SBI

STATE BANK OF INDIA

An Enduring Value Creator

ANNUAL REPORT 2016-17

Contents

Notice

STATE BANK OF INDIA

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

The 62nd Annual General Meeting of Shareholders of the State Bank of India will be held at the "Y. B. Chavan Auditorium", Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai-400021 (Maharashtra) on Tuesday the 27th June 2017, at 03.00 p.m. for transacting the following business:-

"To discuss and adopt the balance sheet and the profit and loss account of the State Bank made up to the 31st day of March 2017, the report of the Central Board on the working and activities of the State Bank for the period covered by the accounts and the auditor's report on the balance sheet and accounts".

Corporate Centre,
State Bank Bhavan,
Madame Cama Road,
Mumbai - 400 021
Date: 16.05.2017

(ARUNDHATI BHATTACHARYA)
CHAIRMAN

Important Information	
DIVIDEND DECLARED :	₹ 2.60 per share
DIVIDEND PAYMENT DATE:	16th June 2017
PERIOD OF BOOK CLOSURE:	30.05.2017 to 03.06.2017
RECORD DATE:	29.05.2017

About State Bank of India

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

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

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

OUR VISION

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

OUR MISSION

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

OUR VALUES

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

SBI's Journey Through Numbers

Personal Banking
We are succeeding by putting our customers and clients at the centre of everything we do and by continuing to do this, we will always remain the "Smart Bank" to partner with.

CORPORATE BANKING
Our Corporate Banking offering is an end-to-end proposition and service continuum that supports corporate India of all shapes and sizes, from start-ups, through BSE/NSE100 companies, to partnering with the largest global corporations and financial institutions.

INVESTMENT BANKING
From our unique position with dual home markets and truly global reach, we are transforming our Investment Banking so that we can continue to help our target clients achieve their ambitions.

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

33.75 crore+
customer base

₹36 lakh crore+
Business size

SBI Online is India's most and the World's 5th most visited Banking Site

59,263
Pan-India ATMs

2.45 crore+ FI
Accounts opened during the year

Home loans Market share at
25.88%

77%
Transactions on alternate channels

34.50 crore+
State Bank Group debit card holders

3.27 crore+
Internet banking users

1.98 crore+
Mobile Banking users

5.09 lakh+
POS machines

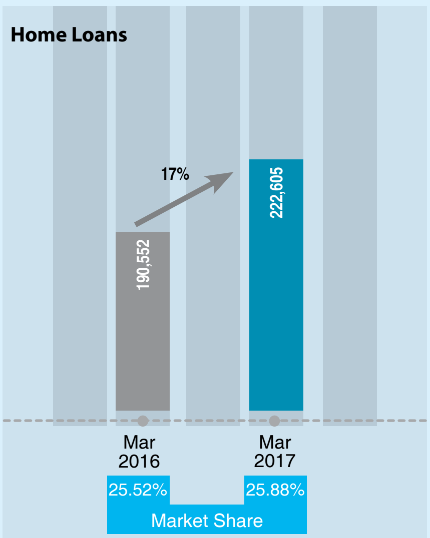
1.12 lakh+
Average daily transactions through Green Remit Cards

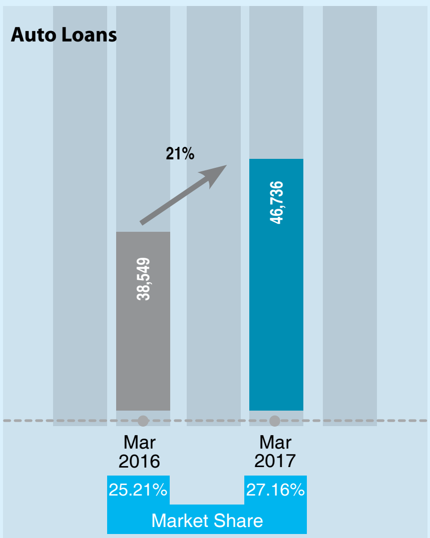
1,426
Villages adopted under SBI Ka Apna Gaon

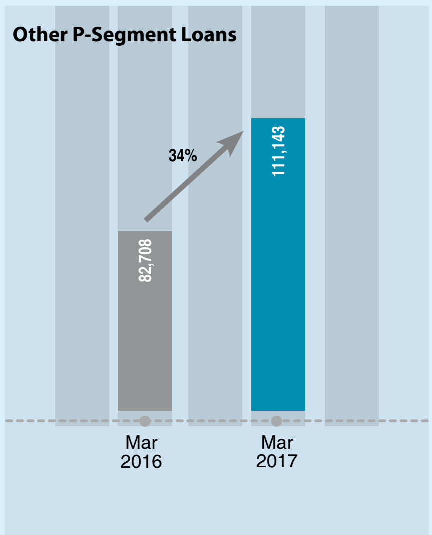
5.85 crore+
RuPay Debit Cards issued under PMJDY during the year

8.57 crore+
Pradhan Mantri Jandhan Yojna Accounts

Personal Segment now 30% of Domestic Loan Book







An Enduring Value Creator

At SBI, we are cognisant of the need for an ongoing process for self-improvement. This is necessary for us to adapt and undergo constructive consolidation within the Bank's organisational structure. We are also attuned to the concerns and challenges prevailing in the economy, and more specifically, the banking sector. With our constant introspection and readiness for change, we remain committed towards optimising our framework, operations and work culture. In particular, we have focused on adjustments that are conducive to improving risk management, growth velocity and profitability.

In doing so, we have embedded transformational changes in our way of doing business, which has helped us achieve higher benchmarks of excellence in banking. We have re-engineered our internal processes, making them more efficient and leveraged on innovative technology advancements to enhance customers' experience. We planned cohesive strategies to supplement the quality of our loan book and optimise capital allocation. Furthermore, our Associate Banks and Bharatiya Mahila Bank merged with us on 1st April 2017, bringing a sense of synergy to our operations and stimulating superior performance. We believe that these delta-actions are the prerequisite for delivering better returns to our stakeholders, in a tangible and sustainable way.

We have already begun to see the positive outcome of this transformation. Confident for the future, we aspire to be an enduring value producer, and an excellent long-term wealth creator for our investors.

… by empowering customers through new age banking

In order to provide better value to our customers, we have introduced the use of the latest digital technology and have changed our processes to reduce costs and enhance our productivity.

13%
Growth of Internet Banking over previous year

44.37%
Market share of Mobile Banking (value of transactions)

We are committed towards transforming into a fully-digitised organisation, supported by technologically advanced backend operations.

In order to provide better value to our customers, we have enhanced our digital banking platform and have changed our processes to reduce costs and enhance our productivity. We are committed towards increasing the share of digital initiatives in products, services and transactions, supported by technologically advanced backend operations.

Today, a differentiated and delightful customer experience has become more important than just providing banking services. We have empowered our customers to fullfil their banking needs through multiple channels of banking. Depending on individual preferences and access, we have given our customers the ability to move away from conventional cash and branch based banking towards new-age technology oriented internet and mobile based banking solutions.

Furthermore, with the evolution of technology, branch banking has become less cost effective when compared to the newer digital channels. At SBI, after recognising the need to embrace all available digital channels, we have succeeded in gaining an impressive presence across all platforms. We have worked on deploying multiple innovative technologies and are in the process of offering a range of newer digital services. Millions of merchants are realising the advantage of collaborating with SBI. Most recently, SBI has enabled its customers to make digital collections through SBI Pay (a mobile based payment solution), which rides on the Unified Payment Interface (UPI) system of National Payments Corporation of India (NPCI) and State Bank Buddy, which can be integrated with any corporate's payment interface.

Moreover, the Government's drive towards demonetisation has given a strong push to the popularity of digital banking. SBI aims to be the banker to digital India and has been at the fore-front of all digital initiatives in the banking space. Post demonetisation, our digital initiatives have helped millions of Indians to adapt to easier, faster and safer ways of going cashless. Demonetisation has deeply impacted the volume of our digital transactions, recording significant growth since November 2016.

Digitisation has helped to take control of the customer-experience ecosystem by managing the business processes from the customers' perspective. With the increasing use of technology enabled devices, and in order to catch up with the increasing expectations of the world, the extensive digitisation of our backend processes is inevitable. As a result, we have earmarked several more processes for digitisation in the near future.

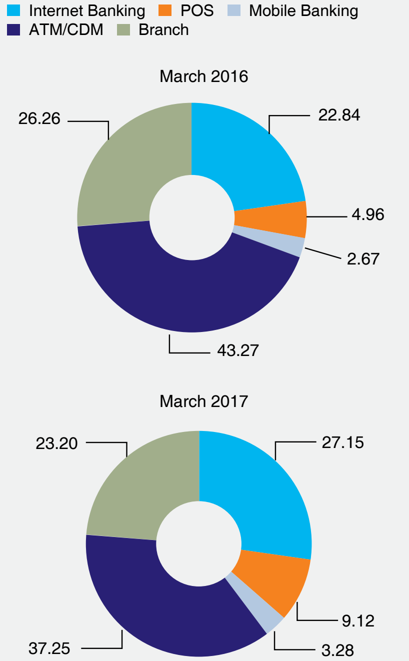
With this digital structural change, we are redesigning our business development model. By strategically connecting businesses with the vast amount of data that is available to us, we plan to build clear and predictive insights into our customers' evolving needs. Going forward, we are in the process of leveraging the CRM tool to use analytics and intelligence around data from FY2018.

We believe that these digital tools and technology can completely transform the distribution reach of SBIs banking services and the banking cycle time in general. The benefits are immense: By digitising information-intensive processes, costs can be reduced significantly and turnaround times are improved remarkably. These efforts are expected to positively impact the efficiency and productivity of our Bank, and are essential for being an enduring value creator.

Channel	Market Share (%) SBI
Number of Group ATMs	28.44
Group ATMs: Amt of Txns	38.84
Number of Group Debit Cards	40.35
Mobile Banking: Number of Txns	24.67
Mobile Banking: Value of Txns	44.37
Number of PoS Terminals	20.16

Moving away from Cash to Digital

Share of Transactions (%)



Share of digital transactions grew from 74% as on March 2016 to 77% as on March 2017

Enabling growth and delivering value

…. by building expertise to create a banking powerhouse

Our people remain core to the success of SBI, and we remain committed towards investing in them, ensuring they are able to consistently deliver strong performance over time.

2,09,572
Team size

Capacity of class room training for employees per day
3,400

Fostering an inclusive and diverse culture where all employees can achieve their potential and contribute to organisational goals .

A strong management team is essential to any organisation's growth and development. At SBI, our management bandwidth is a key advantage. The Bank has a best-in-class, seasoned management to spearhead the creation, direction and growth of the value drivers. Due to their training and exposure to diverse banking activities, the top management is adept at addressing various challenges in the banking sector. Emphasising on knowledge as a key differentiator, we remain committed to the process of continuously learning and enhancing our human resource capabilities. We are focused on developing our competencies as an organisation to continuously meet current and future business challenges.

Investing in the professional development of our employees, keeps them abreast of the latest developments, including those on the technology front. This enables them to deliver a highly impactful customer service experience, which significantly facilitates our growth. Furthermore, we focus on specialised learning interventions at each stage of an employee's lifecycle, based on the nature and role of the employee's job function. Each employee at SBI undergoes mandatory training to ensure that our intellectual resources are equipped with the best banking practices in all spheres of our operations. Such focused learning interventions are aimed at enhancing technical and managerial competencies. The intensive training also provides significant growth opportunities to each employee for developing leadership skills. The Bank is in the process of designing individual development plans for each of our potential leaders to empower and enable their growth path.

Enabling growth and delivering value

… by focusing on customers who help drive returns

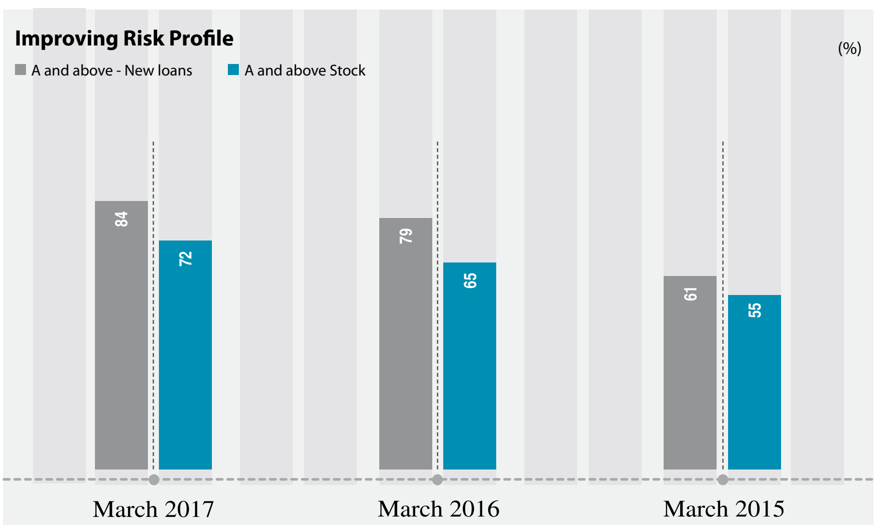
To be an enduring Bank, we need to chase quality growth and focus on customers that help in driving better returns.

SBI aims at optimising assets growth - taking into account Risk adjusted Return and Capital Conservation.

Lending to large and mid-sized corporates has been impacted by the overall slowdown in corporate capex. However, to negate the impact of the same we decided to further step-up our thrust on retail loans. The move is aimed at optimising Capital with Risk adjusted Return.

On the corporate side, a tepid borrowing appetite from highly-leveraged corporates coupled with low demand has resulted in tepid loan growth, even after a substantial fall in lending rates over the past year. Furthermore, at SBI, new loans focus has been for highly-rated corporates with strong credentials. SBI is cognisant of these challenges faced by corporates and expects a turnaround in the asset quality to be gradual. In the meantime, our focus remains on strengthening our performance while maintaining the quality of our assets. The retail segment has continued to drive the credit growth of the Bank in FY2017. Home loans constitute over 58% of the retail loans. Our home loan portfolio has increased by 17%, to a significant market share of 25.88%. The auto loan business demonstrated a similar trend, and registered a growth of 21%. Here also, we enjoy a market share of 27.16%. Our success in the retail segment has been a result of our wide distribution reach; our use of digital technology to enhance customer experience; and stringent underwriting standards.

To be an enduring value creator, we need quality growth and focus on customers who help in driving better returns while balancing our role as the country's premier public sector Bank. We have been evolving our retail channels and product strategies to become even more consumer friendly. We aim to ensure a consistent and seamless customer experience across all channels, as our digital technology platform has enabled us to enhance our overall service quality. Today, our retail business remains the linchpin behind our strategy for strengthening our performance while maintaining the quality of our assets.



Enabling growth and delivering value

… through transformational strategies for becoming an integrated organisation

The merger of Associate Banks, as well as Bharatiya Mahila Bank with SBI, results in the first ever large-scale consolidation within the Indian banking industry.

15,000
Transactions processed per second (Post Merger)

₹ 9,01,642 crore
Treasury pool (post merger) against ₹ 7,25,421 crore pre-merger

23.07% & 21.16 %
Market share of SBI (post merger) in Deposits & Advances respectively

At SBI, we believe that the long-term benefits of the merger will outweigh the near-term challenges.

Five Associate Banks and Bharatiya Mahila Bank have been merged with your Bank on 1st April 2017. The Associate Banks involved were State Bank of Bikaner & Jaipur, State Bank of Mysore, State Bank of Travancore, State Bank of Hyderabad and the State Bank of Patiala.

From a business perspective, this consolidation will provide significant long-term benefits to the Bank. Through this merger, we have significantly extended our reach, and network and will benefit from common treasury pooling. SBI now finds itself amongst the world's largest banks, with a treasury pool of ₹ 9,01,642 crore, with 24,017 branches and 59,263 ATMs. The merger allows us to leverage operational synergies, enabling the Bank to reach out to new clients, improving our market share. The combined Bank caters to 42.04 crore customers, with a market share of 23.07% and 21.16% in Deposits and Advances, as opposed to 18.05% and 17.02% respectively before the merger. This merger places India's next largest bank with a market share of 5.96% and 7.04% in deposits and advances respectively, putting the scale of SBI's operations into perspective.

To meet the needs of a growing organisation, SBI has a strong operational infrastructure in place. Post merger, we have the ability to successfully process 15,000 transactions per second, versus actual utilisation of 4,600 transactions per second, making us future ready. An enhanced scale of operations and the rationalisation of common costs are expected to result in meaningful savings. Furthermore, the Bank's productivity is expected to gradually improve from the effective re-deployment of skilled resources.

This merger has catapulted SBI, India's largest lender, into one of the Top 50 global banks. The merged entity has deposits worth ₹25.85 lakh crore and ₹18.62 lakh crore worth of advances on its books. The benefits of this merger will have a ripple effect on the liability franchise as well as the asset portfolio. As the Bank takes advantage of the economies of scale, it will lead to a reduction in the cost of doing business and improved efficiencies.

At SBI, we believe that the long-term benefits of the merger will significantly outweigh the near-term challenges. The resulting cost advantage; enhanced reach; and economies of scale from this merger, will help SBI sustain its mission of being an enduring value creator.

SBI Group Structure

as on 31st March, 2017

SBI

Domestic Banking Subsidiaries

75.07%	State Bank of Bikaner & Jaipur
100%	State Bank of Hyderabad
90%	State Bank of Mysore
100%	State Bank of Patiala
79.09%	State Bank of Travancore

Non-Banking Subsidiaries/ Joint Ventures

100%	SBI Capital Markets Limited
	SBI CAP Securities Limited SBI CAP Ventures Limited SBI CAP (UK Limited) SBI CAP Trustees Co. Limited SBI CAP (Singapore Limited)
63.78%	SBI DFHI Limited
100%	SBI Payment Services Private Limited
100%	SBI Mutual Fund Trustee Company Private Limited
86.18%	SBI Global Factors Limited
60%	SBI Pension Funds Private Limited
63%	SBI Funds Management Private Limited
	SBI Funds Mgt. (International) Private Limited
60%	SBI Cards & Payment Services Limited
70.10%	SBI Life Insurance Company Limited
65%	SBI-SG Global Securities Services Private Limited

OWNERSHIP FIGURES IN %

Foreign Banking Subsidiaries / Joint Ventures

- 74% SBI General Insurance Company Limited
- 49% C-Edge Technologies Limited
- 40% GE Capital Business Process Mgt. Services Private Limited
- 45% Macquarie SBI Infrastructure Management. Pte. Limited
- Macquarie SBI Infrastructure Trustee Pte. Limited
- 45% SBI Macquarie Infrastructure Management Private Limited
- 45% SBI Macquarie Infrastructure Trustee Private Limited
- 50% Oman India Joint Investment Fund- Management. Co. Private Limited
- 50% Oman India Joint Investment Fund- Trustee Co. Private Limited
- 100% SBI Foundation
- 100% SBI Infra Management Solutions Pvt. Ltd.
- 30% JIO Payments Bank Ltd.

- 100% State Bank of India (California)
- 100% SBI Canada Bank
- 60% CIBL Moscow
- 96.60% SBI Mauritius Limited
- 99% Bank SBI Indonesia
- 55% Nepal SBI Bank Limited
- 100% Bank SBI Botswana Limited
- 20% Bank of Bhutan Limited

Ratings
as on 31st March, 2017

	RATING	RATING AGENCY
BANK RATING	Positive/Baa3/P-3/ba1	Moody's
	BBB-/Stable/A-3	S & P
	BBB-/F3/Stable	Fitch
₹ DENOMINATED INSTRUMENT		
INNOVATIVE PERPETUAL DEBT	'AAA/Stable'	CRISIL
	"CAREAAA'	CARE
UPPER TIER II SUBORDINATED DEBT	'AAA/Stable'	CRISIL
	"CAREAAA'	CARE
LOWER TIER II SUBORDINATED DEBT	'AAA/Stable'	CRISIL
	"CAREAAA'	CARE
	'(ICRA)AAA'	ICRA
BASEL III TIER 2 DEBT	'AAA/Stable'	CRISIL
	"CAREAAA'	CARE
	'(ICRA)AAA(HYB)	ICRA
BASEL III AT 1 PERPETUAL DEBT	CRISIL 'AA + /Stable'	CRISIL
	"CAREAA +'	CARE

CARE: Credit Analysis & Research Limited

ICRA: ICRA Limited

CRISIL: CRISIL Limited

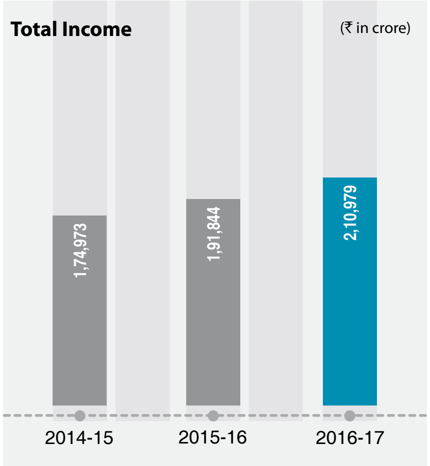
S&P: Standard & Poor

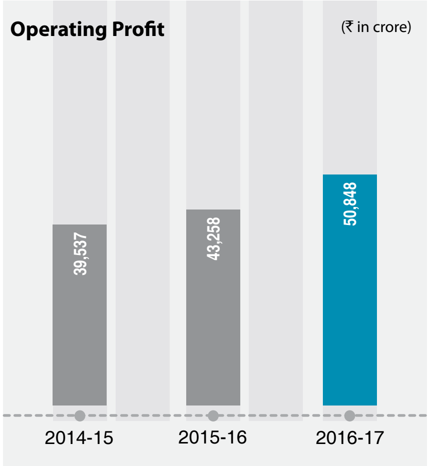
Financial Highlights: 10 years at a Glance

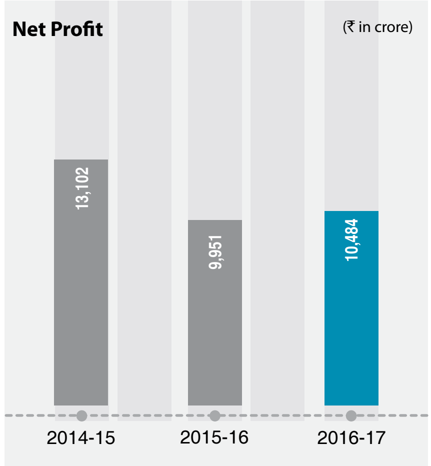
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Liabilities										
Capital (₹ in crore)	631	635	635	635	671	684	747	747	776	797
Reserves & Surplus (₹ in crore)	48,401	57,313	65,314	64,351	83,280	98,200	1,17,536	1,27,692	1,43,498	187,489
Deposits (₹ in crore)	5,37,404	7,42,073	8,04,116	9,33,933	10,43,647	12,02,740	13,94,409	15,76,793	17,30,722	20,44,751
Borrowings (₹ in crore)	51,728	53,713	1,03,012	1,19,569	1,27,006	1,69,183	1,83,131	2,05,150	3,23,345	3,17,694
other's (₹ in crore)	83,362	1,10,698	80,337	1,05,248	80,915	95,404	96,927	1,37,698	1,59,276	1,55,235
Total(₹ in crore)	**7,21,526**	**9,64,432**	**10,53,414**	**12,23,736**	**13,35,519**	**15,66,211**	**17,92,748**	**20,48,080**	**23,57,617**	**27,05,966**
Assets										
Investments (₹ in crore)	1,89,501	2,75,954	2,85,790	2,95,601	3,12,198	3,50,878	3,98,800	4,81,759	5,75,652	7,65,990
Advances (₹ in crore)	4,16,768	5,42,503	6,31,914	7,56,719	8,67,579	10,45,617	12,09,829	13,00,026	14,63,700	15,71,078
other Assets (₹ in crore)	1,15,257	1,45,975	1,35,710	1,71,416	1,55,742	1,69,716	1,84,119	2,66,295	3,18,265	3,68,898
Total (₹ in crore)	**7,21,526**	**9,64,432**	**10,53,414**	**12,23,736**	**13,35,519**	**15,66,211**	**17,92,748**	**20,48,080**	**23,57,617**	**27,05,966**
Net Interest Income (₹ in crore)	17,021	20,873	23,671	32,526	43,291	44,329	49,282	55,015	57,195	61,860
Provisions for NPA (₹ in crore)	2,001	2,475	5,148	8,792	11,546	11,368	14,224	17,908	26,984	32,247
operating Result (₹ in crore)	13,108	17,915	18,321	25,336	31,574	31,082	32,109	39,537	43,258	50,848
Net Profit Before Taxes (₹ in crore)	10,439	14,181	13,926	14,954	18,483	19,951	16,174	19,314	13,774	14,855
Net Profit (₹ in crore)	6729	9121	9,166	8,265	11,707	14,105	10,891	13,102	9,951	10,484
Return on Average Assets (%)	1.01	1.04	0.88	0.71	0.88	0.97	0.65	0.68	0.46	0.41
Return on equity (%)	17.82	15.07	14.04	12.84	14.36	15.94	10.49	11.17	7.74	7.25
expenses to Income (%) (operating expenses to total Net Income)	49.03	46.62	52.59	47.6	45.23	48.51	52.67	49.04	49.13	47.75
Profit Per employee (₹ in 000)	373	474	446	385	531	645	485	602	470	511
earnings Per Share (₹)*	126.62	143.77	144.37	130.16	184.31	210.06	156.76	17.55	12.98	13.43
Dividend Per Share (₹)*	21.5	29	30	30	35	41.5	30	3.5	2.60	2.60
SBI Share (Price on NSE) (₹)*	1,600.25	1,067.10	2,078.20	2,765.30	2,096.35	2,072.75	1,917.70	267.05	194.25	293.40
Dividend Pay out Ratio % (₹)	20.18	20.19	20.78	23.05	20.06	20.12	20.56	20.21	20.28	20.11
Capital Adequacy Ratio (%)										
Basel-II (₹ in crore)	N.A.	85,393	90,975	98,530	1,16,325	1,29,362	1,45,845	1,54,491	1,81,800	2,06,685
Basel-II (%)		14.25	13.39	11.98	13.86	12.92	12.96	12.79	13.94	13.56
Tier I (₹ in crore)	N.A.	56,257	64,177	63,901	82,125	94,947	1,12,333	1,22,025	1,35,757	1,56,506
Tier I (%)		9.38	9.45	7.77	9.79	9.49	9.98	10.1	10.41	10.27
Tier II (₹ in crore)	N.A.	29,136	26,798	34,629	34,200	34,415	33,512	32,466	46,043	50,179
Tier II (%)		4.87	3.94	4.21	4.07	3.43	2.98	2.69	3.53	3.29
Basel-III (₹ in crore)	N.A.	N.A	N.A	N.A	N.A	N.A	1,40,151	1,46,519	1,75,903	2,04,731
Basel-III (%)							12.44	12	13.12	13.11
Tier I (₹ in crore)	N.A.	N.A	N.A	N.A	N.A	N.A	1,09,547	1,17,157	1,33,035	1,61,644
Tier I (%)							9.72	9.6	9.92	10.35
Tier II (₹ in crore)	N.A.	N.A	N.A	N.A	N.A	N.A	30,604	29,362	42,868	43,087
Tier II (%)							2.72	2.4	3.20	2.76
Net NPA to Net Advances (%)	1.78	1.79	1.72	1.63	1.82	2.1	2.57	2.12	3.81	3.71
Number of Domestic Branches	10,186	11,448	12,496	13,542	14,097	14,816	15,869	16,333	16,784	17,170
Number of Foreign Branches /offices	84	92	142	156	173	186	190	191	198	195

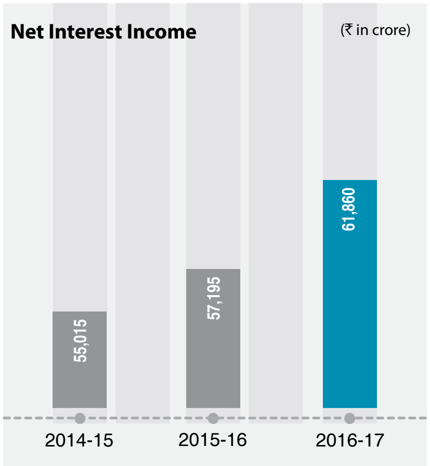
*The face value of shares of the Bank was split from ₹10 per share to ₹1 per share - wef. 22nd November, 2014. The data is on ₹1 per share from 2014-15 onwards and ₹10 per share for remaining previous year.

