATs and CDMA technology. While leased lines and VSATs have been procured for primary links for connectivity, ISDN lines or VSATs have been provided as backup. The bandwidth of primary VSATs has been upgraded from 32 Kbps to 64 Kbps at all locations. The Bank is in the process of upgrading leased lines at all locations with bandwidth of 64 Kbps to 128 Kbps.

II.2. RISK MANAGEMENT & INTERNAL CONTROLS

➢ Risk Management Structure in SBI:

The Risk Governance structure in place in the Bank is as under:

Table 25: Risk Governance structure in the Bank



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 visualizes 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.

As envisaged in the Risk Governance Structure, Credit Risk , Market Risk, Operational Risk, Group Risk and Enterprise Risk Management Departments alongwith Basel Implementation and Information Security Departments are placed under Chief General Manager (Risk Management) under the control of Deputy Managing Director and Chief Credit & Risk Officer to ensure Integrated Risk Management for various Risks

❖ Credit Risk Management:

- The Bank has strong credit appraisal and risk assessment practices in place. The Bank uses various internal Credit Risk Assessment Models for assessing credit risk under different exposure segments. Internal ratings of the bank are subject to comprehensive rating validation framework.

- The department tracked 36 industries during FY 2012-13 including sectors such as Telecom, Power, Coal, Aviation, NBFC, Textile Sector, Iron and Steel and disseminated the same to operating staff for informed decision making. Specific studies on Companies/ Groups as directed by the Bank's Board were also conducted.

- The Bank has filed Letter of Intent with RBI for migration to Internal Ratings Based (IRB) Approach for Credit Risk. For this purpose, new policies and governance structure related to credit risk management have been approved by the Risk Management Committee of the Board (RMCB). The governance structure has also been made more robust for effective implementation of the IRB.

- Models for estimation of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) have been developed.

- Bank regularly conducts stress test on its Credit portfolio and Stress Scenarios are regularly updated in line with Industry best practices and changes in Macro economic variables.

- Five meetings of Credit Risk management Committee (CRMC) and six meetings ofRisk Management committee of Board (RMCB) were conducted during the year to review various risk policies, industry guidance and exposure norms.

❖ Market Risk Management:

- 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, equity price, etc. The Market Risk management process at the Bank consists of identification, and measurement of risks, control measures, monitoring and reporting systems.

- The Bank has Board approved policies pertaining to the said risks for Trading in Foreign Exchange, Derivatives, Interest Rate Securities, Equities and Mutual Fund. Market risks are controlled through various risk limits such as Net Overnight Open Position, Modified Duration, Stop Loss, Management Action Trigger, Cut Loss Trigger, Concentration & Exposure Limits etc mentioned in the respective policies.

- Presently, market risk capital is computed under Standardized Measurement Method (SMM). The Bank has decided to migrate to advanced approaches under Basel-II for market risk i.e. Internal Models Approach (IMA) and submitted its Letter of Intent to the Reserve Bank of India. The IMA is a Value at Risk (VaR) based tool for monitoring of Bank's trading portfolio. The VaR methodology is supplemented by conducting stress testing of the trading portfolio at quarterly intervals. The Bank is currently conducting parallel run of SMM and IMA methodologies.

- The Market Risk at the Bank is monitored and reviewed by the Market Risk Management Committee (MRMC) and the Risk Management Committee of the Board (RMCB) which meet at least once at quarterly intervals.

❖ Operational Risk Management:

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

- The main objectives of the Bank's Operational Risk Management are to continuously review systems and control mechanisms, create awareness of operational risk throughout the Bank, assign risk ownership, align risk management activities with business strategy and ensure compliance with regulatory requirements, which are the key elements of the Operational Risk Management Policy of the Bank.

- Important policies, manuals and framework documents in line with RBI guidelines on Operational Risk Management Framework (ORMF) and Operational Risk Measurement System (ORMS) for migration to Advanced Measurement Approach (AMA) are in place.

- The Bank has already submitted its Letter of Intent (LOI) to RBI for migration to Advanced Measurement Approach (AMA).

- The Bank-level Operational Risk Management Committee (ORMC), an executive committee, reviews the operational risk profile of the Bank at quarterly intervals and recommends suitable controls/ mitigations for managing operational risk in the Bank. The Risk Management Committees at all the 14 Circles, Business and Support Groups (NBG, IBG, CBG, MCG, GMU & IT) are also in place.

- Committee of Executives on High Value Frauds (CEHVF), headed by the Chairman, has been set up during the current year to periodically monitor and control high value frauds (Rs.1 crores & above) and alsofor mitigation of the same.

- Other executive level Committees viz. Overall Product Committee (OPC) and Outsourcing Vetting Committee (OVC) are also in place.

❖ Group Risk Management:

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

- The Group Internal Capital Adequacy Assessment Process (Group ICAAP) assesses relevant risks and mitigation measures for capital assessment, including under stressed conditions. A Group ICAAP Policy to ensure uniformity in ICAAP exercises of Group entities is in place.

- A quarterly analysis of risk-based parameters for Credit Risk, Market Risk, Operational Risk, Concentration Risk, Liquidity Risk and Contagion Risk is presented to Group Risk Management Committee/ Risk Management Committee of the Board.

- Exposure limits for Large Borrower Exposure and Capital Market Exposure as per RBI have been adopted for the Group. Also, limits for Unsecured Exposures, Real Estate and Intra-Group Exposures have been set by the Bank.

- In order to overhaul the Group Risk Management and adopt global best practices, the Bank has embarked upon a Group Risk Management Project recently.

❖ Basel Implementation:

- RBI Guidelines on Basel III Capital Regulations have been implemented from April 1, 2013. Bank has put in place appropriate mechanism to comply with these guidelines.

- India is one of the first few countries to implement the Basel-III guidelines while USA and EU Block, are not yet on board.

❖ Enterprise Risk Management:

- For assessment of Pillar I risks and Pillar 2 risks such as Liquidity Risk, Interest Rate Risk, Credit Concentration Risk, as well as adequacy of Capital and overall Risk Management practices under normal and stressed conditions, the Bank has comprehensive Internal Capital Adequacy Assessment Process (ICAAP) in place.

- As part of the Risk Management Project being undertaken by the Bank to transform its role into a Strategic function aligned with Business Objectives, Bank has initiated Enterprise Risk Management (ERM) framework.

- Global best practices like Risk Appetite, Risk Aggregation and Risk based Performance Management System including Economic Capital and Risk Adjusted Return on Capital (RAROC) will also be covered within the ERM project recently taken up.

❖ Information Security:

- Bank has implemented a robust IT policy and Information System Securitypolicy which are in line with the international best practices. These policies are reviewed periodically and suitably strengthened in order to address emerging threats.

- Regular security drills and employee awareness programs are conducted to ensure security and increase awareness among staff. Business Continuity Management Systems (BCMS) has been implemented at Global IT centre, Belapur. Bank is also among the forerunners in the process of implementing the new RBI guidelines for the Banking Sector in this area.

➢ Internal Controls

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

Besides the above, the department conducts Credit Audit, Information Systems Audit (Centralised IT Establishments & Branches), Home Office Audit (audit of foreign offices) and Expenditure Audit (at administrative offices) and oversee policy and implementation of Concurrent Audit (domestic & foreign offices) and Circle Audit. To verify the level of rectification of irregularities by branches, audit of compliance at select branches is also undertaken. During the period 01.04.2012 to 31.03.2013 - 8895 domestic branches / BPR entities were audited under Risk Focussed Internal Audit.

- **Risk Focussed Internal Audit:**

  I&MA Dept undertakes a critical review of the entire working of auditee units through RFIA an adjunct to risk based supervision as per RBI directives. All domestic branches have been 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 Central Audit Unit (CAU), audit of branches in Group II & III category and Business Process Re-engineering (BPR) entities are conducted by thirteen Zonal Inspection Offices, each of which is headed by a General Manager. During the period 01.04.2012 to 31.03.2013 - 8895 domestic branches / BPR entities were audited under Risk Focused Internal Audit.

- **Management Audit:**

  With the introduction of RFIA, Management Audit has been reoriented to focus on the effectiveness of risk management in the processes and the procedures followed in the Bank. Management Audit universe comprises of Corporate Centre establishments / Circle Local Head Offices / Apex Training Institutions, Associate Banks and Regional Rural Banks sponsored by the Bank (RRB).

- **Credit Audit:**

  Credit Audit aims at achieving continuous improvement in the quality of Commercial Credit portfolio of the Bank through critically examining individual large commercial loans with exposures of ₹ 10 Crs and above annually. Credit Audit System also provides feedback to the business unit by way of warning signals about the quality of advance portfolio in the unit and suggests remedial measures. Credit Audit also carries out a review (Loan Review Mechanism) of all the pre-sanction and sanction process of all individual advances above ₹ 5 Crs within 6 months of sanction / enhancement / renewal. During the period 01.04.2012 to 31.03.2013 - 7329 accounts have been subjected to Credit Audit on-site.

- **Information System Audit:**

  All the 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 centralized IT establishments is carried out by a team qualified officials. During the period from 01.04.2012 to 31.03.2013, IS audits of 13 centralised IT establishments were completed.

- **Foreign Offices Audit:**

  During the period from 01.04.2012 to 31.03.2013, Home Office Audit was carried at 49 branches, Management Audit at 11 Representative offices / Country Head Offices & 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 continuous basis. Concurrent Audit System is reviewed on an on-going basis as per the RBI directives so as to cover Bank's Advances and other risk exposures as prescribed by RBI. I&MA department prescribes the processes, guidelines and formats for the conduct of concurrent audit at branches and BPR entities.

❖ **Circle Audit:**

Circle Audit which is a delegated audit covers low risk areas and is conducted between two RFIAs. This enables auditee unit to be better prepared better for the RFIA.

II.3. VIGILANCE

The essential function of Vigilance Administration in the Bank is not only to check against non-compliance of rules & regulations by initiating suitable disciplinary action for serious transgressions, but also to devise and implement various measures of preventive vigilance by reviewing the systems & processes to ensure a higher effectiveness and the least vulnerability. The concept of Vigilance as an investigative process and an exercise for punitive action has over time evolved to that of "Vigilance for Corporate Growth", the emphasis getting shifted from punitive vigilance to "Preventive and Proactive Vigilance" through an active participation of all concerned.

(i) Preventive Vigilance Committee (PVC) Meetings being held at the branches and the BPR outfits and (ii) Under Whistle Blower Scheme*, our staff members are expected to advise appropriate authorities about irregular and unethical practices, if any, being indulged in by colleagues and even seniors.

The number of vigilance cases brought to conclusion during the year 2012-13 is 1508, as compared to 1117 during 2011-12.

Fraud Prevention & Monitoring

- Monitoring of transactions is done with a view to submit critical reports to Financial Intelligence Unit – India, as mandated vide Prevention of Money laundering Act, 2002.
- Bank is observing 1st August every year as "KYC Compliance and Fraud Prevention Day" to maintain appropriate awareness across the Bank as also to create proper understanding of KYC issues among the members of Public.
- Bank has taken several measures with a view to strengthening internal control mechanism to prevent frauds.

II.4.HUMAN RESOURCES

Human Resources are a very important part because of the people intensive nature of the banking industry.

Table 26: Staff Strength

	Officers	Assistants	Subordinate staff	Total
As on 31.3.2012	80,404	95,715	39,362	2,15,481
Less: Retirements / Attrition	3,059	4,107	2,412	9,578
Add / Less (-) due to promotion of clerical staff to officers grade	2,604 (+)	2,604 (-)	--	--
Add: New Addition	847	20,682	864	22,393
As on 31.3.2013	80,796	1,09,686	37,814	2,28,296

In order to take full advantage of the expansion of the branch network and also to mitigate staff shortage, particularly at our rural and semi-urban branches, the Bank added 20,682 new Assistants. More than 30 lakhs candidates appeared for the test and the Bank chose the best and the brightest candidates. Many of the new assistants are holding good academic qualification including professional qualifications of computer engineering, MBA, etc. Apart from lowering the average age, the young recruits have brought a fresh attitude to the work. We welcome the new entrants and believe that they will ensure a strong future for the Bank.

A career opportunity with India's largest Bank

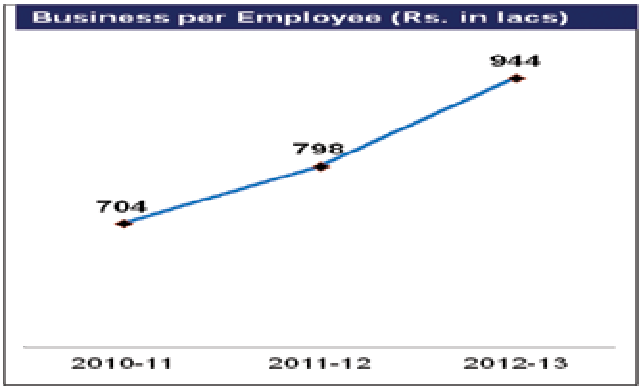
RECRUITMENT OF 1500 PROBATIONARY OFFICERS

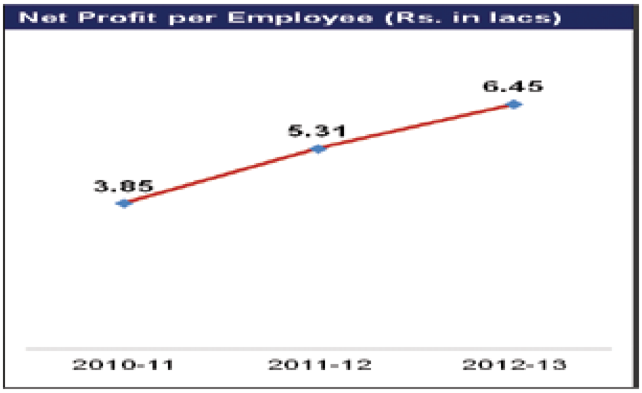
The Bank also advertised for recruitment of 1500 Probationary Officers and an unprecedented 17 lakhs candidates applied for the same. This only shows that the Bank is now the employer of choice of the young and educated population of the country.

Improvement in employee productivity:

The large-scale recruitment of Gen-next employees in the officers as well as in the assistant grade have not only brought a far reaching attitudinal change among staff in their customer interface and services across the branches, it has also become a catalyst in enhancing / improving the productivity and efficiency of the employees, thereby resulting in increasing growth in business and profitability for the Bank. Consequently, both business per employee and also profit per employee went up significantly during the year.

Table 27: Staff Productivity





The addition of new manpower in the Assistant category during the year happened only in January-March 2013 quarter and these employees are now inducted for full scale work in the bank after initial training and are ready to contribute towards further growth in business.

Improvement in work culture: The Management initiated administrative action against frivolous agitations by certain categories of officers. State Bank officers are on the best terms and conditions among all the banks in the public sector. It is ironic that still some categories of officers chose to conduct agitation only in SBI to the exclusion of other banks. The Bank is a caring and considerate employer. Therefore, in our view, there is no case for disruptive agitation exclusively in SBI, when issues are to be decided at the industry level. Consequent upon the above administrative action, the demonstrations within the Bank premises have stopped.

Periodic consultative meetings were held with the Officers Associations / Staff Unions and the SC-ST Staff Welfare Association as part of the constructive dialogue for understanding and addressing grievances of various categories of employees. These consultations are done both at Corporate Centre as also at Circles.

Table 28: Reservation in employment

Category	Total	SC	ST	PWD
Officers	80,796	13,824 (17.11%)	5,215 (6.45%)	485 (0.60%)
Assistants	1,09,686	18,226 (16.62%)	8,745 (7.97%)	1,724 (1.57%)
Sub-staff	37,814	11,500 (30.41%)	2,804 (7.42%)	193 (0.51%)
Total	2,28,296	43,550 (19.08%)	16,764 (7.34%)	2,402 (1.05%)

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

Basketball Match in progress at Hyderabad

Other Initiatives

Several perquisites like leased accommodation, provision of mobile phones, Group Insurance etc. were significantly improved for all categories of staff during the year, which besides, being a great motivational factor in improving the employee productivity, were indicative of a healthy employer-employee relationship.

During the year, Inter-Circle Tournaments were also successfully arranged in the field of Hockey, Volleyball and Basketball at Bhopal, Chennai and Hyderabad respectively with the active participation by the employees representing all the 14 Circles.

II.5. Strategic Training Unit (STU)

The Bank's training apparatus comprises of the following:

Apex Training Institutions (ATI): State Bank Staff College - Hyderabad, State Bank Academy – Gurgaon, State Bank Foundation Institute (Chetana) – Indore, State Bank Institute of Rural Development – Hyderabad, State Bank Institute of Information and Communication Management – Hyderabad

State Bank Learning Centres: 47 Learning Centres spread across 19 states of the country.

SBI received the Golden Peacock National Training Award, 2012

Further, the Bank has acquired 10 acres of land in the prime institutional area at Rajarhat New Town, Kolkata from WBHIDCO (West Bengal Housing Infrastructure Development Corporation Limited) at a cost of ₹ 58 crores. The land is located close to the Kolkata Airport. Efforts are under way to construct a state of the art full scale residential apex training institute. This would help correct regional imbalances as participants from eastern and north eastern region would not have to travel long distance for undergoing training.

In order to raise the standards of training and also to familiarize the Bank officials in the new and sophisticated techniques of financial management like mergers, acquisitions overseas and also in-depth analysis of financial statements, the Bank has taken the help of outside experts, who along with our senior retired officials, are conducting advanced training courses for officials handling credit and faculty members, for imparting sophisticated learning. The aspiration is that our faculty at the training institute should progressively be able to customize these programs and conduct the in-house training.

Training Overseas:

Recognising the need for more advanced training and particularly in areas of strategic management, which may not be completely provided by the Bank's in-house training apparatus, the Bank deputed its senior executives for training in short duration Executive Development Programmes to reputed institutes both in India and overseas.

Table 29: Senior Excutives Trained Overseas

	Overseas training	Training Institutes in India
MDs / DMDs	18	--
CGMs	37	--
GMs	29	62
DGMs	9	228
Total	93	290

In fact, the senior officials were given an opportunity of selecting both the training as also the university / institute they wanted to attend. The Institutions/ universities where officials were deputed include reputed names like Harvard, Stanford, Wharpon School of Management Studies, Indian Institute of Management etc. The Policy of the Bank is that every single employee in every grade must attend at least one training programme every year. 1.76 lakhs employees have been given institutional training during the year, covering 90% of the Officers and 60% of the Assistants.

Several articles have been published by our Research officers/faculty members in internal and reputed external journals such as Bancon compendium, Indian Banker, Financial Planning Journal etc.

Our efforts to inculcate a self learning culture in the Bank through an e-Learning portal which has over 280 lessons currently, has yielded good results and more than 70000 employees are using the portal while 94% have registered. State Bank Training Management System (SBTMS), a comprehensive database system in place, enables viewing of training calendars of any ATI/SBLC, programme timetable, individual training history, trainee feedback and self nomination on line. Knowledge Helpline, has been established to answer, knowledge related queries.

II.6. OFFICIAL LANGUAGE

Various efforts were made during the year for improving and increasing Official Language implementation at various levels in the Bank. After providing for the facility to work in Hindi on the Core Banking Solution (CBS), Standard Encoding Unicode facility was uploaded on all the computers of branches and offices of the Bank. Training on the usage of Hindi in Unicode has been given to majority of staff members during the year and thus the usage of Hindi on computers has now become much easier for staff members in the Bank. For encouraging the staff members to use Hindi in their day to day work, various Functional Hindi Training Programmes were also conducted for officers and employees during the period under review.

The work of bilingualisation of the Bank's corporate and internet banking websites is in progress. Different information and procedural manuals in HRMS related to staff members have been provided in bilingual, i.e. in Hindi and English and thus the use of HRMS has become much easier for all the employees especially for the subordinate staff members. The service desk queries asked in Hindi are being replied in Hindi only. Similarly, now information at the Call Centers of the Bank is being provided in Hindi. This year the total number of ATM hits in Hindi was 66674049 as compared to 52063356 hits last year, thus recording an impressive increase of 28.04% which shows the rising interest of our customers in the usage of Hindi in alternative channels

II.7. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility:

1. The Bank keeps aside 1% of its net profit for corporate social responsibility and the endeavour is to have full achievement of the same.
2. The Bank CSR policy involves donation under the following major categories:
    i) National donations to Prime Minister's and Chief Minister's Relief Funds for natural and other calamities,
    ii) Contribution to organizations having exemption under 80G of the Income Tax Act largely for equipment and vehicles,
    iii) Distribution of fans and water purifiers to neighbourhood schools.

Assam (floods) - ₹ *2 crores*

During the year we are happy that the target of donating 1% of the net profits to CSR, which has eluded the Bank earlier, was not only fully achieved but was surpassed.

Table30: CSR spend (₹ in cr.)

	2012	2013
1% of net profit	82	117
CSR Spent	71	123

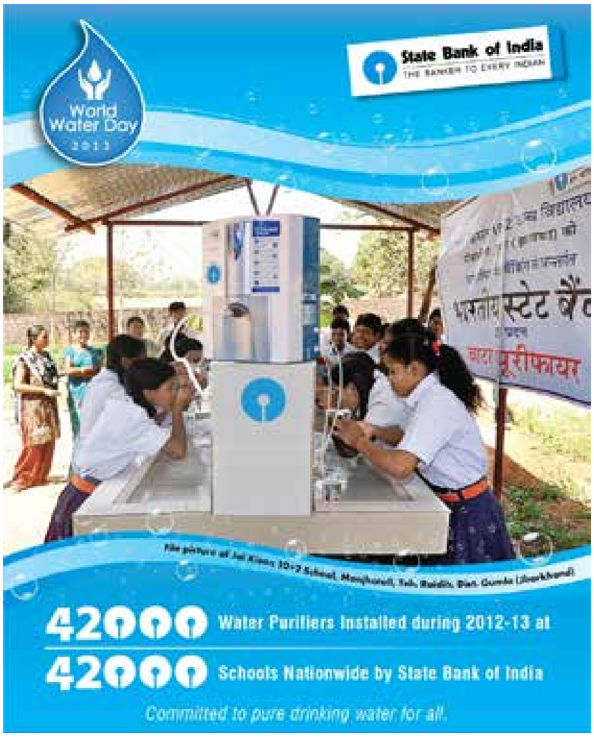
3. **Other Flagship programmes:**

Looking to the deep inconvenience and discomfort students faced in hot summer in classrooms without the fans, the Bank donated 1,40,000 fans to 14,000 schools. The methodology was that every branch of the Bank adopted a school in its neighbourhood attended by students from modest background and installed 10 fans and one water purifier. This strategy gave wide reach to the activity and every single region of the country having SBI branch had schools in the vicinity benefitting from donation of fans and a water purifier.

Rajasthan (floods) - ₹ *2 crores*

Table31: Donation of fans and water purifiers

	No. of Fans	No. of Water Purifiers
2012-13	1,40,000	43,161



Donation of water purifier to Jai Kisan School, Manjhatali Gumla, Jharkhand

Donation of school bus to N.C. Chaturvedi school for deaf, Lucknow

The Bank prefers to support largely with community assets as the benefits of those are shared by all. These steps have created tremendous goodwill in the community and many of our branch managers have been invited to preside over the annual functions of neighbourhood schools. We consider this to be a constructive bond between the Bank and the community. We are happy to make the lives of our young citizens comfortable and healthier.

To help in delivering quality healthcare and transportation of patients and doctors which is a challenge especially in non metro areas, Bank has donated 313 ambulances and medical vans. To help children especially the physically handicapped children, Bank has distributed 51 school buses/vans.

Some of the notable beneficiaries of Bank's support have been the following institutions like Aravind Eye Hospital, Chennai, Tata Medical Centre, Kolkata, N. Swain Memorial Trust, Hyderabad, Sankara Nethralaya, Chennai, St. Xavier's College, Mumbai etc.

The Bank has also supported several initiatives in installing solar lamps in many places largely in the rural areas not having dependable electricity supply.

III ASSOCIATES AND SUBSIDIARIES

State Bank Group, with a network of 20325 branches, including 5509 branches of its five Associate Banks, dominates the banking industry in India. In addition to banking, the Group, through its various subsidiaries, provides a whole range of financial services, which include Life Insurance, Merchant Banking, Mutual Funds, Credit Card, Factoring, Security trading, Pension Fund Management, Custodial Services, General Insurance (Non Life Insurance) and Primary Dealership in the Money Market.

1 Associate Banks

The five Associate Banks of SBI had a market share of 6.16% in deposits and 6.32% in advances as on last Friday of March 2013.

Table32: Performance Highlights of Associate Banks (Overall): **(₹ in cr.)**

	As on 31.03.2013	As on 31.03.2012	Change (%)
Total Assets	5,04,556	4,34,947	16.00
Agg. Deposits	4,17,657	3,61,589	15.51
Total Advances	3,40,321	2,89,148	17.70
Operating Profit	8,803	8,214	7.17
Net Profit	3,678	3,626	1.43
Credit Deposit Ratio	81.48%	79.97%	151 bps
Capital Adequacy Ratio	11.85%	13.16%	-131 bps
Gross NPA	11,589	8,538	35.73
Net NPA	6,143	4,418	39.04
Return on Equity*	14.33%	15.64%	-131 bps

***Annualised**

Important Developments during the year in Associates, Subsidiaries and Joint Ventures:

- SBI Capital Markets Ltd has decided to invest in equity of its subsidiary, viz, SBICAP Securities Ltd, to the tune of ₹ 50 crores in in two tranches of ₹ 25 crores each. The amount of 1st tranche has been invested on 4th May 2012.

- Our JV Company, GE Capital Business Process Management Services (P) Ltd. has bought back a total of 33,98,996 shares of ₹10/- each @ ₹141/- per share, aggregating ₹47.92 crores in January 2013. The share of SBI in the buy back is 13,59,598 shares worth ₹ 19.17 crores.

- An additional capital of ₹5 crores each has been infused by SBI Funds Management (P) Ltd and SBI Capital Markets Ltd. (Total ₹10 crores) in SBI Pension Fund Pvt Ltd (SBIPF) during Oct'12. Consequently, the stake of SBI in SBI PF has come down from 90% to 60%.

2 SBI Capital Markets Limited (SBICAP)

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

SBICAP, on a standalone basis, posted a PBT of ₹418.39 crores during the FY 13 as against ₹364.84 crores earned in FY 12 and a PAT of ₹296.00 crores in FY 13 as against a PAT of ₹250.96 crores during FY 12.

SBICAP and its 4 subsidiaries together, posted a PBT of ₹ 444.37 crores during the FY 13 as against ₹ 385.87 crores earned in FY 12 and PAT of ₹ 313.96 crores in FY 13 as against ₹ 265.31 crores in FY 12.

As a leader in its space, SBICAP has attained recognition in the form of some of the most prestigious awards in the industry namely, IFR Asia's India Loan House of the Year 2012 and Business World Award for the Deal of the Year 2012 for Videocon. SBICAP continues to attain the premier spot in industry rankings, the highlights being:

> SBI Capital Market was ranked No.1 Mandated Lead Arranger (MLA) in Asia ex-Japan Loans by Bloomberg.

- Ranked No. 1 Global Mandated Lead Arranger in Project Finance Loans by Dealogic.

- Ranked No. 1 Global Project Finance Bookrunner by Thomson- Reuters.

- Ranked No. 1 in the number of issues handled for the public issue of debt in FY 2013 by PRIME

2.1 SBICAP Securities Limited (SSL)

SSL, a wholly owned subsidiary of SBI Capital Markets Ltd., 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 & Distribution of other financial products like Mutual Funds, etc. SSL has 100 branches and offers Demat, e-broking, e-IPO and e-MF services to both retail and institutional clients. SSL currently has more than 3.18 lacs customers in their books. The Company has posted a PAT of ₹2.42 crores during the FY 13 as against a PAT of ₹4.03 crores during the FY 12. The profits are lower on account of subdued capital markets.

2.2 SBICAPS Ventures Limited (SVL)

SVL is a wholly owned subsidiary of SBI Capital Markets Ltd. SVL earned a Net Profit of ₹0.35 crores during FY 13 as against ₹ 0.23 crores earned during FY 12.

2.3 SBICAP (UK) Ltd. (SUL)

SUL is a wholly owned subsidiary of SBI Capital Markets Ltd. SUL has booked Total Revenue of ₹ 17.26 crores and has posted a Net Profit of ₹ 10.76 crores during FY 13 as against Total Revenue of ₹ 9.18 crores and Net Profit of ₹ 4.82 crores during FY 12 despite the global recessionary scenario.

SUL is positioning itself as a relationship outfit for SBI Capital Markets in UK and Europe. Relationships are being built with FIIs, Financial Institutions, Law Firms, Accounting Firms, etc to market the business products of SBICAP.

2.4 SBICAP TRUSTEE Co. Ltd. (STCL)

SBICAP Trustee Co Ltd (STCL), a wholly owned subsidiary of SBI Capital Markets Ltd., which commenced security trustee business with effect from 1st August 2008 has earned a gross income of ₹14.93 crores and a Net Profit of ₹7.51 crores during FY 13 as against Gross Income of ₹11.63 crores and Net Profit of ₹ 5.86 crores during FY 12.

3 SBI DFHI Ltd. (SBI DFHI)

SBI DFHI Ltd is one of the largest standalone Primary Dealers (PD) with a pan India presence. Besides Government securities, it also deals in money market instruments, non G-Sec debt instruments etc. As a PD, its business activities are stipulated/ regulated by RBI.

SBI group holds 72.17 % share in the Company, which is a primary dealer to support the book building process in Primary Auctions and provide depth and liquidity to secondary markets in Gsecs. For the period ended 31st March 2013, the Company's PAT was ₹80.28 crores as against ₹43.50 crores earned during FY 12.

The market share of SBIDFHI amongst all market participants was 3.64% as on March 2013.

SBI DFHI's market share amongst Standalone PDs has increased from 16.45 % in March 2012 to 22.48 % in March 2013.

4. SBI Cards & Payments Services Pvt. Ltd. (SBICPSL)

- SBICPSL, the only 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.

- The "Cards in Force" (CIF) of the Company stood at 25.70 lacs as at 31st March 2013 The Average receivables stood at ₹3,294 crores as at the end of March 2013 as against ₹2,178 crores at the end of March 2012.

- The Company has posted a net profit of ₹136.30 crores as on March 2013 as against ₹37.90 crores earned during the year ended March 2012. This performance was primarily driven by asset based revenue growth, substantial reduction in credit losses and better collection performance.

- SBICPSL won "Gold Award" in the Reader's Digest most trusted brand 2012 survey under the finance category.

- SBICPSL has crossed ₹ 1000 crores mark on monthly retail spends in current financial year, which is the highest since inception.

5. SBI Life Insurance Company Limited (SBILIFE)

- SBI Life is Joint Venture Company between SBI and BNP Paribas Cardiff in which SBI holds 74% stake.

- SBI Life has a unique multi-distribution model comprising Bancassurance, Retail Agency & Institutional Alliances and Group Corporate Channels for distribution of insurance products.

- SBI Life emerged as the private market leader in New Business Premium for FY 13.
- SBI Life has a market share of 16.85 % in respect of New Business Premium (NBP) amongst Private Life Insurers. Overall market share (including Life Insurance Corporation of India) of SBI Life in terms of NBP stood at 4.84 % as on 31st March, 2013.
- SBI Life launched Dynamic Insurance products catering to different customer segments, initiated online term plans with – “E-Shield” the first significant foray into online distribution and “Grameen Bima” catering to the micro insurance sector aimed at financial inclusion.
- SBI Life recorded a PAT of ₹622.20 crores during FY 13 as against ₹555.80 crores during FY 12, recording a YOY growth of 12 %.
- The ‘Assets under Management’ of SBI Life recorded a growth of 11.50% YoY to reach ₹51912 crores as on 31st March 2013.
- SBI Life expanded its branch network by adding 44 branches during the year bringing the total number of branches to 758.
- SBI Life has undertaken various CSR projects during the year. Tree plantation drive witnessed a plantation of 6,309 trees till date. “Gift a Smile” and “Project Scholar” are initiatives to contribute towards economically disadvantaged students. SBI Life took an initiative of enabling mentally challenged children of “Swayam Siddh”. Donations have been made to Leprosy eradication centres.

> SBI Life has won “Indian Merchant Chambers’ Ramkrishna Bajaj National Quality Award 2012 in Services category”

The following are some of the awards / recognitions received by the Company during 2012-13:

- Best Employer Brand Award at IPE BFSI Awards
- ‘Best Presented Annual Report Award’ by South Asian Federation of Accountants (SAFA).
- Dun & Bradstreet - PSU Award 2012-Insurance Sector
- The Indian Insurance Awards 2012 for the categories -Under-served Market Penetration Award and Claims Service of the Year Award 2012.
- SBI Life has won Indian Merchant Chambers’ Ramakrishna Bajaj National Quality Award 2012 in Services category indicating its commitment towards quality and organizational excellence.

6. SBI Funds Management (P) Ltd. (SBIFMPL)

- SBIFMPL, the Asset Management Company of SBI Mutual Fund, is the 6th largest Fund House in terms of Average “Assets Under Management” and a leading player in the market with over 5 million investors.
- SBI Mutual Funds celebrated 25 Years of Investment Management in FY 13.
- SBIFMPL recorded a complete turnaround in investment performance with over 92% of equity scheme AUM in top 2 quartiles, and 41% were in top quartile.
- SBIFMPL posted a PAT of ₹85.68 crores during FY 13 as against ₹60.52 crores earned during FY 12.
- The average “Assets Under Management” (AUM) of the company during the quarter ended March 2013 quarter stood at ₹54,905 crores as against ₹42,042 crores during Mar 2012 quarter registering an YoY growth of 30.60%.
- SBIFMPL launched first Exchange Traded Fund-SBI Sensex Fund, this Fund also qualifies for availing benefits under Rajiv Gandhi Equity Savings Scheme during the FY 13.
- SBIFMPL launched SBI Edge Fund, a fund that gives benefit of 3 asset classes viz. Equity, Gold and Debt in one fund.

7 SBI Global Factors Ltd. (SBIGFL)

- SBIGFL is one of the leading factoring companies in India in both domestic as well as export & import factoring.
- The company registered a Profit of ₹ 3.63 crores during the FY 13 as against a loss of ₹65.73 crores incurred during FY 12.

8 SBI Pension Funds Pvt. Ltd. (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 2013 were ₹ 11,788 crores (YoY growth of 96 %).

- The Company maintained lead position amongst Pension Fund Managers (6) in terms of AUM in both Government and Private sectors.

- The overall AUM market share in Private sector was 73 %, while in the Government sector it was 37 %.

- SBIPF has maintained lead in 7 asset categories in terms of returns since inception.

- SBIPF received the following awards during the FY 13:

- 'Pension Fund of the Year' for excellence in performance and customer service to subscribers at the Indian Pension Fund Awards- 2012.

- Award for Financial Inclusion (Pension Category) in Skoch Financial Inclusion Awards, 2013.

9. SBI GENERAL INSURANCE COMPANY LTD (SBIGIC)

- SBIGIC is a joint venture between State Bank of India and IAG Australia in which SBI holds 74% stake.

- SBIGIC has completed its Third year of full operations during FY 13.

- Gross Direct Written Premium stood at ₹ 770.85 crores as at 31st March 2013.

- The Company recorded a net loss of ₹ 145.16 crores as against the estimated loss of ₹ 164.90 crores during FY 13 and a loss of ₹ 95.34 crores incurred during the FY 12. The Company is expected to turn around during 2014-15.

- SBIGIC has a multi-distribution model comprising Bancassurance, Agents, Broker and Direct Channels for distribution of insurance products.

10. SBI SG GLOBAL SECURITIES SERVICES PVT LTD (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 recorded a net profit of ₹38.43 lacs during the FY 13 as against ₹24.71 lacs during the FY 12.

- The Assets Under Custody as on 31st March 2013 stood at ₹51,629 crores, while the Assets Under Administration were at ₹52,639 crores.

INFORMATION WITH REGARD TO SUBSIDIARIES & JOINT VENTURES AS ON 31.03.2013

Table 33:Performance Highlights of Domestic Banking Subsidiaries

(₹ in cr.)

S. No	Name of the Bank	SBI Share of ownership		Total Assets	Agg. Deposits	Total Advances	Op. Profit	Net Profit	CD Ratio	CAR %	Gross NPAs %	Net NPA %	Return on Equity %
		Amt.	%										
1	State Bank of Bikaner & Jaipur	676.12	75.07	86023	71215	58474	1713	730	82.11	12.16	3.62	2.27	15.33
2	State Bank of Hyderabad	367.55	100	139664	117270	92020	2788	1250	78.77	12.36	3.46	1.61	17.70
3	State Bank of Mysore	628.63	92.33	68739	56712	45980	1331	416	81.08	11.79	4.53	2.69	11.05
4	State Bank of Patiala	445.10	100	108551	88416	75460	1619	667	85.35	11.12	3.25	1.62	12.48
5	State Bank of Travancore	120.85	75.01	101579	84046	68389	1351	615	81.37	11.70	2.56	1.46	14.76

Table 34 : Performance of Non Banking Subsidiaries

S. No	Name of the Subsidiary Company	Ownership (State Bank interest) /Crs	% of Ownership	Net Profit (Losses) for the FY 2012-13
1	SBI Capital Markets Ltd. (Consolidated)	58.03	100	313.96
2	SBI DFHI Ltd.	139.15	63.78	80.28
3	SBI Payment Services Pvt. Ltd.	2.00	100	0.0381
4	SBI Mutual Fund Trustee Company Pvt Ltd.	0.10	100	4.20
5	SBI Global Factors Ltd.	137.79	86.18	3.63
6	SBI Pension Funds Pvt. Ltd.	18.00	60.	(0.74)

Table 35: Performance of Joint Ventures

S. No.	Name of the Subsidiary Company	Ownership (State Bank interest) ₹ crores	% of Ownership	Net Profit (Losses) for the FY 2012-13
1	SBI Funds Management Pvt. Ltd.	31.50	63	85.68
2	SBI Funds Management (International) Pvt. Ltd.(USD)	$ 50000	63	Loss USD 29854
3	SBI Cards & Payment Services Pvt. Ltd.	471.00	60	136.30
4	SBI Life Insurance Company Ltd.	740.00	74	622.20
5	SBI-SG Global Securities Services Pvt. Ltd.	52.00	65	0.38
6	SBI General Insurance Company Ltd.	111.00	74	(145.16)
7	C-Edge Technologies Ltd	4.90	49%	1.22
8	GE Capital Business Process Mgt. Services Pvt. Ltd.	9.44	40	21.65
9	Macquarie SBI Infrastructure Mgt. Pte. Ltd.	2.25	45	USD 5.41
10	Macquarie SBI Infrastructure Trustee Ltd.		#	*USD* 56,425
11	SBI Macquarie SBI Infrastructure Mgt. Pvt. Ltd.	18.57	45	8.03
12	SBI Macquarie SBI Infrastructure Trustee Pvt. Ltd.	0.025	45	0.007
13	Oman India Joint 50Investment Fund-Mgt. Co Pvt. Ltd.	2.30	50	2.53
14	Oman India Joint Investment Fund-Trustee Co Pvt. Ltd.	0.01	50	0.004

100 % subsidiary of Macquarie SBI Infrastructure Mgt. Pte. Ltd.

Responsibility Statement

The Board of Directors hereby states:

i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii. that they have selected such accounting policies and applied them consistently and made judgements and estimates as are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Bank as on the 31st March 2013, and of the profit and loss of the bank for the year ended on that date;

iii. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Banking Regulation Act, 1949 and State Bank of India Act, 1955 for safeguarding the assets of the Bank and preventing and detecting frauds and other irregularities; and

iv. that they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

During the year, Shri G. D. Nadaf, Officer Employee Director, retired on attaining superannuation on 31st May 2012. Shri Rashpal Malhotra, Director nominated under section 19(d) by Govt. of India retired on 9th August 2012. Dr. Subir V. Gokarn, Dy. Governor, RBI Nominee, retired on completing his term on 31st December 2012. Shri Dileep C. Choksi, Director, elected by Shareholders under Section 19(c) resigned from the Board effective from the close of business on 31st December 2012. Shri D. K. Mittal, GOI Nominee Director retired on 31st January 2013 attaining superannuation.