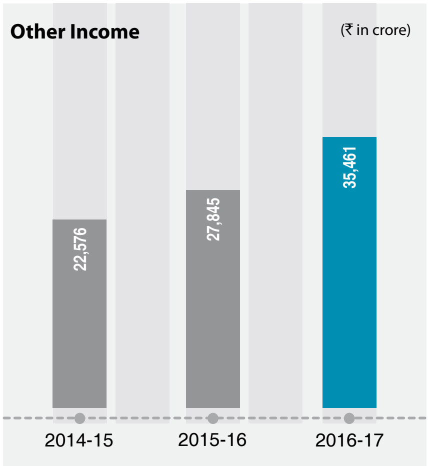
Performance Indicators

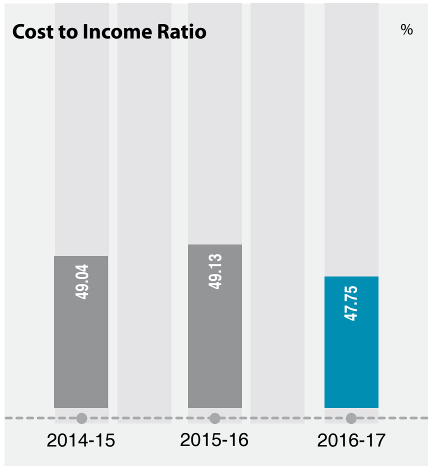


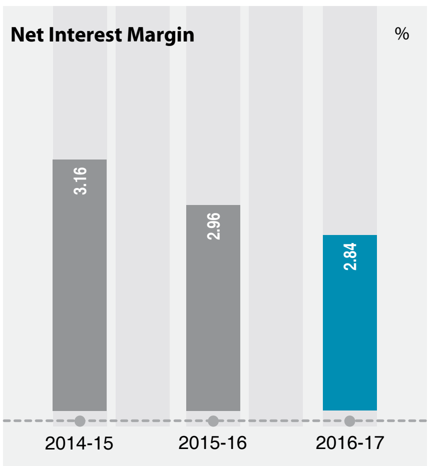


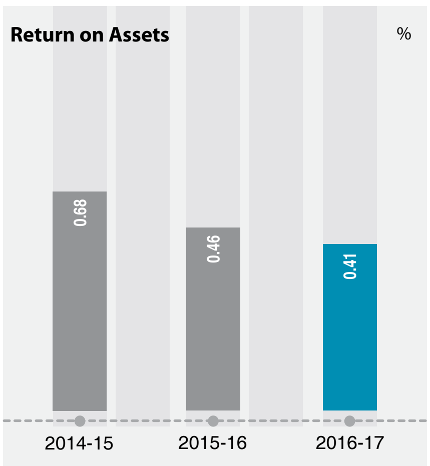


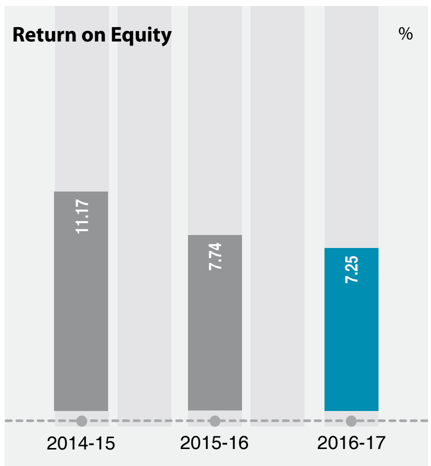




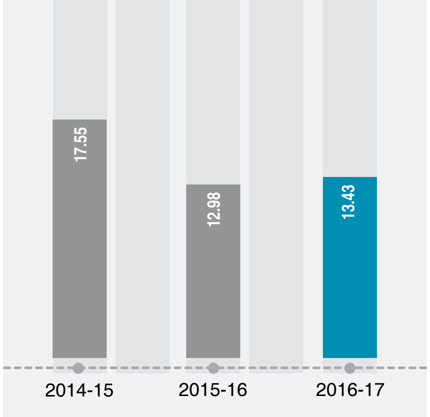




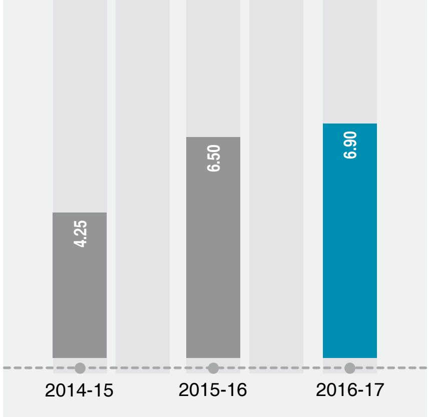




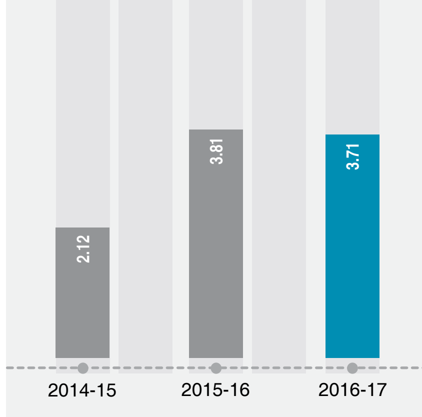
Earning per Share



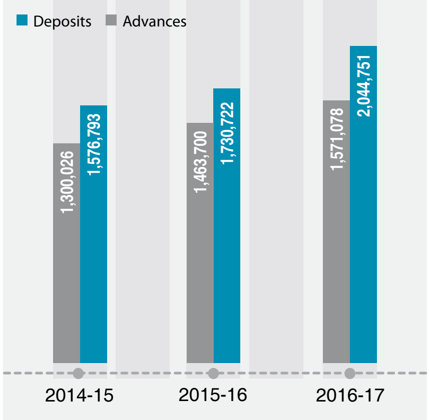
Gross NPA Ratio



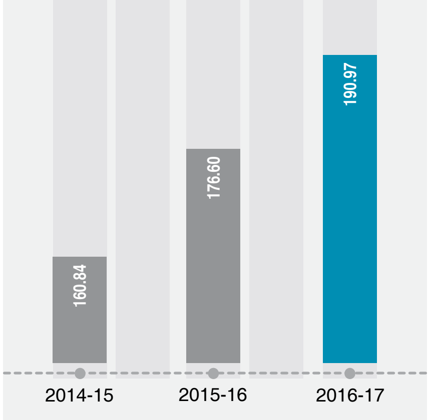
Net NPA Ratio



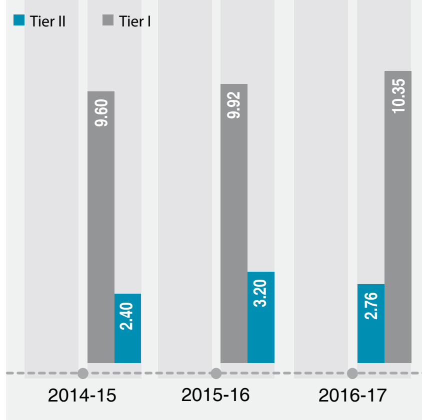
Deposits and Advances



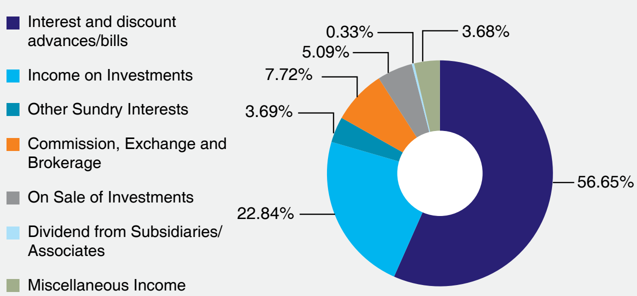
Book Value Per Share



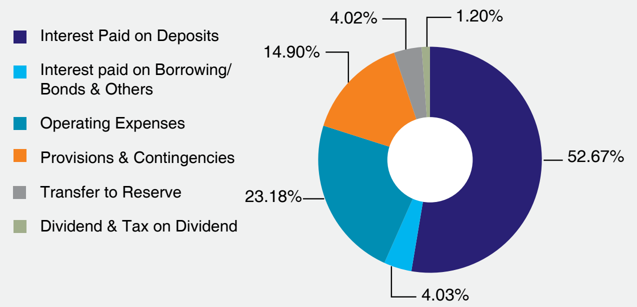
Capital Adequacy Ratio



Earnings in FY2017



Expenditure in FY2017



Central Board of Directors

as on 19th May 2017

Smt. Arundhati Bhattacharya
Chairman

Shri B. Sriram
Managing Director

Shri Rajnish Kumar
Managing Director

Shri P. K. Gupta
Managing Director

Shri Dinesh Kumar Khara
Managing Director

Shri Sanjiv Malhotra
Shareholder Director

Shri M. D. Mallya
Shareholder Director

Shri Deepak I. Amin
Shareholder Director

Dr. Girish K. Ahuja
Director Nominated by GoI

Dr. Pushpendra Rai
Director Nominated by GoI

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

Shri Chandan Sinha
ED, RBI
Director Nominated by GoI

Chairman
Smt. Arundhati Bhattacharya

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

Directors elected under Section 19(c) of SBI Act
Shri Sanjiv Malhotra
Shri M. D. Mallya
Shri Deepak I. Amin

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

Director under Section 19(e) of SBI Act
Ms. Anjuly Chib Duggal

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

Committees of the Board
as on 19th May 2017

Executive Committee of the Central Board (ECCB)
Chairman
Smt. Arundhati Bhattacharya

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

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

Audit Committee of the Board (ACB)
Dr. Girish K. Ahuja,
Director – Chairman of the Committee
Shri M.D. Mallya, Director – Member
Shri Deepak I. Amin, Director -Member
Ms. Anjuly Chib Duggal, GOI Nominee – Member
Shri Chandan Sinha, RBI Nominee – Member
Shri B. Sriram, MD-CBG - Member (Ex-Officio)
Shri P. K. Gupta, MD-C&R – Member (Ex-Officio)

Risk Management Committee of the Board (RMCB)
Shri B. Sriram, MD-CBG – Member (Ex-Officio) – Chairman of the Committee
Shri P. K. Gupta, MD-C&R – Member (Ex-Officio)
Shri Sanjiv Malhotra, Director – Member
Shri M D. Mallya, Director – Member
Shri Deepak I. Amin, Director – Member
Dr. Pushpendra Rai, Director – Member

Stakeholders Relationship Committee (SRC)
Shri M.D. Mallya, Director– Chairman of the Committee
Shri Sanjiv Malhotra, Director – Member
Shri Deepak I. Amin, Director – Member
Dr. Girish K.Ahuja, Director – Member
Dr. Pushpendra Rai, Director – Member
Shri Rajnish Kumar, MD-NBG – Member (Ex-Officio)
Shri Dinesh K. Khara, MD-A&S – Member (Ex-Officio)

Special Committee of the Board for Monitoring of Large Value Frauds (SCBMF)
Shri Rajnish Kumar, MD-NBG – Member (Ex-Officio) – Chairman of the Committee
Shri P. K. Gupta, MD-C&R – Member (Ex-Officio)
Shri Sanjiv Malhotra, Director – Member
Shri M.D.Mallya, Director – Member
Shri Deepak I. Amin, Director – Member
Dr. Girish K. Ahuja, Director – Member
Dr. Pushpendra Rai, Director – Member

Customer Service Committee of the Board (CSCB)
Shri B. Sriram, MD-CBG – Member (Ex-Officio) – Chairman of the Committee
Shri Rajnish Kumar, MD-NBG – Member (Ex-Officio)
Shri Sanjiv Malhotra, Director – Member
Shri M.D. Mallya, Director – Member
Shri Deepak I. Amin, Director – Member
Dr. Pushpendra Rai, Director – Member

IT Strategy Committee of the Board (ITSC)
Shri Deepak I. Amin, Director – Chairman of the Committee
Shri Sanjiv Malhotra, Director – Member
Shri M.D. Mallya, Director – Member
Dr. Pushpendra Rai, Director – Member
Shri B. Sriram, MD-CBG – Member (Ex-Officio)
Shri P. K. Gupta, MD-C&R – Member (Ex-Officio)

Corporate Social Responsibility Committee (CSR)
Shri Rajnish Kumar, MD-NBG – Member (Ex-Officio) – Chairman of the Committee
Shri Dinesh K. Khara, MD-A&S Member (Ex-Officio)
Shri Sanjiv Malhotra, Director – Member
Shri M.D. Mallya, Director – Member
Shri Deepak I. Amin, Director – Member
Dr. Pushpendra Rai, Director – Member

Remuneration Committee of the Board (RCB)
Ms. Anjuly Chib Duggal, GOI Nominee – Member (Ex-Officio)
Shri Chandan Sinha, RBI Nominee – Member (Ex-Officio)
Shri M.D. Mallya, Director – Member
Shri Deepak I. Amin, Director – Member

Board Committee to Monitor Recovery (BCMR)
Smt. Arundhati Bhattacharya - Chairman
Shri B. Sriram, MD-CBG – Member
Shri Rajnish Kumar, MD-NBG – Member
Shri P. K. Gupta, MD-C&R – Member
Shri Dinesh K. Khara, MD-A&S - Member
Ms. Anjuly Chib Duggal, GOI Nominee – Member (Ex-Officio)

Nomination Committee of the Board
Dr. Girish K. Ahuja, Director – Chairman of the Committee
Dr. Pushpendra Rai, Director – Member
Shri Chandan Sinha, RBI Nominee – Member

Committee to Review the Identification of Wilful Defaulters/Non-Co-operative Borrowers
Shri Shri B. Sriram, MD-CBG-Chairman of the Committee
Any two independent Directors of the Bank.

Members of Local Boards, other than Managing Director & Group Executive (National Banking) - Nominated by Chairman in terms of Section 21(1)(a) of SBI Act,1955 as on 19th May 2017

AHMEDABAD
Shri Sanjeev Nautiyal
Chief General Manager (Ex-Officio)

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

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

BHUBANESWAR
Shri B.V.G.Reddy
Chief General Manager (Ex-Officio)

CHANDIGARH
Shri Anil Kishora
Chief General Manager (Ex-Officio)

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

HYDERABAD
Shri Hardayal Prasad
Chief General Manager (Ex-Officio)

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

LUCKNOW
Shri Gautam Sengupta
Chief General Manager (Ex-Officio)

MUMBAI
Shri Deepankar Bose
Chief General Manager (Ex-Officio)
Shri Sanjiv Malhotra*
Shri M.D. Mallya*
Shri Deepak I. Amin*

DELHI
Shri Alok Kumar Choudhary
Chief General Manager (Ex-Officio)
Dr. Girish K. Ahuja*
Dr. Pushpendra Rai*

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

PATNA
Shri Ajit Sood
Chief General Manager (Ex-Officio)

THIRUVANAN THAPURAM
Shri S. Venkataraman
Chief General Manager (Ex-Officio)

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

Members of the Central Management Committee

as on 19th May 2017

Smt Arundhati Bhattacharya
Chairman

Shri B. Sriram
Managing Director
(Corporate Banking Group)

Shri Rajnish Kumar
Managing Director
(National Banking Group)

Shri P.K. Gupta
Managing Director
(Compliance & Risk)

Shri Dinesh Kumar Khara
Managing Director
(Associates & Subsidiaries)

Shri Sunil Srivastava
Deputy Managing Director
(Corporate Accounts Group)

Shri Siddhartha Sengupta
Deputy Managing Director
(International Banking Group)

Smt. Anshula Kant
Deputy Managing Director &
Chief Financial Officer

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

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

Shri Mrutyunjay Mahapatra
Deputy Managing Director &
Chief Information Officer

Shri Sekar Karnam
Deputy Managing Director &
Chief Credit Officer and CSO

Smt Manju Agarwal
Deputy Managing Director
(Digital Banking and New Businesses)

Shri V. C. Nageshwar
Deputy Managing Director
(Global Markets)

Dr. Pallav Mohapatra
Deputy Managing Director
(Stressed Assets Management Group)

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

Shri Neeraj Vyas
Deputy Managing Director &
Chief Operating Officer

Shri Prashant Kumar
Deputy Managing Director &
Corporate Development Officer

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

Bank's Auditors

M/s Varma & Varma
Kochi

M/s V Sankar Aiyar & Co.
Mumbai

M/s S N Mukherji & Co.
Kolkata

M/s B Chhawchharia & Co.
Kolkata

M/s Manubhai & Shah LLP
Ahmedabad

M/s M. Bhaskara Rao & Co.
Hyderabad

M/s GSA & Associates
New Delhi

M/s Chatterjee & Co.
Kolkata

M/s Bansal & Co.
New Delhi

M/s Amit Ray & Co.
Allahabad

M/s S L Chhajed & Co.
Bhopal

M/s Mittal Gupta & Co.
Kanpur

M/s Rao & Kumar
Visikhapatnam

M/s Brahmayya & Co.
Chennai

The Chairman's Message

Dear Shareholders,

It gives me great pleasure to place before you the highlights of your Bank's performance during the financial year 2016-17. Details of the achievements and initiatives taken by your Bank are provided in the enclosed Annual Report for the year 2016-17.

ECONOMIC OVERVIEW

Global economy stagnated in 2016 with GDP growth of 3.1% as per the latest IMF estimates. Economic activity in advanced economies eased moderately compared to the previous year, with sluggish performance of the US being the major contributor. Meanwhile, emerging economies performed relatively better.

The good thing is that the modest pick-up in economic activity which began in the second half of 2016 is gaining momentum this year. Japan recovered during the first quarter of this year against the backdrop of strong exports and investments related to the Tokyo 2020 Olympics. Meanwhile, decline in unemployment and improving dynamics of factory output suggests Euro area is also gaining momentum. Even the US economy is expected to improve with the possibility of a fiscal stimulus. Overall, growth in advanced economies is projected to come in at 2% in 2017. Meanwhile, the emerging and developing world is expected to grow at a healthy 4.5% in 2017, with the major support coming from recovery in Russia and Brazil, coupled with resilient India and to some extent China. Nonetheless, rising protectionist policies, oil price dynamics, geo-political tensions represent the downside risks to growth outlook.

Against this backdrop, India's GVA growth which is expected to expand by 6.7% in FY2017 is set to increase to around 7.4% in FY2018 (RBI estimates). However, with faster pace of remonetisation and forecast of normal monsoon by the Indian Meteorological Department, economic activity is going to further recover in the ongoing fiscal. Furthermore, performance on the external front continues to improve with positive export growth performance since September 2016. The Current account deficit is expected to narrow down to less than 1% in FY2017. Going forward, though recovery in oil prices is likely to put some pressure on external balance, CAD is expected to remain range bound, between 1-1.4% of GDP.

YOUR BANK'S PERFORMANCE

Deposits Surged

In FY2017, aggregate deposits of your Bank have registered a multi-year high growth of 18.14% to ₹ 20,44,751 crore from the previous year level of ₹ 17,30,722 crore. The rise in aggregate deposits is mainly due to the surge in savings bank accounts (which grew by 27.81%), following demonetization. The higher growth of your Bank's deposits compared to All Scheduled Commercial Bank's (ASCB) growth has pushed up the market share by 38 bps to 18.05% in March 2017. Your Bank has improved its CASA ratio to 45.58%, an improvement of 174 bps from 43.84% last year, and a large portion of the deposits have stayed in your Bank despite the lifting of withdrawal limits in mid-March 2017.

Advances Inched Up

Growth in advances of your Bank has remained subdued during FY2017. The gross advances of your Bank crossed the ₹ 16,00,000 crore mark, and grew at 7.80% to the level of ₹ 16,27,273 crore by March 2017 from the previous year level of ₹ 15,09,500 crore. Compared to the banking industry growth, your Bank's higher growth in advances has pushed up the market share by 65 bps to 17.02% in FY2017. You will be happy to know that your Bank's market share is continuously improving over the years. Much of the growth in advances came from retail segments, including home loans and auto loans. Overall, retail loans grew by 21.18% in FY2017, which is in line with your Bank's strategy of growing more aggressively in this segment. Within retail, auto loans have registered a healthy growth of 21.24% to ₹ 46,736 crore in FY2017 from ₹ 38,549 crore in FY2016 and home loans grew by 17% to ₹ 2,22,605 crore in FY2017 from ₹ 1,90,552 crore in FY2016. Your Bank's home loan portfolio constitutes nearly 56% of retail loans. Additionally, your Bank has continued to be the largest home loan provider in the banking sector, with a market share of over 25% as on 31 March 2017 amongst ASCB.

Further, there are sectors where your Bank has reduced its exposure, which include telecom where advances declined by 12.23%, roads and ports segment by 15.58%, Engineering sector by 25%, textiles by 15.72% and Iron & Steel by 1.92%, compared to a year ago. Advances to large corporates and SME increased by 3.59% and 3.41% respectively in FY2017, while loans to mid corporates remained flat. Finally, in case of agriculture credit, your Bank continued to surpass the target set by the Government, disbursing ₹ 1,25,270 crore as loans, as against the scheduled target of ₹ 95,168 crore for FY2017.

Branch Network

With the opening of 386 new branches, the branch network of your Bank has reached 17,170 as of March 2017 of which 64% are in rural and semi-urban areas. With an aim for improved customer service, better crowd management, reduction in wait times and overall reduction in the service time (processing time), your Bank has rolled out Customer Experience Excellence Project (CEEP), which has moved at an accelerated pace in FY2017. 1519 branches were rolled out under CEEP during FY2017 and the total number of branches under CEEP is at 4525 as on March 2017.

In addition, with its extensive global presence, your Bank is a truly International Bank. The number of foreign offices of your Bank is currently 195, spread across 36 countries in all the continents. During FY2017, your Bank opened two new branches - IBU GIFT City, Gujarat and SBI Yangon, Myanmar (upgraded from Representative Office). Nepal SBI Bank Limited, a subsidiary of SBI has opened three branches. The International Banking arm of your Bank has consistently been a major contributor to the business and profits of your Bank.

Technology

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

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

With over 28 crore State Bank Debit Cards as on 31st March 2017, your Bank continues to lead in Debit Card issuance in the country. A concerted effort by your Bank to empower the customers to enjoy 'Anytime Anywhere Banking' through Debit Cards has resulted in improvement in its market share in Debit Cards spends from 26.29% in March 2016 to 29.23% in March 2017, which is far ahead of any other bank. Various innovations like introduction of sbiINTOUCH contactless Debit Cards, Mumbai Metro Debit Card among others, aggressive marketing campaigns and Debit Card awareness programme, have placed your Bank in the top slot in terms of Debit Card spends.

Your Bank, along with its Associate Banks has one of the largest ATM networks in the world with more than 59,200 ATMs including Kiosks, Cash Deposit Machines and Recyclers as on 31st March 2017. During FY2017, your Bank replaced over 3,000+ old ATMs and Recyclers with new improved machines equipped with the latest technology. Your Bank has so far installed 6,400 Recyclers to provide 24x7 cash withdrawal and deposit facilities. With a 28.44% of market share, State Bank Group's ATM network transacts 54.06% of the country's total ATM transactions. Nearly 77% of the financial transactions of the Bank are routed through Anytime Channels. On an average, over 1 crore transactions per day are routed through our ATM network and ₹ 3,485 crore cash is being dispensed by the Group ATMs on a daily basis.

In sync with the focus of Government of India to create a digital economy, your Bank has strengthened its position as a top merchant acquiring Bank by installation of 2.06 lakh Point of Sale (PoS) terminals during FY2017, thereby taking the count to over 5.09 lakh, up by 69% over last year with a market share of 20.16% of PoS terminals.

Your Bank has also retained its numero uno position in Mobile Banking space, facilitating 44.37% of the total transaction value on Mobile Banking platforms in the country. Your Bank has seen an astronomical growth in transactions put through on its mobile banking platform during FY2017. The volume of transactions grew by over 56% and value of transactions by 507%.

Your Bank has always sought to provide futuristic technology to its customers. One step in this direction was setting up the high-tech, one of its kind, banking outlets - sbiINTOUCH. Your Bank has seven sbiINTOUCH premium outlets and 250 sbiINTOUCH branches equipped with state-of-the-art digital technology covering more than 143 districts across the country.

Launched in November 2016, SBI Pay is an inter-operable mobile-based payment solution, which rides on Unified Payment Interface (UPI) system of NPCI. The app is a payment solution for customers of SBI as well as of other banks. It offers the facility of sending and receiving money based on Virtual Payment Address (VPA) as a unique identifier.

State Bank Buddy - the Mobile Wallet is another choice of payment-channel made available to both, customers and non-customers. Launched in August 2015, the wallet is available in 13 languages. Since launch, Buddy has seen remarkable growth in user-base, especially post demonetisation. The mobile wallet has crossed a user base of 1 crore within 20 months of launch.

In order to expand Bank's reach to the rural populace and enable the benefits of digitisation to the masses, your Bank has rolled out an exclusive offering in 'assisted' mode - State Bank MobiCash. The wallet has been launched in partnership with BSNL and is also available for basic/feature phone users along with smart phone users.

Analytics and Big Data

Your Bank is using analytics extensively to maximise operational efficiency. Predictive analytics and customer segmentation are used with the objective of enhancing customer revenues through cross-selling and up-selling. Risk Analytics is used both for appraisal of fresh applications and for ongoing monitoring of the loan portfolio. Analytics-driven, pre-qualified lending programs launched in 2016 have generated significant business, while reducing cost of acquisition. Improved and timely intelligence delivery to branches/ operating functionaries has resulted in quantifiable growth in customer retention and wallet share.

On the Big Data front, in order to cater to the ever-increasing volume and types of data, your Bank is in the process of setting up of a data lake. This will facilitate faster processing of a large volume of structured and unstructured data and performing advanced analytics with a view to gain insights for business decision making and development of new products.

Profitability

Profitability improved during the financial year – both revenue and cost parameters of operating profit improved to result in an operating profit growth of 17.55% YoY. Net profit growth however remained muted at 5.36% YoY due to elevated credit costs and reached ₹ 10,484 crore. This financial year was also special owing to the impact of demonetisation in Q3 and severe drought conditions in South India. However, as mentioned above, operating profits – the indicator of sustainability of ongoing operations – have fared remarkably well in FY2017. For the financial year as a whole, the operating profits of your Bank crossed the milestone of ₹ 50,000 crore to touch ₹ 50,848 crore.

As mentioned above, the Bank chalked robust performance in non-interest income, profit on sale of investments, forex income and overall reduction in cost to income ratio by 138 bps to 47.75% Net Interest Rate Margin (NIM) of the Bank too continues to remain healthy at 2.84%. The Bank was able to maintain this margin mainly because of 174 bps improvement in CASA ratio to 45.58%.

Asset Quality

The AQR exercise of previous year had resulted in significant rise in Non-Performing Assets (NPA) of the Bank. This increase during FY2017, was much lower from ₹ 98,173 crore to ₹ 1,12,343 crore. The Gross NPA thus stood at 6.90% as on March 2017, up by 40 bps. Despite the rise in Gross NPA, the Net NPA ratio declined by 10 bps to 3.71% YoY. Thus the provisioning coverage ratio increased by 5.26% to 65.95% in FY2017.

The recoveries and upgradations during the year registered a growth of 23.57% over the last year while fresh slippages during FY2017 were 39.13% lower than the previous year.

In terms of segment wise contribution to stressed assets, contributions by SME, Agri, Retail and International Banking registered a net decline while those by large corporates and Mid-corporates increased.

Capital Structure

Despite the challenges faced during the last financial year, your Bank has remained well capitalised to absorb future shocks and maintain its future growth trajectory. Capital Adequacy Ratio (CAR) of the Bank under Basel III stood at 13.11% in March 17 and Tier 1 at 10.35%.

Your Bank utilised various options to increase capital by ₹ 28,828 crore during FY2017. Bank raised fresh AT1 capital to the tune of ₹ 9,100 crore during FY2017. The Government infused ₹ 5,681 crore while the sale of Bank's Non-Core Assets / Strategic Investments added ₹ 2,662 crore. Retained earnings contributed the remaining ₹ 8,379 crore towards the capital augmentation exercise.

Dividend

For the year FY2017, I am happy to announce that the Board of Directors of your Bank has declared a dividend of ₹ 2.60 per share of face value of ₹ 1 each.

New Initiatives

During the year 2016-17, several new and innovative initiatives have been taken by your Bank to give additional thrust to each and every business segment like home loans, auto loans, SME, rural business etc. Some of the important initiatives in this regard are as under:

- In order to move towards less cash economy, your Bank has launched merchant payment acceptance solutions like **Bharat QR** and Aadhaar Based Payments viz. **BHIM-Aadhaar-SBI**. In addition to basic acquiring services, the Bank is also providing Value Added Services like **Cash@PoS** for cash dispensation to debit card holders, DCC – (Dynamic Currency Conversion) and EMI on PoS terminals.
- Your Bank has launched the concept of "**SBI Digital Village**" to convert certain identified villages into a cashless eco system. 21 villages were launched on 1st July 2016 across the country under the scheme.
- Your Bank revamped its Mobile Banking App and launched the State Bank Anywhere – Personal in January 2017.
- SBI has partnered with Flipkart to offer its consumers the facility of pre-approved EMI Facility on purchases. Under this partnership, your Bank will provide overdraft facility to pre-qualified set of customers for transacting on Flipkart for a minimum purchase of ₹ 5,000.
- Your Bank also launched **'SBI Mingle'** – the social media banking platform for Facebook and Twitter users. Using SBI Mingle, the Bank's customers can do a host of banking services like checking account balance and requesting mini statements on their Facebook or Twitter accounts.
- In a joint endeavor aimed at being the largest collaboration in the housing space to address housing needs of the Indian population, SBI & Tata Housing have entered into a partnership that offers a unique platform that would enable easier financing and purchase of homes.
- To improve asset quality in SME, under the **project Vivek**, your Bank is revamping its credit underwriting process to move away from the traditional balance sheet based underwriting, and towards revised financial modules and balance sheet, augmented by cash flow recast from multiple sources. Further, with a view to adopt and follow uniform standards of credit dispensation, ensure quality, and preserve Corporate memory, Loan Origination Software (LOS) and Loan Life Cycle Management System (LLMS) have been introduced for small value and high value loans, respectively.
- Above all, Your Bank has introduced one more progressive measure, "Work from Home Policy" to enable the employees who are not able to attend office, to work from home using technology. This move is in line with your Bank's endeavor to implement best practices in all areas of concern.
- Your Bank has extended an additional option to officers up to MMGS-III in the Bank in the form of "Smart Compensation Package" by re-structuring their salary/ perquisites in tune with market demand by monetising and clubbing perquisites.
- Though your Bank is known for its iconic ethos and deeply ingrained ethical practices, we have created and put in place a new position of Chief Ethics Officer with a mandate to foster, nurture and integrate this long standing ethos with the organisational fabric in a more structured manner.

ASSOCIATES & SUBSIDIARIES

Your Bank has merged its five associate Banks and Bharatiya Mahila Bank with itself on 1st April 2017. This is the first such large scale consolidation in the Indian Banking industry, which will lead to increased balance sheet size and economies of scale. With this merger, SBI has entered into the league of top 50 global banks with a balance sheet size of ₹ 33 lakh crore, with 24,017 branches and 59,263 ATMs serving over 42 crore customers. The increased balance sheet size will enable your Bank to command better terms in both international and domestic markets. The added branch network, customer base and staff strength will help it expand reach and enable the Bank to rationalise resources and redundancies across the board. Your Bank's endeavour will be to optimise costs and maximise revenues through the merger synergies, leading to significant cost savings and reduction in cost-to-income ratio.

Of the non-banking subsidiaries, SBI Capital Markets Limited posted a PAT of ₹ 252 crore during FY2017. SBI Life witnessed a 43% YoY growth in New Business Premium at ₹ 10,144 crore and Assets Under Management growth of 22% to ₹ 97,737 crore in FY2017. The Company earned a net profit of ₹ 955 crore in FY2017, up from ₹ 861 crore in FY2016. SBI Cards has grown its card base by 15% and posted PAT of ₹ 390 crore for FY2017 as against ₹ 284 crore for FY2016. In terms of spends, market share of the company is 13.1%. SBI Funds Management Private Limited posted a PAT of ₹ 224 crore in FY2017 as against ₹ 165 crore during FY2016, showing growth of 36%. The average Assets Under Management of the company during FY2017 stood at ₹ 1,57,025, showing growth of 47% and it was ranked 5th in the industry in terms of AUM. SBI General Insurance Company Limited has achieved break even in the 6th full year of operation in FY2017 with PAT of ₹ 153 crore.

RECOGNITION & AWARDS

I am proud to share with you the details of some of the awards won by your Bank. Your Bank was selected as India's Best Bank by Financial Express. Business Today also awarded us with the title of Best Bank of the Year (Public Sector). Your Bank has been conferred with the prestigious "Best Trade Finance Bank" award by Global Finance Magazine. As a mark of outstanding performance in the area of training to its employees, your Bank has been declared the Winner of 'Golden Peacock National Training Award' in financial services (Banking) sector. Your Bank was also awarded the Helen Keller Award 2016 for our commitment towards promoting equal employment opportunities for Differently Abled Persons and National Award 2016 for Empowerment of Persons with Different Abilities in the sub-category Best Employer. For our persistent efforts in scaling up technology to improve the overall banking experience, your Bank has been given the IDRBT Banking Technology Excellence Award for Innovative use of technology and Digital Banking, IBA Banking Technology Award for Best Technology Bank, Best Digital & Channel Technology, Best Use of Analytics and Best Financial Inclusion Initiative, Special Recognition Award for winning in all categories in NPCI - National Payments Excellence Award, Netapp Innovation Award 2017 for Innovative Use of Data Storage and Green IT, among others.

Among the Associates, State Bank of Mysore was awarded with Eco-Technology Savvy Bank Award (Emerging Category) by Chamber of Indian Micro, Small and Medium Enterprises. State Bank of Travancore was awarded Skoch Award for segment leadership in MSME and Social Inclusion and Best MSME Bank in SME Excellence Award 2016.

Among the Subsidiaries, SBI Cards bagged five awards at the 25th World HRD Congress, Readers' Digest Most Trusted Brand Award 2016, 'Excellent Compliance Performer-2016' across Indian industries at the Annual Compliance 10/10 Awards among others. SBI Life received 'Life Insurance Company of the Year' and 'Bancassurance Leader Life Insurance (Large Category)' Awards at the Indian Insurance Awards 2016. It was awarded one of the 'Most Trusted Brand, 2016' for the sixth consecutive year by The Economic Times Brand Equity – Nielsen survey. SBI General won at the India Insurance Awards 2016 in the "Under-served Market Penetration" and in the "Commercial Lines Growth Leadership" categories.

CORPORATE SOCIAL RESPONSIBILITY

Social Responsibility is deeply ingrained in the culture of your Bank. Your Bank has been undertaking social welfare initiatives much before the formal CSR concept became common practice or an industry norm. Your Bank believes that it owes a solemn duty to the less fortunate and underprivileged members of the society to make sustainable social change in their lives. Your Bank has always placed the interest of the common man, especially the most marginalised, at its core. SBI has been a caring and enabling organisation and sustainable business practices are at the heart of our business operations.

The CSR contribution of your Bank for FY2017 was ₹ 109.82 crore. Your Bank's local head offices (Circles) spent ₹ 89.82 crore and the remaining ₹ 20 crore was donated to SBI Foundation. This is the fifth successive year, when your Bank's CSR spend has crossed the mile stone of ₹ 100 crore.

SUSTAINABILITY REPORTING

Your Bank continued to champion "Sustainability" through a multifold approach, which included, inter alia, management of social and environmental risks in strategic decision-making, lending, and developing innovative products and services. Your Bank was the first Public Sector Bank in the country to publish its Sustainability Report for FY2016. Taking the initiative forward, the second report, for FY2017, has been drawn up in accordance with international guidelines set by the Global Reporting Initiative (GRI). These guidelines constitute the most widely used sustainability reporting framework globally.

WAY FORWARD

Asset quality pressures have remained elevated during this year due to tepid growth in the economy and low capex demand. However, the recent Ordinance issued by Govt. of India to resolve the NPA issue by vesting RBI with greater powers is a welcome move in this direction. I expect these issues to be resolved in the next two years, signs of which are evident at this stage.

Your Bank's progress under Basel III transition is on schedule. Your Bank's efforts to control costs have borne fruit with cost to income ratio declining by 138 bps. Your Bank`s performance on non-interest income front has been fairly satisfactory and we will continue to diversify our income sources.

On the technology front, demonetisation provided the single largest reason to expand the digital base of the Bank. This is visible in expansion of Banks' PoS network, more acceptability of sbiINTouch, SBI mobile banking. I expect that this trend will continue and in years to come a substantial part of the banks' business will be migrated to digital channels, thus decongesting bank branches and reducing our overheads. Cyber security has emerged as an important area of concern for us. Although there were no disruptions due to the recent episode of ransomeware in India, it is now important that cyber security policy of the Bank becomes proactive instead of reactive. Your Bank will be actively working in this direction for next few years.