Dr. Rajiv Kumar was re-nominated as Director under section 19(d) by GOI w.e.f. 6th August 2012. Shri Harichandra Bahadur Singh was nominated as Director under section 19(d) by GOI w.e.f. 24th September 2012. Shri S. K. Mukherjee, was nominated under section 19(cb) as Officer Employee Director w.e.f. 4th October 2012. Shri S. Vishvananthan was appointed as Managing Director under section 19(b) w.e.f. 9th October 2012. Shri Thomas Mathew, elected for the first time from 13th January 2013 to 24th June 2014 in place of Shri Dileep C. Choksi. Shri Rajiv Takru was nominated as Govt. Nominee Director vice Shri D. K. Mittal, under section 19(e) vide Notification dated 4th February 2013. Dr. Urjit R. Patel was nominated as RBI Nominee Director vice Dr. Subir V. Gokarn, under section 19(f), vide Notification dated 6th February 2013.

The Directors place on record their appreciation of the contributions made by the respective outgoing Directors, namely, Shri G. D. Nadaf, Shri Rashpal Malhotra, Dr. Subir V. Gokarn, Shri Dileep C. Choksi and Shri D. K. Mittal to the deliberations of the Board. The Directors welcome the new Directors Dr. Rajiv Kumar, Shri Harichandra Bahadur Singh, Shri S. K. Mukherjee, Shri S. Vishvananthan, Shri Thomas Mathew, Shri Rajiv Takru and Dr. Urjit R. Patel on the Board.

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

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

For and on behalf of the
Central Board of Directors

Date : 23rd May 2013

Chairman

CORPORATE GOVERNANCE

The Bank's Philosophy on Code of Governance

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

- To protect and enhance shareholder value.
- To protect the interest of all other stakeholders such as customers, employees and 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 Clause 49 of the Listing Agreement with the Stock Exchanges except where the provisions of Clause 49 are not in conformity with SBI Act, 1955 and the directives issued by RBI/GOI. A report on the implementation of these provisions of Corporate Governance in the Bank is furnished below.

Central Board: Role and Composition

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

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

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

The Central Board is headed by the Chairman, appointed under section 19(a) of SBI Act; four Managing Directors are also appointed members of the Board under section 19(b) of SBI Act. The Chairman and Managing Directors are whole time Directors. As on 31st March 2013, there were eleven other directors on the Board including eminent professionals representing Technology, Accountancy, Finance and Economics. These included representatives of shareholders and staff of the Bank, nominee officials of Govt. of India and Reserve Bank of India and directors nominated by the Govt. of India under Section 19(d) of the State

Bank of India Act, 1955. Apart from the whole time Directors, comprising Chairman and four Managing Directors in office, the composition of the Central Board, as on 31st March 2013, was as under:

- Four directors, elected by the shareholders under Section 19(c),
- One director, nominated by the Central Government under Section 19(ca),
- One director, nominated by the Central Government under Section 19(cb),
- Three directors, nominated by the Central Government under Section 19(d),
- One director (official from the 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 Clause 49 of the Listing Agreement. There is no inter-se relationship between Directors.

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

Meetings of the Central Board

The Bank's Central Board meets a minimum of six times a year. During the year 2012-13, **thirteen** Central Board Meetings were held. The dates of the meetings and attendance of the directors are as under:

Dates & Attendance of Directors at Board Meetings during 2012-13

No. of Meetings held : 13

Dates of the Meetings : 18.05.2012, 15.06.2012, 22.06.2012, 28.07.2012, 10.08.2012, 08.09.2012, 19.10.2012, 09.11.2012, 20.12.2012, 19.01.2013, 09.02.2013, 14.02.2013, 14.03.2013

Shri Pratip Chaudhuri, Chairman and Shri A. Krishna Kumar, MD&GE(NB) attended all the thirteen Meetings.

Name of the Director	No. of Meetings held after nomination/ election/ during incumbency	No. of Meetings attended
Shri Hemant G. Contractor, Managing Director & Group Executive (IB)	13	12
Shri Diwakar Gupta, Managing Director & Chief Financial Officer	13	10
Shri S. Vishvanathan, Managing Director & Group Executive (A&S) (w.e.f. 09.10.2012)	07	07
Shri Dileep C. Choksi (upto 31.12.2012)	09	05
Shri S. Venkatachalam	13	12
Shri D. Sundaram	13	09
Shri Parthasarathy Iyengar	13	09
Shri Thomas Mathew (w.e.f. 13.01.2013)	04	03
Shri Jyoti Bhushan Mohapatra	13	12
Shri G. D. Nadaf (upto 31.05.2012)	01	01
Shri S. K. Mukherjee (w.e.f. 04.10.2012)	07	05
Shri Rashpal Malhotra (upto 09.08.2012)	04	04
Dr. Rajiv Kumar (w.e.f. 06.08.2012)	09	07
Shri Deepak I. Amin	13	12
Shri Harichandra Bahadur Singh (w.e.f. 24.09.2012)	07	04
Shri D. K. Mittal (upto 31.01.2013)	10	05
Shri Rajiv Takru (w.e.f. 04.02.2013)	03	03
Dr. Subir V. Gokarn (upto 31.12.2012)	09	07
Dr. Urjit R. Patel (w.e.f. 06.02.2013)	03	02

Highlights of the year:

- The Hon'ble Finance Minister of India, Shri P Chidambaram addressed a specially convened meeting of the Central Board on 9th February 2013 and shared his thoughts on the Companies Bill 2012, recently passed by the Lok Sabha which seeks to establish a system of Corporate Laws, on par with the laws elsewhere in the world. He stressed upon the importance of the role of the Directors and the fact that Boards world over are becoming more assertive. Their active participation could lead to greater transparency and managerial accountability. He also interacted with the Directors on various issues like Restructuring of Accounts, Use of IT to improve country's competitiveness among all domestic sectors, Consolidation in the Banking space & Merger of Associate Banks, Branch Expansion in Rural Areas & Viability Gap funding and HR issues, including talent retention.
- As the Bank's endeavor towards improvement in the quality of reviews placed before the Central Board and Other Board Level Committees, the Quality Improvement Initiative was actively and successfully pursued during the year resulting in substantial improvements in the content and structure of the Reviews.
- In recognition of the various initiatives taken, the Bank was conferred with the 'Golden Peacock Award 2012' in Corporate Governance by the Institute of Directors on 11th October 2012.
- With the objective of facilitating the Directors remaining updated with the latest developments, the Bank took the following initiatives during the year:
  - (i) Two directors on the Audit Committee of the Board, were deputed to a Programme on IT Governance at the Institute for Development and Research in Banking Technology (IDRBT) at Hyderabad;
  - (ii) One Director was deputed to the Conference organized by Centre for Advanced Financial Research and Learning (CAFRAL) for Members of Audit Committee to effectively play their role and enhanced governance standards at Mumbai;and
  - (iii) One Director was deputed to a Programme on Corporate Governance at the Standing Conference of Public Enterprises (SCOPE) at New Delhi.

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 2012-13 are as under:

Attendance of Directors at ECCB Meetings during 2012-13

No. of Meetings held : 52

S. No.	Directors	No. of meetings attended
1	Shri Pratip Chaudhuri, Chairman	52
2	Shri Hemant G. Contractor, MD&GE (IB)	41
3	Shri Diwakar Gupta, MD&CFO	40
4	Shri A. Krishna Kumar, MD&GE (NB)	43
5	Shri S. Vishvanathan, MD&GE (A&S) (w.e.f. 09.10.12)	20
6	Shri Dileep C. Choksi (upto 31.12.12)	14
7	Shri S. Venkatachalam	49
8	Shri D. Sundaram	28
9	Shri Parthasarathy Iyengar	07
10	Shri Thomas Mathew (w.e.f. 13.01.13)	09
11	Shri Jyoti Bhushan Mohapatra	11
12	Shri G. D. Nadaf (upto 31.05.12)	03
13	Shri S. K. Mukherjee (w.e.f. 04.10.12)	06
14	Dr. Rajiv Kumar (w.e.f. 06.08.12)	04
15	Shri Rashpal Malhotra (upto 09.08.12)	07
16	Shri Deepak I. Amin	21
17	Shri Harichandra Bahadur Singh (w.e.f. 24.09.12)	05
18	Shri D. K. Mittal, Govt. Nominee (upto 31.01.13)	-
19	Shri Rajiv Takru, Govt. Nominee (w.e.f. 04.02.13)	-
20	Dr. Subir V. Gokarn, RBI Nominee (upto 31.12.12)	03
21	Dr. Urjit R. Patel, RBI Nominee (w.e.f. 06.02.13)	-

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 eight Board Level Committees viz. Audit Committee, Risk Management Committee, Shareholders'/Investors' Grievance Committee, Special Committee of the Board for Monitoring of Large Value Frauds (₹1 crores and above), Customer Service Committee, IT Strategy Committee, Remuneration Committee & Board Committee to Monitor Recovery. 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, 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 wholetime Directors, based on Govt. of India guidelines, the other Committees meet periodically, once in a quarter generally, to deliberate on policy issues and/or review domain performance, as per the calendar of reviews approved by the Central Board. The Committees also call external specialists, besides drawing upon the services of top executives from the Bank, as and when needed. The minutes and proceedings containing brief reports on the discussions held at the meetings of the Committees are placed before the Central Board.

Audit Committee of the Board

The Audit Committee of the Board **(ACB)** was constituted on 27th July 1994 and last re-constituted on the 19th January 2013. The ACB functions as per RBI guidelines and complies with the provisions of Clause 49 of the Listing Agreement to the extent that they do not violate the directives/guidelines issued by 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 Clause 49 and other guidelines issued by SEBI from time to time;
- Status of implementation of Ghosh and Jilani 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 16th March 2011.

Composition & Attendance during 2012-13

The ACB has eight members of the Board of Directors, including two whole time Directors, two official Directors (nominees of GOI and RBI) and four non-official non-executive Directors. Meetings of the ACB are chaired by a Non-Executive Director. The constitution and quorum requirements, as per RBI guidelines, are complied with meticulously. During the year, ten 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 2012-13

No. of Meetings held : 10
Dates of the Meetings : 17.05.2012, 09.06.2012, 28.07.2012, 09.08.2012, 07.09.2012, 08.11.2012, 30.11.2012, 26.12.2012, 13.02.2013, 23.02.2013

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri Hemant G. Contractor, Managing Director & GE(IB)	10	09
Shri A. Krishna Kumar, Managing Director & GE (NB)	10	07
Shri Diwakar Gupta, Managing Director & CFO (Alternate Member)	-	04
Shri Dileep C. Choksi (upto 31.12.12)	08	07
Shri S. Venkatachalam (w.e.f. 19.01.13)	02	02
Shri D. Sundaram	10	09
Shri Parthasarathy Iyengar (upto 18.01.13)	08	03
Shri Thomas Mathew (w.e.f. 19.01.13)	02	02
Dr. Rajiv Kumar (w.e.f. 19.01.13)	02	01
Shri Deepak I. Amin (from 08.09.12 to 18.01.13)	03	02
Shri D. K. Mittal (upto 31.01.13)	08	-
Shri Rajiv Takru (w.e.f. 04.02.13)	02	-
Dr. Subir V. Gokarn (upto 31.12.12)	08	04
Dr. Urjit R. Patel (w.e.f. 06.02.13)	02	01

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 19th January 2013 and has, seven 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 2012-13, six meetings of the RMCB were held.

Dates of Meetings of RMCB held & Attendance of Directors during 2012-13

No. of Meetings held : 6
Dates of the Meetings : 31.05.2012, 13.08.2012, 07.09.2012, 07.12.2012, 08.02.2013, 27.02.2013

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri Hemant G. Contractor, Managing Director & GE(IB)	06	06
Shri Diwakar Gupta, Managing Director & CFO	06	05
Shri A. Krishna Kumar, Managing Director & Group Executive (NB) (Alternate Member)	-	01
Shri S. Venkatachalam	06	06
Shri D. Sundaram	06	04
Shri Parthasarathy Iyengar (upto 18.01.13)	04	01
Shri Thomas Mathew (w.e.f. 19.01.13)	02	02
Dr. Rajiv Kumar (w.e.f. 08.09.12)	03	01
Shri Deepak I. Amin (w.e.f. 08.09.12)	03	02

Shareholders'/Investors' Grievance Committee of the Board

In pursuance of Clause 49 of the Listing Agreement with the Stock Exchanges, Shareholders'/Investors' Grievance Committee of the Board **(SIGCB)** was formed on the 30th January 2001, to look into the redressal of shareholders' and investors' complaints regarding transfer of shares, non-receipt of annual report, non-receipt of interest on bonds/declared dividends, etc. The Committee was last reconstituted on the 19th January 2013 and has six members and is chaired by a Non-Executive Director. The Committee met four times during 2012-13 and reviewed the position of complaints.

Dates of Meetings of SIGCB held & Attendance of Directors during 2012-13

No. of Meetings held : 4

Dates of the Meetings : 30.04.2012, 27.07.2012, 30.11.2012, 08.02.2013

Name of the Director	**No. of Meetings held after nomination / election / during tenure**	**No. of Meetings attended**
Shri Hemant G. Contractor, Managing Director & GE(IB)	04	04
Shri Diwakar Gupta, Managing Director & CFO (upto 19.12.12)	03	03
Shri S. Vishvanathan, Managing Director & Group Executive (A&S) (w.e.f. 20.12.12)	01	01
Shri S.Venkatachalam	04	04
Shri Dileep C. Choksi (upto 31.12.12)	03	01
Shri Parthasarathy Iyengar (w.e.f. 08.09.12 and upto 18.01.13)	01	-
Shri Thomas Mathew (w.e.f. 19.01.13)	01	01
Shri Rashpal Malhotra (upto 09.08.12)	02	02
Dr. Rajiv Kumar (w.e.f. 08.09.12)	02	-
Shri Harichandra Bahadur Singh (w.e.f. 19.01.13)	01	01

Number of shareholders' complaints received so far (during the year) : **262**

Number not solved to the satisfaction of shareholders : **NIL**

Number of Pending Complaints : **NIL**

Name and designation of Compliance officer : Shri T. S. Krishnaswamy, GM (Compliance)

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 the 29th March 2004. The major functions of the Committee are to monitor and review all large value frauds with a view to identifying systemic lacunae, if any, reasons for delay in detection and reporting, if any, monitoring progress of CBI/Police investigation, recovery position, ensuring that staff accountability exercise is completed quickly, reviewing the efficacy of remedial action taken to prevent recurrence of frauds and putting in place suitable preventive measures. The Committee was last reconstituted on the 19th January 2013 and has, eight members. The Senior Managing Director on the Committee is the Chairman. The Committee met five times during 2012-13.

Dates of Meetings of SCBMF held & Attendance of Directors during 2012-13

No. of Meetings held : 5

Dates of the Meetings : 12.04.2012, 21.06.2012, 31.08.2012, 12.12.2012, 30.01.2013

Name of the Director	**No. of Meetings held after nomination / election / during tenure**	**No. of Meetings attended**
Shri Diwakar Gupta, Managing Director & CFO	05	04
Shri A. Krishna Kumar, Managing Director & GE(NB) (upto 19.12.12)	04	04
Shri S. Vishvanathan, Managing Director & GE(A&S) (w.e.f. 20.12.12)	01	01
Shri Hemant G. Contractor, Managing Director & Group Executive (IB) (Alternate Member)	-	01
Shri Dileep C. Choksi (upto 31.12.12)	04	03
Shri S. Venkatachalam	05	05
Shri Parthasarathy Iyengar	05	-
Shri Thomas Mathew (w.e.f. 19.01.13)	01	01
Shri Rashpal Malhotra (upto 09.08.12)	02	02
Dr. Rajiv Kumar (w.e.f. 08.09.12)	02	-
Shri Deepak I. Amin (w.e.f. 08.09.12)	02	02
Shri Harichandra Bahadur Singh(w.e.f. 19.01.13)	01	01

Customer Service Committee of the Board

The Customer Service Committee of the Board **(CSCB)** was constituted on the 26th August 2004, to bring about ongoing improvements on a continuous basis in the quality of customer service provided by the Bank. The Committee was last reconstituted on the 19th January 2013 and has seven members. The Senior Managing Director on the Committee is the Chairman. During the year 2012-13, four meetings of the Committee were held.

Dates of Meetings of CSCB held & Attendance of Directors during 2012-13

No. of Meetings held : 4

Dates of the Meetings : 30.04.2012, 27.07.2012, 30.11.2012, 30.01.2013

Name of the Director	**No. of Meetings held after nomination / election / during tenure**	**No. of meetings Attended**
Shri A. Krishna Kumar, Managing Director & GE(NB)	04	04
Shri Hemant G. Contractor, Managing Director & GE(IB) (upto 19.12.12)	03	03
Shri S. Vishvanathan, Managing Director & GE(A&S) (w.e.f. 20.12.12)	01	01
Shri S. Venkatachalam	04	04
Shri Dileep C. Choksi (upto 31.12.12)	03	-
Shri D. Sundaram (w.e.f. 08.09.12 and upto 18.01.13)	01	01
Shri Thomas Mathew (w.e.f. 19.01.13)	01	01
Shri Jyoti Bhushan Mohapatra (w.e.f. 08.09.12)	02	01
Shri G. D. Nadaf (upto 31.05.12)	01	01
Shri S. K. Mukherjee (w.e.f. 20.12.12)	01	01
Shri Rashpal Malhotra (upto 09.08.12))	02	02
Dr. Rajiv Kumar (w.e.f. 08.09.12 and upto 18.01.13)	01	-
Shri Harichandra Bahadur Singh (w.e.f. 19.01.13)	01	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 **(ITSC)** 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 19th January 2013 with six members and is chaired by a Non-Executive Director. The Committee met six times during 2012-13.

Dates of Meetings of ITSC held & Attendance of Directors during 2012-13

No. of Meetings held : 6
Dates of the Meetings : 28.06.2012, 13.08.2012, 23.11.2012, 15.12.2012, 19.01.2013, 26.03.2013

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri Diwakar Gupta, Managing Director & CFO	06	03
Shri A. Krishna Kumar, Managing Director & GE(NB)	06	05
Shri Hemant G. Contractor, Managing Director & GE (IB) (Alternate Member)	-	02
Shri D. Sundaram	06	06
Shri S. Venkatachalam	06	06
Shri Parthasarathy Iyengar	06	04
Shri Deepak I. Amin (w.e.f. 08.09.12)	04	02

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 19th January 2013. The Committee has four members consisting of (i) the Government Nominee Director, (ii) the RBI Nominee Director and (iii) two other Directors – Shri S. Venkatachalam and Shri D. Sundaram. The Committee scrutinised and recommended payment of incentives to whole time Directors for the year ended 31.3.2012.

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 has six members consisting of Chairman, four Managing Directors and the Govt. Nominee Director. The Committee met on 14th March 2013 and reviewed the NPA management and top twenty NPA accounts of the Bank.

Nomination Committee of the Board

In terms of RBI guidelines, a Nomination Committee of independent Directors was constituted by the Central Board at its meeting held on 20th December 2012 to carry out necessary due diligence and arrive at the 'fit and proper' status of candidates filing nominations for election as Directors by shareholders. The Nomination Committee met on 12th January 2013 and declared the 'fit and proper' status of candidates accordingly.

Local Boards

In terms of the provisions of SBI Act and General Regulations 1955, at every centre where the Bank has a Local Head Office (LHO), Local Boards/Committees of Local Boards are functional. The Local Boards exercise such powers and perform such other functions and duties delegated to them by the Central Board. As on 31st March 2013, Local Boards at nine LHOs and Committees of the Local Boards at the remaining five LHOs were functional. The minutes and proceedings of the meetings of Local Boards/Committees of Local Boards are placed before the Central Board.

Sitting Fees

The remuneration of the whole-time Directors and the Sitting Fees paid to the Non-Executive Directors for attending the meetings of the Board/Committees of the Board are as prescribed by GOI from time to time. No remuneration, other than the Sitting Fees for attending Board and/or its Committee meetings, is paid to Non Executive Directors. At present, Sitting Fees of ₹10,000/- is paid for attending the meetings of the Central Board and ₹5,000/- for attending the meetings of Other Board level Committees. Sitting fees are, however, not paid to the Chairman and Managing Directors of the Bank and GOI Nominee/RBI Nominee Directors. Details of Sitting fees paid during the year 2012-13 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 2012-13. Declaration to this effect signed by the Chairman is placed in Annexure-V. The Code is posted on the Bank's website.

Salary and Allowances paid to the Chairman and Managing Directors in 2012-13

Name	Basic	DA	Incentives	Other Arrears	Total Remuneration
Chairman Shri. Pratip Chaudhuri (01/04/2012 to 31/03/2013)	9,60,000/-	7,41,600/-	6,00,000/-	Nil	23,01,600/-
Managing Directors Shri. Hemant G. Contractor (01/04/2012 to 31/03/2013)	9,33,180/-	7,18,979/-	5,00,000/-	Nil	21,52,159/-
Shri. Diwakar Gupta (01/04/2012 to 31/03/2013)	9,33,180/-	7,18,979/-	5,00,000/-	Nil	21,52,159/-
Shri. A. Krishna Kumar (01/04/2012 to 31/03/2013)	9,33,180/-	7,18,979/-	5,00,000/-	Nil	21,52,159/-
Shri. S. Vishvanathan (09/10/2012 to 31/03/2013)	4,33,516/-	3,12,131/-	Nil	Nil	7,45,647/-

Attendance at the Annual General Meeting

The last Annual General Meeting (AGM) for the year 2011-12, held on the 22nd June 2012, was attended by 9 directors, viz., Shri Pratip Chaudhuri, Shri Hemant G.Contractor, Shri Diwakar Gupta, Shri A. Krishna Kumar, Shri D. Sundaram, Shri Dileep C. Choksi, Shri S. Venkatachalam, Shri Rashpal Malhotra and Shri Jyoti Bhushan Mohapatra. AGM (2010-11) was held on 20th June, 2011 and AGM (2009-10) was held on 16th June 2010. All 3 AGMs were held in Mumbai and no Special resolutions were passed in the previous 3 AGMs.

Disclosure:

The Bank has not entered into any materially significant related party transactions with its Promoters, Directors, or Management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Bank at large.

The Bank has complied with applicable rules and regulations prescribed by stock exchanges, SEBI, RBI or any other statutory authority relating to the capital markets during the last three years. No penalties or strictures have been imposed by them on the Bank.

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

The Bank has complied in all respects with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, to the extent that the requirements of the Clause do not violate the provisions of State Bank of India Act 1955, the Rules and Regulations made thereunder and guidelines or directives issued by the Reserve Bank of India.

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

The Bank has complied with all applicable non-mandatory requirements of Clause 49, except for sending half-yearly declaration of financial performance and summary of significant events to the households of shareholders, since detailed information on the same is posted on the website of the Bank.

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 2012-13 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 Report and Half-yearly report 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:21.06.2013, Time 3.00 p.m. Venue: "Y. B. Chavan Centre", General Jagannath BhosaleMarg, Nariman Point, Mumbai 400 021.

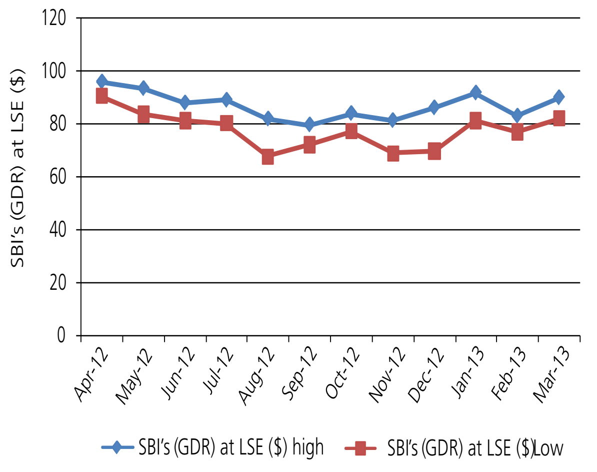
Financial Calendar	:	01.04.2012 to 31.03.2013
Period of Book Closure	:	30.05.2013 to 03.06.2013
Dividend	:	₹ 41.50 per Share
Payment Date	:	17.06.2013
Electronic Clearing	:	Dividend on SBI shares is also being paid through various electronic modes
Listing on Stock Exchanges	:	Mumbai, Ahmedabad, Kolkata, New Delhi, Chennai and National Stock Exchange, Mumbai. GDRs listed on London Stock Exchange (LSE). Listing fees have been paid upto date to all Stock Exchanges including LSE.
Stock Code/CUSIP	:	Stock Code 500112 (BSE) SBIN (NSE) CUSIP US 856552203 (LSE)
Share Transfer System	:	Share transfers in Physical form are processed and returned to the shareholders within stipulated time. Quarterly Share Transfer Audit and Reconciliation of Share Capital Audit in terms of the Listing Agreements are regularly carried out by an independent Company Secretary.
Registrar and Transfer	:	M/s Datamatics Financial Services Limited
Agent and their Unit Address	:	State Bank of India, Plot B-5, Part B, Cross Lane, MIDC, Marol, Andheri (E), Mumbai 400 093.
Board Phone Numbers	:	022-6671 2151 to 56 (between 10 a.m. to 1.00 p.m. and 2 p.m. to 4.30 p.m.)
Direct Numbers	:	022-6671 2198, 022-667121 99, 022-6671 2201 to 6671 2203
E-mail address	:	sbi_eq@dfssl.com,
Fax	:	(022) 6671 2204
Address for	:	State Bank of India
Correspondence		Shares & Bonds Department, Corporate Centre, 14th Floor, State Bank Bhavan, Madam Cama Road, Nariman Point, Mumbai 400 021.
Telephones	:	(022) 22740841 To 22740848
Fax	:	(022) 22855348
E-mail address	:	gm.snb@sbi.co.in

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 82,60,763 GDRs as on 31.03.2013 representing 1,65,21,526 shares.

Months	SBI's (GDR) at LSE ($)		GDRs Outstanding (Nos.)
	High	Low	
Apr-12	89.05	80.50	84,68,749
May-12	81.90	67.90	83,09,433
Jun-12	79.65	72.30	82,74,643
Jul-12	84.00	77.30	82,66,863
Aug-12	81.30	69.20	82,66,863
Sep-12	86.15	69.90	82,66,863
Oct-12	91.80	81.40	82,66,863
Nov-12	83.00	77.25	82,66,863
Dec-12	90.00	82.20	82,61,263
Jan-13	96.00	90.70	82,61,263
Feb-13	93.50	83.75	82,60,763
Mar-13	88.00	81.40	82,60,763



Dematerialization of Shares and Liquidity – As on 31-03-2013

Mode	No. of Shares	% of Total Shares	Folio Nos.	% of Total Folios
Physical	1,04,08,469	1.52	2,05,913	25.52
Demat	67,36,25,502	98.48	6,00,808	74.48
Total	68,40,33,971	100.00	8,06,721	100.00

Book Value per Share: ₹1,394.79
Economic Value added (EVA): ₹7,275 crores

Unclaimed Shares:

Particulars	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	1,083	25,881
Number of shareholders, who approached the Issuer for transfer of shares from the Unclaimed Suspense Account during of the year	19	589
Number of shareholders, to whom shares were transferred from the Unclaimed Suspense Account during of the year	19	589
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	1,064	25,292

Dividend History: SBI has the distinction of making uninterrupted dividend payment to the shareholders at an increasing rate for the last so many years.

E-Initiative: In accordance with SEBI guidelines on Green initiative in the Corporate Governance, 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 Banks offices or at the office of the Registrar and Transfer Agents, are redressed expeditiously and monitored at the Top Management level.

Share Price Movement:

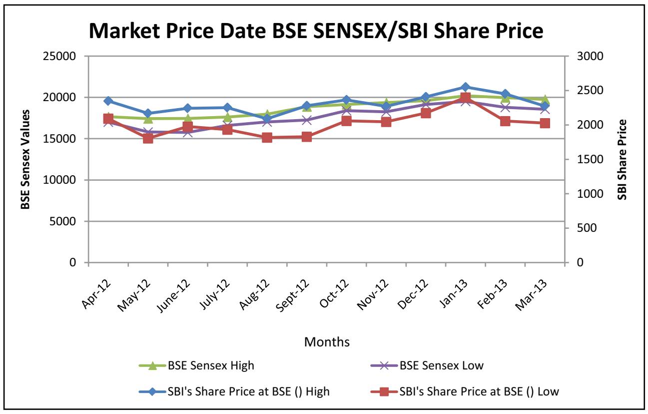
The movement of the share price and the BSE Sensex / NSE Nifty is presented in the following Tables. The market capitalisation of the Bank's shares had a weightage of 2.23% in BSE Sensex and 3.46% in NSE Nifty as on 28.03.2013.

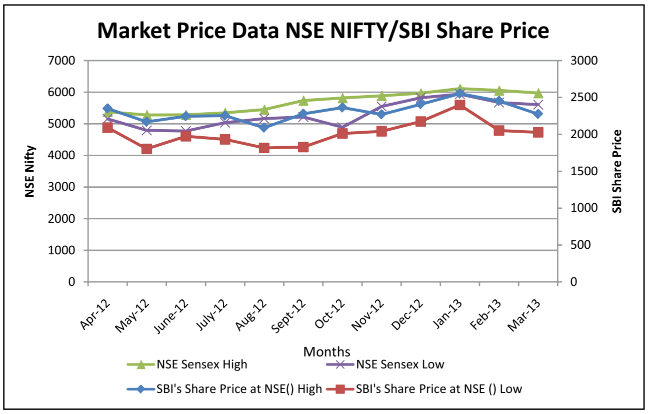
Table: Market Price Data (Closing Values)

Months	SBI's Share Price at BSE (₹)		BSE Sensex	
	High	Low	High	Low
Apr-12	2347.00	2090.20	17664.10	17010.16
May-12	2167.40	1804.50	17432.33	15809.71
Jun-12	2241.95	1975.00	17448.48	15748.98
Jul-12	2251.50	1931.00	17631.19	16598.48
Aug-12	2089.00	1816.20	17972.54	17026.97
Sep-12	2278.00	1828.25	18869.94	17250.80
Oct-12	2363.60	2058.05	19137.29	18393.42
Nov-12	2269.00	2044.00	19372.70	18255.69
Dec-12	2407.65	2171.00	19612.18	19149.03
Jan-13	2550.00	2397.50	20203.66	19508.93
Feb-13	2451.65	2055.60	19966.69	18793.97
Mar-13	2272.50	2025.40	19754.66	18568.43

Table: Market Price Data (Closing Values)

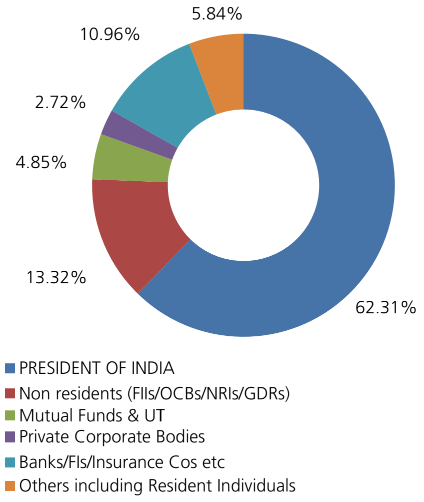
Months	SBI's Share Price at NSE (₹)		NSE Nifty	
	High	Low	High	Low
Apr-12	2349.70	2090.05	5378.75	5154.30
May-12	2168.90	1802.30	5279.60	4788.95
Jun-12	2244.00	1974.05	5286.25	4770.35
Jul-12	2252.55	1931.50	5348.55	5032.40
Aug-12	2088.95	1815.15	5448.60	5164.65
Sep-12	2278.00	1827.00	5735.15	5215.70
Oct-12	2362.55	2010.30	5815.35	4888.20
Nov-12	2269.35	2041.00	5885.25	5548.35
Dec-12	2408.15	2173.50	5965.15	5823.15
Jan-13	2551.70	2397.55	6111.80	5935.20
Feb-13	2452.10	2051.00	6052.95	5671.90
Mar-13	2273.80	2027.10	5971.20	5604.85





Distribution of Shareholding as on 31.03.2013

Sr. No.	Description	% to Total
1	PRESIDENT OF INDIA	62.31
2	Non residents (FIIs/OCBs/NRIs/GD₹)	13.32
3	Mutual Funds & UTI	4.85
4	Private Corporate Bodies	2.72
5	Banks/FIs/Insurance Cos etc	10.96
6	Others including Resident Individuals	5.84
	Total	100.00



TOP TEN SHAREHOLDERS

Sr. No.	Name	% of Shares in total Equity
1	PRESIDENT OF INDIA	62.313
2	LIFE INSURANCE CORPORATION OF INDIA - GROUP	9.986
3	THE BANK OF NEW YORK (as Depository to our GDR)	2.415
4	SKAGEN KON-TIKI VERDIP APIRFOND (FII)	0.700
5	HDFC TRUSTEE COMPANY LIMITED-HDFC TOP 200 FUND	0.642
6	HDFC TRUSTEE COMPANY LTD - HDFC EQUITY FUND	0.632
7	COPTHALL MAURITIUS INVESTMENT LTD (FII)	0.567
8	HSBC GLOBAL INVESTMENT FUND A/C HSBC GLOBAL INVESTMENT FUND MAURITIUS (FII)	0.487
9	GENERAL INSURANCE CORPORATION OF INDIA	0.457
10	VANGUARD EMERGING MARKETS STOCK INDEX (FII)	0.393

Annexure I

Brief Resumes of the Non-Executive Directors on the Board as on 31st March 2013

Shri S. Venkatachalam

(Date of Birth: 8th November 1944)

Shri S. Venkatachalam is a Director re-elected by the Shareholders u/s 19(c) of SBI Act, w.e.f. 25th June 2011, for three years. He is a fellow member of the Institute of Chartered Accountants of India and was employed with Citigroup and Citibank NA India Organisation in the Senior Management Cadre for a period of 31 years in various capacities.

Shri D. Sundaram

(Date of Birth: 16th April 1953)

Shri D. Sundaram is a Director re-elected by the Shareholders u/s 19(c) of SBI Act, w.e.f 25th June 2011, for a period of three years. He is Vice Chairman and Managing Director of TVS Capital Funds Limited. He is a professionally qualified Accountant (FICWA) and carries a rich experience in the area of Finance and Accounting. He held many important positions in Hindustan Unilever Ltd. (HUL) group as Vice-Chairman & CFO, Corporate Accountant, Commercial Manager and Treasurer, Finance Member, TOMCO Integration Team, and Finance Director, Brooke Bond Lipton India Ltd. He had also held various positions in Unilever Ltd., London as Commercial Officer for Africa and Middle East and Senior Vice President – Finance, Central and Middle East Group.

Shri Parthasarathy Iyengar

(Date of Birth : 2nd June 1961)

Shri Parthasarathy Iyengar is a Director elected by the Shareholders u/s 19(c) of SBI Act, w.e.f. 25th June 2011, for three years. Shri Iyengar holds Post graduate degrees in Engineering and Management (Management Information Systems) from USA. He has more than 25 years of experience in the field of Information Technology in US and India. He is Vice President and Distinguished Analyst in Gartner, a world renowned IT research and advisory services entity and currently its Regional Research Director in India.

Shri Thomas Mathew

(Date of Birth : 20th February 1951)

Shri Thomas Mathew is a Director elected by the Shareholders u/s 19(c) of SBI Act, w.e.f. 13th January 2013. Shri Mathew is a Fellow Member of the Institute of Chartered Accountants of India and has experience of more than 35 years in statutory/internal audit of Domestic and multinational companies.

Shri Jyoti Bhushan Mohapatra

(Date of Birth : 23rd September 1957)

Shri Jyoti Bhushan Mohapatra is a Workmen Employee director u/s 19(ca) of SBI Act, nominated by the Central Government, w.e.f. 21st November 2011.

Shri S. K. Mukherjee

(Date of Birth :27th November 1955)

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

Dr. Rajiv Kumar

(Date of Birth : 6th July 1951)

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

Shri Deepak I. Amin

(Date of Birth: 20th April 1966)

Shri Deepak Ishwarbhai Amin is a Director nominated by the Central Government u/s 19(d) of SBI Act, w.e.f. 24th January 2012, for a period of three years. Shri Amin holds a B.Tech. in Computer Science & Engineering from IIT, Mumbai and MS in Computer Science from University of Rhode Island, USA. Shri Amin is 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 Harichandra Bahadur Singh

(Date of Birth : 16th September 1963)

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

Shri Rajiv Takru

(Date of Birth : 26th September 1955)

Shri Rajiv Takru is a Director u/s 19(e) of SBI Act, nominated by the Central Government, w.e.f. 4th February 2013. Shri Rajiv Takru 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 u/s 19(f) of SBI Act, nominated by the Central Government, w.e.f. 6th February 2013. Dr. Urjit R. Patel is Deputy Governor, Reserve Bank of India.