From the next financial year the solo results of your Bank will include the assets of Associate banks. The merger has catapulted the Bank into the league of top 50 banks in the world and has increased the market share within the domestic banking space. The size comes with its own advantage. We expect the cost structure of the bank to move favourably primarily due to economies of scale and adopting uniform best practices. Digital foot print of the Bank will be favourably impacted by the merger and the large customer base will offer immense cross sell opportunities to the Bank.

FY2018 is expected to be challenging, yet more promising than the previous year primarily because policy environment is now more predictable. Political stability has increased and this will provide the basis for more bold reforms in next two years.

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

Yours sincerely,

(Arundhati Bhattacharya)

Directors' Report

I. ECONOMIC BACKDROP AND BANKING ENVIRONMENT

GLOBAL ECONOMIC SCENARIO

Global growth remained stagnant at 3.1%. On the global level, while the advanced economies' performance eased modestly in 2016 when compared to 2015, the emerging market and developing economies performed somewhat better. The US experienced a lower GDP growth since 2011, thereby, acting as a drag on the overall advanced economies' growth. UK slowed down against the backdrop of weaker net exports. Euro Area as a whole, however, registered a tad higher growth in 2016 when compared to 2015. Meanwhile, higher capital expenditure enabled Russia to come out of recession in Q4 2016, thereby pulling up overall growth of emerging and developing countries (4.1% in 2016).

Despite some headwinds, global economy has been recovering in 2017, with performance improving specifically amongst the advanced countries. Moreover, economic performance of Euro area is also showing an uptick with various indicators, including unemployment rate and factory output reflecting the improving dynamics this year. Activity in Japan has also surprised on the upside with pick-up in industrial output and exports. Though the US GDP growth eased in Q1 2017, the good thing is that a possible fiscal stimulus is expected to provide a push to economic growth.

Among the emerging and developing world, China continues to grow moderately with persistent support from the authorities. However, recently Moody's Investor's Service downgraded China to A1 from Aa3 and changed its outlook to stable from negative. The rating agency attributed this decision to expectations that China's economy-wide leverage would increase further over the coming years, planned reform program would likely slow down, but not prevent the rise in leverage, and sustained policy stimulus would cause rising debt across the economy.

Economic activity in India is expected to recover past the slowdown due to demonetisation.

The global trade slowed down to 2.2% in 2016 owing to sluggish investment and inventory adjustment. However, it is likely to benefit from expected increase in global demand, albeit increasing protectionist policies remain a matter of concern. The overall world GDP is expected to grow by 3.5% in 2017. However, deepening geo-political tensions in the Middle East and North Africa region, faster than expected Fed rate hike and increase in protectionism policies by the advanced economies are the key risks that can put downward pressure on global economic activity.

Another aspect that influences global growth is crude oil price, which has plummeted in recent weeks to go below $50 per barrel. The sharp fall is driven by the market's deeper worry that OPEC's steps of a production cut may worsen structural imbalances. OPEC and other major producers had been enjoying higher prices since agreeing in November to slash production, a strategy designed to rid global markets of excess supply. Going forward, it is expected that dynamics of crude oil price will be driven by decision of Saudi Arabia and other OPEC members to implement production cut for at least 12-18 months to reduce the inventory glut.

INDIA'S ECONOMIC SCENARIO

After witnessing demonetisation in FY2017, the Indian economy is going to see another major reform in the form of implementation of GST in FY2018. India's GVA growth, which is expected to expand by 6.7% in FY2017, is set to increase in the range of 7.4% in FY2018 (RBI estimates) due to accelerated pace of remonetisation, stepping up of capital expenditure, boosting of the rural economy, demand for affordable housing, a normal monsoon and roll-out of GST by July 2017.

Indian Meteorological Department (IMD) has forecasted that this year monsoon would be "Normal" or around 96% of Long Period Average (LPA) with an error of ± 5% and with a fair distribution of rainfall across major parts of country. If the forecast holds, it will boost rural demand and also alleviate rural distress.

As a result of very good rainfall during monsoon 2016 and various policy initiatives taken by the Government, the country has witnessed record foodgrain production in FY2017. As per Third Advance Estimates for FY2017, total foodgrain production in the country is estimated at 273.38 million tonnes, which is higher by 8.34 million tonnes than the previous record foodgrain production of 265.04 million tonnes achieved during FY2014 and significantly higher by 21.81 million tonnes than the last year's foodgrain production.

Both Wholesale Price Index (WPI) and Consumer Price Index (CPI) inflation have remained under control throughout FY2017. CPI inflation declined significantly from a high of 9.9% in FY2013 to 4.5% in FY2017. The inflation trajectory will remain in the range of 4-5% for the next 2 years with the possibility of a downward bias, thanks to Government initiatives, adoption of inflation targeting framework by RBI and constitution of MPC.

Based on new base year (2011-12), Index of Industrial Production (IIP) grew by 5.0% in FY2017 compared to 3.4% in FY2016, hence defying the negative impact of demonetisation. The manufacturing sector, which has been the most volatile, grew by 4.9% in FY2017 as against 3.0% growth in FY2016. Mining and Electricity grew by 5.3% and 5.8%, respectively in FY2017.

The year-wise number of investment proposals (greenfield as well as brownfield) on a calendar year basis as depicted under IEMs (Industrial Entrepreneurs Memorandum excluding Direct Industrial Licenses) grew from 1,909 in 2015 to 2,256 in 2016 - a growth of 18%. From January-March 2017 the number of investment proposals was 557 as against 543 in January-March 2016. In value terms, the proposed investments (excluding Direct Industrial Licenses) for calendar year 2016 were ₹4,10,422 crore (₹3,07,357 crore in 2015) – depicting a growth of more than 33%. Key sectors which attracted investments include Electrical Equipment, Transportation, Metallurgical industries, Chemicals (except Fertilisers), Cement and Textiles.

On the external front, the current account deficit (CAD) has been narrowing down progressively from 1.7% of GDP in FY2014 to 1.1% in FY2016 and is expected to improve further. The contraction in the CAD was primarily on account of a lower trade deficit brought about by a larger decline in merchandise imports relative to exports. India's export growth, which was in negative territory in the first half of FY2017, rebounded significantly in the second half and recorded a growth of 27.6% in the last month of FY2017. Imports also indicated a similar trend.

BANKING ENVIRONMENT

Since the global financial crisis (GFC), leading Asia Pacific Region (APR) banks have outperformed the global banking sector. The region is already witnessing new types of competitors from the rapidly-developing Fintech sector and mega banks rising across the region (the recent SBI merger) enabling banks to operate more easily across borders.

Meanwhile, in FY2017, Indian banks remained in the limelight, initially due to the lingering asset quality issues and thereafter due to demonetisation. In H1 FY2017 for All Scheduled Commercial Banks (ASCB), both deposits and advances growth remained subdued and were moving in the range of 8-11%.

On 08 Nov 2016, Honourable Prime Minister demonetised the high value ₹500 and ₹1,000 notes, which amounted to ₹15.44 lakh crore (86% of the value of the total amount of currency in circulation). The concerted efforts by banks helped the Government to smoothly surpass the 50-days' time period given to deposit/change the demonetised notes. Demonetisation led to increase in deposits of the banks. The fortnightly data of ASCB indicates that aggregate deposits increased by 11.8% in FY2017, after declining in the last three years. Meanwhile, credit off-take (YoY) declined to a 63-year low of 5.1% in FY2017 compared to previous year's growth of 10.9%. The decline in credit is mainly due to low demand for credit from the corporate sector. There has been a shift of loan demand from the better rated entities to the bond market as yields offered in the primary markets have fallen below the base rate for certain maturities. Thus, incremental lending during the financial year has been mostly to the personal loan segment, especially Housing and other personal loans. Interestingly, banks have surpassed the target of ₹1.80 lakh crore of Mudra loans in FY2017 by sanctioning ₹1.81 lakh crore to 3.97 crore accounts. In the last 2 years, banks have given Mudra loans to 7.46 crore MSME units. Thus, with the thrust of the Government and efforts by banks, Mudra loans now account for around 2% of the ASCB loan portfolio.

In the post demonetisation period (11 November 2016 to 31 March 2017), aggregate deposits have increased by ₹7.4 lakh crore, while credit off take during the same period has increased by ₹5.5 lakh crore. The huge inflow of deposits has pushed the share of CASA deposits in aggregate deposits by around 4 percentage points relative to the pre-demonetisation period. As the limits on withdrawals have been removed, people have started withdrawing their deposited money gradually.

Following the surfeit of liquidity and low credit growth, SBI has taken the lead (and followed by other banks) by slashing the MCLR rate by 90 bps to 8.0% on 01 Jan 2017. Following SBI, a number of public and private sector banks have reduced their MCLR in the range of 10-85 bps.

The process of demonetisation has opened up huge potential for digital channels. There has been a significant jump in transactions in all digital modes of payments like PoS, m-wallets, mobile banking, IMPS and UPI. The debit + credit card transactions at PoS increased to ₹686 billion in March 2017 (with peak reached in December 2016 at ₹892 billion), compared to merely ₹519 billion in October 2016. Also, the number of PoS terminals has increased from 14.0 lakh in April 2016 to 25.3 lakh as of March 2017. Just in a period of 5 months (November-March), Indian banks have been able to set up 10.2 lakh PoS terminals, almost 6,700 PoS terminals per day. The size of digital banking (including credit card + debit card transactions through PoS terminals, transactions through Prepaid Payment Instruments like m-Wallet, PPI cards etc. and mobile banking) has increased to around ₹2,500 billion from ₹950 billion in April 2016, with the lion's share captured by SBI.

State Bank of India has merged its five associate banks and Bharatiya Mahila Bank with itself from 1 Apr 2017. This is the first such large scale consolidation in the Indian Banking industry. With this merger, SBI has entered into the league of top 50 global banks (up from 55th position in 2016, Source: The Banker, July 2016) with a balance sheet size of ₹33 lakh crore, with 24,017 branches and 59,263 ATMs servicing over 42 crore customers. The increased balance sheet size will enable the bank to command better terms in both international and domestic markets. The added branch network, customer base and staff strength will help it expand reach and enable the bank to rationalise resources and redundancies across the board. The Bank's endeavour will be to optimise costs and maximise revenues through the merger synergies, leading to significant cost savings and reduction in cost-to-income ratio.

Meanwhile, under the Pradhan Mantri Jan Dhan Yojna (PMJDY), banks have opened 28.6 crore of accounts with ₹64,365 crore deposits till 17 May 2017. In FY2017 alone, banks have opened 6.7 crore Jan-Dhan accounts, out of which 2.6 crore accounts were opened in the post demonetisation period. On a positive note, zero balance accounts under PMJDY have been continuously declining from 45% in September 2015 to 24% in March 2017.

Recently, RBI released a discussion paper on a new category of banks - wholesale and long-term finance banks, which will fund large projects. These banks will be focusing primarily on lending to infrastructure sector and small, medium & corporate businesses. They will also mobilise liquidity for banks and financial institutions directly originating priority sector assets, through securitization of such assets and actively dealing in them as market makers.

The stress in asset quality of Indian banks continued to remain elevated in FY2017. Due to a high proportion of NPAs, net profits of most banks have declined as a result of higher provisioning. This in turn has impacted their return on assets (RoA) and return on equity (RoE) adversely. However, all possible solutions for resolution of stressed accounts are being worked out by the Government, RBI and the banks. The recent promulgation of the ordinance giving greater powers to RBI is a novel step to tackle the problem of asset quality. The ordinance has a provision under which the Government may authorise RBI to issue directions to any banking company to initiate insolvency in respect of a default under the provision of the Insolvency and Bankruptcy Code, 2016. It also has provisions for empowering the RBI to issue directions to banking companies for resolution of stressed assets. Further, measures like forensic audit in those accounts where there is lack of cooperation, operationalising commercial division of high courts, implementation of bankruptcy code among others are also likely to have a positive impact on the asset quality of banking system.

Meanwhile, Indian banks will need recapitalisation even as asset quality improves over medium term. Empirical evidence suggests that there are definite scale economies in banking when recapitalisation is introduced.

The interesting part is that as per the limited information available in public domain, China had injected $127 billion into their banking system during 2004-07, while the US Fed injected $2.27 trillion following the 2008 crisis. In contrast, during the period FY2006-FY2017, cumulative capital infusion into PSBs in India was at $17 bn.

OUTLOOK

The year 2017 will be the most crucial in the second decade of the 21st Century. The pressure points such as sluggish improvement in economic conditions worldwide, structural unemployment, underutilisation of capacity, growing digital trades, labour saving technology and geopolitical conflicts have reached a critical mass. Protectionism is on the rise in the US and EU and financial stability will be under stress in the EU. These factors will create a band of uncertainty around the global growth outlook in 2017, which is largely positive. The financial markets may, therefore, witness uncertainty during this year and beyond.

While the political discourse worldwide may indicate a decline in globalisation trends, the growing digital flows have become a new form of globalisation and the appreciation of this fact will take some time to percolate. The expansionary nature of global value chains that marked the liberalised regime in 1990 will now give way to more localised production. It is in this context that India is hoping to revive its growth prospects.

In the coming year, India's economy will have many challenges to surmount. The protectionism of the West may constrain our ability to cater to export markets. The economy's employment generating potential needs a further thrust. Doubling of farm incomes to support the aggregate demand needs to be pursued with full sincerity without hurting financial stability. Critical infrastructure such as internet connectivity, regional air connectivity, rail connectivity, water conservation and port connectivity need push on war footing. National Policy on Standards has waited too long and must be drafted and implemented at the earliest to realise the full potential of 'Make in India'. The implementation of GST, paving the way for a unified national market in goods and services, must reach its logical conclusion during this year. The Government has set a target to construct as many as 12 lakh houses under Pradhan Mantri Awas Yojana (Urban) in FY2018. This scheme was launched in 2015 to ensure housing for all by 2022. However, the Government has to overcome the challenge of land acquisition to successfully achieve this target.

India's growth fundamentals continue to remain intact. Low inflation, good agriculture growth and declining power shortages are indication towards a bright future. Thus, the time is opportune to take a decision on the Second Generation Reforms encompassing vital sectors such as banking, bureaucracy, judiciary and industry. The first generation of reforms has completed 25 years and the law of diminishing returns has now set in preventing a full scale revival. The consolidation in banking with mergers of Associate Banks may set a template for future consolidations. However, this needs to be supplemented with better HR practices to boost productivity, much higher standards of customer servicing and enduring value creation through judicious use of technology.

Overall, both monetary and fiscal policy will be conducive for stable economic growth. Even if the monetary policy is in neutral mode, ample liquidity post demonetisation will keep the interest costs down. Consolidation in the fiscal space will make room for private investment. We do not see any material departure from either the monetary or fiscal policy stance in the current fiscal.

II. FINANCIAL PERFORMANCE

ASSETS AND LIABILITIES

The total assets of your Bank have increased by 14.78% from ₹23,57,617.54 crore at the end of March 2016, to ₹27,05,966.30 crore as at the end of March 2017. During the period, the loan portfolio increased by 7.34% from ₹ 14,63,700.42 crore, to ₹15,71,078.38 crore. Investments increased by 33.06% from ₹5,75,651.78 crore to ₹7,65,989.63 crore as at the end of March 2017. A major portion of the investment was in the domestic market in government securities.

Your Bank's aggregate liabilities (excluding capital and reserves) rose by 13.75% from ₹22,13,343.10 crore as on 31st March 2016 to ₹25,17,680.24 crore as on 31st March 2017. The increase in liabilities was mainly contributed by increase in deposits. The deposits rose by 18.14% and stood at ₹ 20,44,751.39 crore as on 31st March 2017 against ₹17,30,722.44 crore as on 31st March 2016. The borrowings declined marginally by 1.75% from ₹323,344.59 crore at the end of March 2016, to ₹317,693.66 crore as at the end of March 2017.

NET INTEREST INCOME

Net interest income increased by 8.16% from 57,194.81 crore in FY2016 to 61,859.74 crore in FY2017. Total interest income has increased from ₹163,998.30 crore in FY2016 to ₹1,75,518.24 crore in FY2017 registering a growth of 7.02%, due to increase in Income from resources deployed in domestic treasury operations by 17.04%.

Total interest expenses have increased from ₹106,803.49 crore in FY2016, to ₹1,13,658.50 crore in FY2017. Interest expenses on deposits during FY2017 recorded an increase of 6.81%, compared to the previous year.

NON INTEREST INCOME AND EXPENSES

Non-interest income increased by 27.35% to ₹35,460.93 crore in FY2017, as against ₹27,845.37 crore in FY2016. During the year, your Bank received an income of ₹ 688.35 crore (₹475.83 crore in the previous year) by way of dividends from Associate Banks/ subsidiaries and joint ventures in India and abroad, and ₹10,749.62 crore (₹5,168.80 crore in the previous year) by way of profit on sale of investments under all categories viz HFT, AFS and HTM, a whopping jump of 107.97%.

Cost to Income ratio improved by 138 basis points from 49.13% in FY2016 to 47.75% in FY2017 mainly because of control in staff expenses and higher growth in other income.

OPERATING PROFIT

Your Bank registered a robust growth of 17.55% in Operating Profit in the current financial year. The Operating Profit of your Bank for FY2017 was at ₹50,847.90 crore as compared to ₹43,257.81 crore in FY2016. Your Bank posted a Net Profit of ₹ 10,484.10 crore for FY2017, as compared to ₹ 9,950.65 crore in FY2016, i.e. an increase of 5.36% even after higher provisioning requirements on NPAs.

PROVISIONS & CONTINGENCIES

Major provisions made in FY2017 were as under:

₹32,246.69 crore for non-performing assets (as against ₹26,984.14 crore in FY2016), ₹2,499.64 crore towards Standard Assets (as against ₹2,157.55 crore in FY2016), ₹4,371.06 crore towards Provision for Tax (as against ₹3,823.41 crore in FY2016). An amount of ₹298.39 crore was provided for depreciation on Investments (as against ₹149.56 crore in FY2016).

RESERVE & SURPLUS

An amount of ₹3,145.23 crore (as against ₹2,985.20 crore in FY2016) has been transferred to Statutory Reserves. An amount of ₹1,493.39 crore (as against ₹345.27 crore in FY2016) has been transferred to Capital Reserves. An amount of ₹3,740.14 crore (as against ₹4,267.35 crore in FY2016) has been transferred to Revenue and other Reserves which includes a transfer of ₹309.59 crore from revaluation reserve to General Reserve.

REVALUATION OF FIXED ASSETS

The your bank has revalued immovable properties based on the reports obtained from the external independent valuers. The revaluation surplus was credited to revaluation reserve as on June 30, 2016 and the closing balance of revaluation reserve as at March 31, 2017, (net of amount transferred to General Reserve), is ₹ 31,585.65 Crore. In terms of RBI circular No.DBR No.BP. BC.83/21.06.201/2015-16 dated 01.03.2016 on Basel III capital regulations, the revaluation reserves have been reckoned as CET I Capital at a discount of 55%.

PROGRESS ON IMPLEMENTATION OF IND AS

"The Ministry of Corporate Affairs (MCA), Government of India has notified the Indian Accounting Standards (Ind AS) which are converged version of International Financial Reporting Standards (IFRS). Subsequently, RBI has issued a road map for implementation of Ind AS for Banks in India for accounting periods beginning from April 1, 2018, with comparatives for the periods ending March 31, 2018.

To monitor the progress and provide necessary guidance in implementation of Ind AS, your Bank has formed a Steering Committee headed by Managing Director (Compliance & Risk). Towards implementation of Ind AS, following measures have been initiated by your bank :

a) Diagnostic analysis.

b) Developing a model for computation of Expected Credit Loss (ECL).

c) Policy changes.

d) IT system changes including preparation of financials.

e) Training to credit officials.

III. CORE OPERATIONS

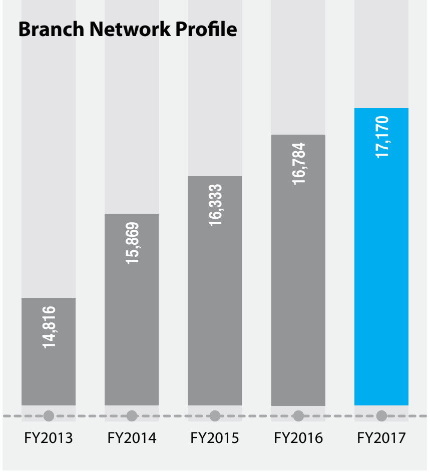
NATIONAL BANKING GROUP

National Banking Group (NBG) is the largest business vertical of your Bank, anchoring 96.13% of total Domestic Deposits, and 53.56% of total Domestic Advances, as of 31st March 2017. The Group comprises of six strategic business units, and is the largest in terms of its Branch Network and Human Resources.

A steady stream of technology-driven innovations and changing customer preferences are transforming the retail banking landscape. Your Bank, through the launch of several innovative products and solutions geared towards enhancing the consumer experience, has been at the forefront of leveraging new technology in the banking system. Your Bank has a multi-channel delivery model, which allows to offer their customers the choice to carry out transactions through any channel, at any time, and at any place. All these initiatives have revamped the Bank's process and tools, making it easier for the customers to conduct business. Your Bank also strives to anticipate the future needs of customers and deliver those expectations through technology-based solutions. In FY2017, your Bank increased its offerings across various channels – digital, mobile, internet, social media, in addition to physical branches.

Retail Banking is playing an increasing role in customer acquisition, and CASA growth on the liabilities side. Your Bank has continued to see strong momentum in the addition of retail deposit customers, and consequently, robust growth in the retail deposit base. Simultaneously, to meet the aspirations of this growing customer base, Retail Assets are being strategically positioned to grow and to form a much larger proportion of total advances. To this end, your Bank Constantly endeavours to come up with customer centric products and processes in Retail, using technology to deliver a better customer experience. Your Bank has launched the concept of "SBI DIGITAL VILLAGE" to convert certain identified villages into a cashless eco system. 21 villages were launched on 1st July 2016 across the country under the scheme.

In line with the Government of India's initiatives, your Bank has laid considerable emphasis on extending credit facilities to eligible units under different variants of the MUDRA scheme, and achieved 102% of targets set for the year 2016-17.



A. PERSONAL BANKING

Retail banking, the most visible face of banking for the general public and hence it has always been a focus area for your Bank. Customer service has always been the top priority of your Bank, and it strives to offer the best practices in terms of product offerings, technology, and customer service across its retail segment. Your Bank has successfully sailed through the demonetisation period and received a number of accolades from you all for its services.

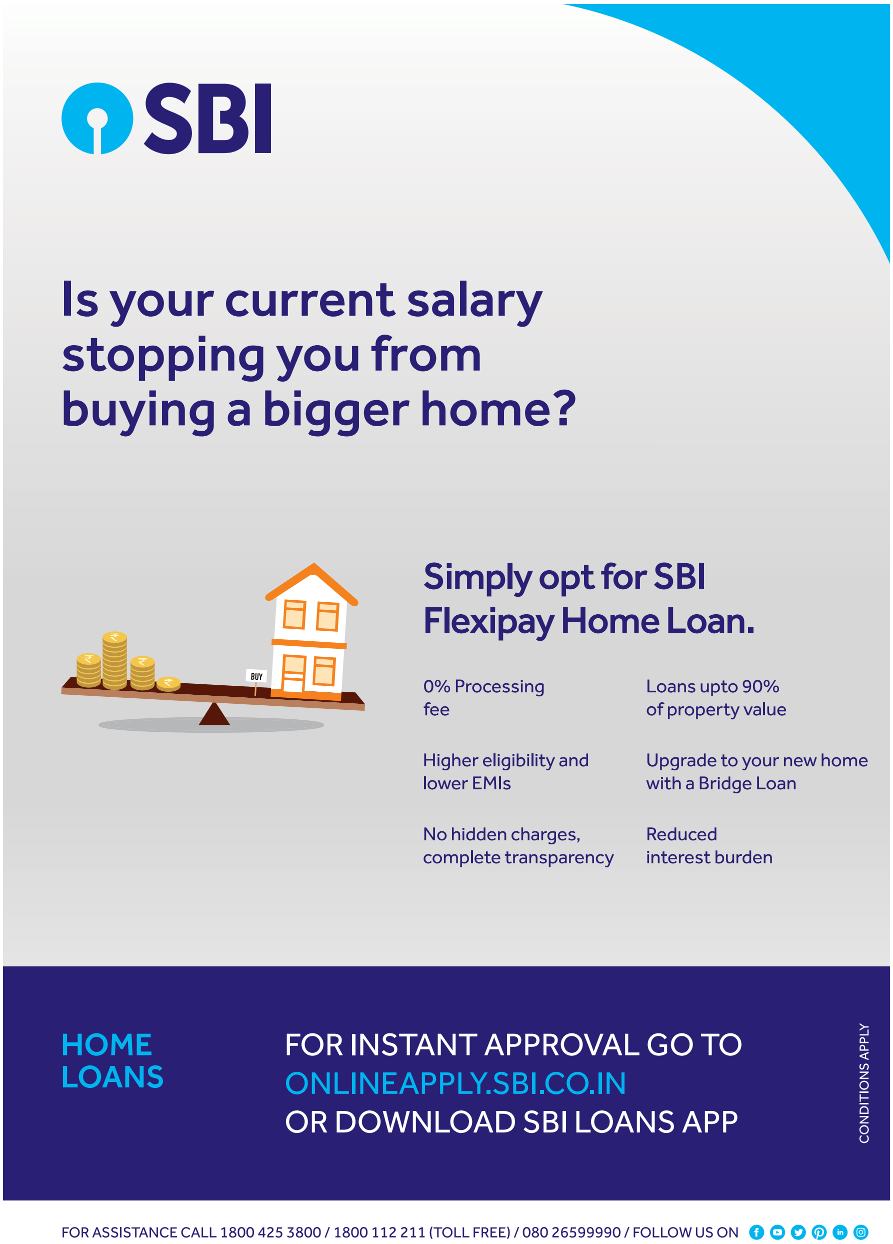
Your Bank offers a wide range of services in the Personal Banking Segment as mentioned below.

1. Home Loans

State Bank of India has the largest Home Loan portfolio in the Banking Sector and market share of over 25% as on 31st March 2017 amongst All Scheduled Commercial Banks (ASCBs). Home Loan portfolio constituted 17.35% of Whole Bank Advances as on 31st March 2017.

- Home Loan portfolio increased from ₹ 1,19,467 crore in March 2013 to ₹ 2,22,605 crore in March 2017 which has almost doubled in the last 5 years. Total Home Loan and Home Related Loan portfolio as on 31st March 2017 stood at ₹2,37,664 crore. The Bank has won the prestigious "Best Home Loan" Provider award from CNBC Awaaz during the year. The last time the Bank won this award was in 2008.

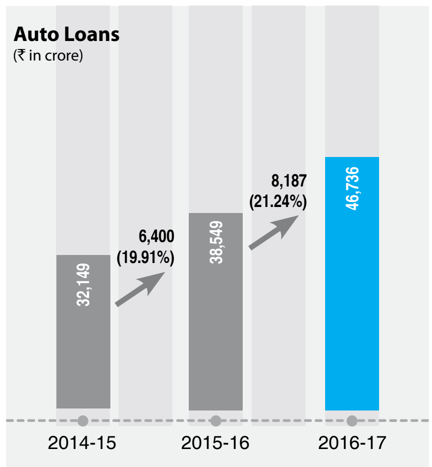
SBI Home Loans was awarded as the "Best Home Loan Provider" at the 11th CNBC Awaaz Real Estate Awards.



During FY2017, several initiatives were taken by your Bank to give an additional thrust to its Home Loan portfolio. Some of the important initiatives in this regard are as under:-

- The Bank launched the following 6 new Home Loan Products :
  - SBI Privilege : Dedicated Home Loan customised for Govt Employees.
  - SBI Shaurya : A special home loan for Defence Personnel.
  - SBI Hamara Ghar : Exclusive Home Loan for Affordable Housing having a fixed interest rate for 2 years.
  - Home Loan for Non Salaried Segment : Customized Home Loan for the non-salaried class having a risk based pricing mechanism.
  - SBI Bridge Loan: Personal Loan for customers planning to upgrade their existing property.
  - SBI Insta Top Up : An instant paper-less e top up loan.
- Griha Tara 2 Home Loan Campaign: After the initial success of Griha Tara launched in the FY2016, the concept was taken forward. Around 60,000 staff members participated mobilizing business to the tune of ₹ 30,000 crore.
- Seal the Deal Campaign with Magicbricks.com : SBI Home Loans & Magicbricks.com partnered to have an online property festival which was a first in the industry only for SBI Approved Projects.
- Online Property Festival with Snapdeal.com: Snapdeal.com is the only e-commerce company in India to market real estate. SBI HL partnered with them to run an online property festival for real estate.
- MOU with CREDAI: CREDAI is the largest Real Estate Developers Association in the country. SBI Home Loans entered into an MOU with CREDAI to conduct joint marketing / CSR activities and build a strong bond with the builder fraternity.

2. Auto Loans



Your Bank's Car Loan Product, which is also available online, offers the best to customers in terms of competitive interest rates, finance on 'On-Road price', maximum repayment period of 7 years, no prepayment /foreclosure penalty, no advance EMI and an option for an overdraft facility. During the year, the Auto Loans portfolio achieved growth of 21.24% against a 9% growth, registered by the auto sales market. Your Bank has also provided a digital platform Online Customer Acquisition Solution (OCAS) to customers, enabling them to easily apply for a Car Loan online. Your Bank has introduced an "Assured Car Loan" scheme for eligible borrowers including Senior Citizens.

Your Bank has engaged SBI Caps Securities Ltd (SSL) as its Corporate Agency for sourcing Auto Loan products. This has resulted in an increased presence at dealership points, leading to the higher sourcing of proposals.

3. Education Loans (EL)

As on 31st March 2017, your Bank extended education loans (ELs) to 4,62,018 students, with a total loan outstanding of ₹ 15,755 crore. Out of the total loan outstanding, ELs of ₹ 13,796 crore are under Priority Sector. Your Bank introduced an EL Take Over Scheme, and modified SBI Global Ed-Vantage by adding some more student friendly features.

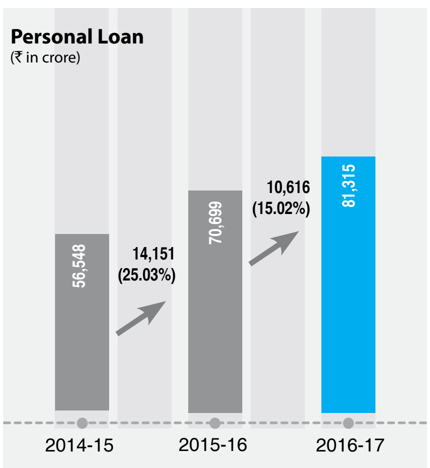
4. Personal Loans

Continuing the journey of introducing new customer friendly products, your Bank launched following initiatives during the year:

- Xpress Credit for IT Employees. The eligibility criteria for Xpress Credit is amended to widen the customer base.
- Xpress Elite: Unsecured Personal Loan scheme for Senior Officials of Central/State Government and Quasi Government/PSU who may not be maintaining salary account with the Bank.
- Xpress Credit to Non-Permanent Employees: Unsecured Personal loan scheme for employees who maintain salary accounts with the Bank, but are not permanent employees.
- Introduced New Pension Loan Scheme for Coal Mines Provident Fund (CMPF) pensioners.

The personal loans registered a growth of ₹10,616 crore during FY2017(15% Y-o-Y) despite the impact of demonetisation during the November to January period of the financial year.

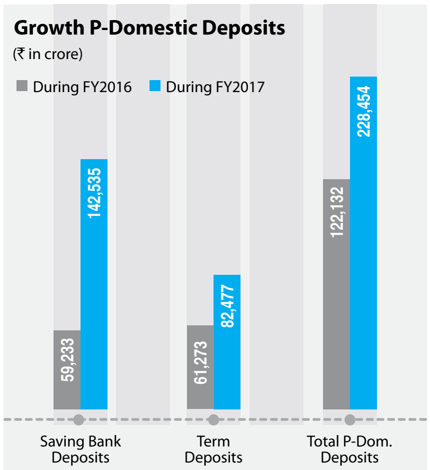
Personal Loans Portfolio



5. P-Domestic Deposits

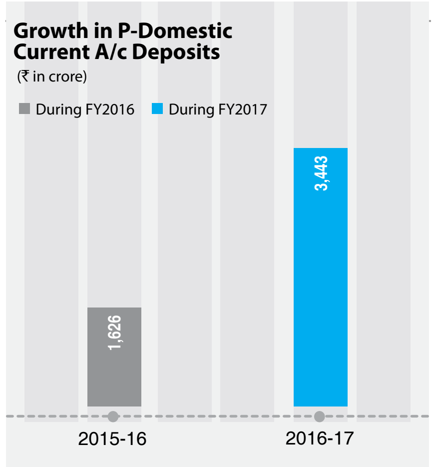
The domestic deposit portfolio grew by 21.70% during FY2017. Domestic Savings Bank deposit registered a Y-O-Y growth of 29.90% (From 13.17% in FY2016) while the Current Account deposits have grown by 36.41% (From 9.62% in FY2016). The term Deposit portfolio despite declining interest rates has registered a growth of 14.56% during FY2017. Your Banks's market share in deposit also improved to 17.50% in March 2017 from 17.30% in March 2016.

Growth in P-Domestic Deposits



Your Bank introduced and further enhanced the following offerings for the customers during FY2017:

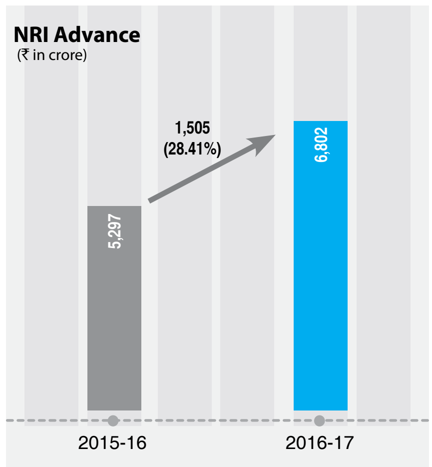
- Allowing customers to transfer their Savings Bank A/Cs from one branch to the other branch through INB Channel.
- Enabled submission of Form 15G/15H through INB Channel to avoid deduction of TDS on interest income on fixed deposits.
- SBI QUICK- Missed call and SMS Banking garnered more than one crore registered users and new services such as Providing 6 months e –Statement, Education Loan and Home Loan Interest Certificates and Generation of Green PIN have been added in it.



6. NRI Business

As of March 2017 your Bank enjoys a patronage of 17 lakh NRI customers, who in turn take pleasure in being served through our 79 dedicated NRI branches, and 100 NRI intensive branches. The NRI deposit of your Bank stood at ₹1,33,631 crore as at the end of March, 2017.

NRI Advances



The customer centric measures introduced for NRIs during FY 2017 are mentioned below:

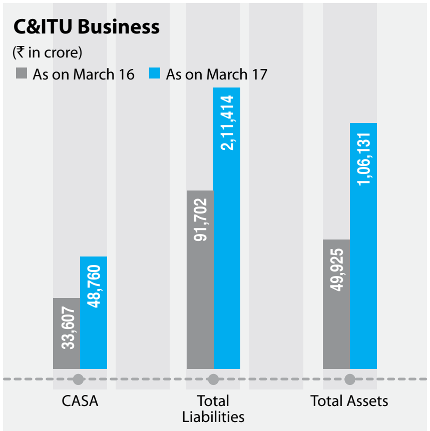
- Delivery of Internet Banking Login password on registered email address.
- Introduction of Instant ATM / Debit card PIN.
- Mechanism for uploading KYC documents in Online Application Account Opening facility for preliminary KYC.
- Foreign outward remittance by branches through 'Fx-out' activated for NRE SB account at all branches.

- Forward Contract permitted up to 5 years now in case of Foreign Currency Non Resident (FCNB) premium accounts.
- NRI housing loan leads at select centres now mapped to NRI/NRI intensive branches for faster response.

7. Corporate and Institutional Tie-Ups for Salary Packages:

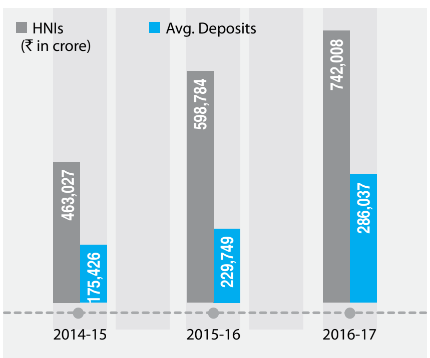
In addition to the Salary Accounts of Defence, Para Military, Railways, Central Government, State Governments, and Police employees/ personnel, employees of the Maharatna, Navratna, and Miniratna Corporates, as well as those of the Public and Private Sector Corporates and MNCs are with your Bank.

The total Salary Account customer base has reached 89.76 lakh as of 31st March 2017 in comparison to 82.04 lakh as on 31st March 2016.



8. Premier Banking Services

The number of High Networth Individual (HNI) Customers registered an increase of 23.92%. The growth in Deposit from HNI customers stood at 24.50% from ₹ 2,29,749 crore as of 31st March 2016 to ₹ 2,86,037 crore as of 31st March 2017.



As an additional convenience to HNIs, your Bank introduced the following new initiatives during the year:

- **SBI NO QUEUE App:** This App helps HNI customers to get a priority token, reducing their waiting time vis-a-vis other customers. This has been enabled in more than 3,500 branches, and over 50% of HNI customers can avail this facility in their Home & Non-home Branches.
- **A Book on Financial and Retirement Planning for HNIs:** It imparts knowledge about the concepts of financial planning through proper asset allocation, enabling HNIs to manage their portfolio in a better manner.
- **Exclusive HNI desk at Contact Centre:** This serves HNI customers' calls on priority basis.
- **SBI CapGains Plus:** As on 31st March 2017, the deposit base of SBI CapGains plus increased to ₹ 3,905 crore from ₹ 3,031 crore as on 31st March 2016, registering a growth of 29%.
- **'My WILL Services Online'- Hindi Version:** A value added service that enables individual customers to create a 'Will' online in a hassle free and confidential manner.

9. Wealth Management

Your Bank has designed and rolled out 'SBI Exclusif', a unique suite of Wealth Management Services (WMS) for its high-net-worth customers. Wealth Management services are now available at 9 centres across 8 Circles. Three e-Wealth centres are now operational in Delhi, Mumbai and Bengaluru. These centres enable customers to interact with their Relationship Managers through voice/video services, beyond banking hours.

Shri Arun Jaitley, Finance Minister Govt. of India inaugurating 'SBI Exculsif' at New Delhi

The products suite on offer to high-net-worth customers of your Bank is mentioned below:

- Differentiated Wealth Savings Account
- Visa Signature Debit Card
- Mutual Fund Products of 17 AMCs (Online and Offline)
- Distribution of PMS Products (Tie up for distribution of Portfolio Management Service (PMS) with Motilal Oswal and ASK Investments, after proper due diligence).
- SBI Life products
- SBI General products
- Equity (through SSL)
- SBI Elite Signature Credit Card
- Full range of loan products.

Other facilities/ tie-ups to ensure customer delight:

- Tie up with leading service providers for the life style benefits.

- Tie up made with SBICAPS Trustees Ltd for Succession Planning
- Tie up made with Leading Tax Consultants for assistance in taxation matters.
- Your Bank's Wealth Management services are available to customers through:
  - Traditional Wealth Hubs for customers who prefer face to face interactions with the Relationship Manager.
  - e-Wealth Centre services with dedicated Relationship Managers, who can be accessed through voice/video services beyond banking hours.
  - Self Service portal to transact all Mutual Fund Transactions.

As on 31st March 2017, your Bank has on-boarded 3,849 customers with total Assets Under Management (AUM) of ₹ 2,917 crore which includes CASA, Term Deposits, Mutual Funds, Bonds and Portfolio Management Services (PMS).

10. Precious Metals

Sovereign Gold Bonds: The Government of India introduced Sovereign Gold Bonds in FY2016 with an intention of reducing the demand for physical gold as an investment asset. During FY2017, four tranches were opened for the subscription. Your Bank mobilised an aggregate amount of ₹ 796.82 crore (equivalent to 2,615 kgs of gold) achieving the highest market share amongst all participants.

Other Initiatives:

i) Gold Monetisation Scheme: The Gold Monetisation Scheme was announced in FY2016 by the Government for the purpose for mobilising gold held by households and institutions, facilitating its use for productive purposes. Since the launch of the scheme, your Bank started accepting gold under all three types of schemes - Short Term Bank Deposit, Medium Term, and Long Term Government Deposits. With mobilisation of 2,515 kgs of gold during FY2017, your Bank remained at the top of the league table amongst all banks.

ii) Bullion Transactions: In order to sell gold to its customers, your Bank imports gold bars on a consignment basis. Your Bank earns a fee on such transactions. Your Bank accepts gold deposits and also borrows gold from overseas suppliers for further lending to jewellers.

B. ANYTIME CHANNELS

As on	ATMs	Kiosks (MFK + SSK)	Cash Deposit Machines (CDMs), Recyclers	Total (SBI)
31st March 2015	42,454	2,595	1,849	46,898
31st March 2016	42,733	1,231	5,760	49,724
31st March 2017	42,222	986	6,980	50,188

1. ATMs/ Recyclers

Your Bank, along with its Associate Banks has one of the largest ATM networks in the world with more than 59,000 ATMs including Kiosks, Cash Deposit Machines and Recyclers as on 31st March 2017. During FY2017, your Bank replaced over 3,000+ old ATMs and Recyclers with new improved machines equipped with the latest technology. Your Bank has so far installed 6,400 Recyclers (SBG 7602) to provide 24x7 cash withdrawal and deposit facilities. With respect to population demographics, your Bank has a 50:50 ATM coverage of Metro/Urban and Semi-Urban/ Rural areas. Nearly, 78% of the financial transactions of the Bank are routed through Anytime Channels. With a 28.14% of market share (as per RBI Data), State Bank Group's (SBG) ATM network transacts 54.06% of the country's total ATM transactions (as of February, 2017). On an average, over 1crore transactions per day are routed through our ATM network. On an average, ₹3,485 crore cash is being dispensed by the Group ATMs on a daily basis.

During demonetisation, your Bank was prompt to reconfigure its ATMs as per RBI directives and SBG ATMs were among the first to dispense new currency notes. The Cash Deposit Machines (CDMs) were also reconfigured to accept old 500/1000 notes till 30th December, 2016.

Over 1,200 e-Corners and 250 hi-tech sbi Intouch Branches have been set up across the country where customers can avail the entire gamut of services from this Channel.

Wherever possible, ramps and/or side railings have been provided to increase accessibility of our branches for differently able and senior customers. As a part of Go-Green Initiative, more ATMs are being equipped with a solar power back-up. ATM user-safety is also a concern, so apart from physical caretaker arrangement, 10,000 ATMs have been brought under 24*7 Electronic surveillance.

2. Swayam: Barcode based Passbook Printing Kiosks

Your Bank rolled out more than 8,900 SWAYAMs (Barcode based Passbook Printing Kiosks) at its branches and onsite/offsite lobbies. Using these kiosks, customers can print their passbooks on their own using barcode technology. On a monthly basis, more than 3 crore transactions are recorded at these kiosks.

3. Green Channel Counter (GCC)

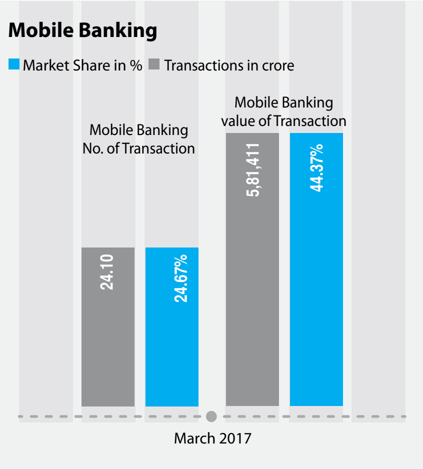
GCC is a POS terminal installed at counters in all retail branches. Transaction through GCC is done by swiping ATM-cum-Debit card followed by PIN validation. The services extended through GCC are cash withdrawal, cash deposit, fund transfer within SBI up to ₹40,000 per transaction. On an average 8.00 lakh transactions are being routed through GCC per day.

4. Green Remit Card (GRC)

SBI Green Remit Card initiative won the SKOCH award under Technology Product category in 2015. It is a deposit card for an individual who regularly remits money in a particular account specially the migrant depositors. With an average daily transaction of 1.12 lakh, over 3.19 crore transactions were carried out in FY2017 through GRC.

5. Banking on Mobile

Your Bank retained its numerouno position in Mobile Banking space, facilitating more than 40% of the total transaction amount on Mobile Banking platforms in the country.



Your Bank saw astronomical growth in transaction put through on it's mobile banking platform during FY2017. The volume of transactions grew by over 56% and value of transactions by 507%.

6. State Bank Anywhere App

Your Bank revamped its Mobile Banking App and launched the State Bank Anywhere – Personal in January 2017. This App is an extension of Bank's Internet Banking Services, with the additional option of registering through a debit card. This also incorporates the features of Bank's popular App SBI Freedom.

The online opening and operation of fixed deposits, lock-or-limit your debit card, online nomination, and Inter/Intra Bank Funds Transfer facilities are some of the popular features on the App. The recently added feature of paying through Bharat QR Code is also gaining good traction. State Bank Anywhere (Saral), and State Bank Anywhere (Corporate), are the mobile banking interfaces for small and large corporates respectively, and have taken banking 'on the go' to the next level for our corporate and government customers. The use of these apps by over 75,000 non-retail customers is a testimony to the increasing acceptance of digital channels.

7. Customer Experience Excellence Project (CEEP)

The Customer Experience Excellence Project CEEP has been rolled out at 4,525 branches across the country. These Branches are equipped with Anytime Channel machines as ATM, CDM/ Recycler, SWAYAM for Passbook Printing, Electronic Cheque Drop Box and Internet enabled PCs. An integrated Queue Management system is in place at these branches to manage the crowds and ensure that the customers are serviced promptly without having to wait in queues at the counters. A Customer Feedback Tab is provided at these branches to enable the customers to give their feedback on the services of the branch. Real time monitoring and Branch choreography are undertaken at these branches to give the customers an excellent service experience.

Your Bank's Mobile App "State Bank No Queue" enables customers to self-generate e-tokens for availing Banking services at CEEP Branches. This App is available on both Android and iOS phones and it helps in reducing waiting time for customers at the branch. It also reduces crowding at a branch as the token is generated before the customer reaches the branch, so customers can skip the queue and avail banking services. As on date, the App has registered more than 10,00,000 (One Million) downloads. The usage of the App is increasing on daily basis. The HNI customers are tagged as Priority Customers at these branches.

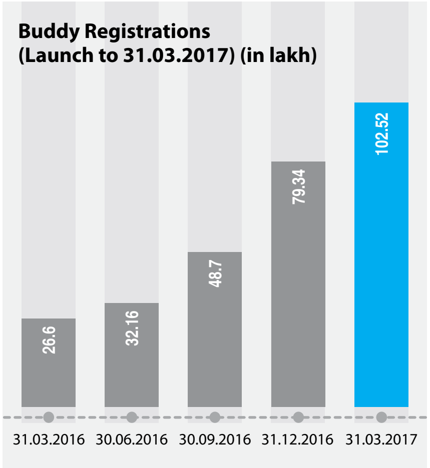
Your Bank has also undertaken Customer Service Feedback Survey at select CEEP branches to assess the impact of the CEEP initiative on the quality of customer service. The feedback thus received is being used to improve the customer service and facilities available for the customers.

8. SBI Pay (UPI)

Launched in November 2016, SBI Pay is an inter-operable mobile-based payment solution, which rides on Unified Payment Interface (UPI) system of NPCI. The app is a payment solution for customers of SBI as well as of other banks. It offers the facility of sending and receiving money based on Virtual Payment Address (VPA) as a unique identifier. Customers having feature phones are encouraged to link their accounts with USSD based UPI option under *99# facility. The inter-operability and payment through multiple modes (VPA, IFSC and A/c No. or Aadhar No. of the beneficiary) in UPI is expected to broad base the reach of this medium to a large number of customers, over the coming months.

9. State Bank Buddy

State Bank Buddy – the Mobile Wallet is another choice of payment-channel given available to the customers and non-customers. Launched in August 2015, the wallet is available in 13 languages. Since launch, Buddy has seen remarkable growth in user-base, especially post demonetisation. The mobile wallet has reached a user base of 102.52 lakh as on 31st March 2017. Buddy offers its users facilities like Ask/Send Money, Mobile TopUp/ DTH Recharge, Book movie/ bus/flight/train tickets, apart from a host of other services. Buddy marketplace boasts of partnering with some of the biggest and the most popular names in the e-Commerce industry like Shopclues, Yatra, Make myTrip, IRCTC and BookmyShow, among others.



Your Bank's SBI Buddy Merchant allows merchants to accept/collect payments from their customers against sale of goods and services.

10. State Bank MobiCash

In order to expand Bank's reach to the rural populace and enable the benefits of digitisation to the masses, your Bank has rolled out an exclusive offering in 'assisted' mode - State Bank MobiCash. The wallet is launched in partnership with BSNL and is also available for basic/feature phone users along with smart phone users.

Mobicash users can approach CSPs (BSNL outlets) for wallet operations or initiate transactions themselves. State Bank Mobicash aims to bridge the gap between the urban and rural market and fulfill aspirations across all sections of our society, thus helping India move towards a cashless society.

All the Mobile Apps of State Bank Group can be viewed and downloaded from 'State Bank App Kart', which is available on both iOS and Android.

11. Digital Banking

Your Bank has always sought to provide futuristic technology at fingertips. One step in this direction was setting up the high-tech, one of its kind, banking outlets - sbiINTOUCH. Your Bank has seven sbiINTOUCH premium outlets in Ahmedabad, Bangalore, Chennai, Delhi, Kolkata, and Mumbai; and 250 sbiINTOUCH Branches equipped with state-of-the-art digital technology. These sbiINTOUCH branches cover more than 143 districts across the country.

At the sbiINTOUCH premium outlets/ branches, your Bank provides banking services such as the opening of accounts and the printing of personalised debit cards in 15 minutes flat, made possible by revolutionary touch technology. These branches provide the car buyer with assisted decision making by displaying various detail – such as car models, dealer locations, and price variation among models – through the 'Digital Wall'. Your Bank's strategy is to create a 'Phygital' marketplace within these futuristic branches, to offer customers Banking through self-service kiosks and services of other SBI subsidiaries such as Life Insurance, General Insurance, Mutual Funds, Credit Cards, and online trading through SBI Cap Securities. Financial counselling through hi-definition Audio Video conferencing service is provided at outlets, where customers can interact with financial experts.

These 250 sbiINTOUCH branches have crossed the milestone of ₹2,400 crore in terms of aggregate business. Going forward, your Bank is committed to offer banking services through a seamless digital experience at these sbiINTOUCH branches.

12. Internet Banking

Your Bank's Net Banking website 'www.onlinesbi.com' is the fifth most visited online banking site in the world and the only one from India to figure in the Top 5 Global Online Banking Sites (Source: Similar Web). This highly secured and cost-effective channel has enabled over 140 crore transactions during FY 2017, recording 13% growth over the previous year.

Your Bank provides robust and customer friendly Net Banking Platform to its Retail, Corporate and Government customers. The platform is periodically upgraded in line with the evolving consumer needs. Even during the financial year, Bank ensured up-gradation of 'Online SBI' to offer more user friendly interface and new features such as - facility to opt for account statement by email, online seeding of PAN number, register/inquire/ cancel nomination, enhanced transaction limits under 'Quick Transfer' facility, and for Mutual Funds transactions by NRI customers, top-up of Buddy wallet through post log-in of Net Banking, and customisation of 'State Bank mCASH' for cashless gifting to friends/ relatives on social/festive occasions.

13. Digital On-boarding of Merchants

Your Bank has been aggressively promoting e-Commerce and m-Commerce by merchant on-boarding and enabling them to receive payments from their customers/vendors through the channels of their choice. Your Bank has collection solution for all, be it a large corporate, government entity or an SME client. Your Bank's State Bank Collect, SB-MOPS (Multi-Option Payment Solution), Buddy-Merchant app and the recently introduced UPI payment option are particularly popular with the collecting entities. In order to further strengthen the e-Commerce ecosystem through strategic partnerships, your Bank's digital offerings are upgraded continuously to also cover collections relating to e-Tendering, e-Auction, e-Freight and bulk payments as per the requirements of the partners. During FY2017, your Bank has entered into more than one lakh new merchant tie-ups on digital channels.

14. Cross selling

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

Key highlights of FY2017 are given below:

(a) Cross Selling income increased from ₹489.04 crore as on 31st March 2016 to ₹776.61 crore as on 31st March 2017, recording a Y-o-Y growth of 58.80%.

(b) Income from SBI Life increased from ₹ 337.18 crore as on 31st March 2016 to ₹ 464.60 crore as on 31st March 2017, recording a growth of 37.79%.

(c) Income from SBI General increased from ₹ 73.09 crore as on 31st March 2016 to ₹107.05 crore as on 31st March 2017, recording a growth of 46.46% over the corresponding period of the last year.

(d) In case of Mutual Funds, income increased from ₹61.91 crore as on 31st March 2016 to ₹ 178.72 crore as on 31st March 2017, recording a growth of 188.67% over the corresponding period of last year. Number of Systematic Investment Plan (SIP) Accounts has grown by 54.16% from 2,40,009 during FY2016 to 3,70,004 during FY2017.

(e) 1.94 crore Personal Accident Insurance (PAI) policies and 6.72 lakh Health Insurance policies of SBI General were sold in FY2017. Number of Health Insurance policies issued, increased by 37.66% to 6,72,574 and premium increased by 29.25% to ₹137.08 crore over FY2016.

(f) Income from State Bank Card & Payment Services Private Limited increased from ₹16.52 crore for FY2016 to ₹23.85 crore for FY2017. Over 3.04 lakh credit cards were issued through our branches in FY 2017.

C. SMALL AND MEDIUM ENTERPRISES

Your Bank is a pioneer and market leader in SME financing. With over one million customers, the SME portfolio of ₹2,25,153 crore (as on 31st March 2017) accounts for nearly 13.83% of your Bank's total advances.

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

a) Customer Convenience/Reach,

b) Risk Mitigation,

c) Technology based digital offerings.

a) Customer Convenience/Reach

Your Bank, has the largest number of touch points in terms of number of branches and other modes, reaching out to the public at large.

With a view to maximise its reach to the Small and Micro Enterprises, your Bank modified its existing delivery model – Small & Medium Enterprises Centres (SMEC) – to create Asset Management Teams (AMT), resulting in having an end to end relationship with the customers. The SMECs have also been fortified in terms of staff strength, which has resulted in improvement in service. Over 1,000 officers (Relationship Officer and Customer Support Officer) are deployed to focus on marketing and providing financial services to Small Enterprises across the country.

Web based loan application and tracking system: Your Bank is hosting an online loan application and tracking facility for MSME borrowers on the Corporate Website www.sbi.co.in

Launching of a Portal "myloanassocham.com: To further widen its reach through multiple and sustainable channels, your Bank joined as a lead partner Bank with ASSOCHAM, to launch an online loan application portal, wherein MSMEs can register and apply for loans. They can also upload KYC/Financial documents, after which the application moves to the Bank's nodal officers at various circles for evaluation, processing and sanction.

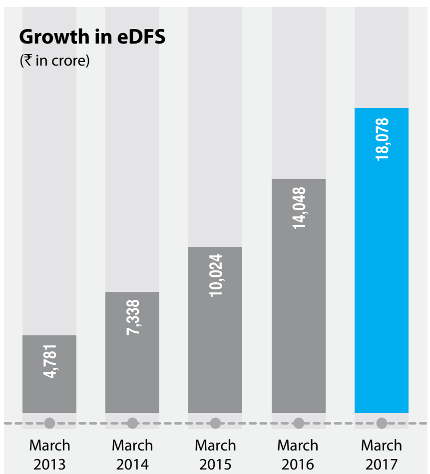
Participation in Business Conclaves/ Summits: Your Bank has been actively participating in Business Conclaves and Summits to reach out to entrepreneurs and understand their requirements.

b) Risk Mitigation

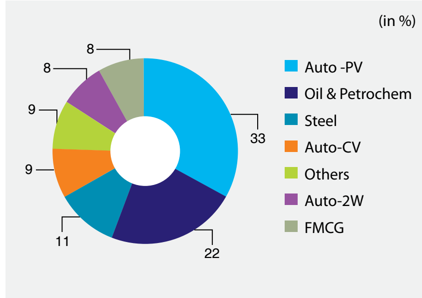
Your Bank has been increasingly shifting focus towards Risk Mitigated Products, which includes Supply Chain finance, Asset Backed Loans, Overdraft against Bank Deposits/ Government Securities, Bills Discounting facility and CGTMSE covered loans, among others. The percentage of this portfolio as on 31st March 2017, is 35.54% of the total SME Advances.

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

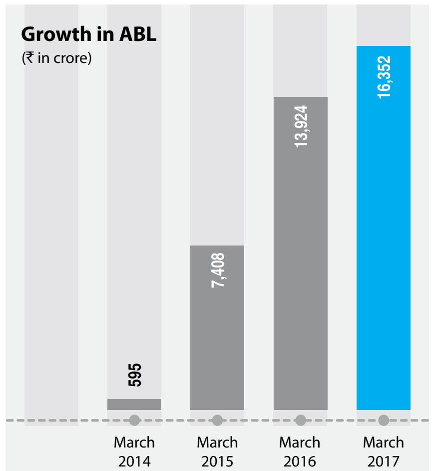
During the fiscal, your Bank entered into 42 new e-DFS (Electronic Dealer Finance Scheme) and 16 new e-VFS (Electronic Vendor Finance Scheme) tie-ups covering 251 Industrial Majors and 17,300 of their dealers and vendors.The number of oil dealers (Petrol Pumps) on e-DFS crossed 10,000 during the last fiscal. There has been 29% y-o-y growth in e-DFS portfolio.



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



Asset Backed Loans (ABL): Loans are sanctioned to businesses backed by the security of tangible collaterals at moderate rates of interest:



MUDRA Loan: In line with the initiatives of the Government of India, your Bank has laid considerable emphasis on extending credit facilities to eligible units under different variants of MUDRA scheme and has achieved 102% of its targets for the year FY2017.

Credit flow to Micro and Small Enterprises under CGTMSE: Your Bank has been a pioneer in supporting MSMEs and for Micro and Small (MSE) business. Your Bank is extending collateral free lending upto ₹2 crore under guarantee of CGTMSE. The cost of guarantee cover for working capital facilities upto ₹50 lakh is being borne by your Bank. SBI has a portfolio of ₹11,404 crore under CGTMSE as on 31st March 2017.

c) Digital offerings

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

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

In FY2016, Ecosystem Financing (Project Shikhar) was introduced by your Bank to take advantage of the growing e-commerce footprint in the economy. Your Bank focused on digital banking platform by launching various facilities for SMEs based on technology. Your Bank developed the Credit Risk Model to provide an automated instant sanction of loans under e-tailer financing which is a truly disruptive offering. Under this model, a loan to the seller is given at the click of a button and in-house 'Digital Tool' is being used for instant sanctioning of loans under taxi aggregators.

Apart from this, your Bank is leveraging technology to capture early warning signals and has introduced digital inspection of units.

Project Vivek

Your Bank is in the process of revamping its credit underwriting process to move away from the traditional balance sheet based underwriting, and towards revised financial modules - balance sheet augmented by recasted cash flow from multiple sources. It will significantly reduce dependency on the financial statements and the risks related to it.

The new Credit Underwriting Engine will be rolled out across your Bank in the SME segment during FY2018.

Loan Origination Software (LOS-SME) and Loan Life Cycle Management System (LLMS): With a view to adopt and follow uniform standards of credit dispensation, ensure quality, and preserve Corporate memory, LOS and LLMS have been introduced for small value and high value loans, respectively.

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

Early Warning Signal Mechanism: Your Bank has introduced this application in August 2016, for the early detection of the delinquent accounts through the system in line with the RBI guidelines. EWS for the high value SME accounts of ₹ 1 crore and above were introduced in October 2016 for SME intensive Branches. Accounts with ₹ 50 crore and above are being monitored at frequent intervals to control delinquency and facilitate timely reporting to regulators.

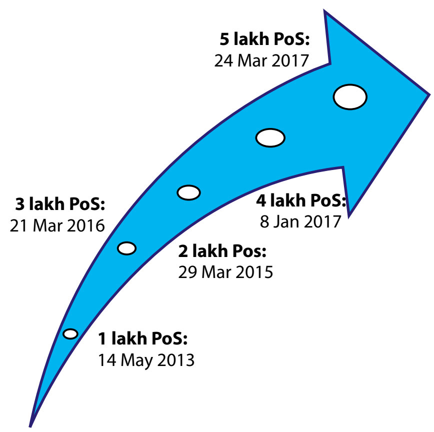
Celebration of 1000 crore Portfolio with Honda Motorcycle and Scooter India

Introduction of Simplified Rehabilitation Scheme: A simplified model of rehabilitation for MSME units with credit facilities of less than ₹ 10 crore was launched to cover stressed/sub-standard units. The scheme envisages extension of financial assistance/support to such units on concessionary terms.

Cards Acceptance Infrastructure (Merchant Acquiring Businesses)

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

With over 26 crore State Bank Group Debit Cards as on 31st March 2017, your Bank continues to lead in Debit Card issuance in the country. A concerted effort by your Bank to empower the customers to enjoy 'Anytime Anywhere Banking' through Debit Cards has resulted in improvement in its market share in Debit Cards spends from 26.29% (March, 2016) to 29.23% (March 2017, as per RBI data), which is far ahead of any other bank.



In sync with the focus of Government of India to create a digital economy, your Bank has strengthened its position as top merchant acquiring Bank by installation of 2.06 Lakh Point of Sale (PoS) terminals during FY2017 and thereby taking the numbers to over 5.09 lakh, up by 69% over last year with a market share of 20.16% of PoS terminals.

Your Bank has deployed over 1.55 lakh PoS terminals during a short span of four months post demonetisation.

During FY2017, your Bank has registered a growth of 196% in terms of number of transactions and 157% in value of transactions. Post demonetisation, the Bank took following initiatives to ease out the cash crunch:

- Deployed Mobile Vans for Cash@PoS
- Installed PoS terminals at small merchant locations like vegetable and fruit vendors, milk booths, artisans and others
- Deployed PoS Terminals at Railway Counters/Toll Plazas/ Fuel Outlets/Post-Offices/Hospitals/Important Temples/ Government Departments etc.

With a view to move the base of Debit Cardholders to PoS terminals and e-Commerce websites, awareness campaigns are being run on a regular basis. These measures zoomed the Debit Card spends over PoS and e-Commerce for the State Bank Group to over ₹96,600 crore for the FY 2017, an increase of 124% from the previous year and taking the market share to over 29.23%. Various innovations like introduction of sbiINTOUCH contactless Debit Cards; Mumbai Metro Debit Card, among others, aggressive marketing campaigns and Debit Card awareness programme, have placed the Bank in the top slot in terms of Debit Card spends.

In order to move towards less cash economy, your Bank has launched alternate digital merchant payment acceptance solutions like Bharat QR and Aadhaar Based Payments viz. BHIM-Aadhaar-SBI. In addition to basic acquiring services, the Bank is also providing the Value Added Services like Cash@PoS for cash dispensation to debit card holders, DCC – (Dynamic Currency Conversion) and EMI on PoS terminals.

For FY2018, your Bank has set challenging target to ramp up the Merchant Payment Acceptance Touch Points by deploying additional half a million physical and digital PoS terminals.

D. RURAL BANKING

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

Your Bank has always been in the forefront to ensure national priorities. Your Bank surpassed the Agri credit flow target set by Government of India during FY2017, as it has done in the past as depicted in the table below:

Flow of Credit to Agriculture Trend (₹in crore)

Year	Target	Disbursement	% Achievement
FY2014	73,500	74,970	102%
FY2015	84,500	86,193	102%
FY2016	89,781	102,423	114%
FY2017	95,168	1,25,270	132%

Smart Approach to Agri Business

Your Bank is in the forefront of technology enablement for Rural-Semi Urban (RUSU) areas by providing Core Banking Solutions, coupled with ATMs, Cash Deposit Machines, Point of Sale (PoS) machines and Micro ATMs. During FY2017, your Bank introduced various technology based solutions and products to make farmers' lives easier, while improving the operational efficiency for managing agriculture loans. Some key initiatives in this area include:

1. **KCC-ATM-RuPay Cards:** For ease and operational convenience, RuPay cards were issued to over 53.64 lakh Kisan Credit Card (KCC) borrowers upto 31st March 2017. KCC RuPay Cards work seamlessly with ATMs and PoS machines, enabling farmers to purchase their day-to-day farm requirements on 24x7 basis.

2. **New Products for Farmers:** In addition to the products like Asset Backed Agri Loan,and Tatkal Tractor Loan launched in FY2016, your Bank has launched new products for financing Poly House/Net House/ Green House cultivation, financing farmers' receivables and financing for Solar Photovoltaic Water Pumping systems, among others.

A Customer Service Point

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

4. **Warehouse Receipt Financing:** To avoid distress sale by the farmers and to encourage price discovery, your Bank has entered into tie-ups with Collateral Managers to offer finance to farmers against their produce stored in warehouses.