Annexure II

Details of Memberships/Chairmanships held by the Directors on the Boards/ Board-level Committees of the Bank@/Other Companies as on 31.03.2013

S.No.	Name of Director	Occupation & Address	Appointed to Board since	Number of Companies including the Bank (Details given in Annexure II A)
1.	Shri Pratip Chaudhuri	Chairman No.5, Dunedin, J.M.Mehta Road, Mumbai - 400006	07.04.2011	Chairman : 17 Director : 03
2.	Shri Hemant G. Contractor	Managing Director M-1, Kinnellan Towers, 100A, Napean Sea Road, Mumbai - 400 006	07.04.2011	Director : 05 Committee Member : 02
3.	Shri Diwakar Gupta	Managing Director M-2, Kinnellan Towers, 100A, Napean Sea Road, Mumbai - 400 006	07.04.2011	Director : 02
4.	Shri A. Krishna Kumar	Managing Director D-11, Kinnellan Towers, 100A, Napean Sea Road, Mumbai - 400 006	07.04.2011	Director : 06 Committee Member : 05

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

S.No.	Name of Director	Occupation & Address	Appointed to Board since	Number of Companies including the Bank (Details given in Annexure II A)
5.	Shri S. Vishvanathan	Managing Director C-11 Kinellan Towers, 100A, Napean Sea Road, Mumbai - 400 006	09.10.2012	Director : 05 Committee Member : 03
6.	Shri S. Venkatachalam	Retired Bank Executive Building B-1, Flat 1-D (First Floor), Harbour Heights, NA Sawant Marg, Colaba, Mumbai – 400 005	25.06.2011	Director : 04 Chairman of Committee : 02 Committee Member : 02
7.	Shri D. Sundaram	Vice Chairman & Managing Director TVS Capital Funds Ltd. IL&FS Financial Centre, Quadrant B, 2nd floor, BKC, Bandra (E), Mumbai - 400 051	25.06.2011	Director : 08 Chairman of Committee : 03 Committee Member : 01
8.	Shri Parthasarathy Iyengar	Regional Research Director, Gartner India, 133 National Society, Baner Road, Aundh, Pune - 411 007	25.06.2011	Director : 02
9.	Shri Thomas Mathew	Consultant 1401 Mahindra Heights, 96 Tardeo Road, Mumbai - 400 034	13.01.2013	Director : 01 Committee Member : 02
10.	Shri Jyoti Bhushan Mohapatra Workmen Director	Special Assistant, State Bank of India, Cuttack Branch, Collectorate Compound, Cuttack – 753 002	21.11.2011	Director : 01
11.	Shri S. K. Mukherjee Officer Employee Director	Dy. Manager, State Bank of India Administrative Unit, Bhangagarh, Guwahati - 781 005	04.10.2012	Director : 01
12.	Dr. Rajiv Kumar	Economist, C-215 Ground Floor, Sarvodaya Enclave, New Delhi - 110 017	06.08.2012	Director : 01 Committee Member : 02
13.	Shri Deepak I. Amin	Advisor C-72 ICON, DLF Phase 5, Gurgaon – 122 002	24.01.2012	Director : 02
14.	Shri Harichandra Bahadur Singh	Agriculture & Business RR Kothi, Canal Road, Raibareli - 229 001 (UP)	24.09.2012	Director: 01 Committee Member : 01
15.	Shri Rajiv Takru GOI Nominee	Secretary (Financial Services), Ministry of Finance, Government of India (Banking Division), Jeevan Deep Bldg. Parliament Street, New Delhi - 110 001	04.02.2013	Director: 05 Committee Member : 01
16.	Dr. Urjit R. Patel RBI Nominee	Deputy Governor, Reserve Bank of India, Central Office, Shaheed Bhagat Singh Road, Mumbai 400 001	06.02.2013	Director : 02 Committee Member : 01

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

ANNEXURE IIA

Total Number of Memberships/Chairmanships held by the Directors on the Boards/ Board-level Committees of the Bank@/Other Companies as on 31.03.2013

(@Only Memberships/Chairmanships of Audit Committee and Shareholders'/Investors' Grievance Committee are reckoned)

1. **Shri Pratip Chaudhuri**

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	State Bank of India (Canada)	Chairman
8	SBI Funds Management P. Ltd.	Chairman
9	SBI Life Insurance Company Ltd.	Chairman
10	SBI Capital Markets Ltd.	Chairman
11	SBICAPS Ventures Ltd.	Chairman
12	SBIDFHI Ltd.	Chairman
13	SBI Cards & Payment Services P. Ltd.	Chairman
14	SBI Global Factors Limited	Chairman
15	SBI Pension Funds P. Ltd.	Chairman
16	SBI General Insurance Company Ltd.	Chairman
17	SBI SG Global Securities Ltd.	Chairman
18	Export Import Bank of India	Director
19	GE Capital Business Process Management Services P. Ltd.	Director
20	Indian Institute of Banking and Finance	Director

2. **Shri Hemant G. Contractor, Managing Director**

S.No.	Name of the Company/ Name of the Concern/Society	Member/Director/ Chairman	Name(s) of the Committee(s) Chairman/Member@
1	State Bank of India	Managing Director	Audit Committee of the Board-Member Shareholders'/Investors' Grievance Committee of the Board-Member
2	State Bank of India (Canada)	Director	-
3	Nepal SBI Bank Ltd.	Director	-
4	State Bank of India (Mauritius)	Director	-
5	State Bank of India (California)	Director	-

3. Shri Diwakar Gupta, 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	-
2	National Securities Depository Ltd.	Director	-

4. Shri A. Krishna Kumar, 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	Audit Committee of the Board - Member
2	SBI Life Insurance Company Ltd.	Director	Audit Committee of the Board - Member
3	SBI Cards & Payment Services P. Ltd	Director	Audit Committee of the Board - Member
4	GE Capital Business Process Management Services P. Ltd.	Director	Audit Committee of the Board - Member
5	SBICAP Securities Ltd.	Director	-
6	SBI General Insurance Company Ltd.	Director	Audit Committee of the Board - Member

5. Shri S. Vishvanathan, 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	Shareholders'/Investors' Grievance Committee of the Board- Member
2	SBI Capital Markets Ltd.	Director	Audit Committee of the Board - Member
3	SBICAP Securities Ltd.	Director	Audit Committee of the Board - Member
4	SBICAP Ventures Ltd.	Director	-
5	SBICAP UK Limited	Director	-

6. Shri S. Venkatachalam

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member@
1	State Bank of India	Director	Audit Committee of the Board- Chairman Shareholders'/Investors' Grievance Committee of the Board - Chairman
2	Oracle Financial Services Software Ltd.	Chairman	Audit Committee of the Board-Member Shareholders'/Investors' Grievance Committee of the Board - Member
3	Equifax Credit Information Services P.Ltd.	Director	-
4	Canara Robecco Asset Management Co. Ltd.	Director	-

7. Shri D. Sundaram

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member@
1	SBI Capital Markets Ltd.	Director	Audit Committee of the Board-Chairman
2	State Bank of India	Director	Audit Committee of the Board -Member
3	TVS Capital Funds Ltd.	Managing Director	-
4	TVS Electronics Ltd.	Director	Audit Committee of the Board-Chairman
5	Glaxo Smith Kline Pharma	Director	Audit Committee of the Board-Chairman
6	Nine Dot Nine Mediaworx P.Ltd.	Director	-
7	Medfort Hospitals P.Ltd.	Director	-
8	Maxvision Laser Centre P. Ltd.	Director	

8. Shri Parthasarathy Iyengar

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	-
2	Info Technology Advisor (I) P. Ltd.	Director	-

9. Shri Thomas Mathew

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 Shareholders'/Investors' Grievance Committee of the Board - Member

10. Shri Jyoti Bhushan Mohapatra

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. Shri S. K. Mukherjee

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member@
1	State Bank of India	Director	-

12. Dr. Rajiv Kumar

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member@
1	State Bank of India	Director	Audit Committee of the Board- Member Shareholders'/Investors' Grievance Committee of the Board - Member

13. Shri Deepak I. Amin

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member@
1	State Bank of India	Director	-
2	Radian Advisors P. Ltd.	Director	-

14. Shri Harichandra Bahadur Singh

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member@
1	State Bank of India	Director	Shareholders'/Investors' Grievance Committee of the Board - Member

15. Shri Rajiv Takru

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	Life Insurance Corporation of India	Director	-
4	India Infrastructure Finance Company Ltd.	Director	-
5	Export Import Bank of India	Director	-

16. 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

Annexure – III

Details of shareholding of Directors on the Bank's Central Board as on 31.3.2013

S. No.	Name of Director	No. of Shares
1.	Shri Pratip Chaudhuri	NIL
2.	Shri Hemant G. Contractor	446
3.	Shri Diwakar Gupta	100
4.	Shri A. Krishna Kumar	69
5.	Shri S. Vishvanathan	654
6.	Shri S. Venkatachalam	500
7.	Shri D. Sundaram	2640
8.	Shri Parthasarathy Iyengar	500
9.	Shri Thomas Mathew	500
10.	Shri Jyoti Bhushan Mohapatra	60
11.	Shri S.K. Mukherjee	80
12.	Dr. Rajiv Kumar	NIL
13.	Shri Deepak I. Amin	NIL
14.	Shri Harichandra Bahadur Singh	NIL
15.	Shri Rajiv Takru	NIL
16.	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 2012-13

S. No.	Name of Director	Meetings of Central Board (₹)	Meetings of Other Board Level Committees (₹)	Total (₹)
1	Shri Dileep C. Choksi	50,000	1,25,000	1,75,000
2	Shri S. Venkatachalam	1,20,000	3,95,000	5,15,000
3	Shri D. Sundaram	90,000	2,50,000	3,40,000
4	Shri Parthasarathy Iyengar	90,000	80,000	1,70,000
5	Shri Thomas Mathew	30,000	85,000	1,15,000
6	Shri Jyoti B. Mohapatra	1,20,000	60,000	1,80,000
7	Shri G. D. Nadaf	10,000	20,000	30,000
8	Shri S. K. Mukherjee	50,000	35,000	85,000
9	Dr. Rajiv Kumar	70,000	30,000	1,00,000
10	Shri Rashpal Malhotra	40,000	65,000	1,05,000
11	Shri Deepak I. Amin	1,20,000	1,45,000	2,65,000
12	Shri Harichandra Bahadur Singh	40,000	40,000	80,000

ANNEXURE V

STATE BANK OF INDIA

DECLARATION

AFFIRMATION OF COMPLIANCE WITH THE BANK'S CODE OF CONDUCT (2012-13)

I confirm that all Board Members and Senior Management have affirmed compliance with the Bank's Code of Conduct for the Financial Year 2012-13.

Date: 4th April 2013

PRATIP CHAUDHURI
CHAIRMAN

TODI TULSYAN & CO

CHARTERED ACCOUNTANTS

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the shareholders of
State Bank of India

We have examined the compliance of conditions of Corporate Governance By State Bank of India, for the year ended on 31st March 2013, as stipulated in clause 49 of the Listing Agreement of State Bank of India with Stock Exchanges in India

The Compliance of the conditions of corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by State Bank of India for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of State Bank of India

In our opinion and to the best of our information and according to the explanations given to us, we certify that Sate Bank of India has, in all material respects, complied with the conditions of Corporate Governance as Stipulated in the above-mentioned Listing Agreement.

We State that no investor grievances are pending for a period exceeding one month against Sate Bank of India as per records maintained by the Shareholders'/Investors' Grievance Committee.

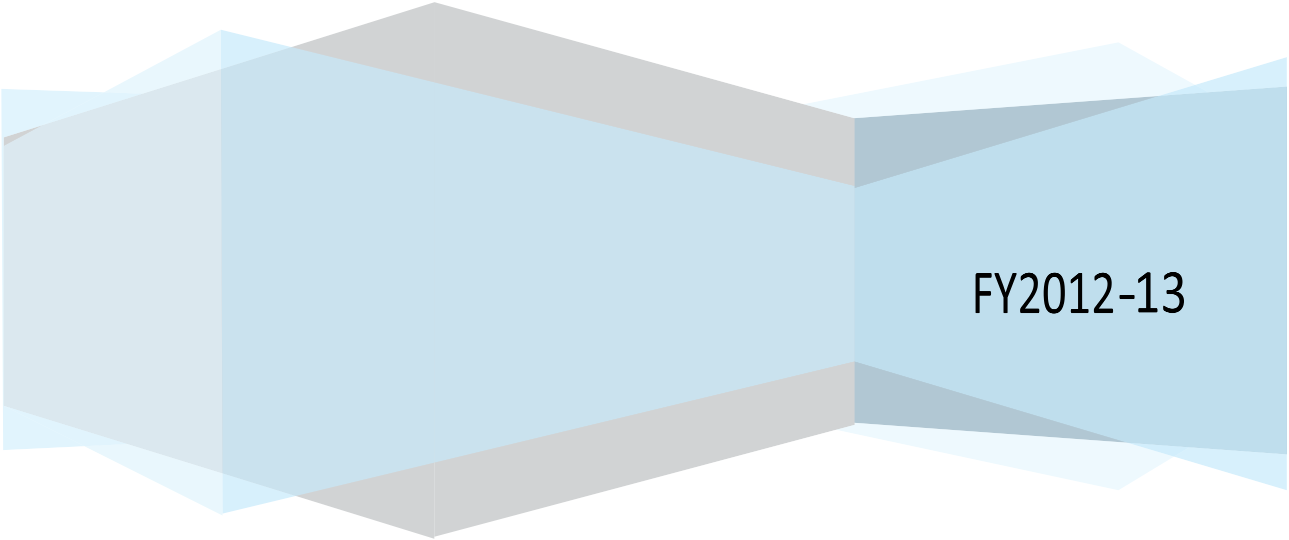
We further state that such compliance is neither an assurance as to the future viability of State Bank of India nor the efficiency or effectiveness with which the management has conducted the affairs of the State Bank of India

For TODI TULSYAN & CO.
Chartered Accountants
Firm Regn. No. 002180 C

(Sushil Kumar Tulsyan)
Partner
M No. 075899

Place: Kolkata
Dated: 23rd May 2013

Business Responsibility Report



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Section A: General Information about the Company

State Bank of India is the largest bank in India having presence across the Country even in remote areas. The Bank has an unmatched network of 14816 branches and more than 32752 group ATMs spread across the country. More than two-third of the Bank's total branches are in rural and semi-urban areas, demonstrating the Bank's intent of serving all strata of the society.

The Bank is engaged in Banking and Financial services. The Bank's activities are covered under "Group K: Financial and Insurance Activities of National Industrial Classification (All Economic Activities) - 2008" published by Ministry of Statistics and Programme Implementation.

The Bank's activities fall under the below mentioned industrial activity code:

Group	Class	Description
641		Monetary intermediation
	6419	Other monetary intermediation

Other financial services like insurance, mutual fund, financial leasing, card business etc. are offered through the Bank's associates and/or subsidiaries to all customer segments whether Government, Corporates or Individuals. The Bank's three major products/services categories, each of which individually comprises of several products/services, are:

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

The Bank has 14 Circles and 85 Zonal Offices that are located at important cities throughout the country. International banking services of State Bank of India are delivered for the benefit of its Indian customers, non-resident Indians, foreign entities and banks. The Bank has an International Banking Network in 34 countries with 186 offices, spread over all time zones. Some of the Bank's International locations include UK, USA, Germany, France, Canada, Russia, South Africa, China, Singapore, Japan and Australia. The network is augmented by a cluster of Overseas and NRI branches within India and correspondent links with over 429 banks, the world over. Bank's Joint Ventures and Subsidiaries abroad further underline the Bank's international presence.

Address:	State Bank of India, State Bank Bhavan, Corporate Centre, Madame Cama Road, Nariman Point, Mumbai - 400 021, India
Website:	http://www.sbi.co.in http://www.statebankofindia.com
E-mail id:	gm.snb@sbi.co.in
Financial Year reported:	FY 2012 – 2013

Section B: Financial Details of the Company

With a paid-up capital of INR 684.03 crores, the total Income and total Profit After Tax (PAT) of the Bank during FY 12-13 was INR 1,35,691.94 crores and INR 14,105.32 crores respectively. For FY 12-13, the Bank had total Deposits of INR 12, 02,739.57 crores,total Advances of INR 10,45,616.55 crores and a total Business of INR22,48,356.12 crores.

SBI is committed to making a sustainable social change in the development of underprivileged members of the society and to fulfil its responsibility of giving back to the society. The budget for the Bank's Corporate Social Responsibility (CSR) spending for FY 12-13 was 1% of last year's PAT which amounts to INR 117.07 crores. The Bank's actual spend on CSR activities for FY 12-13 was INR 123.27crores. The Bank's CSR activities touch the lives of millions of the poor and needy across the length and breadth of the country.

CSR is embedded in many of the Bank's business initiatives and has been a part of State Bank of India since 1973, under the name of Community Services Banking and covers various social, environmental and welfare activities. The Bank has a comprehensive Corporate Social Responsibility (CSR) Policy, approved by the Executive Committee of the Central Board in August 2011.

The focus areas of the Bank's CSR activities are listed hereunder:

- Supporting education.
- Supporting healthcare.
- Assistance to poor & underprivileged.
- Environment protection.
- Entrepreneur development programme.
- Help in National calamities.

Further details of the Bank's CSR activities have been covered in the "Corporate Social Responsibility" section of the Annual Report for financial year 2012-13.

Section C: Other Details

Participation of subsidiaries and business partners in BR initiatives

The Bank has 5 Domestic and 6 Foreign Banking Subsidiaries. The details of the subsidiaries and joint ventures have been provided in the Bank's Annual Report for FY 2012-13.

The Bank's Associates and Subsidiaries decide independently regarding their social and environmental initiatives. Banking operations do not have a complex supply chain and thus the business partners (suppliers/distributors) are also quite limited, which leaves very little scope for the Bank to engage them in its BR initiatives. The Bank expects and encourages its suppliers/distributors to conduct their business in a responsible manner.

Section D: Business Responsibility (BR) Information

Governance related to BR

- Director responsible for implementation of the BR policy/policies

DIN Number (if applicable)	00871792
Name	Shri. A .Krishna Kumar
Designation	Managing Director & Group Executive (National Banking)

- Business ResponsibilityHead

DIN Number (if applicable)	Not Applicable
Name	Mrs. Padmaja Nair
Designation	General Manager (Corporate Communication & Change Management)
Telephone Number	022-22824469
e-mail id	gm.ccc@sbi.co.in

As per the Business Responsibility Policy of the Bank, the BR performance of the Bank will be assessed annually by the Board of Directors. The Nodal Officer, heading the BR function, is responsible for the BR performance of the Bank. Further, the Bank's BR Policy will be updated from time to time by the Nodal Officer, in the light of amendments to laws, rules and regulations, as applicable, and an annual review report will be submitted to the Board.

About the BR Report

This is the first Business Responsibility report of the Bank and henceforth, it would be published on an annual basis. The BR report for FY 2012-13 can be accessed at Bank's website http://www.sbi.co.in or http://statebankofindia.com under the link Corporate Governance →CSR→BR Report.

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

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

Section E:Principle-wise Performance

Principle 1: Practising Good Corporate Governance

State Bank of India is committed to set exemplary performance in the area of ethical conduct and hence, adopt the best practices in the area of Corporate Governance. The Bank has laid down a well-defined Code of Conduct for its Directors on the Central Board and its Core Management. This Code of Conduct attempts to set forth the guiding principles on which the Bank shall operate and conduct its daily business with its multitudinous stakeholders, government and regulatory agencies, media, and anyone else with whom it is connected. The Code envisages and expects adherence to the highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationships. To get further details, the Code can be easily accessed at our corporate website. SBI's Business Responsibility Policy also covers aspects related to ethics, bribery and corruption.

Each of our subsidiaries and associate banks have their own independent Boards and independent policies. The Bank maintains utmost transparency in all its dealings. The full details of complaints received from major stakeholders and their disposal is displayed in the Bank's website annually.

Principle 2: Providing Sustainable Products and Services

Banks play a major role in the economic and social development of the country and most of the credit- related schemes of the government to uplift the poorer and the under-privileged sections have been implemented through the banking sector. SBI, being the largest bank in India, is at the forefront of contributing to the sustainable development of the country through its innovative products and services.

The Bank offers a wide array of financial products and services, each of which has a direct or indirect positive impact on the society and/or environment. Few of the Bank's recent products/services with inherent environmental/ social benefits like Green Channel Counter, Green Remit Card etc. The details of these products/services have been provided in the Bank's Annual Report for FY 2012-13.

The Bank strives to utilize optimally the resources for its operations. The major consumables for banking operations are stationery items. Sustainable Sourcing in context of banking industry has primarily to do with procurement from locally-based suppliers/vendors. The Bank has sourced almost all of its consumables from locally-based suppliers (The Bank defines all India-based suppliers as 'locally-based') in the reporting period.

Principle 3: Caring for Human Capital

Employee Strength

The Bank is one of the largest employers in the country having 228296 employees at the end of FY 2012-13, out of which there were 46833 female employees and 2402 disabled employees. As on 31st March 2013, the Bank had 43550 Schedule Caste and 16764 Schedule Tribe employees.

Employee Benefits

The Bank believes that banking is all about relationships and it is the Bank's employees that make and deliver these relationships, be it with an individual customer, a small business or a large company. The Bank's people make the difference for its customers and hence, it is important for the Bank to do its best for them. The Bank runs multiple benefit schemes for its employees some of which include providing them provident fund, gratuity, pension, medical benefits, reduced interest rates on advances, higher interest rates on deposits, scholarships to employees' children, access to holiday homes etc.

Freedom of Association

The Bank has two recognized Employee Associations – One for Supervising Staff and the other for Award Staff. The names of the associations are:

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

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

Human Rights

Recruitment policy of the Bank does not permit any engagement of child labour, forced labour or involuntary labour. Independent complaint committee have been constituted at, Local Head Offices (LHOs), Administrative offices and Regional Business offices (RBOs) level & a Contact Coordinator at Corporate Centre to handle complaints of sexual harassment at work place, promptly and appropriately. The Bank refrains from any discrimination on the basis of caste, creed, gender or religion and strives to ensure a healthy work-life balance for its employees.

Employee Training & Development

State Bank of India has a very elaborate training network comprising of 47 Learning Centres and 5 Apex Institutes developed over 50 years to cater to the competence building of its employees. The Bank has a Strategic Training Unit (STU) headed by a Chief General Manager.

The STU's task is to help State Bank of India become a "Learning Organization" capable of handling change and growth. The STU helps in not only training to help integrate the new recruits into SBI but also enhancing the knowledge and skills and reorienting attitude of its existing work force. The training system creates a culture that promotes continuous learning and development of the self, group, organization and society. SBI has also been putting its top leaders through customized Leadership Programmes conducted by reputed management institutes.

1.76 lac employees/officials have been trained during 2012-13, which includes 53 visually and hearing impaired employees. The bank has also introduced e-learning portal, as an environmental friendly and convenient way of skill upgradation. 94% of the total staff strength is registered on thee-learning portal. The Bank won the prestigious 'Golden Peacock National Training Awards -2012' for increasing efficiency and effectiveness of the Bank's Training Systems.

Principle 4: Engaging with Stakeholders

State Bank of India is committed to enhance stakeholder value. As a critical activity for running business, the Bank has identified its key stakeholders as Shareholders, Investors, Customers, Employees, Community, Banking Associations, Government and Vendors.

Out of its vast and diverse set of stakeholders, the Bank extends special support to the disadvantaged, vulnerable and marginalized ones. Few such stakeholders include small and marginal farmers, artisans, tiny sector customers and micro-units (SHGs), physically challenged and socially-deprived people, under-privileged and unbanked communities.

The Bank undertakes multiple initiatives for the stakeholders identified as disadvantaged, vulnerable and marginalized. The details of such initiatives have been provided in the Bank's Annual Report for FY 2012-13.

Principle 5: Respecting Human Rights

The Bank respects human rights and does not tolerate any human right violation in its sphere of operation and influence. The Bank has put in place systems, procedures and policies to protect especially the vulnerable sections against human rights violation. Bank's detailed guidelines, against harassment of women employee is one such example. A very senior level functionary has been appointed as 'Contact Coordinator' at Corporate Centre of the Bank to deal with such complaints with due diligence.

The Bank has zero tolerance for human rights violation against its stakeholders and others.

The position regarding complaints by major stakeholders and their disposal is displayed in the Bank's website annually.

Principle 6: Caring for Environment

Though the direct environmental impact from the Bank's operations is comparatively less when compared to a company of similar magnitude from any other industry, the Bank is committed to keep its environmental footprint as small as possible. The Bank's operations generate very minimal emissions/waste. The Bank didn't receive any show cause/legal notice by Pollution Control Board during the FY 2012-13.

The Bank's Business Responsibility Policy adequately covers its approach towards environmental aspects and is applicable to all its operations. Some of the initiatives taken by the Bank to address climate change and resource conservation are:

1. As part of the Bank's on-going 'Green Banking' initiatives, windmill projects have been successfully commissioned and power thus generated helps power Bank's branches/offices in the States of Maharashtra, Gujarat and Tamil Nadu. This reduces dependence on polluting thermal power to the extent of renewable power generated by the Bank's windmills.
2. The imperative of sustainable usage of resources, including energy and efficient disposal of waste has been effectively propagated amongst the stakeholders, in the form of adopting energy efficiency measures, efficient usage of paper and water, installation of Solar ATMs, introduction of Green Channel Banking (Paperless Banking).
3. The Bank has been encouraging customers by extending project loans on concessionary interest rates to reduce Green House Gas (GHG) emissions by adopting efficient manufacturing practices through acquisition of latest technology.
4. The Bank has initiated a pilot project to determine its Carbon footprint levels, which will help in determining the Bank's resource consumption pattern and enable the Bank to take effective steps to implement various measures for sustainable usage in a cost effective way.
5. Special drive for tree plantation was taken up across all Circles.
6. The Bank has put in place SMART i.e. Specific, Measurable, Achievable, Realistic and Time bound Green Banking Goals, which includes,

→ Reduction of electrical energy and fuel consumption.

→ Obtaining star rating at all Local Head Offices premises from Bureau of Energy efficiency.

→ Construction of 'Green –Building'.

→ Waste water treatment.

→ Solar ATMs

→ Programmes/events to sensitize staff on energy savings.

→ Plantation of fruit bearing trees.

Principle 7: Advocating Public Policy

SBI has been an active member of various banking and finance-related Trade bodies, Chambers and Associations.

Some of the major associations which SBI is a part of are listed hereunder:

1. Indian Bank's Association (IBA),
2. Foreign Exchange Dealers Association of India (FEDAI),
3. Fixed Income Money Market and Derivatives Association (FIMMDA),

The Bank's advocacy of policy has been for overall benefit to the Society, which do not serve any sectarian interest.

Principle 8: Enabling Inclusive Growth

India has seen significant progress and GDP growth in the past decade. However, while the growth story has been impressive, poverty continues to be one of the nation's biggest concerns. To make India's growth truly inclusive, banking industry is striving to reach out and brings vast segments of the population, especially the underprivileged sections, into the fold of basic banking services. Thus, **"Financial inclusion"** is one of the most critical aspects in the context of inclusive growth and development.

State Bank of India realizes the role it has to play as the largest Indian Bank in practicing and promoting Financial Inclusion. The details of initiatives taken by the Bank in this regard have been provided in the Bank's Annual Report for FY 2012-13.

Apart from its exemplary work done in financial inclusion, the Bank has spent a total amount of INR 123.27 crores on CSR activities in FY 2012-13. The details of the activities and projects undertaken have been covered above in Section B as well as in "Corporate Social Responsibility" section of the Annual Report. The Bank undertakes numerous community development initiatives across the length and breadth of India supporting education, healthcare, livelihood etc.

The Bank has won the following awards for its CSR activities.

- Golden Peacock Award for Corporate Social Responsibility.
- Asia's Best CSR Practice Award-2012
- Asian CSR leadership Award -2012.
- IPE Best CSR Award -2012.
- Most Caring Company Award – 2012.

Principle 9: Serving Customers

Grievance Redressal Mechanisms

The Bank has implemented highly robust grievance redressal system and mechanism to enable its customers to voice their concerns and feedback.

1. Bank has launched web-based complaint Management System (CMS) designed to serve as a Single point on line grievances lodging and redressing system for its customers.
2. The standing Committee on Customer Service with representation of customers has been constituted at all Local Head Offices which reviews the overall position of customer service in the Circle.
3. While the Bank strives to achieve the highest standard in customer service, it has also put in place a Board approved compensation Policy to compensate the customer financially in the unlikely event of any slippage in services extended. The Policy ensures that the aggrieved customer is compensated without having to ask for it.
4. A dedicated Customer Care Cell exclusively engaged in Customer Service related issues including grievance redressal has been formed at each Circle to further strengthen the redressal machinery.

The Bank had only 1.17% of the customer complaints pending as on the end of financial year. The detail of customer complaints and their disposal is displayed in the Bank's website.

Fair Banking Practices

State Bank of India strongly believes that a satisfied customer is the most important factor for growth of its business. The Bank was the first in India to introduce a code of Fair Banking Practices called "Towards Excellence". The code reflected the commitment of the Bank to provide Banking services of a high order to individual banking customers.

In February 2006, Reserve Bank of India set up the Banking Codes and Standards Board of India (BCSBI) as an independent autonomous watchdog to ensure that customers get fair treatment in their dealings with Banks. The BCSBI has published the "Code of Banks' Commitments to Customers " (the Code) which sets minimum standards of banking practice and benchmarks in customer service for banks to follow. SBI is a member of the BCSBI and has therefore voluntarily adopted the Code as its Fair Practice Code in dealings with its customers.

The important declarations under the Fair Lending Practices Code adopted by the Bank are:

- To provide in a professional manner, efficient, courteous, diligent and speedy services in the matter of retail lending.
- Not to discriminate on the basis of religion, caste, sex, descent or any of them.
- To be fair and honest in advertisement and marketing of Loan Products.
- To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions.
- If sought, to provide such assistance or advice to customers in contracting loans.
- To attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal cells within the organization.
- To comply with all the regulatory requirements in good faith.
- To spread general awareness about potential risks in contracting loans and encourage customers to take independent financial advice and not act only on representations from banks.

Due to the Bank's dedication towards excellent customer service, robust grievance handling mechanisms and fair banking practices, the Bank has no case filed against it regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

STATE BANK OF INDIA BALANCE SHEET AS ON 31ST MARCH 2013

(000s omitted)

	SCHEDULE NO.	As on 31.03.2013 (Current Year) ₹	As on 31.03.2012 (Previous Year) ₹
CAPITAL AND LIABILITIES			
Capital	1	684,03,40	671,04,48
Reserves & Surplus	2	98199,65,14	83280,16,10
Deposits	3	1202739,57,43	1043647,36,23
Borrowings	4	169182,71,36	127005,56,80
Other Liabilities and Provisions	5	95455,06,70	80915,09,46
	TOTAL	1566261,04,03	1335519,23,07
ASSETS			
Cash and Balances with Reserve Bank of India	6	65830,41,04	54075,93,86
Balances with Banks and money at call and short notice	7	48989,75,41	43087,22,63
Investments	8	350927,27,16	312197,61,03
Advances	9	1045616,55,31	867578,89,01
Fixed Assets	10	7005,02,22	5466,54,92
Other Assets	11	47892,02,89	53113,01,62
	TOTAL	1566261,04,03	1335519,23,07
Contingent Liabilities	12	926378,90,86	832605,33,43
Bills for Collection	--	66639,54,09	66959,85,00
Significant Accounting Policies	17		
Notes to Accounts	18		

SCHEDULES

SCHEDULE 1 - CAPITAL

(000s omitted)

	As on 31.03.2013 (Current Year) ₹	As on 31.03.2012 (Previous Year) ₹
Authorised Capital : 500,00,00,000 (Previous Year 500,00,00,000) shares of ₹ 10 each	5000,00,00	5000,00,00
Issued Capital : 68,41,17,046 (Previous Year 67,11,28,349) Equity Shares of ₹ 10 each	684,11,70	671,12,83
Subscribed and Paid-up Capital : 68,40,33,971 (Previous Year 67,10,44,838) Equity Shares of ₹ 10 each [The above includes 1,65,21,526 (Previous Year 1,69,77,498) Equity Shares represented by 82,60,763 (Previous Year 84,88,749) Global Depository Receipts]	684,03,40	671,04,48
TOTAL	684,03,40	671,04,48

SCHEDULE 2 - RESERVES & SURPLUS

(000s omitted)

		As on 31.03.2013 (Current Year) ₹		As on 31.03.2012 (Previous Year) ₹	
I.	**Statutory Reserves**				
	Opening Balance	36052,85,01		32512,22,28	
	Additions during the year	4417,86,08		3540,62,73	
	Deductions during the year	-		-	
			40470,71,09		36052,85,01
II.	**Capital Reserves**				
	Opening Balance	1508,08,79		1493,71,10	
	Additions during the year	19,16,96		14,37,69	
	Deductions during the year	-		-	
			1527,25,75		1508,08,79
III.	**Share Premium**				
	Opening Balance	28513,84,58		20658,58,29	
	Additions during the year	2991,08,00		7864,05,01	
	Deductions during the year	3,72,77		8,78,72	
			31501,19,81		28513,84,58
IV.	**Foreign Currency Translation Reserve**				
	Opening Balance	2433,48,66		608,73,19	
	Additions during the year	1041,84,73		1824,75,47	
	Deductions during the year	-		-	
			3475,33,39		2433,48,66
V.	**Revenue and Other Reserves***				
	Opening Balance	14771,55,13		9077,45,63	
	Additions during the year	6453,26,04		5694,09,50	
	Deductions during the year	-		-	
			21224,81,17		14771,55,13
VI.	**Balance of Profit and Loss Account**		33,93		33,93
	*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 ₹ 4487,00,00 thousand (Previous Year ₹3737,00,00 thousand)				
	TOTAL		98199,65,14		83280,16,10

SCHEDULE 3 - DEPOSITS

(000s omitted)

			As on 31.03.2013 (Current Year)	**As on 31.03.2012 (Previous Year)**
			₹	₹
A.	**I.**	**Demand Deposits**		
		(i) From Banks	7345,35,39	6969,88,04
		(ii) From Others	105334,91,78	91480,43,79
	II.	**Savings Bank Deposits**	426383,11,88	369156,31,01
	III.	**Term Deposits**		
		(i) From Banks	27855,66,19	17405,94,82
		(ii) From Others	635820,52,19	558634,78,57
		TOTAL	1202739,57,43	1043647,36,23
B.	I.	Deposits of Branches in India	1130136,60,70	982214,07,48
	II.	Deposits of Branches outside India	72602,96,73	61433,28,75
		TOTAL	1202739,57,43	1043647,36,23

SCHEDULE 4 - BORROWINGS

(000s omitted)

			As on 31.03.2013 (Current Year)		**As on 31.03.2012 (Previous Year)**	
			₹	₹	₹	₹
I.	**Borrowings in India**					
	(i)	Reserve Bank of India		14476,16,00		-
	(ii)	Other Banks		5648,85,07		5048,10,02
	(iii)	Other Institutions and Agencies		4894,40,03		3813,97,75
	(iv)	Capital Instruments :				
		a. Innovative Perpetual Debt Instruments (IPDI)	2165,00,00		2165,00,00	
		b. Subordinated Debt	34671,39,60		34671,39,60	
				36836,39,60		36836,39,60
		TOTAL		61855,80,70		45698,47,37

SCHEDULE 4 - BORROWINGS (Contd...)

(000s omitted)

	As on 31.03.2013 (Current Year))		As on 31.03.2012 (Previous Year)	
	₹	₹	₹	₹
II. Borrowings outside India				
(i) Borrowings and Refinance outside India		103934,09,41		78127,33,19
(ii) Capital Instruments :				
Innovative Perpetual Debt Instruments (IPDI)		3392,81,25		3179,76,24
TOTAL		107326,90,66		81307,09,43
GRAND TOTAL		169182,71,36		127005,56,80
Secured Borrowings included in I & II above		5244,20,68		4478,39,42

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(000s omitted)

		As on 31.03.2013 (Current Year) ₹	As on 31.03.2012 (Previous Year) ₹
I.	Bills payable	19686,48,27	20504,85,88
II.	Inter-office adjustments (Net)	16384,11,49	-
III.	Interest accrued	13333,47,47	10742,54,95
IV.	Deferred Tax Liabilities (Net)	628,91,86	-
V.	Others (including provisions)	45422,07,61	49667,68,63
	TOTAL	95455,06,70	80915,09,46

CHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(000s omitted)

		As on 31.03.2013 (Current Year) ₹	As on 31.03.2012 (Previous Year) ₹
I.	Cash in hand (including foreign currency notes and gold)	11552,19,17	11186,36,07
II.	Balance with Reserve Bank of India		
	(i) In Current Account	54278,21,87	42887,03,55
	(ii) In Other Accounts	-	2,54,24
	TOTAL	65830,41,04	54075,93,86

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

(000s omitted)

		As on 31.03.2013 (Current Year) ₹	As on 31.03.2012 (Previous Year) ₹
I.	**In India**		
	(i) Balances with banks		
	(a) In Current Accounts	664,07,65	820,02,23
	(b) In Other Deposit Accounts	3002,57,75	3811,99,13
	(ii) Money at call and short notice		
	(a) With banks	7173,00,00	5995,24,93
	(b) With other institutions	-	-
	TOTAL	10839,65,40	10627,26,29
II.	**Outside India**		
	(i) In Current Accounts	25822,33,16	23650,02,74
	(ii) In Other Deposit Accounts	4334,76,89	422,14,68
	(iii) Money at call and short notice	7992,99,96	8387,78,92
	TOTAL	38150,10,01	32459,96,34
	GRAND TOTAL (I and II)	48989,75,41	43087,22,63

SCHEDULE 8 - INVESTMENTS

(000s omitted)

			As on 31.03.2013 (Current Year) ₹	As on 31.03.2012 (Previous Year) ₹
I.	**Investments in India in :**			
	(i)	Government Securities	269260,22,00	255833,61,37
	(ii)	Other approved securities	-	6,14,92
	(iii)	Shares	3865,81,59	3337,59,99
	(iv)	Debentures and Bonds	29055,06,45	12999,14,27
	(v)	Subsidiaries and/ or Joint Ventures (including Associates)	5465,12,53	5460,99,83
	(vi)	Others (Units of Mutual Funds, Commercial Papers, Priority Sector Deposits etc.)	32608,24,94	23383,46,96
		TOTAL	340254,47,51	301020,97,34
II.	**Investments outside India in :**			
	(i)	Government Securities (including local authorities)	2860,35,91	1866,27,62
	(ii)	Subsidiaries and/ or Joint Ventures abroad	1602,78,14	1602,78,14
	(iii)	Other Investments (Shares, Debentures etc.)	6209,65,60	7707,57,93
		TOTAL	10672,79,65	11176,63,69
		GRAND TOTAL (I and II)	350927,27,16	312197,61,03
III.	**Investments in India :**			
	(i)	Gross Value of Investments	341173,96,83	302856,15,20
	(ii)	Less: Aggregate of Provisions / Depreciation	919,49,32	1835,17,86
	(iii)	Net Investments (vide I above) **TOTAL**	340254,47,51	301020,97,34
IV.	**Investments outside India :**			
	(i)	Gross Value of Investments	10801,98,41	11436,68,18
	(ii)	Less: Aggregate of Provisions / Depreciation	129,18,76	260,04,49
	(iii)	Net Investments (vide II above) **TOTAL**	10672,79,65	11176,63,69
		GRAND TOTAL (III and IV)	350927,27,16	312197,61,03

SCHEDULE 9 - ADVANCES

(000s omitted)

				As on 31.03.2013 (Current Year) ₹	As on 31.03.2012 (Previous Year) ₹
A.	I.	Bills purchased and discounted		88667,91,97	77138,60,77
	II.	Cash credits, overdrafts and loans repayable on demand		465451,77,02	374143,24,94
	III.	Term loans		491496,86,32	416297,03,30
			TOTAL	1045616,55,31	867578,89,01
B.	I.	Secured by tangible assets (includes advances against Book Debts)		770342,19,70	624544,52,03
	II.	Covered by Bank/ Government Guarantees		93712,47,29	78555,19,05
	III.	Unsecured		181561,88,32	164479,17,93
			TOTAL	1045616,55,31	867578,89,01
C.	I.	Advances in India			
		(i) Priority Sector		264313,88,71	250176,96,36
		(ii) Public Sector		54670,17,17	54707,32,31
		(iii) Banks		68,76,58	180,37,64
		(iv) Others		559156,10,37	428436,62,60
			TOTAL	878208,92,83	733501,28,91
	II.	Advances outside India			
		(i) Due from banks		32915,24,62	17086,18,01
		(ii) Due from others			
		(a) Bills purchased and discounted		21216,56,17	21568,46,45
		(b) Syndicated loans		56258,73,66	47400,11,59
		(c) Others		57017,08,03	48022,84,05
			TOTAL	167407,62,48	134077,60,10
			GRAND TOTAL (C-I & C-II)	1045616,55,31	867578,89,01

SCHEDULE 10 - FIXED ASSETS

(000s omitted)

		As on 31.03.2013 (Current Year) ₹		As on 31.03.2012 (Previous Year) ₹	
I.	**Premises**				
	At cost as on 31st March of the preceding year	2142,79,28		1791,60,63	
	Additions during the year	676,70,93		357,10,96	
	Deductions during the year	2,75,69		5,92,31	
	Depreciation to date	942,18,45		859,61,78	
			1874,56,07		1283,17,50
II.	**Other Fixed Assets (including furniture and fixtures)**				
	At cost as on 31st March of the preceding year	11847,40,39		10595,54,50	
	Additions during the year	2442,55,55		1862,27,87	
	Deductions during the year	671,52,39		610,41,98	
	Depreciation to date	8897,48,54		7996,91,40	
			4720,95,01		3850,48,99
III.	**Leased Assets**				
	At cost as on 31st March of the preceding year	802,13,34		802,13,34	
	Additions during the year	-		-	
	Deductions during the year	19,24,24		-	
	Depreciation to date including provision	782,89,10		802,13,34	
		-		-	
	Add: Lease adjustment account	20,27		20,27	
			20,27		20,27
IV.	**Assets under Construction (Including Premises)**		409,30,87		332,68,16
	TOTAL (I, II, III and IV)		7005,02,22		5466,54,92

SCHEDULE 11 - OTHER ASSETS

(000s omitted)

		As on 31.03.2013 (Current Year) ₹	As on 31.03.2012 (Previous Year) ₹
I.	Inter-office adjustments (Net)	-	1573,93,79
II.	Interest accrued	12090,67,66	11013,85,83
III.	Tax paid in advance / tax deducted at source	5333,66,58	8240,82,75
IV.	Deferred Tax Assets (Net)	-	180,63,83
V.	Stationery and stamps	97,79,18	98,01,43
VI.	Non-banking assets acquired in satisfaction of claims	4,25,91	4,25,91
VII.	Others	30365,63,56	32001,48,08
	TOTAL	47892,02,89	53113,01,62

SCHEDULE 12 - CONTINGENT LIABILITIES

(000s omitted)

		As on 31.03.2013 (Current Year) ₹	As on 31.03.2012 (Previous Year) ₹
I.	Claims against the bank not acknowledged as debts	958,23,39	930,18,89
II.	Liability for partly paid investments	2,80,00	2,80,00
III.	Liability on account of outstanding forward exchange contracts	471913,15,90	404915,74,76
IV.	Guarantees given on behalf of constituents		
	(a) In India	95428,29,37	86853,33,93
	(b) Outside India	77481,61,57	84072,55,61
V.	Acceptances, endorsements and other obligations	126672,56,77	134540,58,99
VI.	Other items for which the bank is contingently liable	153922,23,86	121290,11,25
	TOTAL	926378,90,86	832605,33,43

STATE BANK OF INDIA PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013

(000s omitted)

		Schedule No.	Year ended 31.03.2013 (Current Year) ₹	Year ended 31.03.2012 (Previous Year) ₹
I.	**INCOME**			
	Interest earned	13	119657,09,90	106521,45,34
	Other Income	14	16034,84,33	14351,44,57
		TOTAL	135691,94,23	120872,89,91
II.	**EXPENDITURE**			
	Interest expended	15	75325,79,65	63230,36,87
	Operating expenses	16	29284,42,23	26068,99,21
	Provisions and contingencies		16976,73,86	19866,24,97
		TOTAL	121586,95,74	109165,61,05
III.	**PROFIT**			
	Net Profit for the year		14104,98,49	11707,28,86
	Profit brought forward		33,93	33,93
	Profit balance of e-SBI Commercial & International Bank Ltd. transferred on amalgamation		-	5,71,15
		TOTAL	14105,32,42	11713,33,94
	APPROPRIATIONS			
	Transfer to Statutory Reserve		4417,86,08	3516,97,72
	Transfer to Capital Reserve		19,16,96	14,37,69
	Transfer to Revenue and other Reserves		6453,26,04	5536,49,60
	Proposed Dividend		2838,74,09	2348,65,69
	Tax on Dividend		375,95,32	296,49,31
	Balance carried over to Balance Sheet		33,93	33,93
		TOTAL	14105,32,42	11713,33,94
	Basic Earnings per Share		₹ 210.06	₹ 184.31
	Diluted Earnings per Share		₹ 210.06	₹ 184.31
	Significant Accounting Policies	17		
	Notes to Accounts	18		

SCHEDULES

SCHEDULE 13 - INTEREST EARNED

(000s omitted)

		Year ended 31.03.2013 (Current Year) ₹	Year ended 31.03.2012 (Previous Year) ₹
I.	Interest / discount on advances / bills	90537,09,93	81077,69,77
II.	Income on investments	27200,63,07	23949,14,17
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	545,13,73	350,47,17
IV.	Others	1374,23,17	1144,14,23
	TOTAL	119657,09,90	106521,45,34

SCHEDULE 14 - OTHER INCOME

(000s omitted)

		Year ended 31.03.2013 (Current Year) ₹	Year ended 31.03.2012 (Previous Year) ₹
I.	Commission, exchange and brokerage	11483,71,60	12090,90,17
II.	Profit / (Loss) on sale of investments (Net)	1101,91,53	(919,74,24)
III.	Profit/ (Loss) on revaluation of investments (Net)	(3,78,17)	-
IV.	Profit / (Loss) on sale of land, buildings and other assets (Net)	(32,71,93)	(44,14,62)
V.	Profit / (Loss) on exchange transactions	1691,61,87	1432,19,47
VI.	Income earned by way of dividends, etc., from subsidiaries/ companies and/ or joint ventures abroad/ in India	715,51,40	767,35,15
VII.	Income from financial lease	55,36	9,68
VIII	Miscellaneous Income	1078,02,67	1024,78,96
	TOTAL	16034,84,33	14351,44,57

SCHEDULE 15 - INTEREST EXPENDED

(000s omitted)

		Year ended 31.03.2013 (Current Year) ₹	Year ended 31.03.2012 (Previous Year) ₹
I.	Interest on deposits	67464,54,74	55644,36,92
II.	Interest on Reserve Bank of India / Inter-bank borrowings	4124,10,58	3885,64,45
III.	Others	3737,14,33	3700,35,50
	TOTAL	75325,79,65	63230,36,87

SCHEDULE 16 - OPERATING EXPENSES

(000s omitted)

		Year ended 31.03.2013 (Current Year) ₹	Year ended 31.03.2012 (Previous Year) ₹
I.	Payments to and provisions for employees	18380,90,24	16974,04,04
II.	Rent, taxes and lighting	2438,83,79	2065,40,88
III.	Printing and stationery	297,01,73	276,48,56
IV.	Advertisement and publicity	384,35,26	206,63,27
V.	(a) Depreciation on Bank's Property (other than Leased Assets)	1139,60,76	1007,16,87
	(b) Depreciation on Leased Assets	-	-
VI.	Directors' fees, allowances and expenses	73,37	48,18
VII.	Auditors' fees and expenses (including branch auditors' fees and expenses)	124,62,60	128,49,52
VIII.	Law charges	133,90,64	117,29,49
IX.	Postages, Telegrams, Telephones, etc.	515,64,34	433,26,05
X.	Repairs and maintenance	393,53,33	373,30,20
XI.	Insurance	1200,71,99	963,46,17
XII.	Other expenditure	4274,54,18	3522,95,98
	TOTAL	29284,42,23	26068,99,21

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, 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 Reserve Bank of India (RBI), 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 of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the 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. In respect of banks' foreign offices, income is 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 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".