Bonding With Farmers

To improve the quality of life of India's rural population and to achieve total financial inclusion, 'SBI Ka Apna Gaon' Scheme of adopting the villages was initiated in FY2008. By FY 2017, 1,426 villages have been adopted for their overall development. Your Bank has also been forming Farmers' Clubs at village level, for fostering continued relationship with the farming community. Today, the number of such clubs has reached 10,719. Your Bank has also launched the concept of 'SBI Digital Village' to convert the identified villages into cash less eco-system. Your Bank has formally launched this initiative in 21 villages on 1st July, 2016, which have moved on to the digital platform.

Financial Inclusion

Your Bank has been at the forefront of Financial Inclusion initiatives in the country. Your Bank is the pioneer in the Business Correspondent (BC) model, an alternative for providing banking services to cater to both urban and rural customers, characterised by small value transactions. The BC model, with over 52,340 Customer Service Points (CSPs) across the country, provides various products and services such as savings, term deposits, micro loans, remittances, loan repayments. Micro insurance and Pensions. The BC Channel services are engaged for Aadhaar Seeding and linking Accounts with mobile. Your Bank has successfully leveraged technology for propagating Financial Inclusion by introducing Internet based Kiosk Banking, Card based and Cell phone messaging channels.

Under the Pradhan Mantri Jan Dhan Yojana (PMJDY), your Bank has been amongst the most prolific implementers of the programme. Your Bank has opened 8.57 crore accounts up to 31st March 2017 and issued 5.85 crore RuPay debit cards to eligible customers. A substantial number of these cards were issued in some of the most challenging areas of the country. The total number of financial inclusion accounts has thus grown from 9.28 crore in FY2016, to 11.73 crore in FY2017. The value of transactions handled through Business Correspondents has increased by 27% from ₹58,217 crore in FY 2016 to ₹73,819 crore in FY2017.

Your Bank has actively participated in SHG-Bank Credit linkage programme since its inception in 1992. As on 31st March 2017, your Bank is the market leader in SHG financing with a credit deployment of ₹6,139 crore to 3.57 lakh SHGs, 91% of which are women SHGs. Continued focus on the development of innovative, technology enabled channels for delivering banking services among the rural populace has resulted in the successful launch of several new initiatives like Aadhaar Enabled Payment Systems, automated e-KYC, Immediate Payment Service (IMPS), Micro ATM rollout, Savings Bank cum Overdraft facility under PMJDY and Direct Benefit Transfer (DBT)/Direct Benefit Transfer for LPG (DBTL) payments.

In the years to come, all these initiatives will eventually help towards developing a cashless society ecosystem, promising great social benefit.

Regional Rural Banks (RRBs)

Your Bank has sponsored 14 RRBs covering 155 districts in 15 States, with a network of 3,977 branches. Your Bank's investment in equity of 14 RRBs is ₹481.95 crore and its non-equity investment is ₹23.62 crore.

All RRBs are on CBS platform. Besides, RRBs have implemented various IT initiatives such as RTGS, NEFT, RuPay Cards, IMPS, Kiosk Banking, Aadhar Payment Bridge System, Aadhar Enabled Payment System, National Automated Clearing House, Cheque Truncation System, e-Commerce and Micro ATM, among others, which have been implemented in Public Sector Banks. Under PMJDY, RRBs have opened 81.30 lakh accounts and it is also extending the benefit of Social Security Schemes viz. Prime Minister Suraksha Bima Yojna, Prime Minister Jeevan Jyoti Bima Yojna and Atal Pension Yojna to their customers.

Empowering Rural Youth

To mitigate unemployment and under employment problem among rural youth in the country, your Bank has set up 116 Rural Self Employment Training Institutes (RSETIs) across the country that are imparting comprehensive, free of cost residential trainings in personality and skill development. In addition 34 RSETIs are sponsored by the Associate Banks. Some of your Bank's RSETIs are located in the geographically and socially challenged areas. These institutes are playing a vital role in providing training and enabling settlement in vocation to unemployed rural youth. RSETIs have conducted 13,681 programmes and trained 3,65,848 candidates of which 2,34,935 trainees have been gainfully settled in vocation/employment since inception.

Rural Youth Candidates Trained by RSETIs

Sl. No.	Particulars	Current Year	Cumulative (Since 2011)
1	No of Programmes Conducted	2,833	13,681
2	No of Candidates Trained	76,971	3,65,848
3	Cumulative settlement of candidates	-	2,34,935

Training for Debt Recovery Agents (DRAs)

To supplement in-house resources for recovery of Bank's dues, your Bank is engaging its BCs/CSPs as Debt Recovery Agents (DRAs) by facilitating them to undergo the mandatory training and qualify in the examination for DRAs. Over 7,800 BCs/CSPs have been imparted DRA training upto FY2017.

Imparting Financial Literacy

With the main objective of imparting financial literacy and facilitating effective use of financial services by the common man, your Bank has set up 246 Financial Literacy Centres (FLCs). During FY2017, a total of 15,584 financial literacy camps at villages across the country were conducted by these FLCs.

Financial Literacy Camps conducted (Cumulative)

FY2014	FY2015	FY2016	FY 2017
7,913	28,879	37,734	53,318

E. OTHER NEW BUSINESS INITIATIVES

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

1. State Bank Aggregator Module (SBIePay)

Your Bank is the first and only Bank to have its own payment aggregator services. As a Bank and a Payment aggregator, SBIePay has already partnered with 40 banks for providing seamless Internet Banking options to the customers. It is uniquely positioned to assimilate the assisted model of Digital Seva Kendras in its system. PayPal has also been added as a new channel in SBIePay for accepting international payments.

With its focus on C2G and B2G, SBIePay is well positioned to support the Government on its cash less and less cash society aspirations.

SBIePay has enabled NTRP (Non Tax Revenue Portal) of Controller General of Accounts, for online receipts of all Central Government ministries. It has also provided its aggregator services to GRAS (Government Receipts and Payments System) of the States of Maharashtra, Rajasthan and is in the process of extending it to Assam, Gujarat, and Puducherry State Governments. Indian Railways eProcurement system (IREPS) has identified SBIePay for their online procurement payments.

SBIePay is proud to be associated with the Government of India's noble initiative of launching a portal called 'Bharat Ke Veer' for contributing to the families of the Martyrs. It continues to provide its services to e-Visa of MEA. It has partnered itself with all the digital initiatives of Delhi Government

PSUs such as HPCL, IOCL and Gail Gas Limited are some of the major PSU clients of SBIePay for LPG refill payments and new connections. It provides services for topping up of the IOCL fleet card. SBIePay is also available for refilling Toll Tags (Fast Tag) under National Electronic Toll Collectionproject of NCPI. SBIePay aims to be the one stop solution for processing all online Government Receipts and a leading player in C2G and B2G segment.

2. Enterprise Wide Loyalty Programme: State Bank Rewardz

In line with our vision statement to keep 'Customer First', your Bank has been the first bank to launch Enterprise Wide Loyalty Program-State Bank Rewardz, to reward its customers for the unstinted trust reposed. Your Bank envisions strengthening its relationship with its customers by recognising their continued faith and long term association with your Bank.

As on 31st March 2017, 24.84 lakh customers have joined the State Bank Rewardz program for availing the benefits of the program, out of which 10.77 lakh have joined during the period April, 2016 - March, 2017.

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

The most important feature of the Programme is the ease of use through a Mobile App- State Bank Rewardz, which can be downloaded from the Google Play Store and App Store. For enhancing customer experience and for providing improved functionalities, your Bank has revamped the Mobile Application during the year and also introduced iOS version. For providing better convenience to the customers for redemption, the reward points can also be redeemed at select Merchant partner outlets as well. Total Reward Points awarded to the customers during the year stood at 1,307 crore.

3. National Electronic Toll Collection - SBI FASTag:

In line with Government's vision to collect the toll electronically at the Toll Plaza across the country, your Bank has rolled out the project of national importance as 'SBI FASTag' in December 2016. SBI FASTag enables the Customers to pay the toll electronically across all the National Highway Toll plazas without stopping their vehicles, Gradually, the State Highway Toll plazas also will join the NETC program. The states of Madhya Pradesh and Maharashtra have joined the program.

Through SBI FASTag, customers can pay their toll electronically and can also top up/ recharge their SBI FASTag wallet through various modes like Debit Cards, Credit Cards, Internet Banking and IMPS, among others. The customer also have the access to customer portal through which they can recharge their SBI FASTag online and enquire history of their vehicle.

F. GOVERNMENT BUSINESS

Being accredited banker to the major Central Government Ministries & Departments and most State Governments, your Bank continues to retain its position as the market leader in Government Business. In continuation of its service tradition, your Bank pioneered in developing customised e-solutions for the Government of India and several State Governments, thereby facilitating the Central/State Governments to migrate their transactions to the online mode, which has brought in more efficiency and transparency in the system. More than 70% of your Bank's Government Business has been migrated to e-mode, which has resulted in substantial reduction in the average settlement period, as also in the reduction of cash transactions.

Government Turnover Government Commission

(₹ in crore)

	FY2016 (As on 31st March)	FY2017 (As on 31st March)
Turnover	40,06,660	45,52,054
Commission	2,095	2,488

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

State Government Receipt Business: States with Cyber treasury (CT) facility use e-mode for tax collections and receipts. Your bank is integrated with 32 States/Union Territories who are on CT.

State Government Payment Business: Your Bank has provided e-solution to 17 States/ Union Territories who are making payments through e-mode.

Various e-Initiatives during the year:

- Centralised Funding cum distributed limits (CFDL): Launched new customised product with dash board for National Highway Authority of India.
- e-Trade facility: It has been provided to Air force, Navy and DRDO and is being operationalised.
- Non Tax Receipt Portal of Government of India (NTRP): Your Bank has been integrated with 'NTRP' for online collection of all non-tax revenue of Government of India.
- Visa on arrival: This facility was enabled for Japanese nationals at 6 centres and e-Tourist visa facility which started last year with 44 countries has been extended to 150 countries. Visa fee is being collected through SBI e-pay.
- Migration of Salary/Vendor payments to e-mode: Migrating Salary/Vendor payments of Rajya Sabha, Railways, State Government of Assam, Manipur and Mizoram to e-platform has brought in more efficiency and standardisation in handling government payments.
- E-Governance in State Governments: Launched 29 e-initiatives for various State Governments.
- Digital Workshops: Digital Workshops were conducted across India, for all States Governments and Central Ministries to facilitate 'Cash less Payments'.
- Direct Benefit Transfer for LPG: Your Bank is the sole banker to process LPG subsidy. During the year, ₹ 14,434 crore were disbursed over 104 crore transactions.
- Other Direct Benefit Transfers: Your Bank has processed 16.76 crore subsidy transactions involving ₹ 54,090 crore during FY2017.
- Pension Payments: Your Bank has been administering pension payment to more than 42.5 lakh pensioners through its 14 CPPCs. During the year, your Bank successfully disbursed arrears of second tranche of OROP and arrears of 7th CPC, among others. The total amount disbursed is more than ₹11,000 crore. Your Bank has added 2.05 lakh new pension accounts during this period and out of the total 42.5 lakh pensioners over 89% of accounts are seeded with Aadhar details.
- Small Savings Schemes: Your Bank services more than 62 lakh PPF and 7.60 lakh Sukanya Samriddhi accounts. It is the highest among all the authorised banks.

G. EFFICIENCY AND COST CONTROL

Your Bank's Insurance cell was set up at Corporate Centre for procuring Insurance Policies for your Bank's assets. It is working as per the guidelines of Advance Measurement Approach (AMA) under Basel II norms to reduce the requirement of risk based capital. This has enabled your Bank to achieve improved claim settlement. Your Bank has also complied with RBI's instruction on Unique Customer Identification Code (UCIC) to the extent of 99.50%. In terms of operating cost reduction, your Bank has taken up the rationalisation of Currency Chests, under which 45 Currency Chests have been closed during FY2017, saving a recurring cost of approximately ₹ 25 crore per annum.

Outsourcing Model of Stationery Management has been rolled out in 8 Circles during the year to reduce costs incurred on hiring of premises, management of storage, obsolescence of stationery items, manpower, and transportation costs. The Project entails centralisation of stationery purchase as well as reduction and rationalisation / standardisation of registers/ forms. Your Bank is in the process of rolling out the Project in all Circles during the FY 2018. Your Bank has also made suitable arrangements for supply of essential stationery items to all the added branches / offices of five Associate Banks (ABs) and Bharatiya Mahila Bank (BMB).

Electronic Data Management System (EDMS) Project, which was introduced during the FY20116 for Digitisation and hassle-free retrieval of Account Opening Forms (AOFs), picked up momentum this year. Your Bank has scanned 12.69 crore AOFs, out of the total stock of 14.84 crore held in LCPCs as on 31st March 2017.

During the year, roll out of Centralisation of Cheque Printing Project was completed, with the objective of improving the security of your Bank's Cheque Printing ecosystem, and reducing establishment cost of LCPCs.

As a result of the above initiatives, your Bank will continue to manage efficiently the increased volume of customer transactions through standardisation, improved skills and economies of scale.

CORPORATE BANKING GROUP

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

A. CORPORATE BANKING

The Corporate Accounts Group, provides banking services to large corporates and institutions, including state-owned enterprises. The Corporate Account Group caters to customers with total credit exposure in excess of ₹500 crore. The Corporate Banking Group includes strategic business sub-groups which are mentioned below:

Corporate Accounts

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

With the quality of services offered and confidence generated amongst its customers, in the Reader's Digest Trusted Brand survey 2016, your Bank was voted and conferred with Gold Award in the category of Loan. It was also selected as the India's best Bank by Financial Express in September 2016. The total outstanding loans to clients in the Corporate Accounts unit stood at ₹3,29,026 crore and ₹3,38,578 crore in respect of fund-based products, and ₹1,98,933 crore and ₹1,89,599 crore in respect of non-fund-based products as of 31st March 2016 and 31st March 2017 respectively.

Partners to L&T - ONGC MHN Process Platform Complex, Mumbai High

Ancillary Services

Your Bank offers products and services including corporate cash management, trade finance and other corporate banking services to Corporate Banking Group customers.

▶ Cash Management Product (CMP)

Your Bank provides cash management services to corporate customers under SBI FAST. As on 31st March 2017, customers had access to over 1950 CMP branches across India, with pooling facilities at various branches, connected to the Bank's central processing center in Mumbai. The dedicated teams at CMP centres provides client support, including account reconciliation.

The payment solutions offered by the Bank as a part of corporate cash management make it possible for corporate customers to outsource their accounts payable and have payments processed using electronic and paper products.

CMP provides centralised payment solutions to a number of state governments. As part of the National e-Governance Projects (neGP), the Bank's CMP is also handling Union Ministry Expenditure Accounts for a large number of Pay and Accounts Offices (PAOs) relating to certain accredited Ministries and Departments. In addition, your Bank's CMP also handles e-payment of certain non-civil ministries and departments of the Government including the Ministry of Defence and the Ministry of Communication and Technology and Railways.

▶ Trade Finance

Trade finance services offered by your Bank include the issuance and advising of domestic and foreign letters of credit, the confirmation of export letters of credit, the issuance of guarantees on behalf of domestic customers in favour of domestic and foreign beneficiaries, and on behalf of foreign correspondent banks to beneficiaries in India, domestic and foreign bill discounting against letter of credit as well as non-letter of credit bills and similar services. These services are also available online on e-trade SBI, a web-based portal which has enhanced efficient access of trade finance services to customers. Your Bank has been awarded the prestigious 'Best Trade Finance Bank' award in March, 2017 by the Global Finance Magazine.

▶ Supply Chain Finance

Supply chain finance services include an IT-driven supply chain financing product, namely the electronic vendor financing schemes and electronic dealer financing scheme. These have been developed in-house. These products are designed to ensure efficient management of working capital cycle and sustained growth of the business partners. As on 31st March 2017, your Bank had approximately 166 Industry Majors, 17,292 Dealers and 7,107 Vendors who migrated to the electronic supply chain financing platforms.

▶ Other Corporate Banking Services

Your Bank offers loan syndication services to Corporate Banking Group customers.

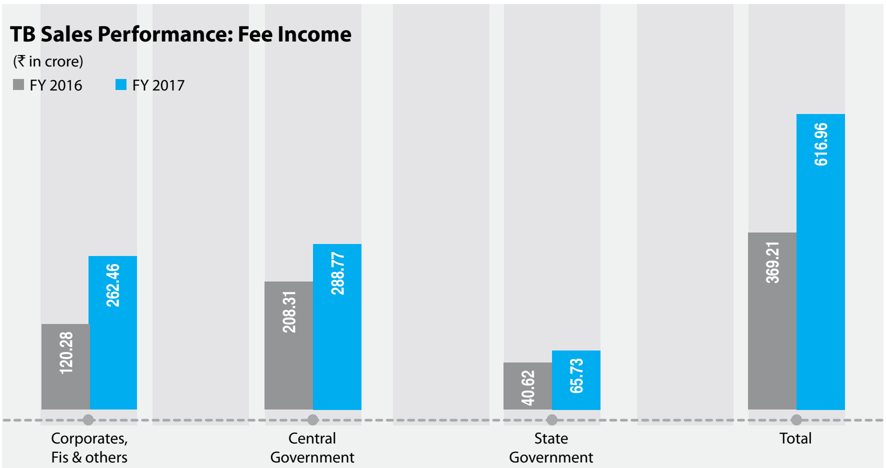
Through its subsidiary, SBI Capital Markets Limited, your Bank has developed significant syndication capabilities, structuring and arranging syndication of large financial transactions. Your Bank seeks to leverage these syndication capabilities to arrange project and corporate finance for its corporate customers and earn fee income. Your Bank also seeks to increase its advisory business with respect to mergers and acquisitions, infrastructure projects, and securitisation. By leveraging the experience of SBI Capital Markets Limited and the extensive customer relationships of the Bank, this strategic association has made a significant contribution to your Bank's ability to cross-sell the products and services of its various business groups and subsidiaries.

B. TRANSACTION BANKING UNIT

Transaction Banking Unit offers a range of products to Corporates, Government Departments, NBFCs, Insurance Companies, Mutual Funds, SME Clients and others to facilitate their fund management requirements. The core focus of the vertical is to handle and provide solution to the client requirements where bulk payments and receipts are involved. Though Corporate Customers continue to be the main focus area, NBG clients and Government (Central Govt and State Govts) have also emerged as key target segments.

Your Bank upgraded its technological platform and new payment portal was hosted for Corporate Customers and Government Payments. The new payment portal has reduced the processing time considerably, processing transactions on almost real time basis. Your bank has successfully transited from manual processing of transactions during FY2017. A Product Development Department has been created to keep abreast with market requirements and ensuring quick response to client's requirements.

TBU Fee income from operations rose from ₹369.21 crore during FY2016 to ₹616.96 crore in FY2017, registering a 67.10% growth.



NBG Operations of TBU: Fee Income from NBG clients for Transaction Banking Services, grew from ₹257.29 crore in FY 2016 to ₹258.61 crore in FY2017. Commission income from Government Business was a key driver in TBU's growth. Fee income from this segment grew from ₹248.93 crore in the previous year to ₹354.50 crore in FY2017. Some of the key business development for this business segment has been that the two states of Jharkhand and Meghalaya; and three Union Territories of Andaman & Nicobar, Chandigarh and Daman & Diu, were migrated on TBU platform for payments; and an electronic solution for handling procurement business of Indian Railways has also been offered during this financial year.

Other Institutional Clients (OIC): It offers wide range of TBU products to NBFCs, Mutual Funds, Banks, Insurance Companies, Micro Finance Institutions, Brokers and Co-operative Banks. OIC has 127 Institutional Clients as on 31st March 2017 (NBFCs -64, Insurance Companies -16, Mutual Funds - 17, Banks - 14, Brokers - 11, MFIs - 4 and Aggregators - 1). A product encompassing comprehensive solution for NBFCs is being developed.

CAG & MCG verticals: It provides transaction banking solutions consisting wide range of products to Corporates and Mid Corporates. The penetration among CAG clients improved from 39.41% to 61.71% during FY2017 and among MCG clients improved from 15.96% to 24.95% during FY2017. The fee income registered a robust growth and improved from ₹ 93.31 crore and ₹ 18.61 crore in the previous year to ₹ 229.00 crore and ₹ 29.35 crore respectively for CAG and MCG.

Your Bank was voted as the 'Best Local Cash Management Bank in India' by Large Cap Companies in the Cash Management Poll 2016 conducted by ASIAMONEY.

Product Development Team: The TBU is focusing on development, re-designing and re-engineering of products and processes for providing the best customer experience to Government and Corporate Clients.

The team understands the project objectives, specific client requirements, challenges in existing process flows, client's line of activity and level of technology used at client location. According to this assessment, your Bank provides a technology based futuristic solution to clients. The team provides support to all verticals of TBU in acquiring new businesses. It also keeps track on the market developments to keep TBU products and processes updated and ahead of our Competitors.

Liability & Transaction Products (L&TP): This has been made part of the Transaction Banking Unit to bring more focus on Current Accounts (CAs). Your Banks is fine-tuning its Liability Schemes on a regular basis, based on the feedback received from operating functionaries and reviews service charges, to have competitive edge in the market. The Department also educates and drives front line staff across your Bank in marketing the various Current Account products.

C. PROJECT, FINANCE AND LEASING

The project finance environment continued to remain challenging during FY2017 largely due to a slowdown in new project commitments by corporates, coupled with implementation and operational issues affecting ongoing projects.

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

Project Finance and Leasing Business Performance (₹ in crore)

	FY2015	FY2016	FY2017
Project Cost	1,67,551	77,227	83,434
Project Debt	1,12,981	59,094	50,527
Sanctioned Amount	19,718	18,125	26,557
Syndication Amount	8,845	18,082	5,809

Project Finance has sanctioned new capacities in both green field and brown field projects in FY2017 under various sectors.

During FY2017, fund based and non-fund based exposure aggregating ₹10,099 crore (₹7,249 crore in FY2016) were disbursed to such projects. Despite the challenges in the sector, there is a marginal increase in credit off take for large projects.

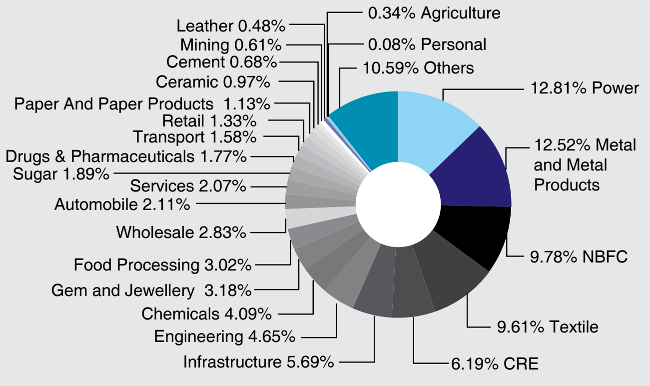
D. MID CORPORATE BANKING

Your Bank's Mid Corporate Group (MCG) operates through its 14 Regional Offices across Ahmedabad, Bangalore, Chandigarh, Chennai (2), Hyderabad, Indore, Kolkata (2), Mumbai (2), New Delhi (2) and Pune. MCG has 54 branches as on 31st March 2017 with 21 branches in metro centres and 33 branches in other urban centres.

The forex turnover of the Group improved by 23.75% from ₹ 2,76,231 crore as on 31st March 2016 to ₹ 3,41,837 crore as on 31st March 2017. During the year, MCG has facilitated transformation to digital banking for its customers. Various digital products like CMP (317), PoS (2,073), CINB (534)and Prepaid Cards (1,04,996) have been booked during the year.

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

Industry Wise Advances as on 31.03.2017



Solar Energy Project Financed by SBI

INTERNATIONAL BANKING NETWORK OF 195 OFFICES ACROSS 36 COUNTRIES


18
122
11
24
1
Branches/Sub Office
Maldives (3)
Sri Lanka (6)
Bagladesh (13)
Myanmar (1)
Singapore (6)
Hong Kong (2)
China (2)
S. Korea (1)
Japan (2)
India (1)
Subsidiary
Indonesia (14)
Nepal (69)
Bhutan (1)
Rep Office
Philippines (1)
Branches/Sub Office
Bahrain (3)
S. Arabia (1)
Oman (1)
UAE (2)
Qatar (1)
Israel (1)
Rep Office
Iran (1)
Exchange Co.
Oman (1)
Branches/Sub Office
S Africa (7)
Subsidiary
Mauritius (14)
Botswana (1)
Investment
Nigeria (1)
Rep Office
Egypt (1)
Branch
Australia (1)

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

Global Presence

Your Bank has been the most trusted brand in the banking horizon in India. With its remarkable global presence, your Bank aims to become a truly International Bank.

Your Bank has an overseas presence through 195 foreign offices spread across 36 Countries. These offices are being managed by the International Banking Group of your Bank.

	Overseas Offices as on 31st March 2016	Offices opened during FY2017	Offices closed during FY2017	Overseas Offices as on 31st March 2017
Branches /Sub-Offices / Other Offices	75	4*	5	74
Subsidiaries / JV	(8)	-	-	(8)
Offices of Subsidiaries/JV	113	3	3	113
Representative Offices	7	-	2*	5
Associates / Managed exchange Cos / Investments	3	-	-	3
Total	**198**	**7**	**10**	**195**

* The Yangon Representative Office in Myanmar has been upgraded to Branch and status of IVAC, Rajshahi has been changed from on-site to off-site.

During FY2017, your Bank opened two new branches - IBU GIFT City, Gujarat and SBI Yangon, Myanmar (upgraded from Representative Office). Nepal SBI Bank Limited, a subsidiary of SBI has opened three branches. During the same period Rajshahi branch in Bangladesh, Clementi branch in Singapore, Kowloon branch in Hong Kong, Riffa sub-office in Bahrain, Chatsworth sub-office in South Africa, and Representative Office in Milan were closed. SBI California and Mauritius also closed their three branches during the year.

Your Bank is consistently creating value for the investors by giving good returns and profits. The International Banking arm of your Bank has consistently been a major contributor to the profits.

Financial Years	2014	2015	2016
Contribution of Foreign Offices to Net Profit of the Bank (Solo)	21%	24%	42%

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

NFIA MEETING-NETHERLAND

1. ECBs & Syndications

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

Highlights

- Premier Mandated Lead Arranger and Book Runner during FY2017.
- APLMA (Asia Pacific Loan Market Association) awarded State Bank of India as Syndicated Loan House of the Year - India
- 9 Syndications aggregating US$ 735.50 million.
- 17 Bilateral Loans aggregating US$1396.68 million to Indian corporates on a bilateral basis.

2. Overseas Corporate Credit

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

Highlights

- Introduction with amendments of Enhanced Bidding Power Scheme (EBPS) at major offices for prompt sanction of Syndicated Loans.
- Introduction of Loan Lifecycle Management System (LLMS) across all Foreign Offices for sanction, prompt monitoring and better control and supervision of loan accounts. All Credit committee meetings are now being conducted over LLMS.
- Creation of Korea desk at Mumbai to promote Indo-Korean collaboration.

3. Retail & Remittances

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

Highlights

- Launched Nepal SBI Payment Gateway between India and Nepal.
- Developed Service Package for Nepal Army and Police at Nepal SBI Bank Ltd.
- Implemented facility of remittance to India through ATM at SBI Singapore.
- Launched LOS / LMS for Retail Advances at SBI Singapore.

4. Financial Institutions Group

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

Highlights

- Working towards 'Customer One View', through an IT enabled CRM solution, for managing the Correspondent Relationships with various Financial Institutions. Once implemented the solution will provide a 360 degree view of the engagements with the correspondent banks.
- To bring synergy and efficiency in operations, International Services Branch (ISB) was brought under Global Link Services (GLS) from the administrative control of Mumbai Circle.

5. Global Trade Department

Global Trade Department (GTD) facilitates and supports your Bank's Foreign Offices in maintaining a vibrant Trade Finance portfolio. GTD formulates policies and innovates products as per changing regulatory norms and market demands. GTD takes lead in introduction of new technologies to improve service quality in Trade Product offerings viz., Letters of Credit, Bank Guarantee and Trade remittances, plays an important role in synergising Domestic and Foreign offices for maximising returns.

Highlights

- Trade Finance assets outstanding as on 31st March 2017 was US$ 16.87 billion, accounting for 38.67% of IBG's Net Customer Credit.
- Non-fund based business done by our Foreign Offices during FY2017 stood at US$ 7.59 billion.
- New product 'Export Credit Agencies (ECA) / Multilateral Agency (MLA)' backed Bank exposure in trade finance was launched and rolled out in select Foreign Offices.
- Five ECAs were on-boarded and a business of US$ 101.24 million was booked during the FY 2017.
- SBI has been adjudged as 'The Best Trade Finance Provider 2017' by Global Finance Magazine for the fifth time in a row.
- Eight new Partner Banks were added to the MRPA list and 13 global MRPAs were signed during FY2017. As on 31st March 2017 your Bank has MRPAs with 55 partner banks (36 global MRPAs and 19 standalone MRPAs)

6. Global Link Services

Global Link Services (GLS), a specialised outfit, caters to online inward remittances from overseas locations to India, Foreign Currency Cheque collection and facilitates centralised processing of Export Bills collection.

Highlights

- Tie-up with 31 Exchange Companies and Six Banks for channelising inward remittances from Middle-East Countries to India. GLS is also facilitating online remittance from other geographies through web based Non-Rupee Products viz. SBI Express Remit Canada, SBI Express Remit UK and SBI Express Remit World Wide.
- During FY2017, GLS (on behalf of domestic branches) handled 62,867 Export Bills (in USD and EURO currencies) and 54,255 Foreign Currency Cheque collections aggregating to US$ 13.97 billion.
- During FY2017, GLS handled 9.87 million online inward remittance transactions amounting to US$ 5.95 billion received globally.

7. International Banking - Domestic

International Banking- Domestic (IBD) department is a single point of contact for all Foreign Offices as well as Correspondent Banks for all matters relating to domestic IB business. IBD is also actively involved in skill development and product innovation for domestic branches apart from overseeing policy and procedures relating to Trade Finance on domestic front. IBD is also co-ordinating and acting as a liaison with Trade bodies and ICC subgroups for developing Trade Finance Business. It is also monitoring timely submission of RBI/ FEMA related returns. In FY 2017 Centralised Co-ordination Cell- Foreign Bank Guarantee (CCC-FBG)was established for handling all Bank Guarantees backed by Counter Guarantees from Foreign Correspondent Banks/ FOs as one stop contact for co-ordination and administrative approvals.

8 Regulators

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

Your Bank has adopted an Independent Risk Governance Structure covering domestic and international operations. A country Risk Management Policy in tune with RBI guidelines is in place. Country-wise and Bank-wise exposure limits are monitored and reviewed on regular basis.

9. Digital Transformation at Foreign Offices/Subsidiaries

As a truly Digital Bank, your Bank has taken a holistic approach towards digital transformation by digitising processes to offer tailor made products.

A. Digital Transformation Initiatives:

- Multi-country migration to Finacle 10.2 across all foreign offices and foreign subsidiaries, which will support a wide range of APIs (Application Programming Interface).
- Implemented Trade Finance Solution-TI Plus (e-Trade) in all Foreign Offices/ Subsidiaries to enable 24x7 customer online interface for Trade Finance requirements of Corporates.
- Latest e-Banking Application made live for UK operations on pilot basis. The roll-out in all remaining FO's/subsidiaries is expected to be completed by December, 2017.
- Rolled-out predictive tool (Fin Assure) to monitor performance of all critical applications, networks and

infrastructure to dynamically manage unforeseen peak loads.

- Implemented bank-level CRM solution using Big Data Analytics to improve deep understanding of customer needs and behaviour. This also enhances customer stickiness leading to successful retention.
- Development of Exclusive Mobile Application for Remittance to India, Bangladesh, Bhutan, Nepal and Sri Lanka.

B. Information Security Initiatives:

- Data Loss Prevention (DLP) for Encryption of Data (Customer and Non-Customer).
- Security Operations Centre (SOC) for monitoring and blocking of unauthorised external access to servers and networks.
- Personal Data Protection (PDP) for masking of customer data.
- Vulnerability Assessment and Penetration Testing (VAPT) to prevent hacking, malicious Contents and to secure gaps.
- Privileged Identity Management System (PIMS) to control and monitor internal access in servers and networks.
- Table top exercise for awareness against cyber attacks and post-attack responses.

F. STRESSED ASSET MANAGEMENT

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

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

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

iii. Cancellation of coal blocks.

iv. Delay in realisation of receivables due to subdued demand, reduced market confidence, etc.

v. Stress in steel sector due to volatility in prices of steel, low capacity utilisation and cheap imports from other countries. Further imposition of trade barriers by countries and inverted duty structure adversely impacted the sector.