1.3 Profit or loss on sale of investments is recognised in the Profit and Loss Account, however, the profit on sale of investments in the 'Held to Maturity' category is appropriated net of applicable taxes and amount required to be transferred to statutory reserve to 'Capital Reserve Account'.

1.4 Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding in the lease, over the primary lease period. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease. 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 and (ii) Commission on Government Business, which is recognised as it accrues.

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.

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).

2.2 Basis of classification:

i. Investments that the Bank intends to hold till maturity are classified as Held to Maturity.

ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as Held for Trading.

iii. Investments, which are not classified in the above two categories, are classified as Available for Sale.

iv. An investment is classified as Held to Maturity, Available for Sale or Held for Trading 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 Held to Maturity.

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 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. The transfer of a security amongst the above three categories is accounted for at the least of acquisition cost/book value/market value on the date of transfer, and the depreciation, if any, on such transfer is fully provided for.

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 remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head “interest on investments”. Investments in subsidiaries, joint ventures and associates (both in India and abroad) are valued at historical cost except for investments in Regional Rural Banks, which are valued at carrying cost (i.e book value). A provision is made for diminution, other than temporary, for each investment individually.

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 is provided for and net appreciation, is ignored. On provision for depreciation, the book value of the individual securities remains unchanged after marking to market.

vi. Security receipts issued by an asset reconstruction company (ARC) are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the security receipts issued by the 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 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 case of domestic offices and respective regulators in 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 the issuer is NPA in the books of the bank, investment in any of the securities issued by the same issuer 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 non performing investments are made as per the local regulations or as per the norms of RBI, whichever is higher.

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 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.

3. Loans /Advances and Provisions thereon

3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines issued by 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 for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons;

v. In respect of agricultural advances 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%
	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 loan accounts 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, classification of loans and advances and provisions for non performing advances are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

3.5 The sale of NPAs is accounted as per guidelines prescribed by RBI. If the sale is at a price below net book value, the shortfall is debited to the profit and loss account, and in case of sale for a value higher than net book value, the excess provision is retained and utilised to meet the shortfall / loss on sale of other financial assets. Net book value is outstandings as reduced by specific provisions held and ECGC claims received.

3.6 Advances are net of specific loan loss provisions, unrealised interest, ECGC claims received and bills rediscounted.

3.7 For restructured/rescheduled assets, provisions are made in accordance with the guidelines issued by RBI, which require that the difference between the fair value of the loan before and after restructuring is provided for, in addition to provision for NPAs. The provision for diminution in fair value and interest sacrifice, arising out of the above, is reduced from advances.

3.8 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.

3.9 Amounts recovered against debts written off in earlier years are recognised as revenue.

3.10 In addition to the specific provision on NPAs, general provisions are also made for standard assets 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 Net NPAs.

4. Floating Provisions

The bank has a policy for creation and utilisation of floating provisions separately for advances, investments and general purpose. The quantum of floating provisions to be created is assessed at the end of each 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

In addition to the specific provisions held according to the asset classification status, provisions are held 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 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 A/c 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 A/c - 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 have been considered to arrive at Mark to Market value for forex Over the Counter 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 and Depreciation

7.1 Fixed assets are carried at cost less accumulated depreciation.

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 incurred on assets put to use is 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 & ATM	Straight Line Method	33.33% every year
2	Computer software forming an integral part of hardware	Written Down Value Method	60%
3	Computer Software which does not form an integral part of hardware	-	100% depreciated in the year of acquisition
4	Assets given on financial lease upto 31st March 2001	Straight Line Method	At the rate prescribed under the Companies Act, 1956
5	Other fixed assets	Written down value method	At the rate prescribed under the Income-tax Rules, 1962

7.4 In respect of assets acquired during the year for domestic operations, depreciation is charged for half a year in respect of assets used for upto 180 days and for the full year in respect of assets used for more than 180 days, except depreciation on computers and software, which is charged for the full year irrespective of the period for which the asset was put to use.

7.5 Items 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.

7.7 In respect of assets given on lease by the Bank on or before 31st March 2001, the value of the assets given on lease is disclosed as Leased Assets under fixed assets, and the difference between the annual lease charge (capital recovery) and the depreciation is taken to Lease Equalisation Account.

7.8 In respect of fixed assets held at foreign offices, depreciation is provided as per the regulations / norms of the respective countries.

8. Leases

The asset classification and provisioning norms applicable to advances, as laid down in Para 3 above, are applied to financial leases also.

9. Impairment of Assets

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

10. Effect of changes in the foreign exchange rate

10.1 Foreign Currency Transactions

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Foreign currency monetary items are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing spot/forward rates.

iii. Foreign currency non-monetary items, which are carried in terms at historical cost, are reported using the exchange rate at 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 at the balance sheet date, are valued at the closing spot rate. The premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

vii. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised as income or as expense in the period in which they arise.

viii. Gains / Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains / losses are recognised in the profit and loss account.

10.2 Foreign Operations

Foreign Branches of the Bank and Offshore Banking Units 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.

iii. Exchange differences arising on net investment in non-integral foreign operations are accumulated in Foreign Currency Translation Reserve until the disposal of the net 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.

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 exchange rates notified by FEDAI at the balance sheet date and the resulting profit/loss is included in the profit and loss account.

iii. Foreign currency non-monetary items which are carried in terms of historical cost are reported using the exchange rate at the date of the transaction.

11. Employee Benefits:

11.1 Short Term Employee Benefits:

The undiscounted amount of short-term employee benefits, such as medical benefits, casual leave etc. 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 Post Employment 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 recognises 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, 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 and regular payments to vested employees on retirement, 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 statement of 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, 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 recognises 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 statement of profit and loss 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

12.1 Income tax expense is the aggregate amount of current tax and deferred tax. Current taxes are determined in accordance with the provisions of Accounting Standard 22 and tax laws prevailing in India after taking into account taxes of foreign offices, which are based on the tax laws of respective jurisdiction. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the period.

12.2 Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted prior to the balance sheet date. Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax bases, and carry forward losses. The impact of changes in the deferred tax assets and liabilities is recognised in the profit and loss account.

12.3 Deferred tax assets are recognised and reassessed at each reporting date, based upon management's judgement as to whether realisation is considered reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty 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 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, it is probable that an 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 Contingent Assets are not recognised in the financial statements.

15. Special Reserves

Revenue and Other Reserves include Special Reserve created under Section 36 (i) (viii) of the Income Tax Act, 1961. The Board of Directors of the Bank has passed a resolution approving creation of the reserve and confirming that it has no intention to make withdrawal from the Special Reserve.

16. Share Issue Expenses

Share issue expenses are charged to the Share Premium Account.

SCHEDULE - 18

NOTES TO ACCOUNTS

18.1 Capital

1. Capital Adequacy Ratio

(Amount in ₹ Crore)

Sr. No.	Items	As at 31 Mar 2013	As at 31 Mar 2012
(i)	Capital to Risk-weighted Assets Ratio (%) (Basel-I)	11.22%	12.05%
(ii)	Capital to Risk-weighted Assets Ratio - Tier I capital (%) (Basel-I)	8.23%	8.50%
(iii)	Capital to Risk-weighted Assets Ratio - Tier II capital (%) (Basel-I)	2.99%	3.55%
(iv)	Capital to Risk-weighted Assets Ratio (%) (Basel-II)	12.92%	13.86%
(v)	Capital to Risk-weighted Assets Ratio - Tier I capital (%) (Basel-II)	9.49%	9.79%
(vi)	Capital to Risk-weighted Assets Ratio - Tier II capital (%) (Basel-II)	3.43%	4.07%
(vii)	Percentage of the Shareholding of Government of India	62.31%	61.58%
(viii)	Number of Shares held by Government of India	42,62,41,140	41,32,52,443
(ix)	Amount of Subordinated Debt Tier-II capital	34,671.40	34,671.40
(x)	Amount raised by issue of Subordinated Debt Tier-II capital during the year	Nil	Nil
(xi)	Out of which ((ix), above) amount eligible for Upper Tier –II capital	20,016.40	20,016.40
(xii)	Amount raised by issue of IPDI (inclusive of Hybrid Bonds as detailed below) #	5,557.81	5,344.76

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.

2. Share Capital

a) During the year , the Bank has allotted 129,88,697 shares of ₹ 10/- each for cash at a premium of ₹ 2,302.78 per equity share aggregating to ₹ 3004 crore under Preferential Allotment to GOI. Out of the total subscription of ₹ 3004 crore received from GOI, an amount of ₹ 12.99 crore was transferred to Share Capital Account and ₹ 2991.01 crore to Share Premium Account.

b) The Bank has allotted 436 equity shares of ₹ 10/- each for cash at a premium of ₹ 1,580/- per equity share aggregating to ₹ 6,93,240/- out of shares kept in abeyance under Right Issue – 2008. Out of the total subscription of ₹ 6,93,240/- received, ₹ 4360/- was transferred to Share Capital Account and ₹ 6,88,880/- to Share Premium Account.

c) The Bank has kept in abeyance the allotment of 83,075 (Previous Year 83,511) Equity Shares of ₹ 10/- each issued as a part of Rights issue, since they are subject to title disputes or are subjudice.

d) Expenses in relation to the issue of shares: ₹ 3.73 crore debited to Share Premium Account.

3. Innovative Perpetual Debt Instruments (IPDI)

A. Foreign

The details of IPDI issued in foreign currency, which qualify for Hybrid Tier I Capital and outstanding are as under:

₹ In crore

Particulars	Date of Issue	Tenor	Amount	Equivalent ₹ as on 31 Mar 2013	Equivalent ₹ as on 31 Mar 2012
Bond issued under the MTN Programme - 12th series*	15.02.2007	Perpetual Non call 10.25 years	USD 400 million	2,171.40	2,035.07
Bond issued under the MTN Programme - 14th series#	26.06.2007	Perpetual Non call 10 yrs 1day	USD 225 million	1,221.41	1,144.69
Total			**USD 625 million**	**3,392.81**	**3,179.76**

* 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 listed in Singapore stock exchange.

B. Domestic

The details of outstanding domestic IPDIs are as under:-

₹ In crore

SL. NO.	Nature of Bonds	Principal Amount	Date of Issue	Rate of Interest % p.a.
1	SBI NON CONVERTIBLE PERPETUAL BONDS 2009-10 (Tier I) Series I	1,000	14.08.2009	9.10
2	SBI NON CONVERTIBLE PERPETUAL BONDS 2009-10 (Tier I) Series II	1,000	27.01.2010	9.05
3	SBI NON CONVERTIBLE PERPETUAL BONDS 2007-08 SBIN Series VI (Tier I)	165	28.09.2007	10.25
TOTAL		2,165		

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. No.	Nature Of Bonds	Principal Amount	Date Of Issue /Date Of Redemption	Rate Of Interest % P.A.	Maturity Period In Months
1	SBI NON CONVERTIBLE (Private placement) Bonds 2005 (Lower Tier II)	3,283.00	05.12.2005 05.05.2015	7.45	113
2	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (Upper Tier II)	2,327.90	05.06.2006 05.06.2021	8.80	180
3	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (II) (Upper Tier II)	500.00	06.07.2006 06.07.2021	9.00	180
4	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (III) (Upper Tier II)	600.00	12.09.2006 12.09.2021	8.96	180

Sr. No.	Nature Of Bonds	Principal Amount	Date Of Issue /Date Of Redemption	Rate Of Interest % P.A.	Maturity Period In Months
5	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (IV) (Upper Tier II)	615.00	13.09.2006 13.09.2021	8.97	180
6	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (V) (Upper Tier II)	1,500.00	15.09.2006 15.09.2021	8.98	180
7	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (VI) (Upper Tier II)	400.00	04.10.2006 04.10.2021	8.85	180
8	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (VII) (Upper Tier II)	1,000.00	16.10.2006 16.10.2021	8.88	180
9	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (VIII) (Upper Tier II)	1,000.00	17.02.2007 17.02.2022	9.37	180
10	SBI NON CONVERTIBLE (Private placement) Bonds 2006 (IX) (Lower Tier II)	1,500.00	28.03.2007 27.06.2016	9.85	111
11	SBI NON CONVERTIBLE (Private placement) Bonds 2007-08 (I) (Upper Tier II)	2,523.50	07.06.2007 07.06.2022	10.20	180
12	SBI NON CONVERTIBLE (Private placement) Bonds 2007-08 (II) (Upper Tier II)	3,500.00	12.09.2007 12.09.2022	10.10	180
13	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (I) (Upper Tier II)	2,500.00	19.12.2008 19.12.2023	8.90	180
14	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09(II) (Lower Tier II)	1,500.00	29.12.2008 29.06.2018	8.40	114
15	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (III) (Upper Tier II)	2,000.00	02.03.2009 02.03.2024	9.15	180
16	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (IV) (Lower Tier II)	1,000.00	06.03.2009 06.06.2018	8.95	111
17	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (V) (Upper Tier II)	1,000.00	06.03.2009 06.03.2024	9.15	180
18	SBI NON CONVERTIBLE (Private placement) Bonds 2005-06 SBS (Series I)(Lower Tier II)	200.00	09.03.2006 09.06.2015	8.15	111
19	SBI NON CONVERTIBLE (Private placement) Bonds 2006-07 SBS (Series II)(Lower Tier II)	225.00	30.03.2007 30.06.2016	9.80	111
20	SBI NON CONVERTIBLE (Private placement) Bonds 2004-05 SBIN (Series I) (Lower Tier II)	200.00	15.02.2005 15.05.2014	7.20	111
21	SBI NON CONVERTIBLE (Private placement) Bonds 2005-06 SBIN (Series II) (Lower Tier II)	140.00	29.09.2005 29.09.2015	7.45	120
22	SBI NON CONVERTIBLE (Private placement) Bonds 2005-06 SBIN (Series III) (Lower Tier II)	110.00	28.03.2006 28.03.2016	8.70	120
23	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
24	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
25	SBI NON CONVERTIBLE (Private placement) Bonds 2004-05 SBIN (SERIES VII)(Upper Tier II)	250.00	24.03.2009 24.03.2024	9.17	180
26	SBI Public Issue of Lower Tier II Non-Convertible Bonds 2010 (Series I)	133.08	04.11.2010 04.11.2020	9.25	120
27	SBI Public Issue of Lower Tier II Non- Convertible Bonds 2010 (Series II)	866.92	04.11.2010 04.11.2025	9.50	180
28	SBI Public Issue of Lower Tier II Non- Convertible Bonds 2011 Retail (Series 3)	559.40	16.03.2011 16.03.2021	9.75	120
29	SBI Public Issue of Lower Tier II Non- Convertible Bonds 2011 Non Retail (Series 3)	171.68	16.03.2011 16.03.2021	9.30	120
30	SBI Public Issue of Lower Tier II Non- Convertible Bonds 2011 Retail (Series 4)	3,937.60	16.03.2011 16.03.2026	9.95	180
31	SBI Public Issue of Lower Tier II Non- Convertible Bonds 2011 Non Retail (Series 4)	828.32	16.03.2011 16.03.2026	9.45	180
TOTAL		34,671.40			

18.2. Investments

1. The Details of investments and the movement of provisions held towards depreciation on investments of the Bank are given below:

₹ In crore

Particulars	As at 31 Mar 2013	As at 31 Mar 2012
1. Value of Investments		
i) Gross value of Investments		
(a) In India	3,41,173.97	3,02,856.15
(b) Outside India	10,801.98	11,436.68
ii) Provisions for Depreciation		
(a) In India	919.49	1,835.18
(b) Outside India	129.19	260.04
iii) Net value of Investments		
(a) In India	3,40,254.48	3,01,020.97
(b) Outside India	10,672.79	11,176.64
2. Movement of provisions held towards depreciation on investments		
i) Opening Balance	2095.22	1,353.47
ii) Add: Addition in the previous year on account of acquisition of e-SBICI Bank Limited	-	5.58
iii) Add: Provisions made during the year	294.21	793.82
iv) Less: Foreign Exchange revaluation adjustment /excess provision / utilisation during the year	79.59	(52.89)
v) Less: Write back of excess provision during the year.	1,261.16	110.54
vi) Closing balance	1,048.68	2095.22

Notes:

a. Investments exclude securities utilised under Liquidity Adjustment Facility (LAF) with RBI ₹ 42,000 crore. (Previous Year ₹ 40,000 crore)

b. Investments amounting to ₹ 6,070.97 crore (Previous Year ₹ 5520.21 Crore) are kept as margin with Clearing Corporation of India Limited/NSCCL/ MCX/ USEIL towards Securities Settlement.

c. During the year the Bank has infused additional capital in the following RRBs:-

₹ In crore

Regional Rural Banks	Amount
Madhyanchal Gramin Bank	9.14
Mizoram Rural Bank	1.17
Utkal Grameen Bank	16.50
Uttarakhand Gramin Bank	4.95
Total	**31.76**

d. During the year, GE Capital Business Process Management Services Private Limited bought back 13,59,598 shares from the Bank at ₹ 141 per share , the Bank continues to hold 40% (previous year 40 %) stake in the joint venture. The Bank exited from two RRBs as per details given below

₹ In crore

Name of Entity	Book Value	Sale Value
GE Capital Business Process Management Services Private Limited	1.36	19.17
Samastipur Kshetriya Gramin Bank	24.08	24.08
Vidisha Bhopal Kshetriya Gramin Bank	2.19	2.19
Total	**27.63**	**45.44**

2. Repo Transactions (including Liquidity Adjustment Facility (LAF))

The details of securities sold and purchased under repos and reverse repos including LAF during the year are given below:

₹ In crore

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as on 31st March 2013
Securities sold under repos				
i) Government securities	- (-)	44,000.00 (47,354.00)	15,910.39 (19,542.23)	42,000.00 (40,000.00)
ii) Corporate debt securities	- (-)	135.30 (198.41)	33.36 (127.59)	- (157.67)
Securities purchased under reverse repos				
i) Government securities	9.02 (-)	12,057.64 (8,500.00)	499.47 (350.14)	20.65 (3,000.00)
ii) Corporate debt securities	- (-)	- (-)	- (-)	- (-)

(Figures in brackets are for Previous Year)

3. Non-SLR Investment Portfolio

a) Issuer composition of Non SLR Investments

The issuer composition of Non-SLR investments of the Bank is given below:

₹ In crore

Sl. No.	Issuer	Amount	Extent of Private Placement	Extent of "Below Investment Grade" Securities *	Extent of "Unrated" Securities *	Extent of "Unlisted" Securities *
(i)	PSUs	12,063.43 (9,176.71)	825.29 (1,200.25)	- (-)	- (-)	19.45 (17.40)
(ii)	FIs	10,803.72 (5,103.90)	2,868.58 (4,325.74)	- (50.37)	- (50.83)	216.20 (50.83)
(iii)	Banks	21,522.63 (10,128.32)	10,386.50 (5,332.96)	- (40.51)	- (49.21)	205.54 (315.40)
(iv)	Private Corporates	13,558.81 (5,016.41)	5,327.61 (1,892.12)	1,345.57 (1,087.51)	504.11 (369.68)	118.62 (184.45)
(v)	Subsidiaries/Joint Ventures **	7,070.77 (7,066.64)	- (-)	- (-)	- (-)	- (-)
(vi)	Others	17,696.21 (21,083.51)	- (-)	- (92.29)	393.23 (1,348.87)	195.14 (50.88)
(vii)	Provision held towards depreciation	1,048.52 (1,217.64)	- (-)	- (189.04)	262.15 (210.76)	- (190.91)
	Total	81,667.05 (56,357.85)	19,407.98 (12,751.07)	1,345.57 (1,081.64)	635.19 (1,607.83)	754.95 (428.05)

(Figures in brackets are for Previous Year)

* Investment in Equity, Equity Oriented Mutual Funds, Venture Capital, Rated Assets Backed Securities, Central Government Securities and ARCIL are not segregated under these categories as these are exempt from rating/listing guidelines.

** Investments in Subsidiaries/Joint Ventures have not been segregated into various categories as these are not covered under relevant RBI Guidelines. Others include an amount of ₹ 13,330.20 crore (Previous Year ₹ 15,942.94) under RIDF Scheme of NABARD.

b) Non Performing Non-SLR Investments

₹ In crore

Particulars	Current Year	Previous Year
Opening Balance	860.50	328.40
Additions during the year	311.11	588.12
Reductions during the year	129.12	56.02
Closing balance	1,042.49	860.50
Total provisions held	875.28	768.92

18.3. Derivatives

A. Forward Rate Agreements / Interest Rate Swaps

₹ In crore

Particulars	As at 31 Mar 2013	As at 31 Mar 2012
i) The notional principal of swap agreements	1,60,156.94#	1,34,671.34#
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	4,078.75	3,461.81
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	2,318.49	2,020.59

IRS/FRA amounting to ₹ 10,338.05 crore (Previous Year ₹ 7,600.95 crore) entered with the Bank's own offices are not shown here as they are for hedging of FCNB corpus and hence not marked to market.

B. Exchange Traded Interest Rate Derivatives

₹ In crore

Sl. No.	Particulars	Current Year	Previous Year
1	Notional principal amount of exchange traded interest rate derivatives undertaken during the year		
A	Interest Rate Futures	Nil	74,582.00
B	10 Year Government of India Security	Nil	Nil
2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2013		
A	Interest Rate Futures	Nil	Nil
B	10 Year Government of India Security	Nil	Nil
3	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	N.A.	N.A.
4	Marked-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective".	N.A.	N.A.

C. Credit Default Swaps

₹ In crore

Sl. No.	Particulars	Current Year		Previous Year	
		As Protection Buyer	As Protection Seller	As Protection Buyer	As Protection Seller
1.	No. of transactions during the year a) of which transactions that are/may be physically settled b) cash settled	Nil Nil	3 Nil	Nil Nil	1 Nil
2.	Amount of protection bought / sold during the year a) of which transactions which are/ may be physically settled b) cash settled	Nil Nil	Nil Nil	Nil Nil	Nil Nil
3.	No. of transactions where credit event payment was received / made during the year a) pertaining to current year's transactions b) pertaining to previous year(s)' transactions	Nil Nil	3 Nil	Nil Nil	1 Nil
4.	Net income/ profit (expenditure/ loss) in respect of CDS transactions during year-to-date: a) premium paid / received b) Credit event payments: • made (net of the value of assets realised) • received (net of value of deliverable obligation)	Nil Nil Nil	13.19 108.57 Nil	Nil 50.63 0.25	25.14 Nil Nil
5.	Outstanding transactions as on March 31: a) No. of Transactions b) Amount of protection	Nil Nil	1 54.29	Nil Nil	13 546.90
6.	Highest level of outstanding transactions during the year: a) No. of Transactions (as on 1st April) b) Amount of protection (as on 1st April)	Nil Nil	13 546.90	Nil Nil	24 1045.48

D. Disclosures on Risk Exposure in Derivatives

(A) Qualitative Disclosure

i. The Bank currently deals in over-the-counter (OTC) interest rate and currency derivatives as also in Interest Rate and Currency Futures. Interest Rate Derivatives dealt by the Bank are rupee interest rate swaps, foreign currency interest rate swaps and forward rate agreements. Currency derivatives dealt by the Bank are currency swaps, rupee dollar options, exchange traded options and cross-currency options. The products are offered to the Bank's customers to hedge their exposures and the Bank enters into derivatives contracts to cover such exposures. Derivatives are used by the Bank both for trading as well as hedging on balance sheet items. The Bank also deals in a mix of these generic instruments. The Bank has done Option deals and Structured Products with customers.

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 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 2012-13.

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 Disclosures:

₹ In crore

Particulars	Currency Derivatives		Interest Rate Derivatives	
	Current Year	Previous Year	Current Year	Previous Year
(I) Derivatives (Notional Principal Amount)				
(a) For hedging	8,325.96	4,954.34	64,928.34	47,532.47
(b) For trading *	3,55,442.49$	4,36,623.65 $	95,228.60#	87,138.87 #
(II) Marked to Market Positions				
(a) Asset	1,341.90	941.86	54.67	89.95
(b) Liability	निरंक / Nil	8.43	निरंक / Nil	निरंक / Nil
(III) Credit Exposure	7,592.19	14,158.22	5,218.35	4,792.43
(IV) Likely impact of one percentage change in interest rate (100* PV01)				
(a) on hedging derivatives	(52.68)	76.95	(917.87)	3.15
(b) on trading derivatives	10.95	8.03	(196.69)	18.64
(V) Maximum and Minimum of 100* PV 01 observed during the year				
(a) on hedging - Maximum	Nil	93.68	(159.70)	1,433.18
- Minimum	(77.68)	45.03	(1,126.65)	769.90
(b) on trading - Maximum	15.22	70.78	885.78	(522.47)
- Minimum	(5.29)	(36.75)	(1,108.33)	(840.08)

$ The swaps amounting to ₹ 6,574.73 crore (Previous Year ₹ 7,276.19 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 ₹ 10,338.05 crore(Previous Year ₹ 7,600.95 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 - ₹ 4,349.04 crore (Previous Year ₹ 1,260.56 crore) and Interest Rate Derivatives - ₹ 167.53 crore (Previous Year ₹ 159.56 crore)

1. The outstanding notional amount of derivatives done between Global Markets department and International Banking Group department as on 31st March 2013 amounted to ₹ 21,429.35 crore (Previous Year ₹ 16,297.26 crore) and the derivatives done between SBI Foreign Offices as on 31st March 2013 amounted to ₹ 35,082.63 crore (Previous Year ₹ 30,663.90 crore).
2. The outstanding notional amount of interest rate derivatives which are not marked to market where the underlying Assets/Liabilities are not marked to market as on 31st March 2013 amounted to ₹ 80,144.28 crore (₹ 57,756.33 crore).
3. Credit Default Swap : Outstanding as on 31st March 2013 amounted to ₹ 54.29 crore (Previous Year ₹ 546.90 crore).

18.4. Asset Quality

a) Non-Performing Assect

₹ In crore

Particulars			**As at 31 Mar 2013**	**As at 31 Mar 2012**
i)	Net NPAs to Net Advances (%)		2.10%	1.82%
ii)	Movement of NPAs (Gross)			
	(a)	Opening balance	39,676.46	25,326.29
	(b)	Additions (Fresh NPAs) during the year	31,993.35	24,712.22
		Sub-total (I)	71,669.81	50,038.51
	(c)	Reductions due to upgradations during the year	10,119.35	5,458.36
	(d)	Reductions due to recoveries (Excluding recoveries made from upgraded accounts)	4,766.30	4,159.35
	(e)	Reductions due to Write-offs during the year	5594.77	744.34
		Sub-total (II)	20,480.42	10,362.05
	(f)	Closing balance (I-II)	51,189.39	39,676.46
iii)	Movement of Net NPAs			
	(a)	Opening balance	15,818.85	12,346.90
	(b)	Additions during the year	17,825.95	10,948.96
	(c)	Reductions during the year	11,688.32	7,477.01
	(d)	Closing balance	21,956.48	15,818.85
iv)	Movement of provisions for NPAs			
	(a)	Opening balance	23,857.61	12,979.39
	(b)	Provisions made during the year	14,167.40	13,763.27
	(c)	Write-off / write-back of excess provisions	8,792.10	2,885.05
	(d)	Closing balance	29,232.91	23,857.61

Opening and closing balances provision for NPAs include ECGC claims received and held pending adjustment of ₹ 46.32 crore (Previous Year ₹ 25.38 crore) and ₹ 71.12 crore (Previous Year ₹ 46.32 crore) respectively.

b) Restructured Accounts

₹ In crore

Sl. No.	**Type of Restructuring**		**Under CDR Mechanism (1)**					**Under SME Debt Restructuring Mechanism (2)**				
	Asset Classification		**Standard**	**Sub Standard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Sub Standard**	**Doubtful**	**Loss**	**Total**
	Particulars											
1	Restructured Accounts as on April 1, 2012 (Opening position)	No. of Borrowers	71	8	15	1	95	1,642	146	226	1	2,015
		Amount outstanding	7,112.82	340.09	946.81	0.18	8,399.90	2,378.45	211.12	64.42	-	2,653.99
		Provision thereon	794.41	17.02	141.36	-	952.79	37.03	16.54	8.23	-	61.80
2	Fresh Restructuring during the current FY	No. of Borrowers	66	4	14	-	84	201	33	31	1	266
		Amount outstanding	9,314.95	252.81	1,539.78	-	11,107.54	2,500.14	324.97	293.95	0.04	3,119.10
		Provision thereon	868.52	34.79	487.89	-	1,391.20	81.43	27.87	11.48	-	120.78
3	Upgradation to restructured standard category during current FY	No. of Borrowers	3	(1)	(2)	-	-	9	(8)	(1)	-	-
		Amount outstanding	155.69	(48.66)	(107.03)	-	-	12.29	(12.29)	-	-	-
		Provision thereon	67.39	(11.30)	(56.09)	-	-	0.01	(0.01)	-	-	-

Sl. No.	Type of Restructuring		Under CDR Mechanism (1)					Under SME Debt Restructuring Mechanism (2)				
	Asset Classification		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
	Particulars											
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	(15)	-	-	-	(15)	(1,357)	-	-	-	(1,357)
		Amount outstanding	(738.64)	-	-	-	(738.64)	(221.12)	-	-	-	(221.12)
		Provision thereon	(75.71)	-	-	-	(75.71)	(1.50)	-	-	-	(1.50)
5	Downgradations of restructured accounts during current FY	No. of Borrowers	(10)	2	8	-	-	(41)	9	28	4	-
		Amount outstanding	(813.81)	81.56	732.25	-	-	(315.50)	180.06	135.02	0.42	-
		Provision thereon	(47.55)	4.47	43.08	-	-	(4.02)	(2.22)	6.24	-	-
6	Write-offs of restructured accounts during current FY $	No. of Borrowers	10	3	5	1	19	78	111	151	1	341
		Amount outstanding	116.69	39.36	992.21	0.18	1,148.44	1,788.61	161.13	(31.97)	0.05	1,917.82
		Provision thereon	222.41	5.20	533.34	-	760.95	4.62	(24.74)	(27.36)	-	(47.48)
7	Total Restructured Accounts as on March 31, 2013 (Closing Position)*	No. of Borrowers	105	10	30	-	145	376	69	133	5	583
		Amount outstanding	14,914.32	586.44	2,119.60	-	17,620.36	2,565.65	542.73	525.36	0.41	3,634.15
		Provision thereon	1,384.65	39.78	82.90	-	1,507.33	108.33	66.92	53.31	-	228.56

Sl. No.	Type of Restructuring		Under CDR Mechanism (1)					Under SME Debt Restructuring Mechanism (2)				
	Asset Classification		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
	Particulars											
1	Restructured Accounts as on April 1, 2012 (Opening position)	No. of Borrowers	6,112	511	255	4	6,882	7,825	665	496	6	8,992
		Amount outstanding	11,909.60	1,105.01	3,998.70	65.91	17,079.21	21,400.87	1,656.22	5,009.93	66.09	28,133.10
		Provision thereon	204.30	88.36	660.32	60.05	1,013.03	1,035.74	121.92	809.91	60.05	2,027.62
2	Fresh Restructuring during the current FY	No. of Borrowers	2,211	134	88	6	2,439	2,478	171	133	7	2,789
		Amount outstanding	9,609.83	867.38	715.12	0.18	11,192.50	21,424.92	1,445.16	2,548.85	0.22	25,419.14
		Provision thereon	280.31	41.17	55.88	0.07	377.43	1,230.26	103.83	555.25	0.07	1,889.41
3	Upgradation to restructured standard category during current FY	No. of Borrowers	147	(140)	(7)	-	-	159	(149)	(10)	-	-
		Amount outstanding	192.50	(177.37)	(15.13)	-	-	360.48	(238.32)	(122.16)	-	-
		Provision thereon	94.07	(92.04)	(2.03)	-	-	161.47	(103.35)	(58.12)	-	-
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	(2,480)	-	-	-	(2,480)	(3,852)	-	-	-	(3,852)
		Amount outstanding	(2,661.65)	-	-	-	(2,661.65)	(3,621.41)	-	-	-	(3,621.41)
		Provision thereon	(17.08)	-	-	-	(17.08)	(94.29)	-	-	-	(94.29)
5	Downgradations of restructured accounts during current FY	No. of Borrowers	(550)	322	189	39	-	(601)	333	225	43	-
		Amount outstanding	(1,622.59)	639.80	982.23	0.55	-	(2,751.90)	901.42	1,849.50	0.97	-
		Provision thereon	(64.85)	32.52	32.33	-	-	(116.42)	34.77	81.65	-	-
6	Write-offs of restructured accounts during current FY $	No. of Borrowers	277	169	120	2	568	365	283	276	4	928
		Amount outstanding	2,679.99	611.86	447.34	14.54	3,753.72	4,585.29	812.35	1,407.58	14.77	6,819.98
		Provision thereon	10.79	(10.47)	3.90	56.58	60.80	237.82	(30.01)	509.88	56.58	774.27
7	TOTAL Restructured Accounts as on March 31, 2013 (Closing Position)*	No. of Borrowers	5,163	658	405	47	6,273	5,644	737	568	52	7,001
		Amount outstanding	14,747.70	1,822.96	5,233.58	52.10	21,856.34	32,227.67	2,952.13	7,878.54	52.51	43,110.85
		Provision thereon	485.96	80.48	742.60	3.54	1,312.58	1,978.94	187.18	878.81	3.54	3,048.47

*Excluding the Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

$ The Write-off includes figures of closure of accounts and movement in balance amounting to ₹ 6746.71crore.

c) 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	2	3
ii) Aggregate value (net of provisions) of accounts sold to SC/RC	6.42	4.08
iii) Aggregate consideration	27.11	10.35
iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
v) Aggregate gain / (loss) over net book value	20.69	6.27

d) Details of non-performing financial assets purchased

₹ In crore

Particulars	Current Year	Previous Year
1) (a) No. of Accounts purchased during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2) (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

e) Details of non-performing financial assets sold

₹ In crore

Particulars	Current Year	Previous Year
1) No. of Accounts sold	6	9
2) Aggregate outstanding	139.96	35.69
3) Aggregate consideration received	45.84	12.79

f) Provision on Standard Assets

The Provision on Standard Assets held by the Bank as under:

₹ In crore

Particulars	As at 31 Mar 2013	As at 31 Mar 2012
Provision towards Standard Assets	5,289.58	4,525.88*

* Includes ₹ 0.98 crore transferred from e SBICI Bank Limited.

g) Business Ratios

Particulars	Current Year	Previous Year
i. Interest Income as a percentage to Working Funds	7.76%	8.04%
ii. Non-interest income as a percentage to Working Funds	1.04%	1.08%
iii. Operating Profit as a percentage to Working Funds	2.01%	2.38%
iv. Return on Assets	0.91%	0.88%
v. Business (Deposits plus advances) per employee (₹ in thousands)	94,389	79,842
vi. Profit per employee (₹ in thousands)	645.47	531.45

h) Asset Liability Management: Maturity pattern of certain items of assets and liabilities as at 31st March 2013

₹ In crore

	Day 1	2 to 7 days	8 to 14 days	5 to 28 days	29 days to 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	TOTAL
Deposits	44,414.22	22,481.11	22,533.15	24,714.75	49,399.81	88,325.85	1,80,116.77	3,36,798.25	2,24,094.01	2,09,861.65	12,02,739.57
	(24,952.42)	*(24,148.78)*	*(23,163.49)*	*(17,309.22)*	*(54,829.96)*	*(1,00,330.59)*	*(1,37,776.39)*	*(3,06,073.55)*	*(1,78,971.15)*	*(1,76,091.82)*	*(10,43,647.36)*
Advances	97,506.39	7,028.89	12,010.67	8,620.34	47,231.34	43,115.51	41,753.47	5,02,134.63	1,15,593.50	1,70,621.81	10,45,616.55
	(39,710.85)	*(6,386.88)*	*(17,237.21)*	*(10,140.95)*	*(47,080.98)*	*(38,041.23)*	*(43,231.60)*	*(4,08,461.94)*	*(81,234.24)*	*(1,76,053.01)*	*(8,67,578.89)*
Investments	120.09	1,557.83	5,113.23	4,313.41	23,300.54	15,973.75	11,899.25	47,102.48	65,736.09	1,75,810.60	3,50,927.27
	(134.68)	*(2,447.45)*	*(80.61)*	*(3,514.89)*	*(19,109.04)*	*(8,664.67)*	*(11,902.56)*	*(48,553.21)*	*(54,935.00)*	*(1,62,855.50)*	*(3,12,197.61)*
Borrowings	551.20	16,955.79	4,919.76	10,590.92	37,664.35	18,006.82	7,552.70	27,666.70	8,861.34	36,413.13	1,69,182.71
	(688.64)	*(13,988.94)*	*(2,842.08)*	*(6,748.88)*	*(21,202.93)*	*(9,765.70)*	*(5,107.03)*	*(12,524.56)*	*(18,052.01)*	*(36,084.79)*	*(1,27,005.56)*
Foreign Currency Assets	67,093.43	2,832.10	1,983.54	6,157.46	20,768.87	20,961.05	9,990.15	31,414.37	28,714.05	32,780.73	2,22,695.75
	(26,245.58)	*(2,684.58)*	*(3,873.88)*	*(6,002.43)*	*(24,917.46)*	*(20,344.78)*	*(13,868.74)*	*(24,187.50)*	*(28,022.95)*	*(23,057.38)*	*(1,73,205.28)*
Foreign Currency Liabilities	19,192.37	12,784.44	6,168.25	14,976.21	35,035.92	24,080.39	24,246.59	40,932.48	16,320.81	4,719.07	1,98,456.53
	(15,576.62)	*(11,807.38)*	*(4,543.24)*	*(9,168.21)*	*(30,276.50)*	*(20,977.29)*	*(22,645.06)*	*(23,817.29)*	*(19,169.38)*	*(4,002.97)*	*(1,61,983.94)*

(Figures in brackets are as at 31st March 2012)

18.5. Exposures

The Bank is lending to sectors, which are sensitive to asset price fluctuations.

a) Real Estate Sector

₹ In crore

Particulars	As at 31 Mar 2013	As at 31 Mar 2012
(I) Direct exposure		
i) Residential Mortgages	1,50,165.96	1,25,992.41
- Of which individual housing loans up to ₹ 20 Lakhs	87,575.87	76,980.09
ii) Commercial Real Estate	24,988.44	12,674.38
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	607.12	154.55
a) Residential	601.48	127.64
b) Commercial Real Estate	5.64	26.91
(II) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	7,839.94	5,847.03
Total	**1,83,601.46**	**1,44,668.37**

b) Capital Market

₹ In crore

Particulars	As at 31 Mar 2013	As at 31 Mar 2012
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.	4,193.49	1,912.18
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	6.80
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.	2,008.06	355.42
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.	48.83	168.56
5) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	43.35	541.21
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.	53.79	Nil
7) Bridge loans to companies against expected equity flows/issues.	Nil	0.02
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.	Nil	Nil
10) Exposures to Venture Capital Funds (both registered and unregistered)	856.47	586.07
Total Exposure to Capital Market	7,209.35	3,570.26

c) Risk Category wise Country Exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The country exposure (net funded) of the Bank for any country does not exceed 1% of its total assets except on USA and UK, hence provision for the country exposure on USA and UK has been made.