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

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

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

According to the Financial Stability Report of RBI December 2016, risks to the banking sector remained elevated due to continuous deterioration in asset quality, low profitability and liquidity. Furthermore, results of macro stress tests for credit risk at system, bank group and sectoral levels (to test the resilience of the Indian banking system against macroeconomic shocks) predicts a worrying picture where the PSBs may record the highest GNPA ratio and lowest capital to risk-weighted asset ratio (CRAR) among bank-groups, although the CRAR at the system – as well as bank-group levels – are expected to remain above the regulatory required minimum.

The movement of NPAs and recovery in Written-off accounts during the last 4 years are furnished below:

(₹in crore)

	FY 2014	FY 2015	FY 2016	FY 2017
Gross NPA	61,605	56,725	98,173	1,12,343
Gross NPA%	4.95%	4.25%	6.50%	6.90%
Net NPA%	2.57%	2.12%	3.81%	3.71%
Fresh Slippages + Increase in O/s	41,516	29,444	64,198	43,374
Cash Recoveries/				
Up-gradations	17,924	13,011	6,987	8,634
Write-Offs	13,176	21,313	15,763	20,570
Recoveries in Written-off Accounts	1,543	2,318	2,859	3,477

In line with your Bank's focus on resolution of NPAs, the Stressed Assets Management Group (SAMG) continues to work as a dedicated and specialised vertical for efficient resolution of high value NPAs. It is headed by a Deputy Managing Director with two Chief General Managers overseeing the entire effort. With a strong team and specialised focus, SAMG has turned into a centre of excellence for the NPA resolution effort of the Bank. Besides initiating hard recovery measures, SAMG introduced certain innovative methods which provided first mover advantage to the Bank in areas like arranging Mega e-Auction of large number of properties on Pan-India basis, identification of un-encumbered properties of the borrowers/guarantors and arranging for attachment of properties before judgement.

Despite making concerted efforts to expedite recovery and reducing NPAs, your Bank often faces impediments in the form of legal hurdles, unavailability of strategic investors, lack of buyers for properties put up for auction, among others. For legal constraints, your Bank has approached the concerned authorities at appropriate levels and represented to relevant forums like Gyan Sangam, IBA and others. Government and RBI have responded by enacting new laws, issuing new instructions and amending some of the existing ones, wherever required. Fresh amendments in the RDDBFSI Act and SARFAESI Act; and introduction of the Bankruptcy and Insolvency Code, 2016 are likely to bolster your Bank's legal remedies.

In these testing times, when the NPA levels in Banks have risen to unprecedented levels, their management and expeditious resolution has attained significant importance. The Banking sector needs to reorient towards evolving innovative and far reaching solutions to recover NPAs.

Following are some of the initiatives adopted by SAMG in that endeavour:

- Sale of properties under Symbolic possession (SARFAESI Act).
- Encouraging sale of properties through Private Treaty as per recent amendments in the SARFAESI Act.
- Examining engagement of specialised agencies for scouting of buyers for sale of high value properties.
- Engaging services of Multiple Resolution Agents, after failure of first auction, for sale of each property through e-Auction.

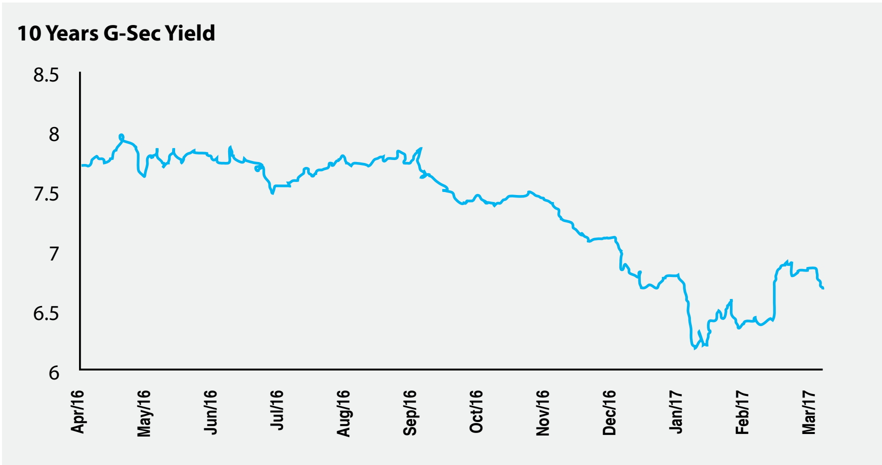
Other Measures taken to Control NPAs:

- Involving business correspondents, business facilitators and Self Help Groups in recovery of Agricultural NPAs.
- Arranging Bank Adalat and actively participating in Lok Adalats for recovery.
- CLOs/Law Officers/DGMs/AGMs attend court cases to personally monitor advocates performance. It also signals a strong intent of your Bank towards battling out the cases while making last mile recovery efforts.
- Introduced E-auction for increased transparency and better price realisation.
- Identifying and engaging with strategic investors for takeover of stressed assets. Strategic Debt Restructuring (SDR) option is also explored in select viable cases as per RBI guidelines.
- Using Resolution Agents to take possession of properties mortgaged to the Bank and arranging for their auction.
- Considering Debt Asset swaps in some cases.
- Engaging investigation agencies to trace out unencumbered assets of promoters and guarantors and obtaining attachment before judgement over these properties.
- Publishing photographs of defaulters in newspapers where warranted.
- 'Mega e-Auction is organised every quarter of the year. A number of properties were successfully sold across all geographies during the FY 2017.
- Properties available for auctions are also showcased in 'Property Mall', wherein, space is taken in shopping malls of prominent locations, to display pictures/ videos of properties being put up for auction.
- The web based Assets Tracking & Monitoring (AT@M) software is adopted to enable all stakeholders to have a common view to monitor and track assets. It covers monitoring of SMA as well as sub-standard accounts in PER, SME and AGL accounts. An SMS is sent to all customers at Risk Grade I level followed by further reminders by way of an SMS.
- Assets Tracking Centres at circle level track and monitor probable NPA accounts (SMAs) in SME and Agriculture segments, by making calls on the customers and follow up for recovery.

TREASURY OPERATIONS

Your Bank's treasury has recorded another year of strong growth. A 114% increase in profit from sale of investments was recorded, despite a high base of an 85% and 44% increase in the previous two fiscal years. A 31% increase in profit from foreign exchange and derivative transactions was also achieved during FY2017, helping your Bank increase its income from treasury operations by 94% on a Y-o-Y basis.

Your Bank's Global Markets Group is responsible for managing the Bank's SLR portfolio, as well as liquidity management which includes maintenance of CRR and HQLAs for Liquidity Coverage Ratio (LCR). The year saw yields fall sharply as RBI continued to ease policy rates and Government demonetisation move brought in significant liquidity into the banking system. Policy repo rate fell from 6.75% to 6.25% during the year, with RBI also moving to a neutral liquidity stance. The Benchmark 10 year yield which was trading at 7.46% on 31st March 2016, fell to a low of 6.19% in November 2016 (on closing basis) before ending the year at 6.68% as RBI MPC changed its stance from accommodative to neutral.

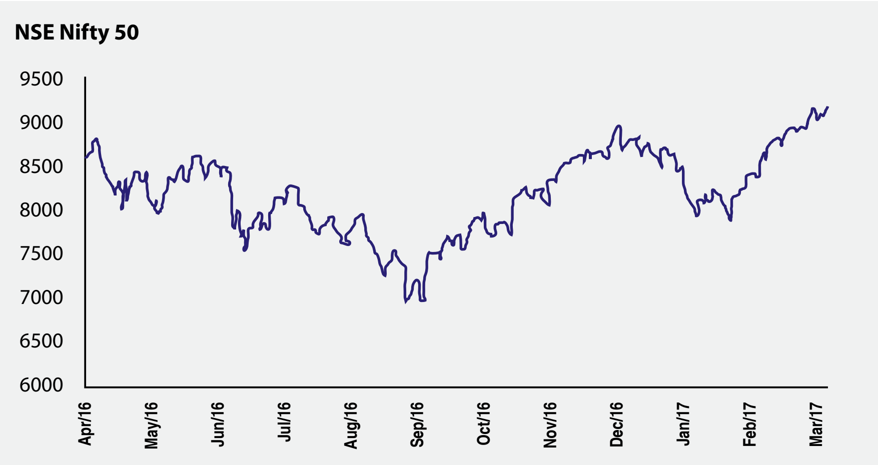


SBI declared as Best Domestic Provider of FX Services in India by Asia Money Foreign Exchange Poll 2016

Your Bank was able to use the sharp midyear drop in yields to increase profits in the interest rate portfolio by 105% over the previous fiscal year. In spite of the drop in market yields, interest income from treasury investments grew 17% Y-o-Y.

To improve the portfolio yield and to optimally utilize the available liquidity, your Bank has increased its Commercial Paper and Corporate Bond portfolio by 118% on a Y-o-Y basis. In the area of liquidity management, we continue to save costs through efficient management of CRR as compared to the industry average. This year, we have set up a new team to handle interest rate derivatives and/or non-deposit fund raising.

The Indian equity market continued its post budget rally till early September, with Benchmark NIFTY gaining around 16% during this period. But after that, the index corrected by more than 1000 points with demonetisation and the results of the US presidential elections leading to a selloff by FPIs, who withdrew more than ₹27,500 crore from the equity markets between November and January. But investors returned in the last two months of the fiscal year in a big way, with NIFTY ending the year at 9174, as FPIs added close to ₹31,000 crore in February and March 2017. Your Bank managed its equity portfolio well to earn an YTD return of 21.81%, as against a NIFTY YTD return of 18.55%. In addition to the investments in secondary market, we continue to invest profitably in IPOs to improve the return on our portfolio.



In order to improve transparency and minimise risk, we are placing our equity market trades through an online trade routing system, which allows monitoring and execution of orders. This system enables us to execute orders with minimum intervention from brokers which, in turn, helps in risk mitigation.

The Global Markets Group also handles the foreign exchange business of your Bank, providing solutions to customers for managing their currency flows and hedging risks through options, swaps and forwards. The group also manages FCNR(B) deposit corpus of your Bank and provides FCNR(B) loans and Pre & Post shipment Export Finance in foreign currency to its customers. Foreign exchange and derivatives business continued to contribute handsomely to profits of your Bank, reporting a 31% Y-o-Y increase in profits despite the fall in trade flows during the first two quarters of the financial year.

Treasury Marketing Group is the customer engagement arm of Global Markets and plays a pivotal role in marketing of Treasury Products to Institutional and Corporate clients of the Bank. 'Treasury Marketing Units' located across the country, are the face of Global Markets to the customers. They interact with the customers on a daily basis, identifying their felt and unfelt needs, and coordinate with other business units for pricing, product structuring and delivery. They are supported by our in house macro-economic and market research teams. Your Bank has also taken steps to leverage technology to reduce cost and add value to the customers.

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

The Oman India Joint Investment Fund (OIJIF), a JV set up in 2010 in partnership with State General Reserve Fund of Oman, has completed its investments for Fund-I of US$100 million. Moreover, the Fund has made 2 full exits and 1 partial exit from the investee companies. Based on the success of Fund-I, both the partners (SBI and SGRF) decided to launch Fund-II with a corpus of US$ 300 million. Till date Sponsors have committed US$ 200 million to Fund-II and USD 18 million has been raised from various domestic financial institutions. Accordingly, first close of Fund-II with USD 218 million was achieved in January 2017. Fund raising for the remaining amount is in progress and the JV is pitching to various domestic as well overseas investors.

Your Bank picked up a 9.9% stake in the Receivables Exchange of India Ltd (RXIL), a joint venture promoted by SIDBI and NSE. RXIL operates the Trade Receivables e-Discounting System (TReDS) which is an online electronic platform that serves as an exchange to facilitate MSMEs to convert their receivables to cash, before maturity. The platform supports multi-financier bidding for invoices through market determined rates for factoring the invoices. The platform will provide an opportunity to your Bank to bid for financing the Bills put up by the customers of other banks/FIs as well as its own customers on the platform.

Your Bank is also the largest fund manager in the country. Portfolio Management Services, which manages the pension and provident funds of clients, increased its AUM by an impressive 16.89% Y-o-Y to ₹3.76 lakh crore. We were also ranked the no 1 fund manager by Coal Mines Provident Fund Organisation (CMPFO) for December 2016 quarter out of a total of 3 fund managers.

IV SUPPORT AND CONTROL OPERATION

1. HUMAN RESOURCE AND TRAINING

1.1 PEOPLE ARE THE MOST VALUABLE ASSET

Your Bank witnessed various challenges during the year but remained on a growth path by transforming itself. This was made possible by the entire bank being guided by a common vision, shared values, and following high standards of integrity and governance. The powerful performance of your Bank is the outcome of a talented and hardworking set of employees, constantly motivated towards driving your Bank's success. The HR policy of your Bank is constantly being synchronised to meet business goals, and increase employee empowerment. Your Bank is committed to provide an enabling workplace, ensuring employee welfare and offering opportunities to develop and grow.

The Summarised HR Profile of the Bank is as under:

2,09,567
Total Employee Strength

5th
Largest Employer in India

23%
Proportion of women employees

45.16%
Diversity – Proportion of SC, ST & OBC employees

13,000 +
New Talent Additions in FY 2017

Your Bank's HR vision has been built around principles of inclusiveness, empowerment and development. Its people are its strength and your Bank is proud of its performance oriented and meritocratic culture. Your Bank's Career Development System (CDS) has been highly successful in ensuring a credible, data backed and performance evaluation process. The system ensures strong accountability, performance visibility, and greater alignment between individual and organisation goals. Besides bringing fair and transparent assessment, CDS also drives employee development through a thorough competency assessment every year.

For a bank with a large footprint and diversified set of roles, specialisation of skills becomes very important to drive success. To foster optimum expertise and ensure deep domain knowledge, your bank has defined career paths for its Scale II-V officers along with 7 Job Families– Credit & Risk, Sales, Marketing & Operations, HR, Finance & Accounts, Treasury & Forex, IT and Analytics.

Based on officer's interest and expertise, they specialise and rotate within roles of any of these job families. To ensure optimum exposure and 'Right person for the Right job', your Bank is in the process of deploying a scientific postings allocation process through the use of our automated tool 'PROSPER'.

A strong and eminent leadership team, coupled with an engaged and enthusiastic young talent group has been a strong force in driving your Bank's success. Your Bank is focused on developing processes to attract the best talent within the country. It has revamped the recruitment process and developed a stronger employee value proposition to attract better talent. Opportunities of overseas exposures at junior levels has been introduced for attracting newer talents to come on board. The recruitment strategy is strongly being supported by campus re-branding activities, greater engagement through recruitment portals and digital marketing plans.

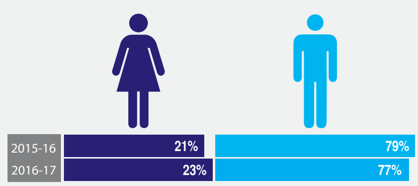
In FY2017, Your bank added 13,097 young tech savvy and customer friendly employees. The list includes over 2000 POs, 160 Management Trainees, over 100 domain experts in wealth management, Digital and e-Commerce and clerical employees.

The total staff strength of the Bank is as under:

Category	As on 31st March 2016	As on 31st March 2017
Officers	80,818	81,041
Associates	88,606	92,979
Subordinate Staff & Others	38,315	35,547
Total	**207,739**	**209,567**

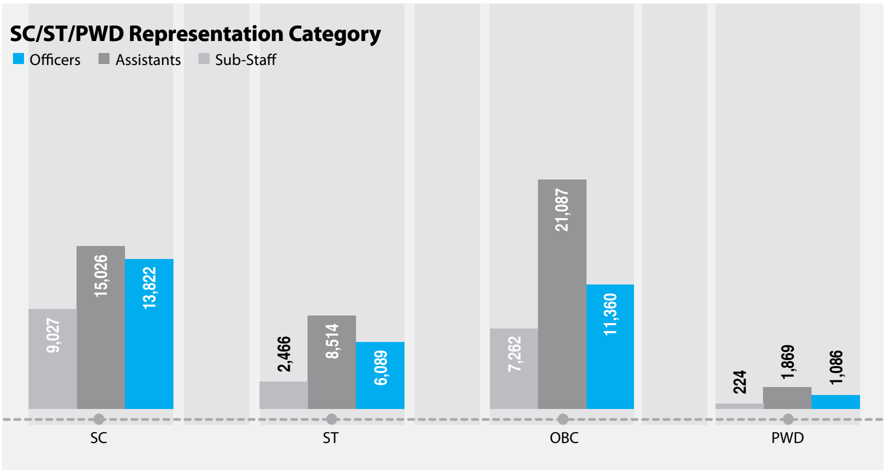
Inclusiveness and diversity: With the growing scale, your Bank ensures adherence to the core principles of inclusiveness and gender equality. Your Bank employs over 46,676 women employees across geographies and at different levels of hierarchy. Nearly 2,000 branches are being headed by women officers. Your bank has laid utmost emphasis to ensure a healthy and conducive work environment for its women employees.

Gender Diversity at SBI



Your Bank maintains a zero tolerance policy against sexual harassment at workplace and has put in place an appropriate mechanism for prevention as well as redressal of complaints. The affirmative action as directed by GoI is taken care of during the recruitment as well as promotion process. Out of 21 cases of sexual harassment reported during the year, 15 have been disposed off.

Furthermore, your Bank provides reservations, as per GoI directives, for Scheduled Castes, Scheduled Tribes and Other Backward Classes in its workforce. It therefore, has a share of SC, ST, OBC and differently-abled persons, amongst all cadres in the work force. Apart from the corporate center, Liaison officers have been designated at all 14 circles to effectively redress grievances of SC/ST employees.



It has been the constant endeavor of your Bank to adopt best in-class industry practices and processes in people management. Few key recent interventions undertaken by your Bank are mentioned below:

- Performance Linked Incentive (PLI) scheme has been re-designed to make it more broad-based and in-line with Career Development System grade as benchmark. Separate 'Reward and Recognition' scheme was introduced to appreciate achievements beyond normal course of business.
- Leveraging advanced technologies, a 'Work from Home' policy has been introduced in your Bank. This is an employee friendly measure to help them balance personal and professional aspirations.
- For attracting and retaining talent and making SBI the first choice amongst young generation, your Bank is also in the process of restructuring its compensation package. Your Bank is in the process of introducing 'Smart Compensation Package' for officers up to Scale III from FY2018 onwards.
- Compensations in the form of leased housing, medical reimbursements, cashless treatment at over 100 hospitals, and other employee friendly policies like sabbatical, flexi-time scheme and medical insurance for retired employees has been formulated to attract young talent.
- With the focus of promoting ethics in the organisational fabric, an Ethics and Business Conduct department has been set-up, and is headed by the Chief Ethics Officer of your bank.

A Learning Culture

People development is at the heart of your Bank's agenda. It offers a slew of learning interventions not only at each stage of the employee lifecycle, but also specialist programs according to the nature and role of the employee's function. Such focused learning interventions, aimed at enhancing the technical and managerial competencies, have not only helped groom managers in their current role, but are also focused on their evolution as future leaders and visionaries of your Bank. Furthermore, your Bank is in the process of designing individual development plans for each of its potential leaders to empower and enable them in their growth path.

Industry Relations

Your Bank has a strong focus on industrial relations. It holds consultative meetings with Associations and Unions as a part of having a constructive dialogue for understanding and addressing grievances of various employees. These consultations are regularly carried out at Corporate Centre, as well as the Circles. Various issues raised by federations are examined and necessary action is undertaken.

1.2 STRATEGIC TRAINING UNIT

Towards the objective of maintaining the brand of an enduring value creator and a great place to work, your Bank continues a planned, proactive training process for individual growth and organisational effectiveness. New techniques and methodologies are adopted and imported on a regular basis from across the globe to establish a virtuous circle of teach and learn to enhance quality of training and transform employees into knowledge workers so that they can carry forward our initiatives towards creating customer delight. The training system functions under the overall supervision and guidance of the STU. The training apparatus at present consists of five Apex Training Institutes (ATIs) and 43 State Bank Learning Centres. Your Bank has been able to create a virtual Knowledge university within the institution, with a capacity of classroom training of 3,400 employees per day in all areas of Banking, Economy, Leadership, Ethics, Marketing, Administration and Soft Skills, in addition to a robust digital learning platform. It is creating links and providing training support to neighbouring countries and in the Middle East

Other Training Initiatives:

Agradoot : A specially designed mass-communication programme named 'Agradoot' was organised country wide for subordinate staff including Bank guards to focus on the relevance and importance of their role in your Bank; and motivating them towards enhanced customer service. Around 32,000 members of subordinate staff were trained and many of them expressed it was for the first time in their careers that they felt highly cared for.

Certification Programme on Credit: It was launched to develop adequate credit skills and to keep the officials updated at all times. It focuses on the commercial credit skills required to handle the entire loan life cycle of Advances.

Certification Programme for Branch Managers (CPBM): It has been developed for officers placed in operations and marketing mainly for the first time/prospective Branch Managers.

Mentoring of Branches: The initiative of Branch Mentoring by Top Executives has a renewed focus on inclusive mentoring with qualitative impact on the branches which are facing issues like customer complaints, NPA and IR etc. Each mentor is engaged with only two branches identified by the Circle.

Quizzing Culture: Promotion of Quizzing Culture continued with holding of regular products/processes quiz contest by business verticals/departments. A 'Mega Quiz' spread over four levels is also organised at the corporate level.

Sweating of Assets: Your Bank's training footprint is getting inclusive and global. Your Bank has opened up its training system to other outside institutions including Public and Private Sector Bank officers and other Government Departments.

Contribution to Nation Building: Your Bank's training system contributes in many ways towards nation building. SBLCs have contributed extensively to financial Literacy/ financial inclusion by conducting classes in various schools/engineering colleges and in villages. During the demonetisation period, your Bank conducted several onsite/offsite awareness workshops/seminars for the masses on digital transactions. Your Bank also trained personnel for various payment Banks, which are recent additions to India's financial landscape.

Digital Initiatives:

Mobile App for POs &TOs: An Application has been created to serve as a dashboard for tracking and monitoring the progress of newly joined PO's and TO's. This can be used for broadcasting inspiring quotes and videos, announcements, lesson completion status, trainings attended and various other requirements for the entire period of probation.

Video Lab: A state-of-the-art video lab has been established, wherein video lessons of your Bank's faculty on various subjects will be recorded. The lab will also be used for digital storage of photographs and videos of important training events across the country, with the aim of creating in-house audio-visual content for training.

STU Website: The website of the Strategic Training Unit has been completely revamped. It is now the epicenter, where all learning materials are accessible by all Apex Training Institutes and SBLCs at one place via the Intranet.

Feedback for External Trainings: A web based application for providing feedback by officials attending external trainings has been developed and rolled out.

Training Dash Board: An in-house tool 'Training Dash Board' has been developed and made available to all the HR functionaries to arrive at data of trained/untrained staff for easy follow-up.

Inclusion Centre:

An Inclusion Centre for differently-abled employees is operational with an objective to enable financial inclusion, training, empowerment and upgradation of skills of people with different abilities in a systematic way. Some of the activities / initiatives undertaken by your Bank are mentioned below.

- Specially designed programmes have been conducted for differently-abled employees like training for visually and hearing impaired employees of your Bank.
- Employees have been sensitised for inclusion and mainstreaming of employees with different abilities during post training – field implementation.
- Grievance redressal for differently abled employees has been entrusted to Inclusion Centre located at Corporate Centre.
- Provided Talking software and OCR Readers/Scanners to VI employees.
- Created three Specialised Communities in SBI Aspirations for Differently Abled Employees (VI /HI / OH).
- Identified four SBLCs on pilot basis to promote complete barrier free accessibility for persons with different ability.

Training Challenge of Merger:

On the face of stiff challenge to train large number of employees of five Associate Banks and Bhartiya Mahila Bank on the products and processes of SBI within the quickest possible time, your Bank has geared up the training machinery with various special programmes designed and scheduled. Further, with a view towards easing the transition of these employees into the Bank, a ready reckoner on popular asset products of P-segment, SME segment, Agri segment, REH&HD and Tech products has been distributed. Twelve Training establishments of Associate Banks will come into the fold of SBI from day one of merger.

State Bank Institute of Management (SBIM) Kolkata:

The new 'Centre of Excellence' will become operational in the second quarter of FY2018.

Awards:

Your Bank is the humble recipient of the following awards for its training initiatives:

- **Golden Peacock National Training Award:** As a mark of outstanding performance in the area of training to its employees 'State Bank of India' has been declared as the Winner of 'Golden Peacock National Training Award' for the year 2017 in the sector of financial services (Banking).
- **National Award 2016:** Awarded for Empowerment of Persons with Different Abilities in the sub-category Best Employer-2016 by Government of India, Ministry of Social Justice and Empowerment.

Smt. Arundhati Bhattacharya Chairman receiving National Award for Empowerment of Persons with Different Abilities in the sub-category Best Employer-2016 from Shri Pranab Mukherjee, the President of India.

- **Helen Keller Award 2016:** It was presented by National Centre for Promotion of Employment for Disabled People (NCPEDP) for the second successive year in the category Role Model Company/NGO/Institution for its commitment towards promoting equal employment opportunities for Differently Abled Persons.

ISO Certification:

Your Bank constantly strives to achieve quality standards for its Learning Centres in terms of training resources, infrastructure and academic activities. All the five Apex Training Institutes (ATIs) and 40 SBLCs out of 43 are accredited with certification, of which 13 SBLCs were accredited during FY2017.

2. INFORMATION TECHNOLOGY

State Bank of India is a strong proponent of leveraging information technology to deliver convenience to its customers. Your Bank has been offering innovative and cutting-edge products to its customers with the objective of enabling banking transactions at anytime and from anywhere. Your Bank's technology strategy has evolved in tune with the current consumer trends of social collaboration, mobility, cloud-based platforms and big data analytics.

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

1. Internet Banking

Internet Banking solutions cater to the various payments, fund-transfers, e-Tendering, e-Auction and bulk payments related requirements of the Government/ PSUs/Large and Medium Corporate as well as for Retail Internet Banking (RINB) customers. The Corporate Internet Banking (CINB) is well suited to Small, Medium and Large Corporate. It has also been immensely successful in establishing traction with Government Treasury & Accounts Departments. Online collection of fees/funds for institutions, corporate and government departments is being facilitated through Multi Option Payment System (MOPS) and State Bank Collect. Merchant-acquisition is facilitated through aggregators.

This cost-effective channel has enabled more than 140 crore transactions during FY2017, achieving 12.9% growth over the previous year. Your Bank's robust Retail Internet Banking (RINB) platform has also been optimised for visually impaired customers following WCAG (Web Content Accessibility Guidelines).

Internet Banking Users (No. in lakh)

2013	2014	2015	2016	2017
130	177	220	263	327

During FY2017, your Bank has continued to be a major player in the e-Commerce space in the country. Over 50,027 merchant tie-ups were done, directly or via State Bank Collect/ e-Commerce aggregators. Your Bank has facilitated more than 37 crore e-Commerce transactions up to 31st March 2017.

Some of the new features launched in Net Banking during FY 2017 are as follows:

- Online PAN Updation
- Online OD for e-Commerce purchases (Flip kart)
- INB Infrastructure Transformation and database segregation to meet future growth
- Submission of stock statement through CINB
- Direct integration with 102 merchants/ government departments
- NPS Online account opening
- Personalised Image Based Gift Card Issuance Facility
- IMPS facility for SARAL Users
- Spend Analyser
- Facility to register for receiving account statement by email at periodic intervals
- Online locker enquiry
- Quick transfer for SARAL
- Mobile number registration in CBS through Contact Center
- Delivery of INB password through email to NRI
- Setting up Auto Sweep (transfer to MODs)
- NPS contribution and unfreezing
- Facility to download PPF account statement financial year wise
- Save Now Travel Later - Cox & Kings: Recurring Deposit
- SBI FLEXI RD
- Issuance of ATM PIN Pre Printed Kit through INB Branch Interface
- Direct integration with EPFO for contribution by corporate

2. Analytics

Your Bank is using analytics extensively to maximise operating efficiency. Predictive analytics and customer segmentation are used with the objective of enhancing customer revenues through cross-selling and up-selling. Risk Analytics is used both for appraisal of fresh applications and for ongoing monitoring of the loan portfolio. Analytics is also used to improve ATM, network availability and performance, to fine tune target setting for and performance tracking of the Bank's employees, and to optimise deployment of capital against revenue opportunities. Analytics-driven, pre-qualified lending programs launched in 2016 have generated significant business, while reducing cost of acquisition. Improved and timely intelligence delivery to branches/ operating functionaries has also resulted in quantifiable growth in customer retention and wallet share.

3. TAB Banking

Digital Inspection Application (DIA)

Tab Apps for recording the pre-sanction and post-sanction inspections of the customers is available for seven products. DIA is integrated with LOS, CBS and HRMS where the customer data is pre-populated and field staff needs to capture the photographs of borrowers, collateral, factory, stock and others with date, time and geo-coordinates. The inspection reports are automatically mailed to the field staff in their EMS mail address. The Application also has auto reminders for upcoming post-sanction inspections, stock and insurance expiry dates.

DIA - Lite Version for Mobiles and Desktop

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

4. SBI Workspace

Business Challenge

In order to prevent unauthorised access to data on mobile device, your Bank decided to set up an Enterprise Mobility Management (EMM) infrastructure to facilitate Bring Your Own Device (BYOD) through SBI Workspace.

This solution provides a cost efficient way of delivering applications on mobile devices, providing data security and flexibility of operations to the end users. It protects mobile devices such as smart phones and tablets used by Bank officials from malicious software, hackers, data leakage, and unauthorised access. It also provides secure and controlled access to Bank's intranet websites, apps, e-mails and files, among others.

5. Core Banking Development

Project CBS Roopantar was implemented during the year to deliver faster customer service. It offers a unique user experience to your Bank's over 1,60,000 tellers, thereby achieving an increase in their productivity through data entry reduction, maker checker process enhancements and enables various applications/tools as widgets on the CBS login screen.

6. IT Special Projects

During the year, e-wealth hubs were made operational at New Delhi and Mumbai centres for UHNI/HNI customers offering portfolio management, investment advisory through self service portal and video assist services.

'Branch Infrastructure Management System (BIMS)' – A web application has been developed and customised, to enable the Branch Officials and their Controllers to have a comprehensive view of the infrastructure/ physical assets of a branch / office.

7. Social Media

Your Bank's social media presence was established in November 2013. In a short span of 3.5 years, your Bank's social media strategy has come a long way. Your Bank has been consistently ranked number one globally among Top 100 Banks using Social Media by The Financial Brand in their list of 'Power 100 Ranks'. We have adopted an aggressive social media strategy, which has strengthened our foothold in the social space not just in the Indian market but on a global scale as well. Your Bank boasts of having the highest fan-base on Facebook globally, among banks. It also leads the chart on LinkedIn and Pinterest among Indian banks.

SBI's Facebook Page was launched on 7th November, 2013. Today it is the most popular page amongst all Indian Banks with more than 10 million followers. Your Bank has leveraged this platform to promote its latest products and services and provided responses to the innumerable comments received on this platform.

Keeping in view the young customers of the Bank, your Bank has also launched SBI Mingle - the Social Media Banking Platform which offers a host of banking services on Social Media. Services like account enquiries, cheque book request, SMS alert registration andfund transfer including P2P transfer is available through the platform.

Your Bank's YouTube channel leads all Indian banks in terms of subscriber base. It uploaded more than 400 videos that have garnered over 40 million views and has over 44,000 subscribers, indicating appreciation by the digital users.

Your Banks has figured in Twitter advertising index for 6 weeks in a row. The Instagram handle also garnered more than 2.3 lakh followers. In the current financial year, your Bank also launched its presence on Quora.

8. Integrated Data Strategy, Processing and Management (IDSPM)

After persistent efforts, IDSPM has achieved T+1 status (T+5 on month ends) of data. This is best of class in the industry. This has significantly reduced time taken for generation of reports and updating of dashboards.

IDSPM has provided more than 100 types of data/reports related to demonetisation at T+0 / daily/weekly/ monthly intervals to various government authorities and top management.

On the Big Data front, in order to cater to the ever-increasing volume and types of data, your Bank is in the process of setting up of a data lake. This will facilitate faster processing of large volume of structured and unstructured data and perform advanced analytics with a view to gain insights for business decision and development of new products.

9. Project Management Office

Your Banks has put in place a Project Management Office which created a seamless process through which business requirements came to IT in a standard and structured manner. Projects are planned in a standard manner considering elements such as Schedule management, RAID, stakeholder management and Interface Management. These customised processes are implemented through a workflow based toolset. All the project managers in GITC are given hands on training. A majority of business users are also given training on these tools. Senior management fully supported the uptake of these capabilities. A comprehensive set of dashboards are designed for business and IT leaders to provide insight into project performance.

10. Customer Relationship Management Solution

Customer Relationship Management (CRM) as a concept has always been integral to the customer centric vision of your Bank. It has always been a pioneer in implementing new age solutions to enhance the customer experience and increase the moments of customer delight. Your Bank has also been a forerunner in catering to the need of the customers in this digital age.