₹ In crore

Risk Category	**Exposure (Net)**		**Provision held**	
	As at31 Mar 2013	**As at31 Mar 2012**	**As at31 Mar 2013**	**As at31 Mar 2012**
Insignificant	1.90	5.93	Nil	Nil
Very Low	53,957.63	60,691.68	27.11	27.89
Low	11.61	833.76	Nil	Nil
Low Medium	29,021.20	9,782.76	26.25	Nil
Medium	4,110.40	3,541.64	Nil	Nil
High	374.30	2,067.30	Nil	Nil
Very High	2,224.39	1,208.60	Nil	Nil
Restricted	2,323.03	3,965.87	Nil	Nil
Off-Credit	Nil	Nil	Nil	Nil
Total	**92,024.46**	**82,097.54**	**53.36**	**27.89**

d) Single Borrower and Group Borrower exposure limits exceeded by the Bank

The Bank had taken single borrower exposure in excess of prudential limit in the cases given below:

₹ In crore

Name of the Borrower	Exposure Ceiling	Exposure Sanctioned (Peak Level)	Period during which limit exceeded	Outstanding as on 31 Mar 2013
Indian Oil Corporation Limited (IOCL)	29,023.21	33,391.91	June 2012 to February 2013	25,607.52
	29,774.21		March 2013	
Bharat Heavy Electricals Limited (BHEL)	17,413.93	18,651.04	April 2012 to February 2013	15,187.12
	17,864.53		March 2013	

Note :-

Exposure on IOCL and BHEL are within the discretion given to Banks by RBI (additional 5% of capital funds, over prudential limits)

Exposures on all borrower groups were within the prudential norms during the year.

e) Unsecured Advances

₹ In crore

Particulars	As at 31 Mar 2013	As at 31 Mar 2012
a) Total Unsecured Advances of the bank	1,81,561.88	1,64,479.17
i) Of which amount of advances outstanding against charge over intangible securities such as rights, licences, authority etc.	3,654.02	4,848.24
ii) The estimated value of such intangible securities (as in (i) above).	15,236.41	4,159.48

18.6. Miscellaneous

a) Disclosure of Penalties imposed by RBI

Nil (Previous year ₹ 0.10 crore)

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 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

	Pension Plans		Gratuity Plan	
Particulars	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 2012	36,525.68	33,879.30	6,462.82	5,817.19
Liability on merger and acquisition	-	25.03	-	133.25
Current Service Cost	1,071.90	950.40	155.32	178.66
Interest Cost	3,196.00	2,879.74	549.34	494.46
Past Service Cost (Vested Benefit)	-	82.00	-	-
Actuarial losses (gains)	1,044.60	781.46	509.62	367.64
Benefits paid	(41.50)	(1,140.37)	(626.53)	(528.38)
Direct Payment by Bank	(2,232.47)	(931.88)	-	-
Closing defined benefit obligation at 31st March 2013	39,564.21	36,525.68	7,050.57	6,462.82
Change in Plan Assets				
Opening fair value of Plan Assets as at 1st April 2012	27,205.57	16,800.10	5,251.79	4,102.25
Asset transferred on merger and acquisition	-	25.03	-	-
Transfer from other fund	-	-	-	2.16
Expected Return on Plan Assets	2,339.68	1,344.01	451.65	328.18
Contributions by employer	5,094.24	10,046.64	1,409.94	1,315.00
Benefits Paid	(41.50)	(1,140.37)	(626.53)	(528.38)
Actuarial Gains / (Loss) on plan Assets	419.58	130.16	62.46	32.58
Closing fair value of plan assets as at 31st March 2013	35,017.57	27,205.57	6,549.31	5,251.79
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of Funded obligation at 31st March 2013	39,564.21	36,525.68	7,050.57	6,462.82
Fair Value of Plan assets at 31st March 2013	35,017.57	27,205.57	6,549.31	5,251.79
Deficit/(Surplus)	4,546.64	9,320.11	501.26	1,211.03
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	200.00	300.00
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	4,546.64	9,320.11	301.26	911.03
Amount Recognised in the Balance Sheet				
Liabilities	39,564.21	36,525.68	7,050.57	6,462.82
Assets	35,017.57	27,205.57	6,549.31	5,251.79
Net Liability / (Asset) recognised in Balance Sheet	4,546.64	9,320.11	501.26	1,211.03
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	200.00	300.00
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	4,546.64	9,320.11	301.26	911.03
Net Cost recognised in the profit and loss account				
Current Service Cost	1,071.90	950.40	155.32	178.66
Interest Cost	3,196.00	2,879.74	549.34	494.46
Expected return on plan assets	(2,339.68)	(1,344.01)	(451.65)	(328.18)
Past Service Cost (Amortised) Recognised	-	-	100.00	100.00

Particulars	Pension Plans		Gratuity Plan	
	Current Year	Previous Year	Current Year	Previous Year
Past Service Cost (Vested Benefit) Recognised	-	82.00	-	-
Net actuarial losses (Gain) recognised during the year	625.02	651.30	447.16	335.06
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	2,553.24	3,219.43	800.17	780.00
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	2,339.68	1,344.01	451.65	328.18
Actuarial Gain/ (loss) on Plan Assets	419.58	130.16	62.46	32.58
Actual Return on Plan Assets	2,759.26	1,474.17	514.11	360.76
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet				
Opening Net Liability as at 1st April 2012	9,320.11	17,079.20	911.03	1,314.94
Expenses as recognised in profit and loss account	2,553.24	3,219.43	800.17	780.00
Net Liability on merger/ acquisition	-	-	-	131.09
Paid by Bank Directly	(2,232.47)	(931.88)	-	-
Debited to Other Provision	-	-	-	-
Recognised in Reserve	-	-	-	-
Employer's Contribution	(5,094.24)	(10,046.64)	(1,409.94)	(1,315.00)
Net liability/(Asset) recognised in Balance Sheet	4,546.64	9,320.11	301.26	911.03

Investments under Plan Assets of Pension Fund & Gratuity Fund as on 31st March 2013 are as follows:

Category of Assets	Pension Fund % of Plan Assets	Gratuity Fund % of Plan Assets
Central Govt. Securities	32.53%	23.86%
State Govt. Securities	22.32%	16.67%
Debt Securities, Money Market Securities and Bank Deposits	41.55%	34.84%
Insurer Managed Funds	-	18.77%
Others	3.60%	5.86%
Total	**100.00%**	**100.00%**

Principal actuarial assumptions

Particulars	Pension Plans		Gratuity Plans	
	Current year	Previous year	Current year	Previous year
Discount Rate	8.50%	8.75%	8.25%	8.50%
Expected Rate of return on Plan Asset	8.60%	8.60%	8.60%	8.60%
Salary Escalation	5.00%	5.00%	5.00%	5.00%

Surplus/ Deficit in the Plan

	Gratuity Plan				
Amount recognized in the Balance Sheet	Year ended 31-03-2009	Year ended 31-03-2010	Year ended 31-03-2011	Year ended 31-03-2012	Year ended 31-03-2013
Liability at the end of the year	3,778.18	3,889.14	5,817.19	6,462.82	7,050.57
Fair value of Plan Assets at the end of the year	3,746.73	3,811.28	4,102.25	5,251.79	6,549.31
Difference	31.45	77.86	1,714.94	1,211.03	501.26
Unrecognised Past Service Cost	-	-	400.00	300.00	200.00
Unrecognised Transition Liability	-	-	-	-	-
Amount Recognized in the Balance Sheet	31.45	77.86	1,314.94	911.03	301.26

Experience adjustment

Amount recognized in the Balance Sheet	Year ended 31-03-2009	Year ended 31-03-2010	Year ended 31-03-2011	Year ended 31-03-2012	Year ended 31-03-2013
On Plan Liability (Gain) /Loss	(90.81)	(0.40)	879.37	367.64	459.56
On Plan Asset (Loss) /Gain	(1.24)	7.89	1.94	32.58	62.46

Surplus/Deficit in the plan

	Pension				
Amount recognized in the Balance Sheet	Year ended 31-03-2009	Year ended 31-03-2010	Year ended 31-03-2011	Year ended 31-03-2012	Year ended 31-03-2013
Liability at the end of the year	19,328.72	21,715.61	33,879.30	36,525.68	39,564.21
Fair value of Plan Assets at the end of the year	13,710.13	14,714.83	16,800.10	27,205.57	35,017.57
Difference	5,618.59	7,000.78	17,079.20	9,320.11	4,546.64
Unrecognised Past Service Cost	-	-	-	-	-
Unrecognised Transition Liability	-	-	-	-	-
Amount Recognized in the Balance Sheet	5,618.59	7,000.78	17,079.20	9,320.11	4,546.64

Experience adjustment

On Plan Liability (Gain) /Loss	905.07	5,252.37	1,188.70	1,677.80	345.90
On Plan Asset (Loss) /Gain	124.74	233.12	282.65	130.16	419.58

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. 2012-13.

The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuary appointed by the Bank:-

₹ in crore

	Provident Fund	
Particulars	**Current Year**	**Previous Year**
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2012	19482.46	18151.73
Current Service Cost	529.97	531.83
Interest Cost	1593.27	1492.66
Employee Contribution (including VPF)	654.91	654.49
Actuarial losses/(gains)	784.39	649.98
Benefits paid	(2302.17)	(1998.23)
Closing defined benefit obligation at 31st March 2013	20742.83	19482.46
Change in Plan Assets		
Opening fair value of Plan Assets as at 1st April 2012	19729.16	18260.73
Expected Return on Plan Assets	1593.27	1492.66
Contributions	1184.88	1186.32
Benefits Paid	(2302.17)	(1998.23)
Actuarial Gains / (Loss) on plan Assets	1018.27	787.68
Closing fair value of plan assets as at 31st March 2013	21223.41	19729.16
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at 31st March 2013	20742.83	19482.46
Fair Value of Plan assets at 31st March 2013	21223.41	19729.16
Deficit/(Surplus)	(480.58)	(246.70)
Net Asset not recognised in Balance Sheet	480.58	246.70
Net Cost recognised in the profit and loss account		
Current Service Cost	529.97	531.83
Interest Cost	1593.27	1492.66
Expected return on plan assets	(1593.27)	(1492.66)
Interest shortfall reversed	-	-
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	529.97	531.83
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2012	-	-
Expense as above	529.97	531.83
Employer's Contribution	(529.97)	(531.83)
Net Liability/(Asset) Recognized In The Balance Sheet	-	-

Previous year figures are given for representation purpose only.

Investments under Plan Assets of Provident Fund as on 31st March 2013 are as follows:

Category of Assets	**Provident Fund % of Plan Assets**
Central Govt. Securities	38.48%
State Govt. Securities	16.37%
Debt Securities, Money Market Securities and Bank Deposits	40.67%
Insurer Managed Funds	-
Others	4.48%
Total	100.00%

Principal actuarial assumptions

Particulars	**Provident Fund**	
	Current year	**Previous year**
Discount Rate	8.50%	8.50%
Guaranteed Return	8.25%	8.25%
Attrition Rate	2.00%	2.00%

ii. Defined Contribution Plan:

The Bank has a Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the Bank on or after August 1, 2010. The Scheme is managed by NPS Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y.2012-13, the Bank has contributed ₹ 67.73 crore (Previous Year ₹ 52.47crore).

iii. Other Long Term Employee Benefits

Amount of ₹ 502.25 Crore (Previous Year ₹ 531.33 Crore) is provided towards Long Term Employee Benefits as per the actuarial valuation by the independent Actuary appointed by the Bank and is included under the head "Payments to and Provisions for Employees" in Profit and Loss Account.

Details of Provisions made for various long Term Employee Benefits during the year:

₹ in crore

Sl. No.	**Long Term Employee Benefits**	**Current Year**	**Previous Year**
1	Privilege Leave (Encashment) incl. leave encashment at the time of retirement	407.59	375.33
2	Leave Travel and Home Travel Concession (Encashment/Availment)	24.96	44.33
3	Sick Leave	18.17	74.77
4	Silver Jubilee Award	12.24	5.01
5	Resettlement Expenses on Superannuation	1.44	11.70
6	Casual Leave	17.89	14.94
7	Retirement Award	19.96	5.25
Total		**502.25**	**531.33**

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)

₹ In crore

BusineLss Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Revenue #	29,467.67 (23,874.88)	46,453.57 (42,773.40)	59,427.06 (54,091.69)	- -	1,35,348.30 (1,20,739.97)
Unallocated Revenue #	-	-	-	-	343.64 (132.93)
Total Revenue	-	-	-	-	1,35,691.94 (1,20,872.90)
परिणाम # Result #	4,782.29 (217.24)	7,315.21 (6,106.12)	11,215.21 (15,619.23)	- (-)	23,312.71 (21,942.59)
Unallocated Income(+) / Expenses(-) - net #	- -	- -	- -	- -	(-)3361.82 (-) 3,459.28
Operating Profit #	- -	- -	- -	- -	19,950.89 (18,483.31)
Tax #	- -	- -	- -	- -	5845.91 (6776.02)
Extraordinary Profit #	- -	- -	- -	- -	- -
Net Profit #	- -	- -	- -	- -	14,104.98 (11,707.29)
Other Information:					
Segment Assets *	3,73,583.73 (3,35,016.51)	5,82,664.07 (4,61,305.84)	5,96,698.77 (5,28,298.95)	- -	15,52,946.57 (13,24,621.30)
Unallocated Assets *	- -	- -	- -	- -	13,314.47 (10,897.93)
Total Assets*	- -	- -	- -	- -	15,66,261.04 (13,35,519.23)
Segment Liabilities *	1,99,998.27 (1,96,222.07)	4,91,994.55 (3,81,202.21)	7,29,632.90 (6,28,479.02)	-	14,21,625.72 (12,05,903.30)
देयताएँ* Unallocated Liabilities*	- -	- -	- -	- -	45,751.64 (45,664.73)
Total Liabilities *	- -	- -	- -	- -	14,67,377.36 (12,51,568.03)

(Figures in brackets are for previous year)

Part B: Secondary (Geographic Segments)

₹ In crore

	Domestic		Foreign		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue #	1,27,139.47	1,14,080.91	8,208.83	6,659.06	1,35,348.30	1,20,739.97
Result#	20,026.46	19,064.85	3,286.25	2,877.74	23,312.71	21,942.59
Assets *	13,39,476.62	11,55,176.43	2,26,784.42	1,80,342.80	15,66,261.04	13,35,519.23
Liabilities*	12,40,592.94	10,71,225.23	2,26,784.42	1,80,342.80	14,67,377.36	12,51,568.03

For the year ended 31st March 2013

* As at 31st March 2013

During the year, the Bank has further refined the segmental transfer pricing mechanism in order to report more relevant segment results. This change effects the segment results inter se and has no impact on the financials of the bank. The effect of the change on the segment results is not fairly determined.

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. State Bank of India (Canada)
3. State Bank of India (California)
4. Commercial Bank of India LLC, Moscow
5. PT Bank SBI Indonesia
6. Nepal SBI Bank Ltd.

iii. DOMESTIC NON-BANKING SUBSIDIARIES

1. SBI Capital Markets Ltd.
2. SBI DFHI Ltd.
3. SBI Mutual Funds Trustee Company Pvt. Ltd.
4. SBICAP Securities Ltd.
5. SBICAPS Ventures Ltd.
6. SBICAP Trustees Company Ltd.
7. SBI Cards and Payment Services Pvt. Ltd.
8. SBI Funds Management Pvt. Ltd.
9. SBI Life Insurance Company Ltd.
10. SBI Pension Funds Pvt. Ltd.
11. SBI – SG Global Securities Services Pvt. Ltd.
12. SBI Global Factors Ltd.
13. SBI General Insurance Company Ltd
14. SBI Payment Services Pvt. Ltd.

iv. FOREIGN NON-BANKING SUBSIDIARIES

1. SBICAP (UK) Ltd.
2. SBI Funds Management (International) Pvt. Ltd.
3. SBICAP (Singapore) Ltd.

B. JOINTLY CONTROLLED ENTITIES

1. GE Capital Business Process Management Services Pvt. Ltd
2. C-Edge Technologies Ltd.
3. Macquarie SBI Infrastructure Management Pte. Ltd.
4. Macquarie SBI Infrastructure Trustees Ltd.
5. SBI Macquarie Infrastructure Management Pvt. Ltd.
6. SBI Macquarie Infrastructure Trustees 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. Kaveri Grameena Bank
4. Chhattisgarh Gramin Bank
5. Deccan Grameena Bank
6. Ellaquai Dehati Bank
7. Meghalaya Rural Bank
8. Krishna Grameena Bank
9. Langpi Dehangi Rural Bank
10. Madhyanchal Gramin Bank
11. Malwa Gramin Bank
12. Mizoram Rural Bank
13. Marudhara Gramin Bank
14. Nagaland Rural Bank
15. Parvatiya Gramin Bank (upto 14.02.2013)
16. Purvanchal Gramin Bank
17. Samastipur Kshetriya Gramin Bank (upto 14.10.2012)
18. Saurashtra Gramin Bank
19. Utkal Grameen Bank
20. Uttarakhand Gramin Bank
21. Vananchal Gramin Bank
22. Vidisha Bhopal Kshetriya Gramin Bank (upto 07.10.2012)

ii. Others

1. SBI Home Finance Ltd.
2. The Clearing Corporation of India Ltd.
3. Bank of Bhutan Ltd.

D. Key Management Personnel of the Bank

1. Shri Pratip Chaudhuri, Chairman
2. Shri Hemant G. Contractor Managing Director & Group Executive (International Banking)
3. Shri A. Krishna Kumar, Managing Director & Group Executive (National Banking)
4. Shri Diwakar Gupta, Managing Director & Chief Financial Officer
5. Shri S. Vishvanathan, Managing Director & Group Executive (Associates & Subsidiaries) (from 9.10.2012)

2. Parties with whom transactions were entered into during the year

No disclosure is required in respect of related parties, which are “State-controlled Enterprises” as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

3. Transactions and Balances

₹ In crore

Particulars	**Associates/ Joint Ventures**	**Key Management Personnel & their relatives**	**Total**
Transactions during the year			
Interest received	- (0.04)	- (-)	- (0.04)
Interest paid	1.06 (1.29)	- (-)	1.06 (1.29)
Income earned by way of dividend	15.22 (-)	- (-)	15.22 (-)
Other Income	17.81 (-)	- (-)	17.81 (-)
Other expenditure	- (-)	- (-)	- (-)
Management contracts	- (-)	0.95 (0.68)	0.95 (0.68)
Outstanding as on 31st March			
Payables	154.21 (127.66)	- (-)	154.21 (127.66)
Receivables	- (-)	- (-)	- (-)

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:

₹ In crore

Particulars	**As at 31 Mar 2013**	**As at 31 Mar 2012**
Not later than 1 year	112.44	64.32
Later than 1 year and not later than 5 years	388.60	229.21
Later than 5 years	117.79	66.42
Total	618.83	359.95
Amount of lease payments recognised in the P&L Account for the year.	114.15	60.61

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the Bank.

* In respect of Non-Cancellable leases only.

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	67,10,44,838	63,49,98,991
Number of Equity Shares issued during the year	1,29,89,133	3,60,45,847
Number of Equity Shares outstanding at the end of the year	68,40,33,971	67,10,44,838
Weighted average number of equity shares used in computing basic earnings per share	67,14,72,052	63,51,96,258
Weighted average number of shares used in computing diluted earnings per share	67,14,72,052	63,51,96,258
Net profit (₹ In crore)	14,104.98	11,707.29
Basic earnings per share (₹)	210.06	184.31
Diluted earnings per share (₹)	210.06	184.31
Nominal value per share (₹)	10	10

f) Accounting for Taxes on Income

i. Deferred Tax :-

a. During the year, ₹ 107.97 crore [Previous Year ₹ 455.93 crore debited] has been credited to Profit and Loss Account on account of deferred tax.

b. During the year, the Bank has recognised deferred tax asset on provision for leave encashment, which was hitherto not being done. Accordingly, an amount of ₹ 922.15 crore (including ₹ 783.62 crore relating to period upto 31.03.2012) has been accounted for in the current year.

ii. The Bank has net deferred tax liability of ₹ 628.92 crore (Previous Year net deferred tax asset of ₹ 180.63 crore), which is included under ‘Other Liabilities and Provisions’ (Previous Year ‘Other Assets’). The breakup of deferred tax assets and liabilities into major items is given below:

₹ In crore

Particulars	**As at 31 Mar 2013**	**As at 31 Mar 2012**
Deferred Tax Assets		
Provision for Defined Benefit Schemes on account of Wage Revision	72.05	Nil
Provision for long term employee Benefits #	2,126.16	1,873.60
Depreciation on Fixed Assets	7.55	Nil
Others	Nil	16.29
Net DTAs on account of Foreign Offices	282.16	180.95
Total	**2,487.92**	**2,070.84**
Deferred Tax Liabilities		
Depreciation on Fixed Assets	Nil	8.16
Interest on securities*	3,116.84	1,882.05
Total	**3,116.84**	**1,890.21**
Net Deferred Tax Assets/(Liabilities)	**(628.92)**	**180.63**

Includes tax credit arising out of provision for leave encashment for employees of ₹ 922.15 crore.

* Includes ₹ 917.04 crore (Previous Year ₹ 536.56 Crore) transferred from Income Tax Account.

g) Investments in Jointly Controlled Entities

Investments include ₹ 38.14 crore (Previous Year ₹ 39.50 crore) representing Bank's interest in the following jointly controlled entities

Sl. No	Name of the Company	Amount ₹ In crore	Country of Residence	Holding %
1	GE Capital Business Process Management Services Pvt. Ltd.	9.44 (10.80)	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. #	0.64 (0.64)	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 31 Mar 2013	As at 31 Mar 2012
Liabilities		
Capital & Reserves	125.43	131.68
Deposits	-	-
Borrowings	12.65	6.56
Other Liabilities & Provisions	78.76	61.50
Total	**216.84**	**199.74**
Assets		
Cash and Balances with RBI	-	-
Balances with Banks and money at call and short notice	88.31	72.30
Investments	0.48	1.95
Advances	-	-
Fixed Assets	41.22	21.29
Other Assets	86.83	104.20
Total	216.84	199.74
Capital Commitments	-	-
Other Contingent Liabilities	3.11	0.90
Income		
Interest earned	7.44	6.50
Other income	208.89	170.76
Total	216.33	177.26
Expenditure		
Interest expended	1.37	0.43
Operating expenses	170.56	144.47
Provisions & contingencies	11.63	8.72
Total	183.56	153.62
Profit	**32.77**	**23.64**

h) Impairment of Assets

In the opinion of the Bank's Management, there is no impairment to the assets during the year to which Accounting Standard 28 – "Impairment of Assets" applies.

i) a) Description of Contingent Liabilities and Contingent Assets

Sl. 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.
2	Liability on account of outstanding forward exchange contracts	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. 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.
3	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.
4	Other items for which the Bank is contingently liable.	The Bank is a party to various taxation matters in respect of which appeals are pending. These are being contested by the Bank and not provided for. Further, the Bank has made commitments to subscribe to shares in the normal course of business.

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.

b) Movement of provisions against Contingent Liabilities

₹ In crore

Particulars	Current Year	Previous Year
Opening balance	256.86	275.10
Additions during the year (Previous Year figures include provision transferred from e SBICI)	68.47	56.33
Reductions during the year	73.96	74.57
Closing balance	251.37	256.86

18.8. Additional Disclosures

1. Provisions and Contingencies

₹ In crore

Particulars	Current Year	Previous Year
Provision for Taxation		
-Current Tax	5,951.06	6,335.37
-Deferred Tax	(107.97)	455.93
-Write Back of Income Tax/ Fringe Benefit Tax	0	(21.28)
-Other Tax	2.82	6.00
Provision for Depreciation on Investments	(966.95)	683.28
Provision for Depreciation made in India on Investments held at Foreign Offices	5.66	(19.58)
Provision on Non-Performing Assets	10,656.97	11,494.10
Provision on Restructured Assets	710.82	51.76
Provision on Standard Assets	749.61	978.81
Other Provisions	(25.28)	(98.14)
Total	**16,976.74**	**19,866.25**

2. Floating Provisions

₹ In crore

Particulars	Current Year	Previous Year
Opening Balance	25.14	23.00
Add: Transferred from e SBICI	-	2.14
Addition during the year	-	-
Draw down during the year	-	-
Closing Balance	25.14	25.14

3. Withdrawal from Reserves

During the year, the Bank has withdrawn following amount from the Reserves:

₹ In crore

Particulars	As at 31 Mar 2013	As at 31 Mar 2012
On account of Inter Office reconciliation	0.21	0.01

4. Status of complaints

A. Customer complaints

Particulars	As at 31 Mar 2013	As at 31 Mar 2012
No. of complaints pending at the beginning of the year	13,414	824
No. of complaints received during the year	18,86,249	4,62,381
No. of complaints redressed during the year	18,66,958	4,49,791
No. of complaints pending at the end of the year	32,705	13,414

B. Awards passed by the Banking Ombudsman

Particulars	Current Year	Previous Year
No. of unimplemented Awards at the beginning of the year	21	7
No. of Awards passed by the Banking Ombudsman during the year	159	131
No. of Awards implemented during the year	152	117
No. of unimplemented Awards at the end of the year	28	21

5. With regard to disclosures relating to Micro, Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006, there have been no reported cases of delayed payments or of interest payments due to delay in such payments to Micro, Small & Medium Enterprises.

6. Letter of Comfort issued for Subsidiaries

The Bank has issued letters of comfort on behalf of its subsidiaries. Outstanding letters of comfort as on 31st March 2013 aggregate to ₹ 477.19 Crore (Previous Year: ₹ 2086.56 Crore). In the Bank's assessment no financial impact is likely to arise.

7. Provisioning Coverage Ratio:

The Provisioning to Gross Non-Performing Assets ratio of the Bank as on 31st March 2013 is 66.58% (Previous Year 68.10%).

8. Fees/remuneration received in respect of the bancassurance business in 2012-13

₹ In crore

Name of Company	Current Year	Previous Year
SBI Life Insurance Co. Ltd.	212.03	156.82
The New India Assurance Co. Ltd.	Nil	0.34
SBI General Insurance Co. Ltd.	29.62	8.83
United India Insurance Co Ltd.	Nil	0.02
Manu Life Financial Limited	1.91	2.08
NTUC	1.06	0.71
TOTAL	**244.62**	**168.80**

9. Concentration of Deposits, Advances Exposures & NPAs

a) Concentration of Deposits

₹ In crore

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	79,985.27	60,522.62
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	6.65%	5.80%

b) Concentration of Advances

₹ In crore

Particulars	Current Year	Previous Year
Total Advances to twenty largest borrowers	1,11,717.95	83,199.80
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	10.36%	9.31%

c) Concentration of Exposures

₹ In crore

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/customers	2,47,179.38	2,13,774.62
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/ customers	14.08%	13.97%

d) Concentration of NPAs

₹ In crore

Particulars	Current Year	Previous Year
Total Exposure to top four NPA accounts	2,797.98	2,931.51

10. Sector –wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		Current Year	Previous Year
1	Agriculture & allied activities	9.50 %	8.92%
2	Industry (Micro & Small, Medium and Large)	4.37 %	4.12%
3	Services	4.43 %	2.94%
4	Personal Loans	1.98 %	2.92%

11. Overseas Assets, NPAs and Revenue

₹ In crore

Sr. No.	Particulars	Current Year	Previous Year
1	Total Assets	2,26,784.42	1,80,342.80
2	Total NPAs (Gross)	2,811.27	2,520.46
3	Total Revenue	8,208.83	6,659.06

12. Off-balance Sheet SPVs sponsored

	Name of the SPV Sponsored	
	Domestic	Overseas
Current Year	NIL	NIL
Previous Year	NIL	NIL

13. Unamortised Gratuity Liabilities

In accordance with RBI circular no. DBOD.BP.BC.80/21.04.018/2010-11 dated February 9, 2011 the Bank has opted to amortise the additional liability on account of enhancement in Gratuity limit over a period of 5 years beginning with the financial year ended March 31, 2011. Accordingly, the Bank has charged a sum of ₹ 100 crore to the Profit and Loss Account, being the proportionate amount for the financial year ended March 31, 2013. The unrecognised liability of ₹ 200 crore as on March 31, 2013 will be amortised proportionately in accordance with the above circular.

14. Disclosure relating to Securitisation

₹ In crore

Sr. No.	Particulars	Number	Amount
1.	No. of the SPVs sponsored by the Bank for securitization transactions	Nil	Nil
2.	Total amount of securitized assets as per the books of the SPVs sponsored by the bank	Nil	Nil
3.	Total amount of exposures retained by the bank to comply with MMR as on the date of balance sheet a) Off-balance sheet exposures i. First Loss ii. Others b) On-balance sheet exposures i. First Loss ii. Others	Nil	Nil
4.	Amount of exposures to securitisation transactions other than MMR a) Off-balance sheet exposures i. Exposures to own securitisations 1. First Loss 2. Others ii. Exposures to third party securitisations 1. First Loss 2. Others 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	Nil	Nil

15. Inter Office Accounts

Inter Office Accounts between branches, controlling offices and 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.

16. Specific Provision for NPAs

During the year, the Bank has made specific provisions of ₹ 706.26 crore (previous year ₹ 1350 crore) for certain Non-performing domestic advances to provide for estimated actual loss in collectible amounts.

17. Pending Wage Agreement

The Ninth Bipartite Settlement entered into by the Indian Banks' Association on behalf of the member Banks with the All India Unions of Workmen expired on 31st October 2012. Pending execution of agreement for wage revision, to be effective from 1st November 2012, a provision of ₹ 720 Crore has been made during the year.

Further, the Bank has made an adhoc additional provision of ₹ 225 crore towards Superannuation Schemes and other long term employee benefits, over and above the actuarial valuations.

18. 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.

Cash Flow Statement for the year ended March 31, 2013

₹ in 000s

Particulars		Year ended March 31, 2013	Year ended March 31, 2012
Cash flow from Operating Activities			
Net Profit before Taxes		**19950,89,77**	**18483,30,60**
Adjustments for :			
Depreciation on Fixed Assets		1139,60,76	1007,16,87
(Profit)/ Loss on sale of Fixed Assets (Net)		32,71,93	44,14,62
(Profit)/ Loss on sale of Investments (Net)		(1101,91,53)	919,74,24
(Profit)/ Loss on revaluation of Investments (Net)		3,78,17	-
Provision on Non Performing Assets		11367,78,46	11545,85,15
Provision on Standard Assets		749,60,48	978,81,32
Provision for depreciation on Investments		(966,95,17)	683,28,15
Other Provisions		(19,61,18)	(117,71,39)
Dividend from Subsidiaries/ Joint Ventures (Investing Activity)		(715,51,40)	(767,35,15)
Interest on Capital Instruments (Financing Activity)		3614,89,51	3592,20,91
		34055,29,80	**36369,45,32**
Adjustments for :			
Increase/ (Decrease) in Deposits		159092,21,21	109234,76,20
Increase/ (Decrease) in Borrowings other than Capital Instruments		41964,09,55	7044,27,26
(Increase)/ Decrease in Investments other than Investments in Subsidiaries/ Joint Ventures/ Associates		(36660,44,90)	(17331,61,64)
(Increase)/ Decrease in Advances		(189405,44,77)	(122148,07,24)
Increase/ (Decrease) in Other Liabilities & Provisions		12545,72,39	(25031,39,62)
(Increase)/ Decrease in Other Assets		2097,11,12	(7897,23,60)
		23688,54,40	**(19759,83,32)**
Taxes Paid		(2027,31,13)	(8708,75,29)
Net cash generated from/ (used in) Operating Activities	**(A)**	**21661,23,27**	**(28468,58,61)**
Cash flow from Investing Activities			
(Increase)/ Decrease in Investments in Subsidiaries/ Joint Ventures/ Associates		(4,12,70)	(705,56,95)

Income earned on such Investments		715,51,40	767,35,15
(Increase)/ Decrease in Fixed Assets		(2710,79,99)	(1710,34,68)
Net cash generated from/ (used in) Investing Activities	**(B)**	**(1999,41,29)**	**(1648,56,48)**
Cash flow from Financing Activities			
Proceeds from issue of equity share capital		3000,34,14	7891,30,87
Interest on Capital Instruments		(3614,89,51)	(3592,20,91)
Dividend paid including tax thereon		(2645,16,40)	(2151,43,88)
Net cash generated from/ (used in) Financing Activities	**(C)**	**(3259,71,77)**	**2147,66,08**
Effect of exchange fluctuation on translation reserve	**(D)**	**1254,89,75**	**2217,09,51**
Net cash and cash equivalents taken over from erstwhile SBICI Bank Limited on amalgamation	**(E)**	**-**	**41,41,22**
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)+(D)+(E)		**17656,99,96**	**(25710,98,28)**
Cash and cash equivalents at the beginning of the year		**97163,16,49**	**122874,14,77**
Cash and cash equivalents at the end of the year		**114820,16,45**	**97163,16,49**

SIGNED BY:

Shri S. Venkatachalam
Shri D. Sundaram
Shri Parthasarathy Iyengar
Shri Thomas Mathew
Shri Jyoti Bhushan Mohapatra
Shri S. K. Mukherjee
Shri Deepak Ishwarbhai Amin
Shri Harichandra Bahadur Singh
} Directors

S. Vishvanathan
Managing Director &
Group Executive (A&S)

A. Krishna Kumar
Managing Director &
Group Executive (NB)

Diwakar Gupta
Managing Director & Chief
Financial Officer

Hemant G. Contractor
Managing Director &
Group Executive (IB)

Pratip Chaudhuri
Chairman

Place : Kolkata,
Date : 23rd May, 2013

INDEPENDENT AUDITOR'S REPORT

To
The President of India,
Report on the Financial Statements

1. We have audited the accompanying financial statements of State Bank of India as at 31st March 2013, which comprises the Balance Sheet as at March 31, 2013, 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 Office, **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) **7480** Indian Branches audited by other auditors;

   iii) **53** Foreign Branches audited by the local auditors; and

   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 Reserve Bank of India.

   Also incorporated in the Balance Sheet and the Statement of Profit and Loss are the returns from **8170** Indian Branches and other accounting units which have not been subjected to audit. These unaudited branches account for **5.38%** of advances, **19.47%** of deposits, **6.25%** of interest income and **16.91%** of interest expenses.

Management's Responsibility for the Financial Statements

2. The management is responsible for the preparation of these financial statements 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 includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

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 obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. Evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to 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. 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 significant accounting policies and 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 2013 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.

Matter of Emphasis

7. Without qualifying our opinion, we draw attention to :

   a) Notes 18.8 – para 13 of Schedule 18 : 'Notes to Accounts' regarding deferment of gratuity liability of the bank to the extent of ₹ 200 crores pursuant to the exemption granted by the Reserve Bank of India to the public sector banks from application of the provisions of Accounting Standard (AS) 15, Employee Benefits vide its circular no.DBOD.BP.BC/80/21.04.01.018/2010-11 dated February 9, 2011.

   b) Notes 18.8 – para 16 of Schedule 18 : During the year, the Bank has made specific provisions of ₹ 706.26 crores for certain Non-performing domestic advances to provide for estimated actual loss in collectible amounts.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Form “A” and “B” respectively of the Third Schedule to the Banking Regulation Act 1949, 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 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 applicable accounting standards.