In the context of the present 'Always-on-Always-Connected' day and age, your Bank's customers demand and deserve a consistent, high quality service experience, across all interaction points – at the branch, online, over the phone or at any of the self-service stations. Customers expect a continuity of context/conversation across interactions that they have had with the bank over time. Towards that end, the Bank is implementing a robust full featured CRM system to deliverefficient and seamlesshigh quality customer experience. The CRM system will leverage the Bank's Data Warehouse and Analytics capabilities to proactively address customer's needs and offer the right product/services at the right time. Apart from increased cross-sell and up-sell capabilities, reduced turn-around-time, Customer 360^0 view, automated and streamlined processes, improved reporting and effective decision making would be some of the key benefits of the CRM system.

11. ATMs

In a constant endeavour to improve technology to enhance customer satisfaction and convenience, ATM channel during the year made several technology advancements which includes the following:

- ATM Switch Consolidation to handle approximately 90,000 ATM terminals.
- Debit Card Management system (DCMS) to Single DCMS for better performance and prompt dealing with various customer requests related with linking/delinking, blocking and unblocking of the Debit Card.
- Green Pin through channels viz. ATM, INB, IVRS, SMS.
- Disabling ATM receipt printing at customer's option.
- Quick Cash facility enabling State Bank Customers to withdraw favourite cash in shortest time.
- Ping Module for quick fault identification by segregating connectivity issues from other local issues for quick resolution of the ATMs which are down.
- Tool on Internet with 24*7 monitoring of ATM, which resulted in high availability of ATMs.
- IMT (Instant Money Transfer) facility through which cardholder can send money instantly to any mobile number in India. The receiver can withdraw the money through an ATM without using a debit card.
- Deposit Transaction Limit increased from ₹49,900 to ₹2 lakh in all SBI CDM and Cash Point Machines.
- SBI Finder helped in real-time monitoring of ATM/CDM status especially during the demonetisation phase.

Launch of SBI Mingle

12. Payment System Group

Prepaid Cards: Your Bank issues Prepaid Cards in both Indian and Foreign Currency. Different variants of INR Prepaid cards such as EzPay cards, Gift cards, Smart Payout cards, Quick Pay Cards, Imprest Cards and Achiever Cards, among others are issued to individual and corporate customers. State Bank Foreign Travel Cards are available in eight foreign currencies namely the Japanese yen, the Canadian dollar, the Australian dollar, the Saudi riyal, the Singapore dollar, the U.S. dollar, the Euro and the British pound to provide safety, security and convenience to overseas travellers. During FY2017, there has been a growth of 100% in INR prepaid cards. In FY 2017, your Bank issued over 32,200 foreign travel cards and 3,68,400 INR prepaid cards.

13. Funds Transfer and Settlement

Your Bank offers Real Time Gross Settlement ('RTGS'), National Electronic Fund Transfer ('NEFT') and National Electronic Clearing Service ('NECS') fund transfer facilities for qualifying transactions at its branches as well as through internet banking. In addition, NEFT is offered through your Bank's mobile banking services. NEFT and RTGS continue to be the most cost effective and time efficient modes for remittance. The volume (number) of outward fund transfers through NEFT during FY 2017 were 229.70 million. Bank has established itself as a leader in NEFT, with a market share of 13.45% as of 31st January, 2017 (as per latest data by RBI). In RTGS, Bank maintained a market share on 10.34% as on 28th February, 2017 (as per latest data by RBI). NEFT fund transfer transactions through your Bank's mobile banking service have also increased significantly in recent years.

14. Lotus Project

Being the largest and the most trusted bank for over 300 million customers in India, your Bank continues to be a key driver with its bouquet of technology-driven solutions to spearhead banking and financial participation in India.

Your Bank continues to modernise its IT architecture; by optimising and modernising the IT landscape with a view to increase efficiency and improve control.

Technology driven channels through the digital transformation aims to bring about efficiencies in cost/income ratios as well as higher customer satisfaction scores. It also brings apart from a positive change in the working culture of the Bank and sets it at par with the most modern global banks. Your Bank's capabilities are driven by a cutting edge cognitive infrastructure capable of understanding customer needs accurately and satisfying the same in the preferred manner. In the delivery of the digital transformation, for the first time in its history, your Bank has adopted agile methodology with a design thinking approach, to address the business needs through this initiative. Market recognition of these transformational aspects in technology has been recognised globally resulting in several rewards and accolades by prestigious industry bodies.

15. New Developments in FI&GS (Financial Inclusion & Government Schemes)

- Enabled inter-operable ATM Card based Transactions BC/CSP Outlet.
- Merchant Transactions menu for CSPs through Kiosk Application provided convenience of e-payment for goods/services purchased by customer from CSP outlet.
- Rolled out of SBI Aadhaar Pay Merchant App, facilitating less cash economy.
- OTP based refund facility under IMPS helped easy refund of failed IMPS transactions to the authentic customer.
- BUDDY integration with Kiosk Banking enabled cash deposit and withdrawal from Buddy at Kiosk Channel.
- Deployment of robust Direct Benefit Transfers solution to handle higher volumes and provide T+0 processing with complete accounts and funds reconciliation.
- New Solution for processing State Government subsidies offers DBT services to state level subsidy paying agencies.

List of IT - Awards received during FY 2017

Award	Category
IDRBT Banking Technology Excellence Awards for the year 2015-16.	(1) Innovative Use of Technology (in Large Bank category) (2) Digital Banking (in Large Bank category)
CSI IT Innovation and Excellence Awards 2016	Best Bank in terms of Big Data Analytics implementation
SKOCH Award	EMI for e-Commerce, SBI Mingle
Finnoviti Awards 2017	EMI for e-commerce, Automation of Credit Risk related tranche
IBA Banking Technology Awards 2017	Best Technology Bank of the year, Best Digital & Channels Technology (Runner-up), Best Use of Analytics (Runner-up), Best Financial Inclusion Initiatives (Runner-up), Best Financial Inclusion Initiatives (Runner-up)
Netapp Innovation Award 2017	Innovative Use of Data Storage, Green IT
NPCI - National Payments Excellence Award	Special Recognition Award for winning in all categories

List of Awards received for BEST CIO, FY2017

Award	Category
CIO 100 by IDG Media Pvt. Ltd.	Best CIO
BFSI IT Leadership Award 2016	Best CIO
CSI IT Innovation and Excellence Awards 2016	Best CIO
Hosted by UBS Transformance	Life Time Achiever Award

3. RISK MANAGEMENT

A. RISK MANAGEMENT OVERVIEW

Risk Management at your Bank includes risk identification, risk assessment, risk measurement and risk mitigation and its main objective is to minimise negative impact on profitability and capital. Your Bank is exposed to various risks that are an inherent part of any banking business. The major risks are credit risk, market risk, liquidity risk and operational risk which includes IT risk.

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

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

1. CREDIT RISK

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

Mitigation Measures

Your bank has put in strong credit appraisal and risk management frameworks in place for identification, measurement, monitoring and control of the risks in credit exposures.
Industrial environment is scanned, researched and analysed in a structured manner by a dedicated team for deciding your Bank's outlook and growth appetite for each of the identified 37 industries/sectors, which constitute about 70% of the Bank's total domestic exposure. Risks in these sectors are monitored continuously and wherever warranted, the industries concerned are reviewed immediately. Impact of events like BREXIT, demonetisation, telecom tariff war, falling prices of power and the upheaval in commodity prices to name a few, were

analysed and appropriate responses to these situations were strategised by your Bank to mitigate possible risks. Exposure to sensitive sectors like Real Estate are reviewed at regular intervals. Sectors like Power, Telecom, Iron & Steel, Textiles, which are going through a challenging phase, are watched continuously and analysis of new developments are shared with the business groups to enable them to make informed credit decisions. Knowledge sharing sessions are conducted for the benefit of the Top Executives and for the operating staff.

Credit rating thresholds for each industry are decided on the basis of the outlook.

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

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

In order to focus on capital conservation and maximisation of return on capital, your Bank has introduced Risk Based Budgeting (RBB). Reduction in risk and return on capital is measured based on Return on Credit Risk Capital (RoCrC). Achievement of the budgeted advances level are subject to scrutiny under the specified levers. Risk Adjusted Return on Capital (RAROC) framework has been implemented from FY2016. The Customer level RAROC calculation has also been digitised. Further behavioural models for monitoring and scoring the retail borrower performance have been developed and hosted on Credit Risk Data Mart.

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

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

RBI has allowed your Bank to participate in the parallel run process for Foundation Internal Ratings Based (FIRB) under the Advanced Approaches for Credit Risk. The data under parallel run of FIRB is being submitted to RBI. Models for estimation of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) are hosted in Credit Risk Data mart for computation of IRB capital. Independent Risk Advisory (IRA) is a new initiative launched by your Bank in its efforts to strengthen Credit Risk Management. Medium and High value credit proposals are examined by the Independent Risk Advisory department.

2. MARKET RISK

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

Mitigation Measures

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

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

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

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

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

3. OPERATIONAL RISK

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

Mitigation Measures

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

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

For FY 2017, Bank on a stand-alone basis, had assigned capital for Operational Risk as per Basic Indicator Approach (BIA). Capital charge as per AMA has also been calculated as part of Parallel Run.

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

4. ENTERPRISE RISK

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

Mitigation Measures

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

Your Bank is currently implementing Material Risk Assessment by identifying risks material to the organisation, measuring the levels of risks and aggregating the same to provide an enterprise level risk profile.

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

5. GROUP RISK

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

Mitigation Measures

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

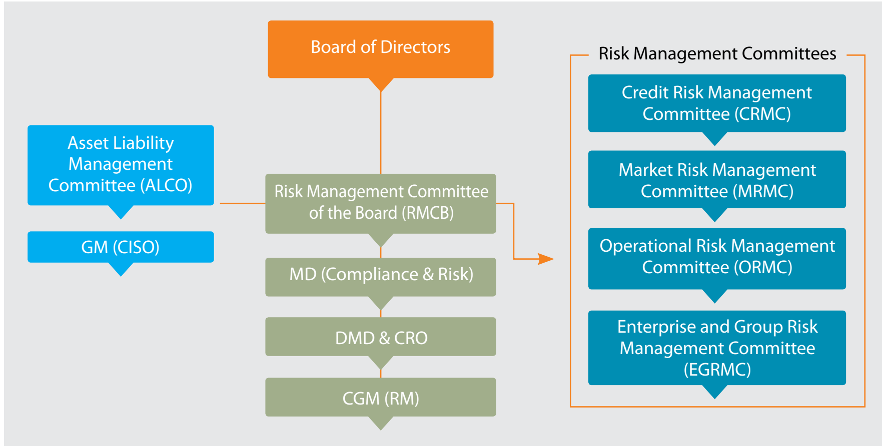
Monitoring of consolidated Prudential Exposures and Group Risk components is also being done regularly. A quarterly analysis of risk-based parameters for Credit Risk, Market Risk, Operational Risk and Liquidity Risk, among others, is presented to the Enterprise & Group Risk Management Committee (EGRMC)/Risk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

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

6. BASEL IMPLEMENTATION

Your Bank has been identified as D-SIB by the Regulator and has to keep additional Common Equity Tier 1 (CET1) 0.60% of RWAs applicable from April 1, 2016 in a phased manner and it will become fully effective from April 1, 2019. Your Bank has also started maintaining CCB in a phased manner and will reach 2.5% by March 2019. Your Bank is fully equipped to comply with all regulatory norms with reasonable cushion over the minimum regulatory capital requirement.

Risk Management Structure



B. INTERNAL CONTROLS

Your Banks' internal audit function independently evaluates the adherence to internal processes and procedures. The internal audit function also undertakes a comprehensive risk based audit of all operating units of your Bank in line with regulatory guidelines relating to Risk Based Supervision. Keeping pace with the rapid digitization, your Bank has initiated technology driven intervention in conducting various audits and moving towards automation in your Bank's audit processes. Some key initiatives include the following:

- Web based Concurrent Audit System covering the higher band of business exposures prescribed by the regulators
- Offsite Transaction Monitoring System(OTMS) to monitor exceptions observed in transactions
- Web based Early Review Mechanism to ensure early review of quality of loans of ₹50 lakh and above
- Web based RFIA (Risk Focused Internal Audit) which is flexible, scalable and expandable with enhanced level of automation
- Loan product based modules in RFIA for audit of loans under different schemes / products
- Online self-audit by branches, for self-assessment by branches and vetting by controllers.
- Audit findings are made available on MIS dash board on T+1 basis, ensuring monitoring of compliance by Management.

Your Bank has in-built internal control systems with well-defined responsibilities at each level. It conducts internal audit through its Inspection & Management Audit (I&MA)

Department. Audit Committee of the Board (ACB) exercises supervision and control over the functioning of I&MA Department.

Your Bank carries out mainly two streams of audits – Risk Focused Internal Audit (RFIA) and Management Audit, covering different facets of Internal Audit requirement. Your Bank's accounting units are subjected to RFIA. The Bank's Management Audit covers administrative offices and examines policies and procedures, besides quality of execution thereof.

Besides, the I&MA department conducts Credit Audit, Information Systems Audit (Centralised IT establishments & Branches), Home Office Audit (audit of foreign offices), Concurrent Audit, FEMA Audit, Audit of Outsourced Activities of the Bank and Expenditure Audit. Also, to verify the level of rectification of irregularities by the branches, Compliance Audit is conducted at select branches.

Risk Focused Internal Audit (RFIA)

I&MA Department undertakes a critical review of the entire operations of audited units through RFIA, an adjunct to Risk Based Supervision, as per RBI directives. The domestic branches have been broadly segregated into three groups (Group I, II and III), on the basis of business profile and risk exposures. During FY 2017, I&MA has audited 10,349 domestic branches/BPR entities under RFIA.

FEMA Audit

FEMA Audit which was being done as part of RFIA, has been made a separate audit and is conducted by the officials who are well versed with Foreign Exchange business and FEMA/ RBI guidelines. During FY2017, 575 auditee units were covered, under FEMA Audit.

Management Audit

Management Audit encompasses Corporate Centre establishments/Circle Local Head Offices/Apex Training Institutions, Associate Banks and Regional Rural Banks (RRB) sponsored by the Bank. During FY2017, 35 establishments/administrative offices were audited under Management Audit.

Credit Audit

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

Loan Review Machanism (LRM)

Audit in high value credit areahas an off-site review machanism (Loan Review Mechanism) of all the pre-sanction and sanction process of individual advances ₹5 crore and above, within 3-6 months of sanction/enhancement/ renewal. LRM has been integrated with LLMS for online review, submission of ATR and monitoring by controllers.

Early Sanction Review (ESR)

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

Information System Audit (IS Audit)

All Branches are subjected to Information System (IS) Audit to assess the IT related risks, as part of RFIA of the branch. IS Audit of centralised IT establishments is carried out by a team of qualified officials/outside experts. During the FY2017, IS Audits of 32 centralised IT establishments were conducted.

Foreign Offices Audit – Home Office Audit

During the year FY2017, Home Office Audit was carried out at 51 branches, Management Audit at four Representative offices, one Country Head Office and one Subsidiary / Joint Venture.

Concurrent Audit System

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

Off-site Transaction Monitoring System (OTMS)

Off-Site Transaction Monitoring System (OTMS), a web based solution, was introduced, to further strengthen the transaction audit, to capture the deviations without much loss of time and take corrective actions, through continuous offsite monitoring. Exception data is being generated by Data Warehouse (DW), based on certain business rules and monitored continuously. At Present, 27 types of exceptions are being monitored and flagged to the branches for verification by them. The exceptions are periodically reviewed and enlarged, depending upon the need and certain triggers.

Legal Audit

Legal Audit was rolled out in all the Business Verticals in 2014, to cover all loan and Mortgage related documents of high value loans of ₹5 crore and above. As on 31st March 2017, Legal Audit has been completed in 9,170 accounts.

Audit of Outsourced Activities

A full fledged Department has been set up under GM (CAU), to oversee the Audit of Outsourced Activities of your Bank.

C. COMPLIANCE RISK MANAGEMENT

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

- All new products, process, policies are vetted from the regulatory perspective before they are approved and operationalised. The review of the existing policies/process/products are also subjected to Compliance vetting. This will help your Bank in improving the level of compliance;
- A Compliance Risk Management Committee (Comp RMC) has been constituted comprising of Senior Executives from Business Verticals and Support functions, to oversee all compliance related issues. The committee meets regularly and extends necessary guidance to the all concerned in smooth implementation of Risk Based Supervision (RBS). The committee has further formed Review and Validation Groups, comprising senior officials, to oversee quality and consistency of information / data points as per the prescribed process framework, and ensure timely submission under RBS Information System;

- Compliance Testing of RBI's regulations and guidelines is regularly carried out to assure that the control mechanisms are in place, and adequate to comply with regulatory guidelines. Feedbacks are also given to various stakeholders to improve control mechanisms and also to design new ones wherever warranted.

D. AML-CFT MEASURES:

- Your Bank has a dedicated AML/CFT department for effective Transaction monitoring with a view to prevent misuse of banking channels. To address emerging complexities in AML/CFT space, your Bank in the process of upgrading its software in tune with that prevalent in major global banks;

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

4. OFFICIAL LANGUAGE

Your bank made concerted efforts to promote Official Language Hindi and other Indian languages in the Bank. The key highlights are given below :

Learning of Regional Languages through Hindi

The Government of India expects that staff of the banks should have knowledge of local language so that they can connect with the customers in their language and provide them better customer service. In order to meet this expectation, Official Language Departments at Circles brought out following publications to make their staff conversant with local language through Hindi medium:

- Aaiyey Assamia Seekhein
- Aaiyey Seekhein Hindi se Odia
- Hindi-Punjabi Samvad-Sahayika
- Hindi bhasha ke madhyam se Kannad Seekhein - Kannada Kali
- Aaiyey Malyalam Seekhein

Observance of World Hindi Day

World Hindi Day was observed on 10th January 2017 in all the foreign offices of your Bank with the objective of creating favourable environment for the progressive use of Hindi and to motivate and encourage staff members to do their work in Hindi as required in Annual Programme. To mark the occasion, different competitions and activities were held on this day. A list of some of the competitions and activities conducted are given below:

- Hindi Crossword competition
- Hindi General Knowledge Quiz competition
- Competition on creating advertisements and slogans in Hindi
- Audio-visual display of popular Hindi stories and related questions-answers session
- Staging of popular dramas
- Singing of Hindi songs competition
- Hindi book reading competition
- Panel discussion on promotion and propagation of Hindi language abroad

All India Online Hindi Quiz Competition

An all India Online Hindi Quiz Competition for the staff of your Bank was conducted during the months of August and September. Over 13,000 staff members participated in the competition. This competition was organised on the newly developed website of OL Dept. During this period, number of hits made on it crossed 1,20,000 mark.

Rajbhasha Fortnight observed in all the 3 linguistic regions

During the year Rajbhasha Fortnight was celebrated in your Bank in all the three regions i.e. 'A', 'B' and 'C'. A video message of Honorable Chairman Smt. Arundhati Bhattacharya was recorded on the eve of Hindi Day - 14th September 2016 and was broadcasted for to all the staff members.

Felicitation of Shri Prasoon Joshi

State Bank of India felicitates eminent personalities who have given valuable contribution to enrich Hindi language and literature. The Chairman of your Bank Smt. Arundhati Bhattacharya felicitated renowned Hindi writer, poet, lyricist and Ad Guru Shri Prasoon Joshi during FY2017.

Shields to circles for excellence in use of Hindi

Corporate Centre awarded shields and certificates to circles in linguistic region 'A', 'B' and 'C' East and South for excellence in implementation of Official Language Policy. During the year, New Delhi, Ahmedabad, Kolkata and Hyderabad circle bagged first place and Lucknow, Mumbai, Bhubaneswar and Bengaluru circle lifted the runners up shield respectively.

Inspection by Committee of Parliament on OL

The Committee of Parliament on Official Language inspected your Bank's Corporate Centre, Sansad Bhavan branch and RBO, Udaipur during the year. Your Bank has been entrusted with the coordination work during the inspection/tour programme of the Committee. Your Bank efficiently coordinated with the Committee members and also ensured effective implementation of the recommendations. An appreciation letter from the Convener of the Committee addressing your Bank's Honorable Chairman was received for excellence in arrangements made during the inspection.

A training programme for Rajbhasha Officers and officers associated with the work of implementation of Official Language Policy at LHOs and AOs in linguistic region 'A' & 'B' was organised at SBLC, Panchkula on 18th June 2016 and for Region 'C' at SLC, SBT, Ernakulam on 18th March 2017. Topics like compilation of questionnaire for the Committee and related preparations/arrangements were covered during the training programme.

A bilingual Compendium of Important Guidelines for Top Executives for inspection of Committee of Parliament on Official Language was brought out during the year and uploaded on Rajbhasha Department Website on State Bank Times.

'Prayas' got Rajbhasha Kirti Award from the Honorable President of India

'Prayas' the quarterly Hindi house journal of your Bank got Rajbhasha Kirti Award from the Honorable President of India.

Smt. Arundhati Bhattacharya, Bank's Chairman felicitated with 'Rajbhasha Ratna' Award

Bank's Chairman felicitated with 'Rajbhasha Ratna' Award

Your Bank's Chairman Smt. Arundhati Bhatacharya was conferred with Rajbhasha Ratna Award for the year 2016 by the renowned literary-social-cultural organisation 'Aashirwad'.

TOLICs under Bank's leadership got shields for best performance

Town level Official Language Implementation Committees were formulated under your Bank's leadership got prizes for best performance. These shields were conferred by Honorable Governors of respective states. Your Bank's Hindi in house journal 'Prayas' was also adjudged among best magazines by the Reserve Bank of India.

5. MARKETING AND COMMUNICATION

The Banking sector has, since the past three years witnessed radical disruptions led by fintech companies, and as a result, conventional Banks have had to modify / augment their business strategies, especially in the area of technology based customer value propositions. Besides, even conventional products have been put to test by way of smart and increased marketing initiatives by leading public and private sector banks.

With this intent your Bank's management appointed a Chief Marketing Officer (CMO) in March 2016. The CMO heads the Marketing & Communications (M&C) department which has been set up at the Corporate Centre of your Bank. With the setting up of this department, the erstwhile Corporate Communications & Change department was subsumed into this department. The M&C department is responsible for your Bank's initiatives for all brand and product marketing, public relations and corporate social responsibility. With the objective of optimising its efforts in promoting your Bank's products and services adopting contemporary marketing approach and to give impetus to the bank's digital initiatives to connect with the youth, the M&C department's key responsibilities include developing and implementing integrated marketing strategies to address business challenges of different divisions of your Bank including Indian and overseas operations of the Bank. This department comprises of domain skilled professionals/ specialists drawn from various relevant fields – media, marketing communications, advertising and public relations.

The department has started work on all business groups and other functions of your Bank. Some key successful initiatives rolled out by the department during FY 2017 include the Hope Loans Campaign - a novel concept to support NGOs working in different areas of social work whilst promoting the Bank's asset products viz Home, Auto and Personal Loans. Through this initiative, your Bank could give away ₹ 3.88 crore to 5 NGOs working in the area of education, health/ shelter, clean energy and mobility solutions. Besides this, another major campaign was rolled out to address the opportunity on the back of demonetisation scenario the country witnessed in the 3rd quarter. The campaign titled #cashkiaadatbadlo has been received reasonably well, the success of which is evidenced in highest ever number of transactions of debit cards, downloads of e-wallet State Bank Buddy and SBI Pay, the UPI digital payments solution. Towards the end of March, the M&C department also developed the advertising campaign for the merger of SBI's associate banks with your Bank. Besides these campaigns, it has been overwhelming for the Bank to receive positive feedback, especially from customers and staff about the fresh approach to its advertising execution. Going forward, besides working on other marketing initiatives, especially in the area of digital marketing, your Bank hopes to leverage the might of State Bank Group to strengthen its marketing thrust to stay relevant and competitive given the evolving and dynamic financial services industry landscape.

6. VIGILANCE MECHANISM

At your Bank, there are three aspects to the vigilance function – Preventive, Punitive and Participative. During this year, Vigilance Awareness Week was observed from 31st October 2016 to 5th November 2016, with the theme 'Public participation in promoting integrity and eradicating corruption'. As a part of observance of Vigilance Awareness Week, 'Integrity Pledge' has been administered to staff and the public at large. Further, SBI as a Corporate has also undertaken the Integrity Pledge. To create awareness, Gram Sabhas have been organized and Integrity Pledge has been administered at these Sabhas also.

Smt. Arundhatti Bhattacharya releasing Vigilance Journal

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

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

During FY2017, a total of 1163 cases (753 new cases) were taken up for examination, out of which 805 cases have since been concluded.

7. ASSET AND LIABILITY MANAGEMENT (ALM)

- Asset and Liability Management occupies the centre stage in the overall management of financial institutions. ALM practices require specialised knowledge and skill to efficiently handle dynamic and evolving challenges in the financial sector.
- Your Bank has effective ALM Management team in place with requisite skills to manage the Balance Sheet. While the ALM Management of your Bank is guided by Regulatory guidelines, your Bank is in the forefront in developing effective management models in the domain of ALM by bringing in the best global practices.
- The Asset Liability Management Committee (ALCO) of your Bank oversees the Interest Rate and Liquidity Risks, reviews the components of balance sheet and sets up bench-marks for efficient management of these risks. ALCO, inter alia, reviews the Interest Rate scenarios, pattern of growth of liability products, credit growth and liquidity management and approves appropriate pricing of Bank's products. In terms of regulatory requirements, your Bank has moved to Marginal Cost of Funds based Lending Rates (MCLR) with effect from 1st April 2016.
- Studies are conducted to gauge the behavioural pattern of assets and liabilities, which do not have any definite contractual maturity, to assist the ALM teams. These behavioural studies encompass the embedded options available to customers, off-balance sheet exposures, impact of probable loan losses etc.
- Your Bank has put in place appropriate policies for conducting 'Asset & Liability Management', 'Stress Testing' the Balance Sheet components. In line with the regulatory requirements, the Liquidity Risk Management approach is built on the premise of ensuring optimal liquidity position and avoiding concentration of funding. As part of contingency planning for liquidity, appropriate 'Contingency Funding Plan' is in place.
- The guidelines of Basel Committee on Banking Supervision (BCBS) on Liquidity Risk to promote Short term resilience by maintaining mandated Liquidity Coverage Ratio (LCR) is strictly followed by the Bank. The levels of High Quality Liquid Assets (HQLA) are effectively monitored in a highly dynamic environment.
- Advanced approach of assessing the impact on Earnings at Risk (EaR) and Market Value of Equity (MVE) determines the likely erosion of Net Interest Income (NII) under the Interest Risk Management. Permissible limits are pre-defined and continuously monitored. Proactive steps are initiated whenever warranted.
- In line with the regulatory requirements, your Bank has evolved Internal Capital Adequacy Assessment Process (ICAAP) with robust methodology, responses and an effective framework in place.

ALM Department of your Bank, being the support group to ALCO is equipped with robust systems and processes and conducts the above functions in a professional way.

8. ETHICS & BUSINESS CONDUCT

Your Bank has ceaselessly been showing its unflinching commitment with the highest professional and ethical standards regardless of its growing size, scope and reach. It has also been providing visionary thought leadership to Indian Banking over the years. In spite of the large staff complement, vast network of branches and spread in all the time zones, our Vision, Mission and Values form the fabric that holds us together wherever we are and whatever we do.

Upholding the same ethos of more than 200 years, the Bank has taken one more seminal initiative by envisaging and creating the position of the Chief Ethics Officer in the Bank who will establish and oversee an independent Ethics and Business Conduct Function in the organisation. Idea is to anchor, promote, nurture and institutionalise a positive ethical culture in the organisation leading to enhanced brand equity and market reputation. The position of Chief Ethics Officer has been constituted for the first time in any Indian public sector organisation.

9. CORPORATE SOCIAL RESPONSIBILITY

Social Responsibility is deeply ingrained in the culture of your Bank. The Bank has been undertaking social welfare initiatives much before the formal CSR concept became common practice or an industry norm. Your Bank believes that it owes a solemn duty to the less fortunate and underprivileged members of the society to make sustainable social change in their lives. Your Bank has always placed the interest of the common man, especially the most marginalised, at its core. SBI has always been a caring and enabling organisation and sustainable business practices is at the heart of our business operations. Your Bank has been setting aside 1% of its net profit for CSR initiatives and its CSR initiatives have made a true difference in the lives of millions from underserved communities. Your Bank is committed to the economic and social wellbeing of the socially and economically impoverished.

Focus areas of SBI's CSR activities

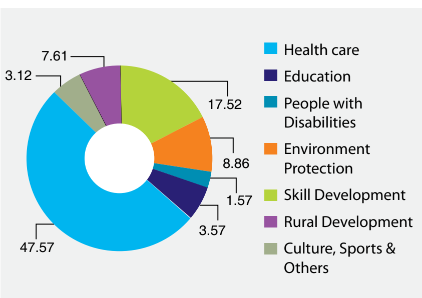
- Healthcare
- Education
- Skill Development and Livelihood Creation
- Environment Protection.

CSR spend during 2016-17

The CSR contribution of your Bank for FY 2017 was ₹ 109.82 crore. The Bank's local head offices (Circles) spent ₹ 89.82 crore and the remaining ₹ 20 crore was donated to SBI Foundation.

This is the fifth successive year, when your Bank's CSR spend has crossed the milestone of ₹ 1000 million. The sector wise spend is as mentioned hereunder:

Sector-wise break up of CSR spends by Circles (₹ 89.82 crore)



Supporting Healthcare

More than 66% of India's population still lives in rural area and has no or very limited access to medical care. Lack of proper healthcare infrastructure and high vulnerability of children are major concerns in rural India. Unaffordability, unavailability and lack of awareness are the major reasons behind low health care index in India.

The primary focus has always remained to provide the basic infrastructure to ameliorate the conditions of the common man. To deliver quality healthcare to those belonging to underprivileged and economically weaker sections of the society, your Bank has supported large number of hospitals. The major initiatives of the Bank in health care sector are as under:

Medical Vans: Your Bank donated ₹ 6.87 crore to over 49 charitable organisations for acquiring ambulances and medical Vans.

Smt. Arundhati Bhattacharya our Chairman, handing over the cermonial Key of Ambulance to St. Joseph Home for the Aged & Desitute, Coimbatore

Health Equipments and Surgeries: Your Bank donated ₹ 7.52 crore to 23 charitable organisations/hospitals for acquiring various medical/surgical equipments like Stress Test Machine, Dialysis Machine, Eye Equipment, X-Ray Machine, ICU facility and New Born care unit. This has improved the capacity and potential of the hospitals to serve the deprived patients.

Old Age Homes and Mobility Solutions: Your Bank donated ₹1.50 crore for supporting old age homes and providing relief to Divyangjan (PwDs).

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

- Eye Check-up
- Cancer detection
- Reproductive healthcare check-up
- Basic health check-up (Blood Pressure, HB etc.)
- Diabetes check up

Reputed local NGOs played a pivotal role in organising these camps.

Supporting Education

Education is the backbone of a country's social and economic development. Several areas of the country lack basic schooling facilities, especially rural areas. Lack of infrastructure, transportation facilities and basic amenities are the key hindrances for education in rural India. Your Bank always strives to support education for economically weaker social groups in remote, unreachable and underdeveloped areas. The key contributions in the education sector are mentioned below:

Holistic Support: Your Bank contributed ₹ 1.35 crore towards supporting infrastructure across several schools located in rural/remote areas.

Computers and Peripherals: Your Bank contributed ₹1.15 crore towards setting up of computer labs/IT labs. Many NGOs were also supported for acquiring computers, soft boards and setting up digital classrooms.

Schools Buses/Vehicles: Your Bank donated ₹3.99 crore for acquiring 35 school buses/vehicles to help schools in rural areas to provide transportation facility to underprivileged children.

Support to Persons with Disabilities (PwDs):
An amount of ₹ 1.57 crore was donated to reputed NGOs for the following activities:

- Distribution of artificial limbs, callipers, crutches and wheel chairs among others
- Distribution of other aids and devices
- Community Based Rehabilitation project for mentally/physically challenged persons
- Braille Embosser System
- Special Vehicles for disabled

Smt. Arundhati Bhattacharya our Chairman, handing over a cheque to Shishu Sarothi Spastic Society, Guwahati

Environment and Sustainability

Your Bank is committed to environment protection and contributes positively to reduce the carbon footprint. Responsible interaction with environment to avoid depletion and degeneration of natural resources and maintain long term quality of the environment is a priority for your Bank. Your Bank has contributed ₹ 3.57 crore in the following areas for:

- Acquiring solar power plant, solar lamp, solar water heater, solar street lamps.
- Purchase, commissioning and maintenance of a number of solar power plants.