For Todi Tulsyan & Co.
Chartered Accountants

Sushil Kumar Tulsyan
Partner : M.No. 075899
Firm Regn. No. 002180 C

For Singhi & Co.
Chartered Accountants

Rajiv Singhi
Partner : M.No. 053518
Firm Regn. No.302049 E

For SCM Associates
Chartered Accountants

S K Jhunjhunwala
Partner : M.No. 055639
Firm Regn. No. 314173 E

For S Venkatram & Co.
Chartered Accountants

G Narayanaswamy
Partner : M.No. 002161
Firm Regn. No.004656 S

For Sriramamurthy & Co.
Chartered Accountants

M Poorna Chander Rao
Partner : M.No.027113
Firm Regn. No.003032 S

For T R Chadha & Co.
Chartered Accountants

Vikas Kumar
Partner : M.No. 075363
Firm Regn. No.006711 N

For S N Nanda & Co.
Chartered Accountants

S N Nanda
Partner : M.No. 005909
Firm Regn. No.000685 N

For V Soundararajan & Co.
Chartered Accountants

V S Sukumar
Partner : M.No. 018203
Firm Regn. No.003943 S

For K B Sharma & Co.
Chartered Accountants

Munish Jain
Partner : M No.094750
Firm Regn. No. 002318 N

For ADD & Associates
Chartered Accountants

Nimai Kumar Das
Partner: M.No. 051309
Firm Regn. No.308064 E

For Dhamija Sukhija & Co.
Chartered Accountants

Reena Sukhija
Partner: M.No.081977
Firm Regn. No.000369 N

For Prakash & Santosh
Chartered Accountants

Santosh Kumar Gupta
Partner : M No.016304
Firm Regn. No. 000454 C

For V P Aditya & Co.
Chartered Accountants

V P Aditya
Partner : M No.006387
Firm Regn. No.000542 C

For S Jaykishan
Chartered Accountants

Sunirmal Chatterjee
Partner : M.No. 017361
Firm Regn. No.309005 E

Place : Kolkata
Date : 23rd May 2013

Consolidated Financial Statements of State Bank Group for the year ended 31st March 2013

State Bank of India (Consolidated) Balance Sheet as on 31st March 2013

(000s omitted)

	Sch. No.	As on 31st March 2013 (Current Year) ₹	As on 31st March 2012 (Previous Year) ₹
CAPITAL AND LIABILITIES			
Capital	1	684,03,40	671,04,48
Reserves & Surplus	2	124348,98,77	105558,96,85
Minority Interest		4253,86,10	3725,66,87
Deposits	3	1627402,61,19	1414689,40,11
Borrowings	4	203723,19,69	157991,35,95
Other Liabilities and Provisions	5	172745,64,53	147319,72,65
	TOTAL	**2133158,33,68**	**1829956,16,91**
ASSETS			
Cash and Balances with Reserve Bank of India	6	89574,03,11	79199,20,61
Balance with banks and money at call & short notice	7	55653,69,49	48391,62,24
Investments	8	519393,19,04	460949,13,77
Advances	9	1392608,03,33	1163670,20,54
Fixed Assets	10	9369,92,56	7407,96,51
Other Assets	11	66559,46,15	70338,03,24
	TOTAL	**2133158,33,68**	**1829956,16,91**
Contingent Liabilities	12	1056488,59,99	937155,49,74
Bills for Collection		80201,66,95	80410,04,83
Significant Accounting Policies	17		
Notes on Accounts	18		

SCHEDULES

SCHEDULE 1 - CAPITAL

(000s omitted)

	As on 31st March 2013 (Current Year) ₹	As on 31st March 2012 (Previous Year) ₹
Authorised Capital 500,00,00,000 (Previous Year 500,00,00,000) equity shares of ₹ 10/- each	5000,00,00	5000,00,00
Issued Capital 68,41,17,046 (Previous Year 67,11,28,349) equity shares of ₹ 10/- each	684,11,70	671,12,83
Subscribed and Paid up Capital 68,40,33,971 (Previous Year 67,10,44,838) equity shares of ₹ 10/-each	684,03,40	671,04,48
The above includes 1,65,21,526 (Previous Year 1,69,77,498) equity shares represented by 82,60,763 (Previous Year 84,88,749) Global Depository Receipts		
TOTAL	**684,03,40**	**671,04,48**

SCHEDULE 2 - RESERVES & SURPLUS

(000s omitted)

		As on 31st March 2013 (Current Year) ₹		As on 31st March 2012 (Previous Year) ₹	
I.	**Statutory Reserves**				
	Opening Balance	43449,97,27		38996,30,40	
	Additions during the year	5371,47,28		4453,66,87	
	Deductions during the year	–	48821,44,55	–	43449,97,27
II.	**Capital Reserves #**				
	Opening Balance	2125,44,35		2092,59,31	
	Additions during the year	87,62,49		32,85,04	
	Deductions during the year	–	2213,06,84	–	2125,44,35
III.	**Share Premium**				
	Opening Balance	28513,84,58		20658,58,29	
	Additions during the year	2991,08,00		7864,05,01	
	Deductions during the year	3,72,77	31501,19,81	8,78,72	28513,84,58
IV.	**Foreign Currency Translation Reserves**				
	Opening Balance	2845,50,56		749,92,64	
	Additions during the year	1168,82,55		2095,57,92	
	Deductions during the year	–	4014,33,11	–	2845,50,56
V.	**Revenue and Other Reserves**				
	Opening Balance	27731,45,92		19815,92,40	
	Additions during the year ##	8682,21,22		7935,25,66	
	Deductions during the year	37,26,62	36376,40,52	19,72,14	27731,45,92
VI.	**Balance in Profit and Loss Account**		1422,53,94		892,74,17
	Total		**124348,98,77**		**105558,96,85**

\# includes Capital Reserve on consolidation ₹ 139,23,28 thousand (Previous Year ₹ 139,23,28 thousand)

\## net of consolidation adjustments

SCHEDULE 3 - DEPOSITS

(000s omitted)

			As on 31st March 2013 (Current Year) ₹	As on 31st March 2012 (Previous Year) ₹
A.	**I.**	**Demand Deposits**		
		(i) From Banks	8201,96,41	7598,17,42
		(ii) From Others	127793,49,18	111357,83,08
	II.	**Savings Bank Deposits**	527129,94,19	456632,72,25
	III.	**Term Deposits**		
		(i) From Banks	29356,76,95	18580,69,73
		(ii) From Others	934920,44,46	820519,97,63
		Total	**1627402,61,19**	**1414689,40,11**
B.	(i)	Deposits of Branches in India	1540656,01,05	1341224,25,26
	(ii)	Deposits of Branches outside India	86746,60,14	73465,14,85
		Total	**1627402,61,19**	**1414689,40,11**

SCHEDULE 4 - BORROWINGS

(000s omitted)

		As on 31st March 2013 (Current Year) ₹	As on 31st March 2012 (Previous Year) ₹
I.	**Borrowings in India**		
(i)	Reserve Bank of India	16415,66,00	1522,00,00
(ii)	Other Banks	8434,78,11	6693,68,11
(iii)	Other Institutions and Agencies	17642,03,89	14357,75,23
(iv)	Innovative Perpetual Debt Instruments (IPDI)	3890,00,00	3890,00,00
(v)	Subordinated Debts & Bonds	45009,61,20	45004,57,10
	Total	**91392,09,20**	**71468,00,44**
II.	**Borrowings outside India**		
(i)	Borrowing and Refinance outside India	108875,45,24	83305,85,87
(ii)	Innovative Perpetual Debt Instruments (IPDI)	3392,81,25	3179,76,24
(iii)	Subordinated Debts & Bonds	62,84,00	37,73,40
	Total	**112331,10,49**	**86523,35,51**
	Grand Total (I & II)	**203723,19,69**	**157991,35,95**
Secured Borrowings included in I & II above		12570,33,58	5991,39,23

SCHEDULE 5 - OTHER LIABILITIES & PROVISIONS

(000s omitted)

		As on 31st March 2013 (Current Year) ₹	As on 31st March 2012 (Previous Year) ₹
I.	Bills payable	24393,64,28	25164,68,38
II.	Inter Bank Adjustments (net)	167,13,54	229,12,23
III.	Inter Office adjustments (net)	16384,11,49	-
IV.	Interest accrued	17778,02,18	15050,35,95
V.	Deferred Tax Liabilities (net)	719,09,59	325,36,91
VI.	Liabilities relating to Policyholders in Insurance Business	50216,61,30	44920,85,73
VII.	Others (including provisions)	63087,02,15	61629,33,45
	Total	**172745,64,53**	**147319,72,65**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(000s omitted)

		As on 31st March 2013 (Current Year) ₹	As on 31st March 2012 (Previous Year) ₹
I.	Cash in hand (including foreign currency notes and gold)	13569,34,83	13082,01,93
II.	Balances with Reserve Bank of India		
	(i) In Current Account	76004,68,28	66114,64,44
	(ii) In Other Accounts	-	2,54,24
	Total	**89574,03,11**	**79199,20,61**

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

(000s omitted)

	As on 31st March 2013 (Current Year) ₹	As on 31st March 2012 (Previous Year) ₹
I. In India		
(i) Balances with banks		
(a) In Current Account	700,22,10	866,16,03
(b) In Other Deposit Accounts	6059,57,08	6765,69,55
(ii) Money at call & short notice		
(a) With banks	7211,71,57	5805,48,81
(b) With Other Institutions	700,00,00	331,69,00
TOTAL	**14671,50,75**	**13769,03,39**
II. Outside India		
(i) In Current Account	27157,14,31	24580,04,34
(ii) In Other Deposit Accounts	5345,93,68	1843,99,10
(iii) Money at call & short notice	8479,10,75	8198,55,41
TOTAL	**40982,18,74**	**34622,58,85**
GRAND TOTAL (I and II)	**55653,69,49**	**48391,62,24**

SCHEDULE 8 - INVESTMENTS

(000s omitted)

		As on 31st March 2013 (Current Year) ₹	As on 31st March 2012 (Previous Year) ₹
I.	**Investments in India in**		
(i)	Government Securities	391862,07,81	360054,56,37
(ii)	Other Approved Securities	2871,56,85	2089,18,54
(iii)	Shares	24444,08,86	24834,64,64
(iv)	Debentures and Bonds	40324,26,62	23517,79,87
(v)	Associates	1572,37,89	1265,46,97
(vi)	Others (Units of Mutual Funds, Commercial Papers, Priority Sector Deposits etc.)	46995,29,59	37449,90,11
	TOTAL	**508069,67,62**	**449211,56,50**
II.	**Investments outside India in**		
(i)	Government Securities (including local authorities)	4569,61,80	3531,20,41
(ii)	Associates	70,69,84	62,13,60
(iii)	Other Investments (Shares, Debentures, etc.)	6683,19,78	8144,23,26
	TOTAL	**11323,51,42**	**11737,57,27**
	GRAND TOTAL (I and II)	**519393,19,04**	**460949,13,77**
III.	**Investments in India in**		
(i)	Gross Value of Investments	509328,18,84	451425,98,03
(ii)	Less: Aggregate of Provisions / Depreciation	1258,51,22	2214,41,53
(iii)	Net Investments (vide I above)	**508069,67,62**	**449211,56,50**
IV.	**Investments outside India in**		
(i)	Gross Value of Investments	11463,00,51	12012,89,05
(ii)	Less: Aggregate of Provisions / Depreciation	139,49,09	275,31,78
(iii)	Net Investments (vide II above)	**11323,51,42**	**11737,57,27**
	GRAND TOTAL (III and IV)	**519393,19,04**	**460949,13,77**

SCHEDULE 9 - ADVANCES

(000s omitted)

			As on 31st March 2013 (Current Year) ₹	As on 31st March 2012 (Previous Year) ₹
A.	(i)	Bills purchased and discounted	102044,39,37	90893,63,64
	(ii)	Cash Credits,Overdrafts and Loans Repayable on demand	615349,13,44	498481,20,77
	(iii)	Term Loans	675214,50,52	574295,36,13
		TOTAL	**1392608,03,33**	**1163670,20,54**
B.	(i)	Secured by tangible assets (includes advances against Book Debts)	1071886,44,08	875465,18,10
	(ii)	Covered by Bank / Government Guarantees	100582,82,89	86332,96,33
	(iii)	Unsecured	220138,76,36	201872,06,11
		TOTAL	**1392608,03,33**	**1163670,20,54**
C.	(I)	Advances in India		
		(i) Priority Sector	375962,79,00	345780,06,73
		(ii) Public Sector	73636,90,26	72039,51,04
		(iii) Banks	892,64,87	339,58,80
		(iv) Others	765498,22,60	602723,48,35
		TOTAL	**1215990,56,73**	**1020882,64,92**
	(II)	Advances outside India		
		(i) Due from banks	32972,34,89	17171,70,50
		(ii) Due from others		
		(a) Bills purchased and discounted	21229,56,72	21623,37,73
		(b) Syndicated loans	58531,61,40	49339,16,18
		(c) Others	63883,93,59	54653,31,21
		TOTAL	**176617,46,60**	**142787,55,62**
		GRAND TOTAL [C (I) and C (II)]	**1392608,03,33**	**1163670,20,54**

SCHEDULE 10 - FIXED ASSETS

(000s omitted)

		As on 31st March 2013 (Current Year) ₹		As on 31st March 2012 (Previous Year) ₹	
I.	**Premises**				
	At cost as on 31st March of the preceding year	3055,37,69		2606,31,69	
	Additions during the year	743,84,48		454,98,31	
	Deductions during the year	3,35,64		5,92,31	
	Depreciation to date	1177,73,85	2618,12,68	1051,76,21	2003,61,48
II.	**Other Fixed Assets (including furniture and fixtures)**				
	At cost as on 31st March of the preceding year	15646,57,73		14029,96,46	
	Additions during the year	3064,44,93		2346,63,13	
	Deductions during the year	839,14,39		730,01,86	
	Depreciation to date	11819,45,62	6052,42,65	10639,67,34	5006,90,39
III.	**Leased Assets**				
	At cost as on 31st March of the preceding year	917,80,50		906,97,74	
	Additions during the year	12,30,01		11,02,75	
	Deductions during the year	20,03,83		19,99	
	Depreciation to date (including provisions)	882,62,21		897,15,52	
		27,44,47		20,64,98	
	Less : Lease Adjustment Account	4,50,18	22,94,29	4,50,18	16,14,80
IV.	**Assets under Construction**		676,42,94		381,29,84
	TOTAL		**9369,92,56**		**7407,96,51**

SCHEDULE 11 - OTHER ASSETS

(000s omitted)

		As on 31st March 2013 (Current Year) ₹	As on 31st March 2012 (Previous Year) ₹
(i)	Inter Office adjustments (net)	1335,13,92	3110,81,70
(ii)	Interest accrued	16750,54,58	15121,66,38
(iii)	Tax paid in advance / tax deducted at source	7246,74,38	9931,41,36
(iv)	Stationery and Stamps	125,23,07	128,70,95
(v)	Non-banking assets acquired in satisfaction of claims	29,58,53	33,81,06
(vi)	Deferred tax assets (net)	594,29,46	534,45,70
(vii)	Others #	40477,92,21	41477,16,09
	TOTAL	**66559,46,15**	**70338,03,24**

Includes Goodwill on consolidation ₹ 728,55,26 thousand (P.Y. ₹ 728,64,93 thousand)

SCHEDULE 12 - CONTINGENT LIABILITIES

(000s omitted)

		As on 31st March 2013 (Current Year) ₹	As on 31st March 2012 (Previous Year) ₹
I.	Claims against the group not acknowledged as debts	1571,76,13	1344,28,80
II.	Liability for partly paid investments	6,13,51	10,69,90
III.	Liability on account of outstanding forward exchange contracts	548862,16,67	460108,59,30
IV.	Guarantees given on behalf of constituents		
	(a) In India	117565,83,83	105767,34,48
	(b) Outside India	81047,16,27	85203,17,43
V.	Acceptances, endorsements and other obligations	149889,00,38	160401,48,34
VI.	Other items for which the group are contingently liable	157546,53,20	124319,91,49
	TOTAL	**1056488,59,99**	**937155,49,74**
Bills for collection		**80201,66,95**	**80410,04,83**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013

(000s omitted)

		Sch.No	Year ended 31st March 2013 (Current Year) ₹	Year ended 31st March 2012 (Previous Year) ₹
I.	**INCOME**			
	Interest earned	13	167978,13,78	147197,38,72
	Other Income	14	32581,69,88	29691,58,30
	TOTAL		**200559,83,66**	**176888,97,02**
II.	**EXPENDITURE**			
	Interest expended	15	106817,91,29	89319,55,28
	Operating expenses	16	52819,79,73	46856,03,30
	Provisions and contingencies		22599,13,28	24883,93,33
	TOTAL		**182236,84,30**	**161059,51,91**
III.	**PROFIT**			
	Net Profit for the year (before adjustment for Share in Profit of Associates and Minority Interest)		18322,99,36	15829,45,11
	Add: Share in Profit of Associates		231,67,78	143,85,41
	Less: Minority Interest		638,44,03	630,20,56
	Net Profit for the Group		17916,23,11	15343,09,96
	Balance Brought forward		892,74,17	522,92,29
	Amount available for Appropriation		**18808,97,28**	**15866,02,25**
	APPROPRIATIONS			
	Transfer to Statutory Reserves		5371,44,24	4454,61,65
	Transfer to Other Reserves		8695,52,63	7781,54,57
	Proposed Dividend		2838,74,09	2348,65,69
	Tax on Dividend		480,72,38	388,46,17
	Balance carried over to Balance Sheet		1422,53,94	892,74,17
	TOTAL		**18808,97,28**	**15866,02,25**
	Basic Earnings per Share		₹ 266.82	₹ 241.55
	Diluted Earnings per Share		₹ 266.82	₹ 241.55
	Significant Accounting Policies	17		
	Notes on Accounts	18		

SCHEDULE 13 - INTEREST EARNED

(000s omitted)

		Year Ended 31st March 2013 (Current Year) ₹	Year ended 31st March 2012 (Previous Year) ₹
I.	Interest / discount on advances/ bills	126442,17,69	111341,45,56
II.	Income on Investments	38703,23,15	33705,20,92
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	1338,70,42	776,25,90
IV.	Others	1494,02,52	1374,46,34
	TOTAL	**167978,13,78**	**147197,38,72**

SCHEDULE 14 - OTHER INCOME

(000s omitted)

		Year Ended 31st March 2013 (Current Year) ₹	Year ended 31st March 2012 (Previous Year) ₹
I.	Commission, exchange and brokerage	13861,89,39	14532,36,72
II.	Profit /(Loss) on sale of investments (Net)	2861,82,55	(583,26,05)
III.	Profit /(Loss) on revaluation of investments (Net)	594,91,28	(1369,65,79)
IV.	Profit /(Loss) on sale of land, building and other assets including leased assets (net)	(40, 53,82)	(47,01,40)
V.	Profit /(Loss) on exchange transactions (Net)	2011,12,49	1688,26,70
VI.	Dividends from Associates in India/ abroad	12,86,75	2,28,75
VII.	Income from Financial Lease	61,25	15,10
VIII.	Credit Card membership/ service fees	400,66,84	268,98,68
IX.	Insurance Premium Income (net)	10415,77,26	12985,11,49
X.	Miscellaneous Income	2462,55,89	2214,34,10
	TOTAL	**32581,69,88**	**29691,58,30**

SCHEDULE 15 - INTEREST EXPENDED

(000s omitted)

		Year Ended 31st March 2013 (Current Year) ₹	Year ended 31st March 2012 (Previous Year) ₹
I.	Interest on Deposits	96302,48,84	79345,57,40
II.	Interest on Reserve Bank of India/ Inter-bank borrowings	4736,59,97	4427,60,44
III.	Others	5778,82,48	5546,37,44
	TOTAL	**106817,91,29**	**89319,55,28**

SCHEDULE 16 - OPERATING EXPENSES

(000s omitted)

		Year Ended 31st March 2013 (Current Year) ₹	Year ended 31st March 2012 (Previous Year) ₹
I.	Payments to and provisions for employees	24401,09,07	22084,02,73
II.	Rent, taxes and lighting	3252,70,34	2822,38,95
III.	Printing & Stationery	419,33,83	380,08,52
IV.	Advertisement and publicity	643,67,08	342,66,27
V.	(a) Depreciation on Leased Assets	4,66,19	1,84,61
	(b) Depreciation on Fixed Assets (other than Leased Assets)	1572,83,04	1369,76,13
VI.	Directors' fees, allowances and expenses	7,55,97	5,86,33
VII.	Auditors' fees and expenses (including branch auditors' fees and expenses)	186,76,13	197,98,41
VIII.	Law charges	248,83,62	211,69,70
IX.	Postages, Telegrams, Telephones, etc.	682,63,85	539,09,80
X.	Repairs and maintenance	530,12,53	489,96,18
XI.	Insurance	1596,69,48	1271,89,18
XII.	Amortization of deferred revenue expenditure	78,86,98	12,85,34
XIII.	Other Operating Expenses relating to Credit Card Operations	319,08,12	333,44,65
XIV.	Other Operating Expenses relating to Insurance Business	13450,63,98	12444,91,93
XV.	Other Expenditure	5424,29,52	4347,54,57
	TOTAL	**52819,79,73**	**46856,03,30**

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, unless otherwise stated and conform in all material aspect to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by Reserve Bank of India (RBI), Insurance Regulatory and Development Authority (IRDA), Pension Fund Regulatory and Development Authority (PFRDA), Companies Act, 1956, 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 of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

C. Basis of Consolidation:

1. Consolidated financial statements of the Group **(comprising of 28 subsidiaries, 8 Joint Ventures and 25 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" of 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" of the ICAI.

2. The difference between cost to the group of its investment in the subsidiary entities and the group's portion of the equity of the subsidiaries is recognised in the financial statements as goodwill / capital reserve.

3. Minority interest in the net assets of the consolidated subsidiaries consists of:

   a. The amount of equity attributable to the minority at the date on which investment in a subsidiary is made, and

   b. The minority share of movements in revenue reserves/loss (equity) since the date the parent-subsidiary relationship came into existence.

D. Significant Accounting Policies

1. Revenue recognition

1.1 Income and expenditure are accounted on accrual basis, except otherwise stated. In respect of foreign offices/entities, income is 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 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".

1.3 Profit or Loss on sale of investments is recognised in the Profit and Loss Account, however the profit on sale of investments in the 'Held to Maturity' category is appropriated net of applicable taxes and amount required to be transferred to statutory reserve to 'Capital Reserve Account'.

1.4 Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding in the lease, over the primary lease period. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease. 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 and (ii) Commission on Government Business, which is recognised as it accrues.

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 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 recognised on the trade date of transactions and includes stamp duty and 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, and investments made by the company in the respective scheme) and are in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996.

b. Portfolio Advisory Service and Portfolio Management Service 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 right of subrogation, is accounted on the basis of receipts.

d. Recovery from funded guarantee schemes is recognised as income in the year of receipt.

e. Scheme Expenses: 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.

Credit Card Operations:

a. Joining membership fee and first annual fee is recognised over a period of one year as this more closely reflects the period to which the fee relates to.

b. Interchange income is recognised on accrual basis.

c. Interest & Subvention Income are recognised over the tenure of loans.

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, decided by the company. Processing charges are recognised as income only when there is reasonable certainty of its receipt after execution of documents.

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. Uncollected premium from lapsed policies is not recognised as income until such policies are revived.

b. 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.

c. Premium ceded on reinsurance is accounted in accordance with the terms of the treaty or in-principle arrangement with the Re-Insurer.

d. 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. Surrender includes amount payable on lapsed policies which are accounted for as and when due. Surrenders and lapsation are disclosed at net of charges recoverable.

- Repudiated claims disputed before judicial authorities are provided for based on management prudence considering the facts and evidences available in respect of such claims.
- Amounts recoverable from re-insurers are accounted for in the same period as the related claims and are reduced from claims.

e. Acquisition costs such as commission, medical fees, etc. are costs that are primarily related to the acquisition of new and renewal insurance contracts and are expensed as and when incurred.

f. **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 the IRDA and the relevant Guidance Notes issued by the Institute of Actuaries of India are also compiled with.

The liability in respect of non-linked business has been calculated by using prospective gross premium valuation method. 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) prevailing at the valuation date.

General Insurance:

a. Premium (net of service tax), including reinstatement premium, on direct business and reinsurance accepted, is recognised as income over the contract period or the period of risk, whichever is appropriate, on gross basis under 1/365 method. Any subsequent revision to premium is recognised 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 recognised 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 recognised when due. Any subsequent revision to, refunds or cancellations of premiums is recognised 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 such as commission, policy issue expenses etc. are costs that are primarily related to the acquisition of new and renewal insurance contracts and are expensed in the period in which they are incurred.

f. Claim is recognised as and when a loss occurrence is reported. Provision for claims outstanding payable as on the date of Balance Sheet is net of reinsurance, salvage value and other recoveries as estimated by the management.

g. Provision in respect of claim liabilities that may have been incurred during an accounting period but not reported or claimed (IBNR) or not enough reported (i.e. reported with information insufficient for making a reasonable estimate of likely claim amount) (IBNER) before the end of the accounting period, is the amount determined by the Appointed Actuary/Consulting Actuary based on actuarial principles in accordance with the Guidance Notes issued by the Institute of Actuaries of India with the concurrence of the IRDA and any directions issued by IRDA in this respect.

Custodial & related 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 fees is recognised at specified 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.

Mutual Fund Trustee Operation:

Trusteeship fees / management fees are recognised on an accrual basis in accordance with the respective terms of contract 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)

2.2 Basis of classification:

i. Investments that the Bank intends to hold till maturity are classified as Held to Maturity.

ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as Held for Trading.

iii. Investments, which are not classified in the above two categories, are classified as Available for Sale.

iv. An investment is classified as Held to Maturity, Available for Sale or Held for Trading 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. The transfer of a security amongst the above three categories is accounted for at the least of acquisition cost/book value/market value on the date of transfer, and the depreciation, if any, on such transfer is fully provided for.

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 remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head "interest on investments". Investments in Regional Rural Banks (RRBs) are valued at equity cost determined in accordance with AS 23 of the ICAI.A provision is made for diminution, other than temporary, for each investment individually.

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 is provided for and net appreciation, is ignored. On provision for depreciation, the book value of the individual securities remains unchanged after marking to market.

vi. Security receipts issued by an asset reconstruction company (ARC) are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the security receipts issued by the 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 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 case of domestic offices/ entities and respective regulators in case of foreign offices/entities. Investments of domestic offices become non-performing where:

  a. Interest/instalment (including maturity proceeds) is due and remains unpaid for more than 90 days.

  b. In the case of equity shares, in the event the investment in the shares of any company is valued at 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 the issuer is NPA in the books of the bank, investment in any of the securities issued by the same issuer 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 non performing investments are made as per the local regulations or as per the norms of RBI, whichever is higher.

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 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, and various other circulars or notifications issued by IRDA in this context from time to time.

(i) Valuation of investment pertaining to non-linked life business and general insurance business: -

➢ All debt securities, including government securities are stated at historical cost, subject to amoritsation.

➢ Listed equity shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the lower of the last quoted closing price at the National Stock Exchange of India Limited ('NSE') or Bombay Stock Exchange Limited, Mumbai ('BSE') is considered. Unlisted equity securities are measured at historical cost.

➢ Investments in mutual fund units are valued at the Net Asset Value (NAV) of previous day in life insurance and of balance sheet date in general insurance.

Unrealized gains or losses arising due to changes in the fair value of listed equity shares and mutual fund units pertaining to shareholders' investments and non-linked policyholders investments are taken to "Revenue & Other Reserves (Schedule 2) " and "Liabilities relating to Policyholders in Insurance Business (Schedule 5)" respectively, in the balance sheet.

(ii) Valuation of investment pertaining to linked business: -

➢ Government securities with remaining maturity of more than one year are valued at prices obtained from Credit Rating Information Services of India Limited ('CRISIL') except Government of India scrips which are valued at prices obtained from FIMMDA. Debt securities other than Government securities with remaining maturity of more than one year are valued on the basis of CRISIL Bond Valuer. The amortised or average cost of Government and other debt securities with remaining maturity of one year or less are amortised over the remaining life of the securities. Unrealised gains or losses arising on such valuation are recognised in the Profit & Loss Account.

➢ Listed equity shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the last quoted closing price at the National Stock Exchange of India Limited ('NSE') is considered. In case the equity shares are not listed on NSE, then they are valued at last quoted closing price on BSE.

➢ Investments in mutual fund units are valued at the previous day's Net Asset Value (NAV).

➢ Unrealized gains or losses arising due to changes in the fair value of equity shares and mutual fund units are recognised 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 issued by 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 for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons;

v. In respect of agricultural advances 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%
	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 loan accounts 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, classification of loans and advances and provisions for non performing advances are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

3.5 The sale of NPAs is accounted as per guidelines prescribed by RBI. If the sale is at a price below net book value, the shortfall is debited to the profit and loss account, and in case of sale for a value higher than net book value, the excess provision is retained and utilised to meet the shortfall / loss on sale of other financial assets. Net book value is outstanding as reduced by specific provisions held and ECGC claims received.

3.6 Advances are net of specific loan loss provisions, unrealised interest, ECGC claims received and bills rediscounted.

3.7 For restructured/rescheduled assets, provisions are made in accordance with the guidelines issued by RBI, which require that the difference between the fair value of the loan before and after restructuring is provided for, in addition to provision for NPAs. The provision for diminution in fair value and interest sacrifice, arising out of the above, is reduced from advances.

3.8 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.

3.9 Amounts recovered against debts written off in earlier years are recognised as revenue.

3.10 In addition to the specific provision on NPAs, general provisions are also made for standard assets. 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 Net NPAs.

4. Floating Provision

The bank has a policy for creation and utilisation of floating provisions separately for advances, investments and general purpose. The quantum of floating provisions to be created is assessed at the end of each 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 held 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 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 A/c - 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 A/c - 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 have been considered to arrive at Mark to Market value for forex Over the Counter 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 recognised in the Profit and Loss Account.

7. Fixed Assets and Depreciation

7.1 Fixed assets are carried at cost less accumulated depreciation.

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 incurred on assets put to use is 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 & ATM	Straight Line Method	33.33% every year
2	Computer software forming an integral part of hardware	Written Down Value Method	60%
3	Computer Software which does not form an integral part of hardware	–	100% depreciated in the year of acquisition
4	Assets given on financial lease upto 31st March 2001	Straight Line Method	At the rate prescribed under the Companies Act 1956
5	Other fixed assets	Written down value method	At the rate prescribed under the Income-tax Rules 1962

7.4 In respect of assets acquired during the year for domestic operations, depreciation is charged for half a year in respect of assets used for upto 180 days and for the full year in respect of assets used for more than 180 days, except depreciation on computers and software, which is charged for the full year irrespective of the period for which the asset was put to use.

7.5 Items 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.

7.7 In respect of assets given on lease by the Bank on or before 31st March 2001, the value of the assets given on lease is disclosed as Leased Assets under fixed assets, and the difference between the annual lease charge (capital recovery) and the depreciation is taken to Lease Equalisation Account.

7.8 In respect of fixed assets held at foreign offices/ entities, depreciation is provided as per the regulations /norms of the respective countries.

8. Leases

The asset classification and provisioning norms applicable to advances, as laid down in Para 3 above, are applied to financial leases also.

9. Impairment of Assets

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

10. Effect of changes in the foreign exchange rate

10.1 Foreign Currency Transactions

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Foreign currency monetary items are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing spot/forward rates.

iii. Foreign currency non-monetary items, which are carried in terms at historical cost, are reported using the exchange rate at 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 at the balance sheet date, are 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 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.

iii. Exchange differences arising on net investment in non-integral foreign operations are accumulated in Foreign Currency Translation Reserve until the disposal of the net 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.

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 exchange rates notified by FEDAI at the balance sheet date and the resulting profit/loss is included in the profit and loss account.

iii. Foreign currency non-monetary items which are carried in terms of historical cost are reported using the exchange rate at the date of the transaction.

11. Employee Benefits:

11.1 Short Term Employee Benefits:

The undiscounted amount of short-term employee benefits, such as medical benefits, casual leave etc. 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 Post Employment Benefits:

i. Defined Benefit Plan

a. The bank operates Provident Fund scheme. All eligible employees are entitled to receive benefits under the Provident Fund scheme. The bank contributes monthly at a determined rate. These contributions are remitted to a trust established for this purpose and are charged to Profit and Loss Account. The bank is liable for annual contributions and interests, which is payable at minimum specified rate of interest. The bank recognises such annual contributions and interest as an expense in the year to which they relate.

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, 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 ceiling in terms of service rules. Vesting occurs upon completion of five years of service. The Bank makes annual 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 and regular payments to vested employees on retirement, on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The entities make annual 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 statement of 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. Pending finalisation of the detailed scheme, the employees covered under the scheme contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. 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 recognises such annual contributions and interest as an expense in the year to which they relate.

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 statement of 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

12.1 Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax charge. Current taxes are determined in accordance with the provisions of Accounting Standard 22 and tax laws prevailing in India after taking into account taxes of foreign offices/entities, which are based on the tax laws of respective jurisdiction. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the period.

12.2 Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted prior to the balance sheet date. Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax bases, and carry forward losses. The impact of changes in the deferred tax assets and liabilities is recognised in the profit and loss account.

12.3 Deferred tax assets are recognised and reassessed at each reporting date, based upon management's judgement as to whether realisation is considered reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future profits.

12.4 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. Earning 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 (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, it is probable that an 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 Contingent Assets are not recognised in the financial statements.

15. Share Issue Expenses

Share issue expenses are charged to the Share Premium Account.

SCHEDULE 18

NOTES TO ACCOUNTS:

(Amount in Rupees in Crores)

1. List of Subsidiaries/Joint Ventures/Associates considered for preparation of consolidated financial statements:

1.1 The 28 Subsidiaries, 8 Joint Ventures and 25 Associates including 22 Regional Rural Banks from/upto respective dates of merger/ exit during the year (which along with State Bank of India, the parent, constitute the Group), considered in the preparation of the consolidated financial statements, are

A) Subsidiaries:

S. No.	Name of the Subsidiary	Country of Incorporation	Group's Stake (%)	
			Current Year	Previous Year
1)	State Bank of Bikaner & Jaipur	India	75.07	75.07
2)	State Bank of Hyderabad	India	100.00	100.00
3)	State Bank of Mysore	India	92.33	92.33
4)	State Bank of Patiala	India	100.00	100.00
5)	State Bank of Travancore	India	75.01	75.01
6)	SBI Capital Markets Ltd.	India	100.00	100.00
7)	SBICAP Securities Ltd.	India	100.00	100.00
8)	SBICAP Trustee Company Ltd.	India	100.00	100.00
9)	SBICAPS Ventures Ltd.	India	100.00	100.00
10)	SBI DFHI Ltd.	India	71.56	71.56
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	98.15
14)	SBI –SG Global Securities Services Pvt. Ltd. @	India	65.00	65.00
15)	SBI General Insurance Company Ltd. @	India	74.00	74.00
16)	SBI Payment Services Pvt. Ltd.	India	100.00	100.00
17)	State Bank of India (Canada)	Canada	100.00	100.00
18)	State Bank of India (California)	USA	100.00	100.00
19)	SBI (Mauritius) Ltd.	Mauritius	93.40	93.40
20)	PT Bank SBI Indonesia	Indonesia	76.00	76.00
21)	SBICAP (UK) Ltd.	U.K.	100.00	100.00
22)	SBI Cards and Payment Services Pvt. Ltd. @	India	60.00	60.00
23)	SBI Funds Management Pvt. Ltd. @	India	63.00	63.00
24)	SBI Life Insurance Company Ltd. @	India	74.00	74.00
25)	Commercial Bank of India Llc. , Moscow @	Russia	60.00	60.00
26)	Nepal SBI Bank Ltd.	Nepal	55.28	55.05
27)	SBI Funds Management (International) Private Ltd. @	Mauritius	63.00	63.00
28)	SBICAP (Singapore) Ltd.	Singapore	100.00	100.00

@ Represents companies which are jointly controlled entities in terms of the shareholders' agreement. However, the same are consolidated as subsidiaries in accordance with AS 21 "Consolidated Financial Statements" as SBI is holding in these companies in excess of 50%.

B) Joint Ventures:

S. No.	Name of the Joint Venture	Country of Incorporation	Group's Stake (%)	
			Current Year	Previous Year
1)	C - Edge Technologies Ltd.	India	49.00	49.00
2)	GE Capital Business Process Management Services Pvt Ltd.	India	40.00	40.00
3)	SBI Macquarie Infrastructure Management Pvt. Ltd.	India	45.00	45.00
4)	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	India	45.00	45.00
5)	Macquarie SBI Infrastructure Management Pte. Ltd.	Singapore	45.00	45.00
6)	Macquarie SBI Infrastructure Trustee Ltd.	Bermuda	45.00	45.00
7)	Oman India Joint Investment Fund – Management Company Pvt. Ltd.	India	50.00	50.00
8)	Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.	India	50.00	50.00

C) Associates:

S. No.	Name of the Associate	Country of Incorporation	Group's Stake (%)	
			Current Year	Previous Year
1)	Andhra Pradesh Grameena Vikas Bank	India	35.00	35.00
2)	Arunachal Pradesh Rural Bank	India	35.00	35.00
3)	Chhattisgarh 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)	Krishna Grameena Bank	India	35.00	35.00
7)	Langpi Dehangi Rural Bank	India	35.00	35.00
8)	Madhyanchal Gramin Bank	India	35.00	35.00
9)	Mizoram Rural Bank	India	35.00	35.00
10)	Nagaland Rural Bank	India	35.00	35.00
11)	Parvatiya Gramin Bank (upto 14.02.2013)	India	35.00	35.00
12)	Purvanchal Gramin Bank	India	35.00	35.00
13)	Samastipur Kshetriya Gramin Bank (upto 14.10.2012)	India	35.00	35.00
14)	Utkal Grameen Bank	India	35.00	35.00
15)	Uttarakhand Gramin Bank	India	35.00	35.00
16)	Vananchal Gramin Bank	India	35.00	35.00
17)	Saurashtra Gramin Bank	India	35.00	35.00
18)	Vidisha Bhopal Kshetriya Gramin Bank (upto 07.10.2012)	India	35.00	35.00
19)	Marudhara Gramin Bank	India	26.27	26.27
20)	Deccan Grameena Bank	India	35.00	35.00
21)	Kaveri Grameena Bank	India	32.32	32.32
22)	Malwa Gramin Bank	India	35.00	35.00
23)	The Clearing Corporation of India Ltd.	India	29.22	29.22
24)	Bank of Bhutan Ltd.	Bhutan	20.00	20.00
25)	SBI Home Finance Ltd.	India	25.05	25.05

a. SBI Capital Markets Ltd., a wholly owned subsidiary of SBI, has infused additional equity capital in SBICAP Securities Ltd. and SBICAP (Singapore) Ltd., step-down subsidiaries of SBI, of ₹ 25.00 crore and ₹ 7.51 crore respectively.

b. SBI Capital Markets Ltd. and SBI Funds Management Pvt. Ltd., subsidiaries of SBI, have invested an additional amount of ₹ 5 crore each in SBI Pension Funds Pvt. Ltd. and no further investment is made by SBI. Hence, the Group's stake in SBI Pension Funds Pvt. Ltd. has reduced from 98.15% to 92.60%.

c. GE Capital Business Process Management Services Pvt. Ltd., a joint venture of SBI, has given a buyback offer for 13,59,598 equity shares to SBI at the rate of ₹ 141/- per share in proportion of SBI's holding (40%) .

d. During the year, SBI and domestic banking subsidiaries has infused the following additional capital in the Regional Rural Bank (RRBs) sponsored by them :-

₹ In crores

Regional Rural Banks	Amount
Mizoram Rural Bank	1.17
Madhyanchal Gramin Bank	9.14
Utkal Grameen Bank	16.50
Uttarakhand Gramin Bank	4.95
Marudhara Gramin Bank	23.45
Kaveri Grameena Bank	8.50
Total	**63.71**

e. During the year, SBI has off-loaded its stake in three RRBs as per details given below:-

₹ In crores

Regional Rural Banks	Book Value	Sales Value
Samastipur Kshetriya Gramin Bank	24.08	24.08
Vidisha Bhopal Kshetriya Gramin Bank	2.19	2.19
Parvatiya Gramin Bank	1.32	1.32*
Total	**27.59**	**27.59**

*Amount yet to be received as on March 31, 2013.

f. In accordance with notifications issued by Govt. of India, the following amalgamations have taken place in between the Regional Rural Banks (RRBs) sponsored by SBI & its domestic banking subsidiaries, and RRBs sponsored by other banks :-

The details of amalgamation of RRBs, where the transferee RRBs are sponsored by SBI and its domestic banking subsidiaries, are as below:-

Sr. No.	Name of transferor RRBs	Sponsor Bank of transferor RRBs	New Name after Amalgamation of RRBs	Sponsor Bank of transferee RRBs	Effective Date of Amalgamation
1	Madhya Bharat Gramin Bank	State Bank of India	Madhyanchal Gramin Bank	State Bank of India	1 November 2012
	Sharda Gramin Bank	Allahabad Bank			
	Rewa Sidhi Gramin Bank	Union Bank of India			
2	Uttaranchal Gramin Bank	State Bank of India	Uttarakhand Gramin Bank	State Bank of India	1 November 2012
	Nainital Almora Kshetriya Gramin Bank	Bank of Baroda			
3	Utkal Gramya Bank	State Bank of India	Utkal Grameen Bank	State Bank of India	1 November 2012
	Rushikulya Gramya Bank	Andhra Bank			
4	Cauvery Kalpatharu Grameena Bank	State Bank of Mysore	Kaveri Grameena Bank	State Bank of Mysore	1 November 2012
	Chikmagalur Kodagu Grameena Bank	Corporation Bank			
	Visveshvaraya Grameena Bank	Vijaya Bank			
5	MGB Gramin Bank	State Bank of Bikaner and Jaipur	Marudhara Gramin Bank	State Bank of Bikaner and Jaipur	25 February 2013
	Jaipur Thar Gramin Bank	UCO Bank			

The details of amalgamation of RRBs where the transferee RRBs are not sponsored by SBI and its domestic banking subsidiaries, are as below:-

Sr. No.	Name of transferor RRBs	Sponsor Bank of transferor RRBs	New Name after Amalgamation of RRBs	Sponsor Bank of transferee RRBs	Effective Date of Amalgamation
1	Vidisha Bhopal Kshetriya Gramin Bank	State Bank of India	Central Madhya Pradesh Gramin Bank	Central Bank of India	8 October 2012
	Satpura Narmada Kshetriya Gramin Bank	Central Bank of India			
	Mahakaushal Kshetriya Gramin Bank	UCO Bank			
2	Samastipur Kshetriya Gramin Bank	State Bank of India	Bihar Gramin Bank	UCO Bank	15 October 2012
	Bihar Kshetriya Gramin Bank	UCO Bank			
3	Parvatiya Gramin Bank	State Bank of India	Himachal Pradesh Gramin Bank	Punjab National Bank	15 February 2013
	Himachal Gramin Bank	Punjab National Bank			

1.2 The winding up petition of SBI Home Finance Ltd., an associate of SBI, was filed with the Kolkata High Court on September 23, 2008. The Hon'ble Court has passed an order on March 31, 2009 giving direction for winding up of the company.

1.3 Bank of Bhutan Ltd., an associate of SBI follows accounting year (Gregorian Calendar Year) different from that of the parent. Accordingly, the financial statements of the associate are made as of December 31, 2012.

2. Share capital:

2.1 During the year, SBI has allotted 1,29,88,697 shares of ₹ 10/- each for cash at a premium of ₹ 2,302.78 per equity share aggregating to ₹ 3,004/- crore under Preferential Allotment to GOI. Out of the total subscription of ₹ 3,004/- crore received from GOI, an amount of ₹ 12.99 crore was transferred to Share Capital Account and ₹ 2,991.01 crore to Share Premium Account.

2.2 SBI has allotted 436 equity shares of ₹ 10/- each for cash at a premium of ₹ 1,580/- per equity share aggregating to ₹ 6,93,240/- out of shares kept in abeyance under Right Issue – 2008. Out of the total subscription of ₹ 6,93,240/- received, ₹ 4,360/- was transferred to Share Capital Account and ₹ 6,88,880/- to Share Premium Account.

2.3 SBI has kept in abeyance the allotment of 83,075 (Previous Year 83,511) Equity Shares of ₹ 10/- each issued as a part of Rights issue, since they are subject to title disputes or are subjudice.

2.4 Expenses in relation to the issue of shares of ₹ 3.73 crore debited to Share Premium Account.

3. Employee Benefits

3.1.1 Defined Benefit Plans

3.1.1.1 The following table sets out the status of the Defined Benefit Pension Plan and Gratuity Plan as required under AS 15 (Revised 2005):-

₹ in crores

Particulars	Pension Plans		Gratuity Plan	
	Current Year	Previous Year	Current Year	Previous Year
Change in the present value of the defined benefit obligation				
Opening defined benefit obligation at 1st April 2012	45,956.37	41,829.01	8,514.31	7,657.28
Liability on merger and acquisition	Nil	25.03	Nil	131.09
Current Service Cost	1,501.20	1,372.84	322.54	323.20
Interest Cost	4,002.80	3,589.99	722.16	655.56
Past Service Cost (Vested Benefit)	Nil	82.00	Nil	Nil
Actuarial losses / (gains)	1,438.89	1,545.71	524.97	421.85
Benefits paid	(556.85)	(1,556.33)	(796.75)	(674.67)
Direct Payment by SBI	(2232.47)	(931.88)	Nil	Nil
Closing defined benefit obligation at 31st March 2013	**50,109.94**	**45,956.37**	**9,287.23**	**8,514.31**
Change in Plan Assets				
Opening fair value of plan assets at 1st April 2012	35,877.71	22,890.06	7,153.07	5,427.96
Assets transferred on merger and acquisition	Nil	25.03	Nil	2.16
Expected Return on Plan assets	3,082.04	1,947.08	608.73	462.84
Contributions by employer	5,737.17	11,797.59	1,547.54	1,770.95
Benefits Paid	(556.85)	(1,556.33)	(796.75)	(674.67)
Actuarial Gains / (Losses) on plan assets	575.26	774.28	82.66	163.83
Closing fair value of plan assets at 31st March 2013	**44,715.33**	**35,877.71**	**8,595.25**	**7,153.07**
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of Funded obligation at 31st March 2013	50,109.94	45,956.37	9,287.23	8,514.31
Fair Value of Plan assets at 31st March 2013	44,715.33	35,877.71	8,595.25	7,153.07
Deficit/(Surplus)	5,394.61	10,078.66	691.98	1,361.24
Unrecognised Past Service Cost (Vested) Closing Balance	374.19	424.49	303.18	442.42
Net Liability/(Asset)	**5,020.42**	**9,654.17**	**388.80**	**918.82**
Amount Recognised in the Balance Sheet				
Liabilities	50,109.94	45,956.37	9,287.23	8,514.31
Assets	44,715.33	35,877.71	8,595.25	7,153.07
Net Liability / (Asset) recognised in Balance Sheet	5,394.61	10,078.66	691.98	1,361.24
Unrecognised Past Service Cost (Vested) Closing Balance	374.19	424.49	303.18	442.42
Net Liability/ (Asset)	**5,020.42**	**9,654.17**	**388.80**	**918.82**
Net Cost recognised in the profit and loss account				
Current Service Cost	1,501.20	1,372.84	322.54	323.20
Interest Cost	4,002.80	3,589.99	722.16	655.56
Expected return on plan assets	(3,082.04)	(1,947.08)	(608.73)	(462.84)
Past Service Cost (Amortised) Recognised	187.10	151.91	151.59	136.53
Past Service Cost (Vested Benefits) Recognised	Nil	82.00	Nil	Nil
Excess Provision of Earlier Years reversed	Nil	(32.71)	Nil	Nil
Net Actuarial Losses / (Gains) recognised during the year	863.63	771.43	442.31	258.02
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	**3,472.69**	**3,988.38**	**1,029.87**	**910.47**
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	3,082.04	1,947.08	608.73	462.84
Actuarial Gains/ (Losses) on Plan Assets	575.26	774.28	82.66	163.83
Actual Return on Plan Assets	**3,657.30**	**2,721.36**	**691.39**	**626.67**
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet				
Opening Net Liability as at 1st April 2012	9,233.55	17,953.63	854.05	1,600.54
Expenses as recognised in profit and loss account	3,472.69	3,988.38	1,029.87	910.47
Net Liability on merger and acquisition	Nil	Nil	Nil	128.93
Paid by SBI Directly	(2,232.47)	(931.88)	Nil	Nil
Employer's Contribution	(5,737.17)	(11,797.59)	(1,547.54)	(1,770.95)
Past Service Cost	283.82	21.01	52.42	(14.94)
Net liability/(Asset) recognised in Balance Sheet	**5,020.42**	**9,233.55**	**388.80**	**854.05**

Investments under Plan Assets of Gratuity Fund & Pension Fund as on March 31, 2013 are as follows:

Category of Assets	**Pension Fund**	**Gratuity Fund**
	% of Plan Assets	**% of Plan Assets**
Central Govt. Securities	31.78 %	23.93 %
State Govt. Securities	22.10 %	15.50 %
Debt Securities, Money Market Securities and Bank Deposits	41.49 %	35.95 %
Insurer Managed Funds	0.32 %	18.35 %
Others	4.31 %	6.27 %
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% to 8.50%	8.25% to 9%	8.24% to 8.50%	8.25% to 8.75%
Expected Rate of return on Plan Asset	7.50% to 9.00%	7.50% to 8.60%	7.50% to 8.75%	7.50% to 8.60%
Salary Escalation	3.50% to 5.60%	3% to 6%	3.50% to 5.60%	3% to 6%

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 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, there is "Nil" liability, hence no provision is made in F.Y. 2012-13.

The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuary appointed by SBI:-

₹ in crores

Particulars	Provident Fund	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2012	19482.46	18151.73
Current Service Cost	529.97	531.83
Interest Cost	1593.27	1492.66
Employee Contribution (including VPF)	654.91	654.49
Actuarial losses/(gains)	784.39	649.98
Benefits paid	(2302.17)	(1998.23)
Closing defined benefit obligation at 31st March 2013	20742.83	19482.46
Change in Plan Assets		
Opening fair value of Plan Assets as at 1st April 2012	19729.16	18260.73
Expected Return on Plan Assets	1593.27	1492.66
Contributions	1184.88	1186.32
Benefits Paid	(2302.17)	(1998.23)
Actuarial Gains / (Loss) on plan Assets	1018.27	787.68
Closing fair value of plan assets as at 31st March 2013	21223.41	19729.16
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at 31st March 2013	20742.83	19482.46
Fair Value of Plan assets at 31st March 2013	21223.41	19729.16
Deficit/(Surplus)	(480.58)	(246.70)
Net Asset not recognised in Balance Sheet	480.58	246.70
Net Cost recognised in the profit and loss account		
Current Service Cost	529.97	531.83
Interest Cost	1593.27	1492.66
Expected return on plan assets	(1593.27)	(1492.66)
Interest shortfall reversed	-	-
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	529.97	531.83
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2012	-	-
Expense as above	529.97	531.83
Employer's Contribution	(529.97)	(531.83)
Net Liability/(Asset) Recognised in the Balance Sheet	-	-

Previous year figures are given for representation purpose only.

Investments under Plan Assets of Provident Fund as on March 31, 2013 are as follows:

Category of Assets	Provident Fund
	% of Plan Assets
Central Govt. Securities	38.48%
State Govt. Securities	16.37%
Debt Securities, Money Market Securities and Bank Deposits	40.67%
Insurer Managed Funds	-
Others	4.48%
Total	100.00%

Principal actuarial assumptions;

Particulars	Provident Fund	
	Current year	Previous year
Discount Rate	8.50%	8.50%
Guaranteed Return	8.25%	8.25%
Attrition Rate	2.00%	2.00%

3.1.2 Defined Contribution Plans

3.1.2.1 Employees Provident Fund

An amount of ₹ 26.68 crore (Previous Year ₹ 27.22 crore) is recognised as an expense towards the Provident Fund Scheme by the group (excluding SBI) and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

3.1.2.2 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 (comprising State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore) 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 ₹ 98.97 crore (Previous Year ₹ 60.86 crore) has been contributed in the scheme.

3.1.3 Other Long term Employee Benefits

Amount of ₹ 885.98 crore (Previous Year ₹ 644.60 crore) is provided towards Long Term Employee Benefits and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

Details of Provisions made for various Long Term Employees' Benefits during the year;

₹ in crores

Sl. No.	Long Term Employees' Benefits	Current Year	Previous Year
1	Privilege Leave (Encashment) incl. leave encashment at the time of retirement	704.49	455.89
2	Leave Travel and Home Travel Concession (Encashment/Availment)	79.03	54.90
3	Sick Leave	14.64	92.93
4	Silver Jubilee Award	43.79	6.41
5	Resettlement Expenses on Superannuation	5.51	13.92
6	Casual Leave	17.89	15.19
7	Retirement Award	20.63	5.36
Total		**885.98**	**644.60**

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.

3.1.5 Unamortised Pension & Gratuity Liabilities

3.1.5.1 Gratuity

In accordance with RBI circular No. DBOD. BP.BC.80/21.04.018/2010-11 dated February 9, 2011, SBI and its domestic banking subsidiaries have opted to amortise the additional liability on account of enhancement in Gratuity limit over a period of 5 years beginning with the financial year ended March 31, 2011. Accordingly, a sum of ₹ 212.23 crore has been charged to Profit & Loss Account, being the proportionate amount for the year ended March 31, 2013. The unamortized liability of ₹ 422.43 crore as on March 31, 2013 will be amortized proportionately in accordance with the above circular.

3.1.5.2 Pension

The domestic banking subsidiaries have charged an amount of ₹ 360.47 crore to Profit & Loss Account for the year ended March 31, 2013 towards the pension option given in financial year ended March 31, 2011 to employees who had not opted for the pension scheme earlier, being amortized over 5 years beginning from the year ended March 31, 2011. The balance amount of ₹ 720.40 crore will be charged proportionately as per the directions contained in the said circular.

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 crores

Business Segment	**Treasury**	**Corporate / Wholesale Banking**	**Retail Banking**	**Insurance Business**	**Other Banking Operations**	**Elimination**	**TOTAL**
Revenue	33,722.31 (31,780.04)	65,688.06 (56,017.05)	82,613.11 (72,593.56)	15,264.65 (13,932.27)	2,798.89 (2,350.39)		2,00,087.02 (1,76,673.31)
Unallocated Revenue							472.81 (215.66)
Total Revenue							2,00,559.83 (1,76,888.97)
Result	3,909.10 (-622.73)	10,440.31 (9,336.06)	14,161.86 (18,598.40)	560.15 (528.14)	900.09 (814.59)		29,971.51 (28,654.46)
Unallocated Income(+)/Expenses(–) net							-4,089.70 (-4,185.51)
Operating Profit (PBT)							25,881.81 (24,468.95)
Taxes							7,558.82 (8,639.50)
Extraordinary Profit/Loss							(-)
Net Profit before share in profit in Associates and Minority Interest							18,322.99 (15,829.45)
Add: Share in Profit in Associates							231.68 (143.85)
Less: Minority Interest							638.44 (630.20)
Net Profit for the Group							17,916.23 (15,343.10)
Other Information:							
Segment Assets	4,78,747.98 (4,55,509.50)	8,16,405.69 (6,45,797.28)	7,52,700.48 (6,53,360.45)	54,933.15 (48,967.47)	10,473.87 (9,058.01)		21,13,261.17 (18,12,692.71)
Unallocated Assets							19,897.17 (17,263.46)
Total Assets							21,33,158.34 (18,29,956.17)
Segment Liabilities	2,72,060.80 (2,56,921.38)	6,69,288.50 (5,06,927.45)	9,45,349.61 (8,49,091.39)	51,845.39 (46,312.21)	7,158.38 (6,157.75)		19,45,702.68 (16,65,410.18)
Unallocated Liabilities							62,422.64 (58,315.98)
Total Liabilities							20,08,125.32 (17,23,726.16)

PART B: SECONDARY (GEOGRAPHIC) SEGMENTS

₹ in crores

	Domestic Operations	**Foreign Operations**	**TOTAL**
Revenue	1,91,233.82 (1,69,182.00)	9,326.01 (7,706.97)	2,00,559.83 (1,76,888.97)
Results	26,485.50 (25,570.72)	3,486.01 (3,083.74)	29,971.51 (28,654.46)
Assets	18,86,124.68 (16,31,595.81)	2,47,033.66 (1,98,360.36)	21,33,158.34 (18,29,956.17)
Liabilities	17,63,888.25 (15,27,911.77)	2,44,237.07 (1,95,814.39)	20,08,125.32 (17,23,726.16)

i) Income/Expenses are for the whole year. Assets/Liabilities are as at March 31, 2013.

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 Gramin Bank
4. Deccan Grameena Bank
5. Ellaquai Dehati Bank
6. Kaveri Grameena Bank
7. Krishna Grameena Bank
8. Langpi Dehangi Rural Bank
9. Madhyanchal Gramin Bank
10. Malwa Gramin Bank
11. Marudhara Gramin Bank
12. Meghalaya Rural Bank
13. Mizoram Rural Bank
14. Nagaland Rural Bank
15. Parvatiya Gramin Bank (upto 14.02.2013)
16. Purvanchal Gramin Bank
17. Samastipur Kshetriya Gramin Bank (upto 14.10.2012)
18. Saurashtra Gramin Bank
19. Utkal Grameen Bank
20. Uttarakhand Gramin Bank
21. Vananchal Gramin Bank
22. Vidisha Bhopal Kshetriya Gramin Bank (upto 07.10.2012)

ii) Others

23. The Clearing Corporation of India Ltd.
24. Bank of Bhutan Ltd.
25. SBI Home Finance Ltd.

C) Key Management Personnel of the Bank:

1. Shri Pratip Chaudhuri, Chairman
2. Shri Hemant G. Contractor, Managing Director & Group Executive (International Banking)
3. Shri A. Krishna Kumar, Managing Director & Group Executive (National Banking)
4. Shri Diwakar Gupta, Managing Director & Chief Financial Officer
5. Shri S. Vishvanathan, Managing Director & Group Executive (Associates & Subsidiaries) (from October 09, 2012)

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:

₹ in crores

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
Transactions during the year 2012-13			
Interest received $	- (0.04)	- (-)	- (0.04)
Interest paid $	1.06 (1.29)	- (-)	1.06 (1.29)
Income earned by way of Dividend $	15.22 (-)	- (-)	15.22 (-)
Other Income $	21.24 (12.15)	- (-)	21.24 (12.15)
Other Expenditure $	231.22 (177.87)	- (-)	231.22 (177.87)
Management Contract $	227.98 (156.04)	0.95 (0.68)	228.93 (156.72)
Outstanding as on 31st March 2013			
Payables			
Deposit#	150.03 (126.54)	- (-)	150.03 (126.54)
Other Liabilities#	13.16 (5.58)	- (-)	13.16 (5.58)
Receivables			
Investments#	41.55 (42.91)	- (-)	41.55 (42.91)
Advances #	- (-)	- (-)	- (-)
Other Assets #	0.18 (14.70)	- (-)	0.18 (14.70)

(Figures in brackets pertain to previous year)

\# Balances as at 31st March

$ Transactions for the year

These are no material significant related party transactions during the year.

3.4 Leases:

Finance Leases

Assets taken on Finance Leases on or after April 01, 2001: The details of finance leases are given below:

₹ in crores

Particulars	Current Year	Previous Year
Total Minimum lease payments outstanding		
Less than 1 year	4.69	2.58
1 to 5 years	12.73	7.19
5 years and above	-	-
Total	**17.42**	**9.77**
Interest Cost payable		
Less than 1 year	1.51	0.22
1 to 5 years	2.16	0.16
5 years and above	-	-
Total	**3.67**	**0.38**
Present value of minimum lease payments payable		
Less than 1 year	3.18	1.82
1 to 5 years	10.57	6.08
5 years and above	-	-
Total	**13.75**	**7.90**

Operating Lease*

Premises taken on operating lease are given below:

₹ in crores

Particulars	Current Year	Previous Year
Not later than 1 year	192.38	137.94
Later than 1 year and not later than 5 years	575.01	412.14
Later than 5 years	171.25	104.01
Total	**938.64**	**654.09**
Amount of lease payments recognised in the P&L Account for the year.	211.24	139.16

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the group entities.

* In respect of Non-Cancellable leases only.

3.5 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	67,10,44,838	63,49,98,991
Number of Equity Shares issued during the year	1,29,89,133	3,60,45,847
Number of Equity Shares outstanding at the end of the year	68,40,33,971	67,10,44,838
Weighted average number of equity shares used in computing basic earning per share	67,14,72,052	63,51,96,258
Weighted average number of shares used in computing diluted earning per share	67,14,72,052	63,51,96,258
Net profit (Other than minority) (₹ in crore)	17,916.23	15,343.10
Basic earnings per share (₹)	266.82	241.55
Diluted earnings per share (₹)	266.82	241.55
Nominal value per share (₹)	10.00	10.00

3.6 Accounting for taxes on Income

i) During the year, ₹ 701.09 crore has been credited [Previous Year ₹ 691.65 crore has been debited] to Profit and Loss Account by way of adjustment of deferred tax.

ii) The break up of deferred tax assets and liabilities into major items is given below:

₹ in crores

Particulars	As at 31-Mar-2013	As at 31-Mar-2012
Deferred Tax Assets		
Provision for Defined Benefit Schemes on account of Wage Revision	128.03	-
Provision for long term employee Benefits #	2474.34	2187.55
Depreciation on Fixed Assets	16.31	36.35
Provision for non performing assets	362.78	128.01
Others	588.12	618.87
Total	**3569.58**	**2970.78**
Deferred Tax Liabilities		
Depreciation on Fixed Assets	14.01	16.12
Interest on securities	3257.14	2008.95
Others	423.23	736.62
Total	**3694.38**	**2761.69**
Net Deferred Tax Assets/(Liabilities)	**(124.80)**	**209.09**

This includes ₹ 922.15 crore being deferred tax credit arising out of provision for leave encashment for employees of SBI (Including ₹ 783.62 crore relating to period upto March 31, 2012) which SBI has booked in the current year.

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

a) Break up of provisions

₹ in crores

	Particulars	Current Year	Previous Year
a)	Provision for Taxation		
	- Current Tax	8,258.02	7,959.87
	- Deferred Tax	(701.09)	691.65
	- Fringe Benefit Tax	(34.06)	(20.41)
	- Other Taxes	35.96	8.39
b)	Provision on Non-Performing Assets	13,443.45	14,040.08
c)	Provision on Restructured Assets	1,463.11	169.90
d)	Provision on Standard Assets	1,090.71	1,304.76
e)	Provision for Depreciation on Investments	(950.12)	875.18
f)	Other Provisions	(6.85)	(145.48)
	Total	**22,599.13**	**24,883.94**

(Figures in brackets indicate credit)

b) Floating provisions:

₹ in crores

	Particulars	Current Year	Previous Year
a)	Opening Balance	479.22	479.21
b)	Addition during the year	-	0.01
c)	Draw down during the year	-	-
d)	**Closing balance**	**479.22**	**479.22**

c) Description of contingent liabilities and contingent assets:

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.
2	Liability on account of outstanding forward exchange contracts	The Group enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter-bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. 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.
3	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.
4	Other items for which the Group is contingently liable	The Group is a party to various taxation matters in respect of which appeals are pending. These are being contested by the Group and not provided for. Further the Group has made commitments to subscribe to shares in the normal course of business.

d) 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.

e) Movement of provisions against contingent liabilities

₹ in crores

		Current Year	Previous Year
a)	**Opening Balance**	**477.23**	**456.05**
b)	Additions during the year	92.81	99.24
c)	Reductions during the year	79.83	78.06
d)	**Closing balance**	**490.21**	**477.23**

4 The investments of life and general insurance subsidiaries have been accounted in accordance with the IRDA (Investment Regulations) 2000 instead of restating the same in accordance the accounting policy followed by the banks. The investments of insurance subsidiaries constitute approximate 9.33% (Previous Year 9.42%) of the total investments as on March 31, 2013.

5 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.

6 Additional statutory information disclosed in separate financial statements of the parent and the subsidiaries having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements in view of the general clarifications issued by ICAI.

7 Pending Wage Agreement

The Ninth Bipartite Settlement entered into by the Indian Banks' Association on behalf of the member Banks with the All India Unions of Workmen expired on October 31, 2012. Pending execution of agreement for wage revision, to be effective from November 01, 2012, SBI and its domestic banking subsidiaries have made a provision of ₹ 960.53 crore during the year.

Further, SBI has made an adhoc additional provision of ₹ 225 crore towards Superannuation Schemes and other long term employee benefits, over and above the actuarial valuations.

8 Previous year's figures have been regrouped/reclassified, wherever necessary, to conform to current period classification. In cases where disclosures have been made for first time in terms of RBI guidelines/Accounting Standards, previous year figures have not been mentioned.

(S. Vishvanathan)
Managing Director & Group Executive (A&S)

(A. Krishna Kumar)
Managing Director & Group Executive (NB)

(Diwakar Gupta)
Managing Director & Chief Financial Officer

(Hemant G. Contractor)
Managing Director & Group Executive (IB)

(Pratip Chaudhuri)
Chairman

In terms of our Report of even date)
For **Todi Tulsyan & Co.**
Chartered Accountants
(Sushil Kumar Tulsyan)

Partner
M. No. 075899
Firm Registration No. 002180 C
Place : Kolkata
Date : 23rd May, 2013

State Bank of India (Consolidated)
Cash flow statement for the year ended 31st March 2013

(000s omitted)

PARTICULARS		**Year ended 31.03.2013 ₹**	**Year ended 31.03.2012 ₹**
Cash flow from operating activities			
Net Profit before taxes		25475,05,21	23982,59,19
Adjustments for :			
Depreciation on Fixed Assets		1577,49,23	1371,60,74
(Profit)/Loss on sale of Fixed Assets (Net)		40,53,82	47,01,40
(Profit)/Loss on sale of Investments (Net)		(2861,82,55)	583,26,05
(Profit)/Loss on revaluation of Investments (Net)		(594,91,28)	1369,65,79
Provision on Non Performing Assets		14906,55,70	14209,97,61
Provision on Standard Assets		1090,70,76	1304,75,75
Provision for Depreciation on Investments		(950,11,72)	875,18,08
Other Provisions		(6,83,56)	(145,47,34)
Dividend/Earnings from Associates (Investing Activity)		(244,54,53)	(146,14,16)
Interest on Capital Instruments (Financing Activity)		4706,74,29	4584,94,51
Deferred Revenue Expenditure written off during the year		78,86,98	12,85,34
SUB TOTAL		**43217,72,35**	**48050,22,96**
Adjustments for :			
Increase/(Decrease) in Deposits		212713,21,08	159126,91,68
Increase/(Decrease) in Borrowings		45485,85,12	13953,09,73
(Increase)/Decrease in Investments		(53953,40,34)	(44585,14,78)
(Increase)/Decrease in Advances		(243844,38,49)	(171478,63,02)
Increase/(Decrease) in Other Liabilities & Provisions		24278,85,49	(16803,43,81)
(Increase)/Decrease in Other Assets		642,31,59	(7659,12,12)
SUB TOTAL		**28540,16,80**	**(19396,09,36)**
Taxes Paid		(4442,36,90)	(10718,04,52)
Net cash flow from operating activities	**(A)**	**24097,79,90**	**(30114,13,88)**
Cash flow from investing activities			
(Increase)/Decrease in Investments in Associates		(83,79,38)	(125,64,00)
Income earned on such investments		244,54,53	146,14,16
(Increase)/Decrease in Fixed Assets		(3579,99,11)	(2339,75,41)
Net Cash generated from investing activities	**(B)**	**(3419,23,96)**	**(2319,25,25)**

(000s omitted)

PARTICULARS		**Year ended 31.03.2013** ₹	**Year ended 31.03.2012** ₹
Cashflow from financing activities			
Proceeds from issue of equity share capital		3000,34,14	7891,30,87
Issue of Capital Instruments		75,13,60	1175,15,60
Repayment of Capital Instruments		(42,20,00)	-
Interest paid on Capital Instruments		(4706,74,29)	(4584,94,51)
Dividends paid including tax thereon		(2645,16,40)	(2151,43,88)
Dividends tax paid by subsidiaries		(104,90,81)	(121,23,54)
Net Cash generated from financing activities	**(C)**	**(4423, 53,76)**	**2208,84,54**
Effect of exchange fluctuation on translation reserve	**(D)**	**1381,87,57**	**2487,91,96**
Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)+(D)		**17636,89,75**	**(27736,62,63)**
Cash and Cash equivalents at the beginning of the year		**127590,82,85**	**155327,45,48**
Cash and Cash equivalents at the end of the year		**145227,72,60**	**127590,82,85**

(S. Vishvanathan)
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Managing Director & Group Executive (IB)

(Pratip Chaudhuri)
Chairman

In terms of our Report of even date
For **Todi Tulsyan & Co.**
Chartered Accountants
(Sushil Kumar Tulsyan)
Partner
M. No. 075899
Firm Registration No. 002180 C
Place : Kolkata,
Date : 23rd May, 2013

INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors,
State Bank of India

1. We have audited the accompanying consolidated financial statements of State Bank of India ("the Bank") and its subsidiaries, associates and joint ventures ("the Group") which comprise the consolidated Balance Sheet as at March 31, 2013, and 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. Incorporated in these consolidated financial statements are the:
    i. Audited accounts of the Bank audited by 14 (fourteen) Joint Auditors including us,
    ii. Audited accounts of 27 (twenty seven) subsidiaries, 24 (twenty four) Associates and 8 (Eight) joint ventures audited by other auditors,
    iii. Unaudited accounts of 1 (one) subsidiary and 1 (one) associate.
2. We have jointly audited the financial statement of the Bank along with 13 other joint auditors, whose financial statements reflect total assets of ₹ 15,66,261 crore as at March 31, 2013, and total revenue of ₹ 1,35,692 crore and net cash inflows amounting to ₹ 17,657 crore for the year then ended.
3. We did not audit the financial statements of its Subsidiaries, Associates and Joint Ventures whose financial statements reflects total assets of ₹ 5,81,754 crore as at March 31, 2013, and total revenue of ₹ 67,029 crore and net cash outflows amounting to ₹ 2,480 crore for the year then ended. These financial statements have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of other entities, is based solely on the report of the other auditors.
4. The unaudited financial statements of 1 (one) subsidiary and 1 (one) associate, whose financial statements reflect total assets of ₹ 3,427 crore as at March 31, 2013, total revenue of ₹ 157 crore and net cash outflows amounting to ₹ 47 crore for the year then ended have been consolidated on the basis of management certified financial statements.

Management's Responsibility for the Financial Statements

5. 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 requirement 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" prescribed by the Institute of Chartered Accountants of India and the requirements of Reserve Bank of India.This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

6. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

9. Based on our audit and on consideration of the reports of other auditors on separate financial statements, the unaudited financial statements and the other financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
    (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
    (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.

Matter of Emphasis

10. Without qualifying our opinion, we draw attention to :

Notes 3.1.5.1 and 3.1.5.2 regarding deferment of gratuity and pension liabilities of the Bank and its domestic subsidiaries to the extent of ₹ 422.43 crore and ₹ 720.40 crore respectively pursuant to the exemption granted by the Reserve Bank of India to the public sector banks from of application of the provisions of Accounting Standard (AS) 15, Employee Benefits vide its circular no. DBOD. BP.BC/80/21.04.018/2010-11.

For **TODI TULSYAN & CO.**
Chartered Accountants
Firm Regn. No. 002180C

(Sushil Kumar Tulsyan)
Partner
M. No. 075899

Place : Kolkata
Dated: 23rd May, 2013

State Bank Group

New Capital Adequacy Framework (Basel - II)

Pillar - III (Market Discipline) Disclosures

STATE BANK OF INDIA (CONSOLIDATED) AS ON 31.03.2013

Table - DF-1

SCOPE OF APPLICATION

1 Qualitative Disclosures

1.1 Parent: State Bank of India is the parent company to which the Basel II Framework applies.

1.2 **Entities constituting State Bank Group**

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. The following Subsidiaries / Joint Ventures and Associates constitute the State Bank Group:

1.2.1 **Fully Consolidated Entities:** The following Subsidiaries and Joint Ventures (which are also subsidiaries) are fully consolidated on a line by line basis as per Accounting Standard AS 21:

S.No	Name of the Subsidiary	Group's Stake (%)
1)	State Bank of Bikaner & Jaipur	75.07
2)	State Bank of Hyderabad	100.00
3)	State Bank of Mysore	92.33
4)	State Bank of Patiala	100.00
5)	State Bank of Travancore	75.01
6)	SBI Capital Markets Ltd.	100.00
7)	SBICAP Securities Ltd.	100.00
8)	SBICAP Trustee Company Ltd.	100.00
9)	SBICAPS Ventures Ltd.	100.00
10)	SBI DFHI Ltd.	71.56
11)	SBI Mutual Fund Trustee Company Pvt. Ltd.	100.00
12)	SBI Global Factors Ltd.	86.18
13)	SBI Pension Funds Pvt. Ltd.	92.60
14)	SBI – SG Global Securities Services Pvt. Ltd.	65.00
15)	SBI General Insurance Company Ltd.	74.00
16)	SBI Payment Services Pvt. Ltd.	100.00
17)	State Bank of India (Canada)	100.00
18)	State Bank of India (California)	100.00
19)	SBI (Mauritius) Ltd.	93.40
20)	PT Bank SBI Indonesia	76.00
21)	SBICAP (UK) Ltd.	100.00
22)	SBI Cards and Payment Services Pvt. Ltd.	60.00
23)	SBI Funds Management Pvt. Ltd.	63.00
24)	SBI Life Insurance Company Ltd.	74.00
25)	Commercial Bank of India LLC, Moscow	60.00
26)	Nepal SBI Bank Ltd.	55.28
27)	SBI Funds Management (International) Pvt. Ltd.	63.00
28)	SBICAP (Singapore) Ltd.	100.00

1.2.2 **Pro Rata Consolidated Entities:** The following entities which are Joint Ventures are consolidated pro-rata as per Accounting Standard – AS27:

S.No	Name of the Joint Venture	Group's Stake (%)
1)	C Edge Technologies Ltd.	49.00
2)	GE Capital Business Process Management Services Pvt. Ltd.	40.00
3)	SBI Macquarie Infrastructure Management Pvt. Ltd.	45.00
4)	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	45.00
5)	Macquarie SBI Infrastructure Management Pte. Ltd.	45.00
6)	Macquarie SBI Infrastructure Trustee Ltd.	45.00
7)	Oman India Joint Investment Fund-Trustee Company P Ltd	50.00
8)	Oman India Joint Investment Fund-Management Company P Ltd	50.00

1.2.3 All the Subsidiaries, Joint Ventures and Associates of State Bank are consolidated. Hence there is no entity which is excluded from consolidation. In addition to the above mentioned Subsidiaries and Joint Ventures, the following Associates are consolidated as per Equity Accounting in terms of AS 23:

S.No	Name of the Associate	Group's Stake (%)
1)	Andhra Pradesh Grameena Vikas Bank	35.00
2)	Arunachal Pradesh Rural Bank	35.00
3)	Chhatisgarh Gramin Bank	35.00
4)	Ellaquai Dehati Bank	35.00
5)	Meghalaya Rural Bank	35.00
6)	Krishna Grameena Bank	35.00
7)	Langpi Dehangi Rural Bank	35.00
8)	Madhyanchal Gramin Bank	35.00
9)	Mizoram Rural Bank	35.00
10)	Nagaland Rural Bank	35.00
11)	Parvatiya Gramin Bank (upto 14th February 2013)	35.00
12)	Purvanchal Kshetriya Gramin Bank	35.00
13)	Samastipur Kshetriya Gramin Bank (upto 14th Oct 2012)	35.00
14)	Utkal Grameen Bank	35.00
15)	Uttarakhand Gramin Bank	35.00
16)	Vananchal Gramin Bank	35.00
17)	Marudhara Gramin Bank	26.27
18)	Vidisha Bhopal Kshetriya Gramin Bank(upto 7th Oct 2012)	35.00
19)	Deccan Grameena Bank	35.00
20)	Kaveri Grameena Bank	32.32
21)	Malwa Gramin Bank	35.00
22)	Saurashtra Gramin Bank	35.00
23)	The Clearing Corporation of India Ltd	29.22
24)	Bank of Bhutan Ltd.	20.00
25)	SBI Home Finance Ltd. (under liquidation process)	25.05

1.3 Differences in basis of consolidation for accounting and regulatory purposes

In terms of Regulatory guidelines, the consolidated bank may exclude from consolidation, group companies which are engaged in insurance business and business not pertaining to financial services. Hence, the Groups' investments in the under mentioned entities are taken at cost less impairment, if any, for Consolidated Prudential Reporting purposes.

S.No	Name of the Joint Venture	Group's Stake (%)
1)	C Edge Technologies Ltd.	49.00
2)	GE Capital Business Process Management Services Pvt. Ltd.	40.00
3)	SBI Life Insurance Company Ltd	74.00
4)	SBI General Insurance Company Ltd	74.00

2. Quantitative Disclosures:

2.1 The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and the names(s) of such subsidiaries: **Nil**

2.2 The aggregate amount (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted as well as their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities in addition, indicate the quantitative impact on regulatory capital of using this method versus using the deduction:

1) Name : **SBI Life Insurance Co. Ltd.**
Country of Incorporation : **India**
Ownership interest : **₹ 740 crore (74%)**

2) Name : **SBI General Insurance Co. Ltd.**
Country of Incorporation : **India**
Ownership interest : **₹111 crore (74%)**

Quantitative Impact on the regulatory capital:

Under consolidation method: Not Applicable

Under deduction method: Entire investments made in the Insurance subsidiaries are reduced from Capital Funds of the Bank, for the purpose of Capital Adequacy calculation.

TABLE DF-2
CAPITAL STRUCTURE

Qualitative Disclosures

(a) Summary

Type of Capital	**Features**
Equity (Tier –I)	During the year SBI has allotted 1,29,88,697 equity shares of ₹ 10 each for cash at a premium of ₹ 2302.78 per equity share aggregating to ₹ 3004 Crore under Preferential Capital to Government of India. For Banking Subsidiaries, the majority shareholder is SBI, while some of them like SBBJ, SBM and SBT have public shareholding as well. Non Banking Subsidiaries have raised equity through Equity instruments. The majority shareholder is SBI and the others are SGAM (SBI Funds – 37%), GE Capital (SBI Cards – 40%), SIDBI (SBI GFL – 6.53%), Bank of Maharashtra (SBI GFL – 4.39%), UBI (SBI GFL – 2.95%). During FY13, SBI Pension Funds has received Equity capital of ₹ 10 Crore (₹ 5 Crore each from SBI Capital Markets Pvt. Ltd. and SBI Funds Management Pvt. Ltd.).
Innovative Instruments (Tier-I)	Neither SBI, nor Domestic & Foreign Subsidiaries have raised Capital by way of Innovative Perpetual Debt Instruments (IPDIs) during FY 13. SBI Group has IPDIs to the tune of ₹ 6733 Crore as on 31.03.2013 reckoned as Tier I capital.
Tier-II	SBI and its Subsidiaries have raised Upper as well as Lower Tier II Capital. The subordinated debts raised through private placement / retail participation are unsecured, long term, non-convertible and are redeemable at par. The debt is subordinated to present and future senior indebtedness of the Bank and qualifies for Tier II Capital. SBI did not issue any Tier II Capital instruments during FY 13. During the year, SBI Cards raised ₹ 50 Crore by way of Long Term Unsecured NCDs. Tier II capital of Foreign Subsidiaries mainly comprises of General provisions. Nepal SBI Ltd. has raised Tier II bonds of ₹ 25.15 Crore during the year.

Qualitative Disclosures:

State Bank of India has raised Hybrid Tier I Capital and Upper & Lower Tier II Subordinated Debt in the Domestic and International Markets. Summarized information on the terms and conditions of the main features of these instruments, especially in the case of innovative, complex or hybrid capital instruments are as under:

Type of capital	**Main features**				
Equity	**₹ 684.03 Crore.**				
	Date of Issue	**Amount**	**Tenure (months)**	**Coupon (% p.a. payable annually)**	**Rating**
Innovative Perpetual Debt Instruments	15.02.07	USD 400 mio ₹ 2171.40 crore	Perpetual with a Call Option after 10 yrs 3 months i.e. on 15.05.17 and step up of 100 bps.	6.439%	**B1** Moody's **BB** S & P
	26.06.07	USD 225 mio ₹ 1221.41crore	Perpetual with a Call Option after 10 years i.e. on 27.06.17 and step-up of 100 bps.	7.140%	**B1** Moody's **BB** S & P
	14.08.09	₹ 1000 crore*	Perpetual with a Call Option after 10 years i.e. on 14.08.19 and step-up of 50 bps, if Call Option is not exercised	9.10% p.a. for the first 10 yrs.	**AAA** CRISIL **AAA** CARE
	27.01.10	₹ 1000 crore	Perpetual with a Call Option after 10 yrs. i.e. on 27.01.20 and step-up of 50 bps, if Call Option is not exercised.	9.05% p.a. for the first 10 yrs.	**AAA** CRISIL **AAA** CARE
	28.09.07	₹ 165 crore	Perpetual with a Call Option after 10 yrs. i.e. on 28.09.17 and step-up of 50 bps, if Call Option is not exercised.	10.25% p.a. for the first 10 yrs.	**AAA** CRISIL **AAA** CARE

* Out of ₹ 1000 crore raised in August 2009, only ₹ 450 crore has been reckoned as Tier I Capital by the Bank.
Apart from SBI, the following Associate Banks have raised Innovative Perpetual Debt Instruments aggregating ₹ 1745 crore– SBBJ: ₹ 200 crore; SBH: ₹ 685 crore; SBM: ₹ 260 crore, SBP: ₹ 300 crore and SBT: ₹ 300 crore
With effect from 20th January 2011, RBI has discontinued the Step up Option in case of issue of new Tier I and Tier II Capital Instruments by the Banks. However Call option may continue to be exercised after the instrument has run for at least 10 years.

Upper Tier II Subordinated Debt	**Type of Instrument**: Unsecured, Redeemable Non-convertible, Upper Tier II Subordinated Bonds in the nature of Promissory Notes. **Special features**: i) No Put Option by the Investors. ii) Call Option by the Bank after 10 years. iii) **Step-up Option**: With effect from 20th January 2011, RBI has discontinued the Step up Option in case of issue of new Tier I and Tier II Capital Instruments by the Banks. iv) **Lock-in-Clause**: Bank shall not be liable to pay either period interest on principal or even principal at maturity, if CAR of the Bank is below the minimum regulatory CAR prescribed by RBI. However, this will not preclude the Bank from making periodical interest, as long as the Bank maintains the minimum Regulatory CAR, at the material time.

Date of Issue	Amount (₹ in crore)	Tenure (months)	Coupon (% p.a. payable annually)	Rating
05.06.06	2,328	180	8.80%	**AAA**CRISIL, **AAA** CARE
06.07.06	500	180	9.00%	**AAA**CRISIL
12.09.06	600	180	8.96%	**AAA** CRISIL, **AAA** CARE
13.09.06	615	180	8.97%	**AAA** CRISIL, **AAA** CARE
15.09.06	1,500	180	8.98%	**AAA** CRISIL
04.10.06	400	180	8.85%	**AAA** CRISIL, **AAA** CARE
16.10.06	1,000	180	8.88%	**AAA** CRISIL
17.02.07	1,000	180	9.37%	**AAA** CRISIL
07.06.07	2,523	180	10.20%	**AAA** CRISIL, **AAA** CARE
12.09.07	3,500	180	10.10%	**AAA** CRISIL, **AAA** CARE
19.12.08	2,500	180	8.90%	**AAA** CRISIL, **AAA** CARE
02.03.09	2,000	180	9.15%	**AAA** CRISIL, **AAA** CARE
06.03.09	1,000	180	9.15%	**AAA** CRISIL, **AAA** CARE
29.12.06	100	180	8.95%	**AAA** CRISIL, **AAA** CARE
22.03.07	200	180	10.25%	**AAA** CRISIL, **AAA** CARE
24.03.09	250	180	9.17%	**AAA** CRISIL, **AAA** CARE

Apart from SBI, Domestic Banking Subsidiaries have raised Capital Funds by way of Upper Tier II of ₹ 5291.60 Crore. SBBJ: ₹ 450crore; SBH: ₹ 1,750crore;SBM: ₹ 640crore; SBP:₹ 1452crore and SBT: ₹ 1000crore

Among Foreign subsidiaries, SBI Nepal has Upper Tier II bonds of ₹ 62.86 Crore, out of which ₹ 50.27 Crore is reckoned as capital.

Lower Tier II Sub - Debt

Type of Instrument: Unsecured, Redeemable Non-convertible, Lower Tier II Subordinated Bonds in the nature of Promissory Notes.

Special features:

I) No Put Option by the investors.

II) With effect from 20th January 2011, RBI has discontinued the Step up Option in case of issue of new Tier I and Tier II Capital Instruments by the Banks Not redeemable without the consent of RBI.

III) Call option can be exercised after the instrument has run for atleast 5 years.

Date of Issue	Amount (₹ in crore)	Tenure (months)	Coupon (% p.a. payable annually)	Rating
05.12.05	3,283	113	7.45%	AAA CRISIL, AAA CARE
09.03.06	200	111	8.15%	LAAA ICRA, AAA CARE
28.03.07	1,500	111	9.85%	AAACRISIL, AAA CARE
31.03.07	225	111	9.80%	LAAA ICRA, AAA CARE
29.12.08	1,500	114	8.40%	AAACRISIL, AAA CARE
06.03.09	1,000	111	8.95%	AAA CRISIL, AAA CARE
15.02.05	200	111	7.20%	AAA CRISIL
29.09.05	140	120	7.45%	AAA CRISIL, LAAA ICRA
28.03.06	110	120	8.70%	AAA CRISIL, LAAA ICRA
04.11.10	133.08*	120	9.25%	AAA CRISIL, AAA CARE
04.11.10	866.92*	180	9.50%	AAA CRISIL, AAA CARE
16.03.11	559.40*	120	9.75%	AAA CRISIL, AAA CARE
16.03.11	171.68*	120	9.30%	AAA CRISIL, AAA CARE
16.03.11	3,937.59*	180	9.95%	AAA CRISIL, AAA CARE
16.03.11	828.32*	180	9.45%	AAA CRISIL, AAA CARE

* Raised by SBI during Q3FY10-11 through Retail Participation. The bonds issued on 04.11.10 have a step up option of 50 basis points during the last five years of their maturity in case the Bank does not exercise the call option after 5 years and 10 years respectively. The bonds issued on 16.03.11 do not carry Step Up Option.

Out of the above ₹ 14655 crore pertaining to SBI in the form of Lower Tier II Bonds, ₹ 11565.20 crore have been reckoned as Lower Tier II capital by SBI as on 31.03.2013.

Apart from SBI, the following Subsidiaries have raised Capital Funds by way of Lower Tier II :

1) Domestic Associate Banking Subsidiaries have raised bonds aggregating to ₹ 4,705 crore
SBBJ: ₹ 1,500crore;SBH: ₹ 1,210crore; SBM: ₹ 425crore; SBP:₹ 750 crore and SBT: ₹ 820crore (Out of the above ₹ 2,382 crore is reckoned as Lower Tier II Capital Bonds).

2) Domestic Non-Banking Subsidiaries have raised bonds aggregating to ₹ 386.68 crore SBI Global Factors Ltd ₹ 161.88 crore and SBI Cards ₹ 224.80crore (Out of which ₹ 174.80 crore is reckoned as regulatory capital).

3) Among the Foreign Subsidiaries, SBI Canada has Lower Tier II Bonds aggregating ₹ 106.88 crore

Quantitative Disclosures

(₹ in crore)

(b)	Tier-I Capital	1,25,468
	• Paid-up Share Capital	684
	• Reserves	1,20,137
	• Innovative Instruments	6,733
	• Other Capital Instruments	0
	• Amt deducted from Tier-I Cap including Goodwill and investments	2,086
(c)	The total amount of Tier-2 Capital (Net of deductions from Tier II Capital)	44,568
(d)	Debt Capital Instruments eligible for inclusion in Upper Tier-2 Capital	
	• Total amount outstanding	25,371
	• Of which raised during Current Year	25
	• Amount eligible to be reckoned as Capital funds	25,358
(e)	Subordinated Debt eligible for inclusion in Lower Tier-2 Capital:	
	• Total amount outstanding	19,854
	• Of which raised during Current Year	50
	• Amount eligible to be reckoned as Capital funds	14,391
(f)	Other Deductions from Capital if any	0
(g)	Total Eligible Capital	1,70,036

TABLE DF-3
CAPITAL ADEQUACY

Qualitative Disclosures

(a) A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.

- The Bank and its Banking Subsidiaries undertake the Internal Capital Adequacy Assessment Process (ICAAP) on an annual basis in line with the New Capital Adequacy Framework (NCAF) Guidelines of RBI. The ICAAP details the capital planning process and carries out an assessment covering measurement, monitoring, internal controls, reporting, capital requirement and stress testing of the following Risks:
    - Credit Risk
    - 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 of 9% in the medium horizon of 3 to 5 years. However, to maintain adequate capital, the Bank has options to augment its capital resources by raising Subordinated Debt and Innovative 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 Tier 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	• ₹ 1,03,607.70 crore
• Securitization exposures	• Nil
	Total ₹ 1,03,607.70 crore
(c) Capital requirements for market risk (Standardized duration approach)	
• Interest Rate Risk	• ₹ 4,565.12 crore
• Foreign Exchange Risk (including gold)	• ₹ 124.78 crore
• Equity Risk	• ₹ 1,700.23 crore
	Total ₹ 6,390.13 crore
(d) Capital requirements for operational risk:	
• Basic Indicator Approach	• ₹ 9,581.05 crore
	Total ₹ 9,581.05 crore

(e) Total and Tier I capital ratio:

- For the top consolidated group; and
- For significant bank subsidiaries (stand alone)

CAPITAL ADEQUACY RATIO AS ON 31.03.2013

	Tier I (%)	Total (%)
SBI Group	9.46	12.82
State Bank of India	9.49	12.92
State Bank of Bikaner & Jaipur	9.11	12.16
State Bank of Hyderabad	9.25	12.36
State Bank of Mysore	8.87	11.79
State Bank of Patiala	8.02	11.12
State Bank of Travancore	8.46	11.70
SBI (Mauritius) Ltd.	16.09	16.59
State Bank of India (Canada)	32.65	38.65
State Bank of India (California)	15.83	16.92
Commercial Bank of India LLC Moscow	44.44	44.44
PT Bank SBI Indonesia	10.40	11.58
Nepal SBI Bank Ltd.	9.53	12.62

Table DF-4
Credit Risk:General Disclosures

Qualitative Disclosures

Definitions of past due and impaired assets (for accounting purposes)

The Domestic Banking entities in the Group follow the extant RBI instructions for definitions of these categories for accounting purposes, as given below:

Non-performing assets

An asset becomes non-performing when it ceases to generate income for the bank. 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; and

vi. An account would be classified as NPA only if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter.

'Out of Order' status

An account is treated as **'out of order'** if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power.

In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Bank's Balance Sheet, or where credits are not enough to cover the interest debited during the same period, such accounts are treated as 'out of order'.

'Overdue'

Any amount due to the bank under any credit facility is **'overdue'** if it is not paid on the due date fixed by the bank.

[Other Group entities – Overseas Banking entities and the Non-banking entities - use the definitions as applicable to their lines of businesses and as defined by their respective regulators.]

Credit Risk Management

Group entities are exposed to Credit Risk mainly through their lending and investment activities. All Banking entities in the Group are exposed to Credit Risk through their loans and investment activities. Among the Non-banking entities, Credit Risk is a major risk for factoring and credit cards business. Group Banking entities have Credit Risk Management, Credit Risk Mitigation and Collateral Management Policy/Policies in place which are an exposition of their approach to the management of Credit Risk and seek to establish a comprehensive risk management framework that allows Credit Risks to be tracked, managed and overseen in a timely and efficient manner. Over the years, the policy and 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, wherever applicable.

Credit Risk Management processes encompass identification, assessment, monitoring and control of the credit exposures. In the process of identification and assessment of Credit Risk, the following functions are undertaken:

i. Internal Credit Risk Assessment Models/ Scoring Models are used across the entities, wherever applicable, to assess the counterparty risk and to support the analytical elements of the credit risk management framework, particularly the quantitative risk assessment part of the credit approval process. The rating process reflects the risk involved in the facility / borrower and is an evaluation of the borrower's intrinsic strength and is reviewed periodically.

ii. SBI conducts industry research regularly 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 and shares the findings amongst the Banking entities in the Group.

iii. Non-Banking entities use their own Internal Credit Scoring Models, Internal Ratings, Demographic Analysis, etc., as applicable, for identification and assessment of Credit Risk.

The measurement of Credit Risk in the Domestic Banking entities involves computation of Credit Risk Components viz. Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

For better risk management and avoidance of concentration of Credit Risk, regulatory / internal guidelines on prudential exposure norms in respect of individual borrowers, borrower groups, banks, non-corporate entities, sensitive sectors such as capital market, real estate, etc., are in place in the Group entities. Ongoing monitoring of these exposures is conducted for measurement of Credit Risk of the Group entities individually and for consolidated Group, as specified in the Group Risk Management Policy. Credit Risk Stress Tests are conducted by the entities to identify vulnerable areas for initiating corrective action, where necessary.

Each of the Banking entities in the Group have a Loan Policy in place which documents the entities' approach to sanctioning, managing and monitoring of loans and advances. The Policy establishes a commonality of approach regarding credit basics, appraisal skills, documentation standards and awareness of institutional concerns and strategies to ensure that there is continued improvement of the overall quality of assets at the portfolio level. Specific norms for Appraising, Sanctioning, Documentation, Inspections and Monitoring, Renewals, Maintenance, Rehabilitation and Management of Assets have been stipulated, with sufficient leg room for innovation, deviations and flexibility under proper authority.

The internal controls and processes in place in the Group for the management of Credit Risk are:

a) Risk Governance structures for Credit Risk Management.

b) Delegation of financial powers for advances and allied matters with a graded authority structure.

c) Pre-sanction and post-sanction processes are examined as part of Credit Audit conducted in Domestic Banking entities for exposures above threshold limits. Credit Audit also examines identified risks and suggests risk mitigation measures.

d) Close review and monitoring of Stressed Assets to prevent deterioration in quality.

e) The Policies, Procedures and Risk Limits are circulated amongst all operating functionaries and the audit functionaries to keep them updated on an ongoing basis.

f) Various training initiatives are also undertaken for updation of knowledge on Credit Risk Management policies and practices for all functionaries.

Table DF-4:
Credit Risk - Quantitative Disclosures Data as on 31.03.2013

General Disclosures:		Amount - ₹ in crore		
Quantitative Disclosures		**Fund Based**	**Non Fund Based**	**Total**
b	Total Gross Credit Risk Exposures	14,59,944.79	4,30,186.97	18,90,131.76
c	Geographic Distribution of Exposures : FB / NFB			
	Overseas	1,78,703.84	13,552.45	1,92,256.29
	Domestic	12,81,240.95	4,16,634.52	16,97,875.47
d	Industry Type Distribution of Exposures Fund based / Non Fund Based separately	Please refer to **Table "A"**		
e	Residual Contractual Maturity Break-down of Assets	Please refer to **Table "B"**		
f	Amount of NPAs (Gross) i.e. Sum of (i to v)			63,987.43
	i. Substandard			26,175.89
	ii. Doubtful 1			17,916.40
	iii. Doubtful 2			12,893.77
	iv. Doubtful 3			3,602.92
	v. Loss			3,398.45
g	Net NPAs			28,782.38
h	NPA Ratios			
	i) Gross NPAs to gross advances			4.47%
	ii) Net NPAs to net advances			2.07%
i	Movement of NPAs (Gross)			
	i) Opening balance			49,648.70
	ii) Additions			42,842.88
	iii) Reductions			28,504.15
	iv) Closing balance			63,987.43
j	Movement of provisions for NPAs			
	i) Opening balance			28,553.61
	ii) Provisions made during the period			17,080.58
	iii) Write-off			10,399.54
	iv) Write-back of excess provisions			29.60
	v) Closing balance			35,205.05
k	Amount of Non-Performing Investments			1,162.38
l	Amount of Provisions held for Non-Performing Investments			1,134.19
m	Movement of Provisions for Depreciation on Investments			
	i) Opening balance			2,480.09
	ii) Provisions made during the period			318.89
	iii) Write-off			239.63
	iv) Write-back of excess provisions			1,353.20
	v) Closing balance			1,206.15

Table- A: Industry Type Distribution of Exposures as on 31.03.2013

Amount - ₹ in crore

CODE	INDUSTRY	FUND BASED [Outstanding-O/s)]			NON-FUND BASED(O/s)
		Standard	NPA	Total	
1	Coal	2,070.29	195.17	2,265.46	1,217.82
2	Mining	10,639.60	150.66	10,790.26	2,390.47
3	Iron & Steel	96,711.56	3,834.73	100,546.29	26,246.87
4	Metal Products	24,152.41	1,083.38	25,235.79	4,683.76
5	All Engineering	38,024.26	1,535.35	39,559.61	53,774.44
51	**Of which** Electronics	6,858.39	778.74	7,637.13	6,080.55
6	Electricity	18,085.38	6.94	18,092.32	14,705.41
7	Cotton Textiles	34,836.33	1,766.98	36,603.31	3,133.51
8	Jute Textiles	318.94	26.44	345.38	179.03
9	Other Textiles	26,819.26	2,740.93	29,560.19	2,093.51
10	Sugar	9,070.41	212.16	9,282.57	619.47
11	Tea	1,244.29	15.69	1,259.98	40.89
12	Food Processing	23,266.97	1,425.04	24,692.01	4,279.21
13	Vegetable Oils & Vanaspati	6,947.79	923.18	7,870.97	4,151.84
14	Tobacco / Tobacco Products	1,265.93	44.28	1,310.21	43.37
15	Paper / Paper Products	6,526.25	947.70	7,473.95	1,087.34
16	Rubber / Rubber Products	10,163.79	237.09	10,400.88	1,404.79
17	Chemicals / Dyes / Paints etc.	75,734.50	3,112.18	78,846.68	13,337.07
17.1	**Of which** Fertilizers	16,834.47	117.68	16,952.15	4,569.53
17.2	**Of which** Petrochemicals	33,669.77	80.37	33,750.14	2,627.73
17.3	**Of which** Drugs & Pharmaceuticals	12,090.74	2,205.75	14,296.49	2,911.98
18	Cement	10,974.20	506.31	11,480.51	1,542.96
19	Leather & Leather Products	2,546.46	163.24	2,709.70	317.40
20	Gems & Jewellery	20,045.00	1,020.78	21,065.78	4,655.91
21	Construction	2,674.52	1,154.99	3,829.51	1,534.44
22	Petroleum	29,041.43	21.03	29,062.46	33,765.62
23	Automobiles & Trucks	12,901.31	122.08	13,023.39	1,124.89
24	Computer Software	3,988.82	801.75	4,790.57	326.95
25	Infrastructure	165,913.28	3,217.11	169,130.39	46,058.67
25.1	**Of which** Power	69,719.02	693.83	70,412.85	13,791.85
25.2	**Of which** Telecommunication	32,516.21	175.40	32,691.61	3,721.20
25.3	**Of which** Roads & Ports	26,552.35	833.78	27,386.13	10,038.33
26	Other Industries	58,569.40	4,069.76	62,639.16	28,086.60
27	NBFCs & Trading	87,393.53	2,882.77	90,276.30	9,277.27
28	Res. Adv to bal. Gross Advances	616,031.45	31,769.71	647,801.16	170,107.44
	Total	**1,395,957.36**	**63,987.43**	**1,459,944.79**	**430,186.97**

Table- B

DF-4 (e) SBI (CONSOLIDATED) Residual contractual maturity breakdown of assets as on 31.03.2013#

[₹ in crore]

	Assets	1-14 days	15-28 days	29 days & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	TOTAL
1	Cash	13,438.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,438.59
2	Balances with RBI	14,696.76	1,184.76	2,676.20	3,416.78	8,703.29	20,382.70	10,425.74	14,518.45	76,004.68
3	Balances with other Banks	46,343.63	2,037.43	3,040.97	916.05	2,739.40	2,152.94	608.69	513.86	58,352.97
4	Investments	13,059.37	5,539.30	31,797.76	20,773.33	15,590.33	66,431.63	91,144.17	2,35,341.07	4,79,676.96
5	Advances	80,040.22	22,208.00	97,263.26	70,228.15	72,449.52	666,621.00	1,43,403.17	2,42,996.67	13,95,209.99
6	Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,955.51	8,955.51
7	Other Assets	30,449.03	3,061.04	8,948.30	6,163.79	7,579.53	1,828.69	155.68	5,990.93	64,176.99
	TOTAL	**1,98,027.60**	**34,030.53**	**1,43,726.49**	**1,01,498.10**	**1,07,062.07**	**757,416.96**	**2,45,737.45**	**5,08,316.49**	**20,95,815.69**

*Insurance entities, Non-financial entities and Special Purpose Vehicles & Intra-group Adjustments are excluded

Table DF-5

Credit Risk

Disclosures for Portfolios subject to Standardised Approach

(a) Qualitative Disclosures

- **Names of Credit Rating Agencies used, plus reasons for any changes**

  As per RBI Guidelines, the Bank has identified CARE, CRISIL, ICRA, India Rating, SMERA and Brickwork (Domestic Credit Rating Agencies) and FITCH, Moody's and S&P (International Rating Agencies) as approved Rating Agencies, for the purpose of rating Domestic and Overseas Exposures, respectively, whose ratings are used for the purpose of computing Risk-weighted Assets and Capital Charge.

- **Types of exposures for which each Agency is used**

  (i) For Exposures with a contractual maturity of less than or equal to one year (except Cash Credit, Overdraft and other Revolving Credits), Short-term Ratings given by approved Rating Agencies are used.

  (ii) For Cash Credit, Overdraft and other Revolving Credits (irrespective of the period) and for Term Loan exposures of over 1 year, Long Term Ratings are used.

Description of the process used to transfer Public Issue Ratings onto comparable assets in the Banking Book

Long-term Issue Specific Ratings (For 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 entity/entities), the rating given to that debt is applied to the Bank's unrated exposures, if the exposure ranks *pari-passu* or senior to the specific rated debt in all respects and the maturity of unrated exposure is not later than the maturity of the rated debt.

<u>Quantitative Disclosures as on 31.3.2013</u> **(₹ 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	11,73,319.11
	100% Risk Weight	4,58,737.40
	More than 100% Risk Weight	2,55,720.98
	Deducted	2,354.28
	Total	18,90,131.76

Table DF-6
Credit Risk
Credit Risk Mitigation: Disclosures for Standardised Approach

(a) Qualitative Disclosures

- **Policies and processes for 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 Domestic Banking Entities have legally enforceable netting arrangements, involving specific lien with proof of documentation. They calculate capital requirements on the basis of net credit exposures subject to the following conditions:

  Where Domestic Banking Entities,

  a. have 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. are able at any time to determine the loans/advances and deposits with the same counterparty that are subject to the netting agreement; and
  c. monitor and control 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 parent bank has an integrated Credit Risk Management, Credit Risk Mitigation and Collateral Management Policy in place which is reviewed annually. Part B of this policy deals with Credit Risk Mitigation and Collateral Management, addressing the Bank's approach towards the credit risk mitigants used for capital calculation. The objective of this Policy is to enable classification and valuation of credit risk mitigants in a manner that allows regulatory capital adjustment to reflect them.

  The Policy adopts the Comprehensive Approach, which allows full offset of collateral (after appropriate haircuts), wherever applicable against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. The following issues are addressed in the Policy :

  (i) Classification of credit risk-mitigants
  (ii) Acceptable credit risk-mitigants
  (iii) Documentation and legal process requirements for credit risk-mitigants
  (iv) Valuation of collateral
  (v) Margin and Haircut requirements
  (vi) External ratings
  (vii) Custody of collateral
  (viii) Insurance
  (ix) Monitoring of credit risk mitigants and
  (x) General guidelines.

- **Description of the main types of collateral**

  The following collaterals are usually recognised as Credit Risk Mitigants under the Standardised Approach :

  - Cash or Cash equivalent (Bank Deposits/NSCs/KVP/LIC Policy, etc.)
  - Gold
  - Securities issued by Central / State Governments
  - Debt Securities rated BBB- or better/ PR3/P3/F3/A3 for Short-Term Debt Instruments

- **Main types of Guarantor Counterparty and their creditworthiness**

  The Group accepts the following entities as eligible guarantors, in line with RBI guidelines :

  - Sovereign, Sovereign entities [including Bank for International Settlements (BIS), International Monetary Fund (IMF), European Central Bank and European Community as well as Multilateral Development Banks, Export Credit & Guarantee Corporation (ECGC) and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), Public Sector Enterprises (PSEs), Banks and Primary Dealers with a lower risk weight than the counterparty.
  - Other guarantors having an external rating of AA or better. In case the guarantor is a parent company, affiliate or subsidiary, they should enjoy a risk weight lower than the obligor for the guarantee to be recognised by the Bank. The rating of the guarantor should be an entity rating which has factored in all the liabilities and commitments (including guarantees) of the entity.

- **Information about (Market or Credit) risk concentrations within the mitigation taken:**

  The Bank has a well-dispersed portfolio of assets which are secured by various types of collaterals, such as:-

  - Eligible financial collaterals listed above
  - Guarantees by sovereigns and well-rated corporates,
  - Fixed assets and current assets of the counterparty.

Quantitative Disclosures		**(Amount – ₹ in 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.	1,53,043.52
(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)	45,727.00

Table DF-7
Securitisation - 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.	No Exposure
	• 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 ECAIs used for securitisations and the types of securitisation exposure for which each agency is used.*	Not Applicable
	Quantitative Disclosures: Banking Book	
(d)	*The total amount of exposures securitised by the bank.*	Nil
(e)	*For exposures securitised losses recognised by the bank during the current period broken by the exposure type (e.g. Credit cards, housing loans, auto loans etc. detailed by underlying security)*	Nil
(f)	*Amount of assets intended to be securitised within a year*	Nil
(g)	*Of (f), amount of assets originated within a year before securitisation.*	Not Applicable
(h)	The total amount of exposures securitised (by exposure type) and unrecognised gain or losses on sale by exposure type.	Nil
(i)	Aggregate amount of:	
	• on-balance sheet securitisation exposures retained or purchased broken down by exposure type and	Nil
	• off-balance sheet securitisation exposures broken down by exposure type	Nil
(j)	• Aggregate amount of securitisation exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach	Nil
	• Exposures that have been deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type).	Nil
	Quantitative Disclosures: Trading Book	
(k)	Aggregate amount of exposures securitised by the bank for which the bank has retained some exposures and which is subject to the market risk approach, by exposure type.	Nil
(l)	Aggregate amount of:	
	• on-balance sheet securitisation exposures retained or purchased broken down by exposure type; and	Nil
	• off-balance sheet securitisation exposures broken down by exposure type.	Nil
(m)	Aggregate amount of securitisation exposures retained or purchased separately for:	Nil
	• securitisation exposures retained or purchased subject to Comprehensive Risk Measure for specific risk; and	Nil
	• securitisation exposures subject to the securitisation framework for specific risk broken down into different risk weight bands.	Nil
(n)	Aggregate amount of:	Nil
	• 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

Table DF- 8

Market Risk in Trading Book

Disclosures for banks using the Standardised Duration Approach

Qualitative disclosures – Domestic Banking entities:

1) The following portfolios are covered by the Standardised Duration Approach computing capital requirement for Market Risk:
   - Securities held under the Held for Trading (HFT) and Available for Sale (AFS) categories.
   - Derivatives entered into for hedging HFT & AFS securities and Derivatives entered into for trading.
2) Market Risk Management Department (MRMD)/Mid-Office have been put in place based on the approval accorded by the respective Boards of Banks and other subsidiaries for Risk Management.
3) Market Risk Department is responsible for identification, assessment, monitoring and reporting of 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) Investment Policy
   (c) Policy for Trading in Interest Rate Securities and Equity
   (d) Policy for Derivatives
   (e) Forex Trading Policy
   (f) Value- at- Risk Policy
   (g) Stress Test Policy
   (h) Model Validation Policy
5) Risk monitoring is an ongoing process and risk positions are analysed and reported to Top Management, 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, Management Action Triggers, etc in line with global best practices.
7) Forex Open position limits (Daylight/Overnight), Stop Loss Limits, Aggregate Gap Limit (AGL) , Profit/Loss in respect of Cross Currency trading are monitored and exception reporting is regularly carried out.
8) Stress Testing is carried out at regular intervals as a complement to Value at Risk. Back-Testing of VaR number is carried out on daily basis. Results are reported to Top Management and Risk committees.
9) Respective Foreign offices are responsible for risk monitoring of their investment portfolio as per the local regulatory requirements and RBI stipulations. Stop Loss limit for individual investments and exposure limits for certain portfolios have been prescribed.
10) Domestic Banking Entities are in the process of migrating to Internal Models Approach for calculating capital charge for market risk and SBI has submitted Letter of Intent (LOI) to RBI during the FY 2012-13.

Quantitative disclosures:

Minimum Regulatory Capital requirements for market risk as on 31.03.2013 is as under:

(₹ in crore)

Particulars	**Amount**
Interest Rate Risk (Including derivatives)	4,565.12
Equity position risk	1,700.23
Foreign exchange risk	124.78
Total	**6,390.13**

Table DF–9
Operational Risk

A. The structure and organization of Operational Risk Management function

- The Operational Risk Management Department is functioning in SBI as well as Associate Banks as part of the Integrated Risk Governance Structure under the control of respective Chief Risk Officer.
- The operational risk related issues in other Group entities are being dealt with as per the requirements of the business model and their regulators under the overall control of Chief Risk Officers of respective entities.

B. Policies for control and mitigation of Operational Risk

The following policies are in place in SBI and Associate Banks:

- Operational Risk Management policy, seeking to establish explicit and consistent Operational Risk Management Framework for systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the Operational Risks.
- Policy on Business Continuity Planning (BCP).
- Policy on Know Your Customer (KYC) Standards and Anti Money Laundering (AML) Measures.
- Loss data Management Policy.
- Policy on Fraud Risk Management.
- Outsourcing Policy

Manuals

- Operational Risk Management Manual

  [Risk & Control Self Assessment (RCSA), Key Risk Indicator (KRI) and MIS Framework Document]
- Loss Data Manual
- Business Continuity Planning (BCP) Manual

Domestic Non-Banking and Overseas Banking entities

Policies as relevant to the business model of Non-Banking entities and as per the requirements of the overseas regulators in respect of Foreign Banking subsidiaries are in place. A few of the policies in place are – Disaster Recovery Plan/ Business Continuity Plan, Incident Reporting Mechanism, Outsourcing Policy, etc.

C. Strategies and Processes

The following measures are being used to control and mitigate Operational Risks in the Domestic Banking entities:

- “Book of Instructions” (Manual on General Instructions, Manual on Loans & Advances) which contains detailed procedural guidelines for processing various banking transactions. Amendments and modifications to update these guidelines are being carried out regularly through e-circulars. Guidelines and instructions are also propagated through Job Cards, e-Circulars, Training Programs, etc.
- Manuals and operating instructions relating to Business Process Reengineering (BPR) units.
- Delegation of Financial powers, which details sanctioning powers of various levels of officials for different types of financial and non-financial transactions.
- The process of building a comprehensive database of losses due to Operational Risks has been initiated, to facilitate better risk management.
- A web-based tool for collecting loss data, including Near Misses, from Branches has been developed to facilitate better risk management.
- Training of staff - Inputs on Operational Risk is included as a part of Risk Management modules in the training programmes conducted for various categories of staff at Bank’s Apex Training Institutes and Staff Learning Centers.
- Insurance cover is obtained for most of the potential operational risks excluding frauds.
- Internal Auditors are responsible for the examination and evaluation of the adequacy and effectiveness of the control systems and the functioning of specific control procedures. They also conduct review of the existing systems to ensure compliance with legal and regulatory requirements, codes of conduct and the implementation of policies and procedures.
- Excel based template for conducting Risk & Control Self Assessment (RCSA) exercise through workshops have been introduced since June 2012. It has improved features viz. 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. Top risks identified in the RCSA exercises along with their mitigation plan are being discussed at Operational Risk Management Committee (ORMC) in SBI and ABs for implementation.
- In SBI, in order to successfully embed the operational risk management system, Risk Management Committees at the Circle level (RMCC) and also at the Business/Support Group level (BORMC) has been constituted.
- 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 in place.
- The Bank (SBI) and ABs proposes to be ready with fully developed internal systems for quantifying and monitoring operational risk as required under Basel II defined Advanced Measurement Approach (AMA). The Bank (SBI) has already applied for migration to AMA to RBI during FY13 which is under review and ABs propose to apply in FY14.

Domestic Non-Banking and Overseas Banking entities

Adequate measures by way of systems and procedures and reporting has been put in place.

D. The scope and nature of Risk Reporting and Measurement Systems

- A system of prompt submission of reports on Frauds is in place in all the Group entities.
- A comprehensive system of Preventive Vigilance has been established in all the Group entities.
- Significant risks thrown up in RCSA exercise and loss data are reported to Top Management at regular intervals.
- Basic Indicator Approach with capital charge of 15% of average gross income for previous 3 years is applied for Operational Risk, except Insurance Companies, for the year end 31st March, 2013.

Table DF-10
Interest Rate Risk in the Banking Book (IRRBB)

1. **Qualitative Disclosures**

Interest Rate Risk: Interest rate risk refers to impact on Bank's Net Interest Income and the value of its assets and liabilities arising from fluctuations in interest rate due to internal and external factors. Internal factors include the composition of the Bank's assets and liabilities, quality, maturity, existing rates and re-pricing period of deposits, borrowings, loans and investments. External factors cover general economic conditions. Rising or falling interest rates impact the Bank depending on whether the Balance Sheet is asset sensitive or liability sensitive.

The Asset-Liability Management Committee (ALCO) is responsible for evolving appropriate systems and procedures for ongoing identification and analysis of Balance Sheet risks and laying down parameters for efficient management of these risks through Asset Liability Management Policy of the Bank. ALCO, therefore, periodically monitors and controls the risks and returns, funding and deployment, setting Bank's lending and deposit rates, and directing the investment activities of the Bank. ALCO also develops the market risk strategy by clearly articulating the acceptable levels of exposure to specific risk types (i.e. interest rate, liquidity etc). The Risk Management Committee of the Board of Directors (RMCB) oversees the implementation of the system for ALM and reviews its functioning periodically and provides direction. It reviews various decisions taken by Asset - Liability Management Committee (ALCO) for managing interest risk.

1.1 RBI has stipulated monitoring of interest rate risk through a Statement of Interest Rate Sensitivity (Repricing Gaps) to be prepared on a monthly basis. Accordingly, ALCO reviews Interest Rate Sensitivity statement on monthly basis and monitors the Earning at Risk (EaR) which measures the change in Net Interest Income of the Bank due to parallel change in interest rate on both the assets & liabilities.

1.2 RBI has also stipulated to estimate the impact of change in interest rates on economic value of bank's assets and liabilities through Interest rate sensitivity under Duration gap analysis (IRSD). Bank also carries out Duration Gap analysis as stipulated by RBI on monthly basis. The impact of interest rate changes on the Market Value of Equity is monitored through Duration Gap analysis by recognising the changes in the value of assets and liabilities by a given change in the market interest rate. The change in value of equity (including reserves) with 1% parallel shift in interest rates for both assets and liabilities is estimated.

1.3 The following prudential limits have been fixed for monitoring of various interest risks:

Changes on account of Interest rate volatility	**Maximum Impact (as % of Capital and Reserve)**
Changes in Net Interest Income (with 1% change in interest rates for both assets and liabilities)	**5%**
Change in Market value of Equity (with 1% change in interest rates for assets and liabilities)	**20%**

1.4 The prudential limit aims to restrict the overall adverse impact on account of interest rate risk to the extent of 20% of capital and reserves, while part of the remaining capital and reserves serves as cushion for other risks.

2. **Quantitative Disclosures for SBI Group**

A Earnings at Risk (EaR)

Particulars	**Impact on NII** (₹ in crore)
Impact of 100 bps parallel shift in interest rate on both assets and liabilities on Net Interest Income (NII)	**4,926.23**

B Market Value of Equity (MVE)

Particulars	**Impact on MVE** (₹ in crore)
Impact on 100 bps parallel shift in interest rate on both assets and liabilities on Market Value of Equity (MVE)	**6,593.29**

DF- GR
Additional Disclosures on Group Risk

Qualitative Disclosure	
In respect of Group entities * [Overseas Banking entities, Domestic Banking and Non-Banking entities]	
General Description on	
Corporate Governance Practices	All Group entities adhere to good Corporate Governance practices.
Disclosure Practices	All Group entities adhere to / follow good disclosure practices.
Arm's Length Policy in respect of Intra Group Transactions	All Intra-Group transactions within the State Bank Group have been effected on Arm's Length basis, both as to their commercial terms and as to matters such as provision of security.
Common marketing, branding and use of SBI's Symbol	No Group entity has made use of SBI symbol in a manner that may indicate to public that common marketing, branding implies implicit support of SBI to the Group entity.
Details of Financial Support,# if any	No Group entity has provided / received Financial Support from any other entity in the Group.
Adherence to all other covenants of Group Risk Management policy	All covenants of the Group Risk Management Policy have meticulously been complied with by the Group entities.

 # Intra-group transactions which may lead to the following have been broadly treated as 'Financial Support':

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	State Bank of India (Canada)	SBI Cards & Payment Services Pvt. Ltd.
State Bank of Hyderabad	SBI (Mauritius) Ltd.	SBI DFHI Ltd.
State Bank of Mysore	Commercial Bank of India LLC, Moscow	SBI Funds Management Pvt. Ltd.
State Bank of Patiala	Nepal SBI Bank Ltd.	SBI General Insurance Company Ltd.
State Bank of Travancore	PT Bank SBI Indonesia	SBI Global Factors Ltd.
		SBI Life Insurance Co. Ltd.
		SBI Pension Funds Pvt. Ltd.
		SBI SG Global Securities Services Pvt. Ltd.

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 Corporate Centre 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 a 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 authorised 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 Corporate Centre 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).

State Bank of India, Shares & Bonds Dept., Corporate Centre, State Bank Bhavan, Madam Cama Road, Nariman Point, Mumbai - 400 021 is authorised to accept the proxy form, power of attorney or other authority.

STATE BANK OF INDIA

ANNUAL GENERAL MEETING OF SHAREHOLDERS

ATTENDANCE SLIP

Date : D D M M Y Y Y Y

Folio No: ☐☐ ☐☐☐☐☐☐☐

DP/Client-ID No.: ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Full Name of the Shareholder : ____
(as appearing on share certificate/recorded with DP)

Registered address : ____

____ PIN ☐☐☐☐☐☐

Total number of Shares held : ☐☐☐☐☐☐☐☐☐

Share Certificate Nos.,
(in case of physical holding) From ☐☐☐☐☐☐☐ To ☐☐☐☐☐☐☐

Whether having voting rights in terms of Regulation 31* Yes / No
If yes number of votes to which he/she is entitled, in case of Poll by ballot.

In person as a shareholder							
As a proxy							
As a duly authorised representative							
TOTAL							

Signature Attested (Signature of Shareholder)

Name:

Designation:

Seal/Stamp:

Note:

i) The Branch Managers/Managers of Divisions of the branches of the State Bank of India (whose signatures are circulated) are authorised to attest the signature of the shareholders, on production of suitable evidence of his/her shareholding to the branch where the shareholders may be maintaining account.

ii) If the shareholder maintains account with a bank other than State Bank of India, the signature may be attested by the Branch Manager of that Bank, affixing the branch seal/stamp to evidence the attestation.

iii) Alternatively, the shareholder may have his/her signature attested by a Notary or a first class 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.

Shri Pratip Chaudhuri, Chairman, State Bank of India receiving National Award 2012 for the Bank's outstanding performance at National Level for Implementing Prime Minister's Employment Generation Programme (PMEGP) in the country, from Shri Pranab Mukherjee, Hon'ble President of India.

Annual General Meeting of Shareholders on 22nd June 2012 at Mumbai

From Heritage...

Bank of Bengal (1806)

Bank of Bombay (1840)

Bank of Madras (1843)

...to Modernity

ATM, Changi Airport Singapore

Full Commercial Banking Unit (FCBU), Bahrain