Skill Development initiatives and Livelihood Creation

Rural Self Development Training Institutes (RSETIs)

India is one of the youngest nations in the world with over 54% of its population below 25years of age. Employability of the growing young demography is one of the important factors in the economic development of the country. Your Bank has set up 116 Rural Self Employment Training Institutes (RSETIs) across the country as institution to help mitigate the unemployment and underemployment problem among youth in the country.

Your Bank has contributed ₹12.84 crore for construction of 10 RSETI buildings and other infrastructure support. The Recurring expenditure for Skill development programs for youth was ₹ 34.73 crore across 116 RSETIs of the Bank .

SBI Youth for India Fellowship program

SBI Youth for India is a Fellowship program initiated, funded and managed by your Bank in partnership with reputed NGOs. It entails the urban educated youth to voluntarily get involved in various developmental projects in rural areas. Under this initiative, your Bank partnered with seven reputed NGOs, and engaged in development work in rural areas to deploy the youth enrolling for the fellowship. The fourth batch of 61 fellows are working at 32 locations across nine states. They are working on various projects to understand the need of rural community and address them with innovative solutions. Most of these projects fall within the scope of Sustainable Development Goals (SDGs) which include No Poverty, Good Health and Well-Being, Quality Education, Affordable and Clean Energy, Reduce Inequality/Life on Land and Climate Action, among others.

SBI Children's Welfare Fund

Your Bank constituted the SBI Children's welfare Fund as a Trust in 1983. It extends grants to educational institutions engaged in the welfare of underprivileged children such as orphans, physically challenged and destitute. The corpus of the fund is made by staff members and matching contribution is provided by your Bank. During FY2017, your Bank donated ₹ 71 lakh to various educational institutes.

Awards and accolades:

Your Bank won the prestigious Golden Peacock Award for Sustainability.

V. ASSOCIATES AND SUBSIDIARIES

INTRODUCTION AND PERFORMANCE HIGHLIGHTS

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

ASSOCIATE BANKS

The five Associate Banks of SBI had a Market share of around 5.02% in deposits and 4.41% in advances as on 31st March 2017. Associate Banks together had 6,847 branches and 9,075 number of ATMs.

The performance highlights of the Associate Banks as on 31st March 2017 (₹ in crore)

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 %
		Investment	%									
1	State Bank of Bikaner & Jaipur	676.12	75.07	1,16,293	1,03,662	68,774	1,942.14	-1,368.33	66.34	9.25	15.52	10.53
2	State Bank of Hyderabad	367.55	100.00	1,63,190	1,42,955	87,715	2,909.86	-2,760.26	61.36	11.73	20.76	12.84
3	State Bank of Mysore	628.63	90.00	88,996	77,769	38,608	913.58	-2,006.26	49.64	12.41	25.68	16.90
4	State Bank of Patiala	4,859.10	100.00	1,22,829	1,00,507	77,100	1,454.83	-3,579.46	76.71	12.43	23.15	15.48
5	State Bank of Travancore	885.11	79.09	1,25,917	1,14,323	52,506	1,503.32	-2,152.46	45.93	12.19	16.79	10.22

State Bank of Bikaner and Jaipur

Awards and Accolades

Some of the awards and accolades received by the Bank during the current year are mentioned below:

- Awarded the 'Rajbhasa Kirti Prize' by Hon'ble President of India for best performance in Rajbhasa Niti during FY 2016.
- Best Performance Award (3rd prize amongst all PSBs) conferred by PFRDA for implementation of Atal Pension Yojna Phase-II.
- SME Excellence award 2016 in category of Micro Lending by ASSOCHAM.
- Second best performing public sector Bank for FY2016 by State Forum of Bankers Club, Kerala.

State Bank of Hyderabad (SBH)

Awards and Accolades

- Received Second Prize in Region 'C' under 'Rajbhasha Kirti Puraskar' from the Government of India, Ministry of Home Affairs, Dept of Official Language, New Delhi.
- Awarded by 'Dun & Bradstreet' as 'India's Top Bank's & Banking Awards 2016' for completing 75 years of operation.
- Awarded 'IDRBT Banking Technology Excellence Award' by Sri Raghuram Rajan, Ex-Governor of RBI.

State Bank of Mysore

Awards and Accolades

- Awarded with Eco-Technology Savvy Bank Award- Winner(Emerging Category)by CIMSME for the year 2016-17.
- MIPSED, Tumakuru, RSETI sponsored by State Bank of Mysore is awarded with 'AA'Grading (the highest grading) for 2015-16 by MoRD. GOI.

State Bank Of Travancore

Awards and Accolades

- Skoch Award for segment leadership in MSME received on 8th June 2016.
- Skoch Award for Social Inclusion received on 8th June 2016.
- Skoch Order of merit to SBT RSETI's for qualifying in SBT Rural Development Trust.
- National Award for Excellence in Lending to Micro Enterprises from Government of India, Ministry of Micro Small and Medium Enterprises (Special Award - amongst the Associates of SBI).
- SMEs Excellence Award 2016 - Best MSME Bank from Associated Chambers of Commerce and Industry of India (ASSOCHAM).

Non- Banking Subsidiaries

(₹ crore)

Sr. No	Name of the Subsidiary Company	Ownership (SBI interest)	% of Ownership	Net Profit (Losses) for FY 2017
1	SBI Capital Markets Ltd. (Consolidated)	58.03	100.00	251.80
2	SBI DFHI Ltd.	139.15	*63.78	176.44
3	SBI Mutual Fund Trustee Company Pvt Ltd.	0.10	100.00	2.42
4	SBI Global Factors Ltd.	137.79	86.18	1.01
5	SBI Pension Funds Pvt. Ltd.	18.00	*60.00	1.03

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

Non- Banking Subsidiaries: Joint Ventures

(₹ crore)

Sr. No	Name of the Subsidiary Company	Ownership (SBI interest)	% of Ownership	Net Profit (Losses) for FY 2017
1	SBI Funds Management Pvt. Ltd.	31.50	63	224.32
2	SBI Cards & Payment Services Pvt. Ltd.	471.00	60	390.41
3	SBI Life Insurance Company Ltd.	701.00	70.10	955
4	SBI-SG Global Securities Services Pvt. Ltd.	52.00	65	11.74
5	SBI General Insurance Company Ltd.	159.47	74	153
6	GE Capital Business Process Mgt. Services Pvt. Ltd.	9.44	40	47

A. SBI CAPITAL MARKETS LIMITED (SBICAP)

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

On a standalone basis, SBICAPs posted a PBT of ₹312.57 crore during FY2017 as against ₹425.29 crore during the FY2016 and a PAT of ₹217.95 crore for FY2017 against ₹283.39 crore in FY2016.

SBICAPS declared dividend at 200% during FY 2017 as against 320% in FY 2016.

1. SBICAP SECURITIES LIMITED (SSL)

SSL, a wholly owned subsidiary of SBI Capital Markets Limited, besides offering equity broking services to retail and institutional clients both in cash as well as in Futures and Options segments, is also engaged in sales and distribution of other financial products like Mutual Funds, Tax Free Bonds, Home Loan, Auto Loan, Tractor Loan, among others. SSL has over 100 branches and offers Demat, e-broking, e-IPO and e-MF services to both retail and institutional clients. SSL currently has more than 12 lakh clients. The Company has booked gross revenue of ₹250.35 crore during FY2017 as against ₹160.82 crore in FY2016.

2. SBICAP VENTURES LIMITED (SVL)

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

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

3. SBICAP (UK) LIMITED (SUL)

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

4. SBICAP (SINGAPORE) LIMITED (SSGL)

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

5. SBICAP TRUSTEE CO. LIMITED (STCL)

SBICAP Trustee Co Limited (STCL), is a wholly owned subsidiary of SBI Capital Markets Limited. STCL commenced security trustee business with effect from 1st August, 2008. STCL posted Net Profit of ₹11.68 crore during FY2017 as against ₹13.35 crore during FY2016. STCL successfully launched an Online Will Creation service for the individuals in the name of 'My Will Service Online'. It also launched its 'Trustee Enterprise Management System' – an integrated system to address all the trustee related operations and thus has become the first and only Trustee Company in India to have full automation across all trustee related operations.

B. SBI DFHI LIMITED (SBI DFHI)

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

SBI group holds 72.17% share in the Company. The Company posted Net Profit of ₹176.44 crore in the FY 2017 as against ₹72.19 crore in the FY2016. Total balance sheet assets was ₹3,187.70 crore as on 31st March 2017 as against ₹5,836.20 crore as on 31st March 2016.

The market share of SBI DFHI was 2.97% amongst all market participants and 19.13% amongst Standalone PDs as on 31st March 2017.

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

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

During the year ended 31st March 2017, SBI Card delivered a strong business performance. The Company's Card base has grown by 26% Y-o-Y with total number of credit cards reaching to a level of ₹45.69 lakh. Similarly, Company achieved card spends of ₹43,436 crore with Y-o-Y growth rate of 51%. The Company has registered Profit after Tax of ₹390 crore at a growth rate of 38% as compared to the previous year.

In terms of industry rankings SBI Card became 2nd both in Cards & Spends category during the current financial year.

- On Card base, it has moved from 3rd position to 2nd position with market share of 15%.
- On spends, it has moved from 4th position to 2nd position with market share of 13%.

The Company has launched five new products during the year to strengthen the bouquet of product offerings to cardholders:

- SBI Elite Card (Product refresh of erstwhile SBI Signature Card)
- SBI Unnati Card
- Co-branded Cards like Central SBI Select & Select+ Cards
- Co-branded banking cards such as SBI South Indian Bank Card and SBI Karnataka Bank Card

SBI Cards received the following awards during the current year:

- SBI Card bagged five awards at the 25th World HRD Congress in partnership with TIMES Ascent (Times of India group):
  - CEO with HR Orientation
  - Most Influential HR Leader in India
  - Best workplace practices
  - Award for Managing health at work
  - Best advance in employee engagement
- Adjudged as the 14th best 'Dream Company to work for, selected amongst the top 75 companies across the country
- Readers' Digest Most Trusted Brand Award 2016
- 'Best Credit Card Program' for SimplyCLICK at the MasterCard Innovation Awards 2016.
- The Compliance Register Platinum Awards: Runners up in two categories Best Compliance Team – Regulated Firms and Best Head of Compliance.
- Bronze Award for 'Achievement in Audio Visual Film' for SBI SimplySAVE Card at WOW Awards Asia 2016.
- At the Global Compliance Register Platinum Award Ceremony in London, SBI Card won the award for 'Compliance Excellence' and also bagged the Runner Up award in 'Best Head of Regulatory Compliance' category.
- Awarded 'Excellent Compliance Performer-2016' across Indian industries at the Annual Compliance 10/10 awards.
- SBI Card also won 'Compliance Team of the Year-Overseas' award at GRCI Annual Awards 2016 across Australia.
- Legal team has been awarded the 'Best In-House Legal Team of the Year (Mid-Size)' at the Indian Legal Awards organized by Legal Era Magazine.
- Awarded for Best Loyalty Program in Financial Sector: Non-Banking, during The Customer FEST Show at the 10th edition of Loyalty Summit.
- SBI Card team has been awarded "Best Data Quality" in NBFC Category for second time in the row at the recently concluded CIBIL conference awards.

D. SBI LIFE INSURANCE COMPANY LIMITED (SBILIFE)

SBI Life Insurance is a joint venture between State Bank of India (SBI) and BNP Paribas Cardif. SBI owns 70.1% of the total capital and BNP Paribas Cardif holds 26%, while Value Line Pte. Ltd. (an affiliate of KKR Asian Fund II L.P.) and MacRitchie Investments Pte. Ltd. (an indirect wholly owned subsidiary of Temasek Holdings Pvt. Ltd.) hold 1.95% each. SBI Life has a unique multi–distribution model encompassing vibrant Bancassurance, Retail Agency, Institutional Alliances and Corporate Solutions distribution channels.

The Company has proven its market leadership again in FY 2017 with a growth rate higher than the growth of the industry. The company witnessed a 43% growth in New Business Premium (NBP) vis-à-vis the private industry growth of 24%. The market share of SBI Life New Business Premium (NBP) among all private players as on March 31, 2017 is 20.0% vis-a-vis 17.3% last year. The Company has been ranked No. 1 in New Business Premium among the private industry. Further, the Company has achieved 38.9% growth in Individual Adjusted Premium Equivalent (APE) vis-a-vis 26.4% growth for private industry.

SBI Life witnessed a PAT of ₹955 crore in FY 2017 against ₹861 crore in FY 2016. Assets held as on 31st March 2017 recorded a Y-o-Y growth of 23% at ₹102,240 crore.

Leveraging wider reach achieved through its network of 801 offices, SBI Life has systematically brought large rural areas under insurance. The Company has sold 24% of total policies in this segment in FY 2017. A total of 589,932 lives covered by the company are from the underprivileged social sector.

The Company's primary commitment is to its customers and during the year, the Company has improved its Death Claim Settlement Ratio to 98% and further reduced complaints related to mis-selling to 0.20% of the policies sold, which is the best in the industry. The Company's focus in the coming times will be on further enhancing its distribution efficiency, lowering operational cost, introducing innovative products and continue to be customer centric.

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

1. 'Life Insurance Company of the Year' and 'Bancassurance Leader Life Insurance (Large Category)' at the Indian Insurance Awards 2016 organised by Fintelekt.
2. Won LIMRA and LOMA Silver Bowl Award 2016 under "Best use of Social Media from a Company Operating outside of the U.S." category.
3. Won in 'CLO Chief Learning Officer Summit India – 2016' in the following categories:
   a) Induction Training Program
   b) Mobile Learning Program
4. One of the 'Most Trusted Brand, 2016' for the Sixth consecutive year by The Economic Times Brand Equity - Nielsen survey
5. iCMG Global Awards for
   a) IT Service Management - Architecture Excellence
   b) Top 30 Global CIO Award
6. Plaque award for commended Annual Report from Institute of Chartered Accountants of India (ICAI) for Excellence in Financial Reporting for FY 2016

Adjudged the runner up of the 'Outlook Money Awards 2016' in the Life Insurance category.

E. SBI FUNDS MANAGEMENT PRIVATE LIMITED (SBIFMPL)

SBIFMPL, the Asset Management Company of SBI Mutual Fund, is the 5th largest Fund House in terms of Average "Assets Under Management" and a leading player in the market with over 5.8 million investors. SBIFMPL posted a PAT of ₹224.32 crore in FY2017 as against ₹165.36 crore earned during FY2016. The average "Assets Under Management" (AUM) of the Company during the quarter ended March 2017 were ₹1,57,025 crore with a market share of 8.58% as against the average assets under management of ₹1,06,781 crore with a market share of 7.89% during the quarter ended March, 2016. The Company has a fully owned foreign subsidiary namely SBI Funds Management (International) Private Limited, which is based at Mauritius and manages Off-shore Fund.

F. SBI GLOBAL FACTORS LIMITED (SBIGFL)

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

The Company sustained its profitability during FY2017 also, and has reported a PBT of ₹3.25 crore (PY - PBT ₹2.53 crore) & PAT of ₹1.01 crore (PY - PAT ₹0.86 crore). Turnover for FY2017 is ₹3,047 crore as compared to turnover of ₹2,532 crore in previous year (i.e. an increase of 20%). FIU as on 31st March 2017 is ₹1,059 crore as compared to ₹1,008 crs as on 31st March 2016. Turnover in EF under 2 Factor Model for FY2017 is equivalent to EUR 41.91 Mio (PY EUR 32.80 mio). In INR terms, the EF turnover touched ₹306.58 crore for FY2017, as against ₹237.52 crore in previous year.

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

G. SBI PENSION FUNDS PRIVATE LIMITED (SBIPFPL)

SBIPFPL has been appointed as Pension Fund Manager along with 6 others to manage the pension corpus under NPS. SBIPFPL 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. SBIPFPL, 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 2017 was ₹66,723 crore (YoY growth of 45%) against ₹46,019 crore in March 2016.

The Company maintained lead position amongst Pension Fund Managers in terms of AUM in both Government and Private Sectors. The overall AUM market share in Private sector was 62%, while in the Government sector it was 35%.

The Company has a full-fledged dealing room adequately managed by experienced Bond and Equity markets specialists.

The Company was adjudged the "Best Pension Fund Manager" under Pension Fund Manager category for the year 2016 by Outlook Money for the 2nd consecutive year.

H. SBI GENERAL INSURANCE COMPANY LIMITED (SBIGIC)

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

Gross Written Premium (GWP) stood at ₹2,607 crore for FY2017. In the seven years of operation, for the first time in FY2017 SBIG has achieved profit, to the tune of ₹153 crore. The Company recorded 27.7% growth in GWP Y-o-Y against an industry growth of 32.4%

including crop whereas excluding Crop SBIGIC recorded growth of 18.6% against Industry growth of 17.5% for FY2017. SBIGIC has grown by 194% in Crop Insurance for FY2017 by participating in the PMFBY schemes and extending our geographies. The Overall market share among all general insurance companies stands at 2.04% and 4.9% among private insurers. The Company's market ranking is 14th in the industry and 8th among the private players in YTD December 2016. SBIGIC occupies 2nd position in "Personal Accident" among private insurers & 3rd position in the industry FY2017. The company ranks 2nd in "Fire" among private insurers and 6th position in the industry in FY2017. Share of health business increased from 11% to 14.3%, for SBIG this has translated to a growth of 73% Y-o-Y against Industry growth of 23.8%. Health Insurance ranking improved from 17th to 13th at an overall industry level. IAG has given their intention for dial-up to increase their stake to 49%.

SBI General won at the India Insurance Awards 2016 in the **"Under-served Market Penetration"** and in the **"Commercial Lines Growth Leadership;** and SBI General was adjudged as a **"Best ET BFSI Awards 2016"** by Economic Times. The company has been certified as a "Great Place to Work" in FY2017.

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

SBISG, a joint venture between State Bank of India and Societe Generale with 65 % holding by SBI, was set up to offer high quality custody and fund administration services to complete the bouquet of financial services offered by the SBI Group. SBISG commenced commercial operations in 2010. The Company's Net Profit was ₹11.74 crore in FY 2017 as against ₹8.66 crore in FY 2016. Accumulated profit is ₹20 crore.

Average Assets Under Custody in March 2017 rose to ₹3,27,158 crore from ₹2,10,370 crore as in March 2016, while the Average Assets Under Administration were at ₹1,83,779 crore in March 2017 as against ₹1,31,254 crore in March 2016.

SBISG was rated as the best sub custodian by Global Finance Magazine in 2015.

J. SBI FOUNDATION

During FY2017, SBI Foundation (the company promoted by your Bank, under Section 8 of Indian Companies Act) has undertaken CSR projects in almost all the focus areas outlined in CSR Rules of Companies Act. During the year, the Foundation approved 26 projects worth ₹ 24.71 crore and disbursed an amount of ₹ 9.89 crore. The projects have disbursement schedule running into the current year FY2018 also. Major projects undertaken by SBI Foundation are as under:

1. Healthcare:

- Lifeline Express (Mobile hospital on train)
- Eye Care (Cataract surgeries)
- SBI- Anugraha (Home based hospice and palliative care)
- Cancer Cure
- Shravan Shakti (Cochlear Implant surgeries)
- Care for Senior Citizens
- Jeevan Daan (Organ donation)
- Sanjeevani – Clinic on Wheels
- Mauli Seva (Care for mentally ill and destitute women)
- Health checkup for female inmates of Byculla Jail (Mumbai)

2. Education:

- Beti Padhao Kendras (Girl Child Education in five states)
- Bodhshala (Community Schools)
- Digital Class (In four states)
- Khelwadi (Play School for underprivileged children)
- Disha (Career guidance and counseling)
- Virtual Eye (Computer education for visually impaired)

3. Environment:

- Protect Himalayas (Plantation of trees)
- Harith Kalingdwar (Plantation of trees)

4. Rural Development :

- Draught Proofing of Villages

5. Women Empowerment & Gender Equality:

- Samriddhi–Action for Adolescent Girls (UNFPA Project)

6. Promoting inclusive workplace and environment:

- Centre of Excellence for PwDs

7. Sanitation:

- Swachch Belur Math (Construction of toilet block of 203 units)

8. Poverty and Hunger:

- Supporting Mid-Day Meals (Akshaya Patra)

9. Skill Development

- Kaushal Vikas (paramedical and allied health training)

K. SBI INFRA MANAGEMENT SOLUTIONS PVT. LTD.

Bank's wholly owned subsidiary "SBI Infra Management Solutions Pvt. Ltd." have been incorporated on 17th June, 2016 to look after the following works related to real estate of SBI:

(i) Transaction Management/ Advisory Services:

Buying, selling or leasing of premises, renewal of leases etc. and providing advisory services on existing and upcoming business centres, identification of strategic locations.

(ii) Project Management:

Planning, execution & monitoring of construction of new building, interior and furnishing of all SBI premises, landscaping etc. and also major changes/repair projects.

(iii) Facility Management:

Repair and Management Services to create a safe, pleasant, efficient and productive environment for the Bank officials and their customers.

VI. RESPONSIBILITY STATEMENT

The Board of Directors hereby states:

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

ii. that they have selected such accounting policies and applied them consistently and made judgements and estimates as are reasonable and prudent, so as to give a true and fair view of the state of affairs of your Bank as on the 31st March 2017, and of the profit and loss of Your Bank for the year ended on that date;

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

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

v. that the internal financial controls had been laid down, to be followed by your Bank and that such internal financial controls are adequate and were operating effectively; and

vi. that proper system had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

VII. ACKNOWLEDGEMENT

1. During the year, Shri Tribhuwan Nath Chaturvedi retired from the Board w.e.f 28th August 2016, consequent upon completion of his term. Shri V.G. Kannan, Managing Director-A&S retired on attaining superannuation on 31st July 2016. Dr. Urjit R. Patel, retired from the Board w. e. f. 27th September 2016 consequent upon his appointment as RBI Governor and Shri Chandan Sinha, was nominated as RBI Nominee Director in his place w. e. f. 28th September 2016. Shri Sunil Mehta resigned from the Board w. e. f. 15th March 2017, consequent upon his appointment as Non-Executive Chairman of Punjab National Bank.

2. Shri Dinesh K. Khara was appointed as Managing Director under section 19(b) w. e. f 9th August 2016 on the Board.

3. The Directors place on record their appreciation for the contributions made by the respective outgoing Directors namely, Shri Sunil Mehta, Shri Tribhuwan Nath Chaturvedi, Dr. Urjit R. Patel and Shri V.G.Kannan to the deliberations of the Board.. The Directors welcomed the new Directors Shri Chandan Sinha and Shri Dinesh K. Khara on the Board.

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

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

For and on behalf of the
Central Board of Directors

Chairman

Date: 19th May, 2017

Corporate Governance

THE BANK'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

The Bank is committed to:

- Ensuring that the Bank's Board of Directors meets regularly, provides effective leadership and insights in business and functional matters and monitors Bank's performance.
- Establishing a framework of strategic control and continuously reviewing its efficacy.
- Establishing clearly documented and transparent management processes for policy development, implementation and review, decision-making, monitoring, control and reporting.
- Providing free access to the Board to all relevant information, advices and resources as are necessary to enable it to carry out its role effectively.
- Ensuring that the Chairman has the responsibility for all aspects of executive management and is accountable to the Board for the ultimate performance of the Bank and implementation of the policies laid down by the Board. The role of the Chairman and the Board of Directors are also guided by the SBI Act, 1955 with all relevant amendments.
- Ensuring that a senior executive is made responsible in respect of compliance issues with all applicable statutes, regulations and other procedures, policies as laid down by the GOI/RBI and other regulators and the Board, and reports deviations, if any.

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

Central Board: Role and Composition

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

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

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

The Central Board is headed by the Chairman, appointed under section 19(a) of SBI Act; four Managing Directors are also appointed members of the Board under section 19(b) of SBI Act. The Chairman and Managing Directors are whole time Directors. As on 31st March 2017, there were seven other directors on the Board who are eminent professionals representing Technology, Accountancy, Finance, Economics and Academics. Thus, the Board has five whole time Directors, comprising Chairman and four Managing Directors in office. The composition of the Central Board, as on 31st March 2017, was as under:

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

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

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

Meetings of the Central Board

The Bank's Central Board has to meet a minimum of six times in a year. During the year 2016-17, fifteen 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 2016-17

No. of Meetings held : 15

Dates of the Meetings : 17.05.2016, 27.05.2016, 30.06.2016, 26.07.2016, 12.08.2016, 18.08.2016, 29.09.2016, 27.10.2016, 11.11.2016, 28.12.2016, 25.01.2017, 10.02.2017, 15.03.2017, 24.03.2017 and 30.03.2017

Smt. Arundhati Bhattacharya, Chairman, Shri P. K. Gupta, MD-C&R and Dr. Pushpendra Rai, Director attended all the 15 Meetings.

Name of the Director	No. of Meetings held after nomination/ election/during incumbency	No. of Meetings attended
Smt.Arundhati Bhattacharya, Chairman	15	15
Shri B. Sriram, MD – CBG	15	14
Shri Rajnish Kumar, MD –NBG	15	13
Shri P.K.Gupta, MD-C&R	15	15
Shri V.G. Kannan, MD – A&S (upto 31.07.2016)	04	04
Shri Dinesh K. Khara, MD – A&S (w.e.f 09.08.2016)	11	11
Shri Sanjiv Malhotra	15	14
Shri M.D. Mallya	15	13
Shri Sunil Mehta (upto 15.03.2017)	13	13
Shri Deepak I. Amin	15	10
Shri Tribhuwan Nath Chaturvedi (upto 28.08.2016)	06	03
Dr. Girish K. Ahuja	15	08
Dr.Pushpendra Rai	15	15
Ms. Anjuly Chib Duggal	15	02
Dr. Urjit R. Patel (upto 27.09.2016)	06	03
Shri Chandan Sinha (w.e.f 28.09.2016)	09	06

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 2016-17 are as under:

Attendance of Directors at ECCB Meetings during 2016-17

No. of Meetings held : 52

S.No.	Directors	No. of Meetings held after nomination/ election/during incumbency	No. of Meetings attended
1	Smt Arundhati Bhattacharya, Chairman	52	48
2	Shri B. Sriram, MD – CBG	52	46
3	Shri Rajnish Kumar, MD-NBG	52	47
4	Shri P. K. Gupta MD – C&R	52	47
5	Shri V.G. Kannan MD – A&S (upto 31.07.2016)	17	14
6	Shri Dinesh K. Khara, MD – A&S (w.e.f 09.08.2016)	34	32
7	Shri Sanjiv Malhotra	52	33
8	Shri M.D. Mallya	52	37
9	Shri Sunil Mehta (upto 15.03.2017)	50	46
10	Shri Deepak I. Amin	52	39
11	Dr. Urjit R. Patel (upto 27.09.2016)	25	0
12	Shri Chandan Sinha (w.e.f 28.09.2016)	27	17
Directors who are normally not residents of the place of Meetings but were present on the day at the place where the meeting was held:			
13	Shri Tribhuwan Nath Chaturvedi (upto 28.08.2016)	21	01
14	Dr. Girish K. Ahuja	52	02
15	Dr. Pushpendra Rai	52	19

Other Board Level Committees:

In terms of the provisions of SBI Act and General Regulations, 1955 and Govt./RBI/SEBI guidelines, the Central Board has constituted other eleven Board Level Committees viz. Audit Committee of the Board, Risk Management Committee of the Board, Stakeholders Relationship Committee, Special Committee of the Board for Monitoring of Large Value Frauds (₹5 crore and above), Customer Service Committee of the Board, IT Strategy Committee, Corporate Social Responsibility Committee, Remuneration Committee of the Board, Board Committee to Monitor Recovery, Committee to Review the Identification of Wilful Defaulters/Non-Co-operative Borrowers and Nomination Committee of the Board. These Committees provide effective professional support in Board Oversight in key areas like Audit & Accounts, Risk Management, resolution of Shareholders'/Investors' grievances, Fraud Review and Control, Review of customer service and redressal of customer grievances, Technology Management, Corporate Social responsibilities, Payment of Incentives to Executive Directors, Oversight on Recovery of Loans and Advances, review of identification of Wilful Defaulters/Non Co-operative Borrowers and to arrive at the 'fit and proper' status of candidates filing nominations for election as Directors. While the Remuneration Committee approves payment of incentives to wholetime Directors, based on Govt. of India guidelines and normally meets once in a year, the other Committees meet periodically, once in a quarter generally, to deliberate on policy issues and/or review domain performance, as per the calendar of reviews approved by the Central Board. The Committees also call external specialists, besides drawing upon the services of top executives from the Bank, as and when needed. The Nomination Committee is constituted, as and when required, to carry out necessary due diligence and arrive at the 'fit and proper' status of candidates filing nominations for election as Directors by shareholders. The minutes and proceedings containing brief reports on the discussions held at the meetings of the Committees are placed before the Central Board.

Audit Committee of the Board

The Audit Committee of the Board (ACB) was constituted on 27th July 1994 and last re-constituted on the 30th March 2017. The ACB functions as per RBI guidelines and complies with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to the extent that they do not violate the directives/guidelines issued by RBI.

Functions of ACB

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

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

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

- KYC-AML guidelines;
- Major areas of housekeeping;
- Compliance of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

(d) It obtains and reviews reports from the Compliance Department in the Bank.

(e) ACB follows up on all the issues raised in RBI's Risk Based Supervision under Section 35 of Banking Regulation Act, 1949 and Long Form Audit Reports of the Statutory Auditors and other Internal Audit Reports. It interacts with the external auditors before the finalisation of the annual/quarterly financial accounts and reports. A formal 'Audit Charter' or 'Terms of Reference' of the Audit Committee has been approved by the Central Board and a calendar of Reviews to be submitted to the Audit Committee is also in place, which is updated periodically, the last revision effected from 18th December 2014.

Composition & Attendance during 2016-17

The ACB has seven members of the Board of Directors as on 31st March 2017, including two whole time Directors, two official Directors (nominees of GOI and RBI) and three non-official, non-executive Directors. Meetings of the ACB are chaired by a Non-Executive Director (Chartered Accountant). The constitution and quorum requirements, as per RBI guidelines, are complied with meticulously. During the year, thirteen meetings of ACB were held to review the various matters connected with the internal control, systems and procedures and other aspects as required in terms of RBI guidelines.

Dates of Meetings of ACB held & Attendance of Directors during 2016-17

No. of Meetings held : 13

Dates of the Meetings : 22.04.2016, 26.05.2016, 29.06.2016, 27.07.2016, 11.08.2016, 18.08.2016, 21.09.2016, 20.10.2016, 10.11.2016, 22.12.2016, 11.01.2017, 09.02.2017 and 15.03.2017

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri Sunil Mehta, Chairman of the Committee (upto 15.03.2017)	13	13
Dr. Girish K. Ahuja – Member (upto 29.03.2017) and Chairman of the Committee (w.e.f 30.03.2017)	13	08
Shri B. Sriram, MD – CBG	13	11
Shri Rajnish Kumar, MD-NBG (Alternate Member)	03	03
Shri P. K. Gupta, MD – C&R	13	12
Shri M.D. Mallya	13	10
Shri Deepak I. Amin	13	09
Ms. Anjuly Chib Duggal	13	0
Dr. Urjit R. Patel (upto 27.09.2016)	07	3
Shri Chandan Sinha (w.e.f 28.09.2016)	06	5

Risk Management Committee of the Board

The Risk Management Committee of the Board (RMCB) was constituted on the 23rd March 2004, to oversee the policy and strategy for integrated risk management relating to credit risk, market risk and operational risk. The Committee was last reconstituted on the 30th March 2017 and has, six 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 2016-17, four meetings of the RMCB were held.

Dates of Meetings of RMCB held & Attendance of Directors during 2016-17

No. of Meetings held : 4

Dates of the Meetings : 23.06.2016, 14.09.2016, 16.12.2016 and 07.03.2017

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri B. Sriram, MD-CBG	04	04
Shri P.K.Gupta, MD-C&R	04	04
Shri Sanjiv Malhotra	04	04
Shri M.D. Mallya	04	02
Shri Sunil Mehta	04	03
Shri Deepak I. Amin	04	04
Shri Tribhuwan Nath Chaturvedi (up to 28.08.2016)	01	0
Dr. Pushpendra Rai	04	04

Stakeholders Relationship Committee

In pursuance of Regulation 20 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Stakeholders Relationship Committee (SRC) [earlier known as Shareholders'/Investors' Grievance Committee of the Board (SIGCB), formed on the 30th January 2001] was formed to look into the redressal of Shareholders' and Investors' complaints regarding transfer of shares, non-receipt of annual report, non-receipt of interest on bonds/declared dividends, etc. The Committee was last reconstituted on 30th March 2017 and has, seven members and is chaired by a Non-Executive Director. The composition of the Committee and its role complies with the SEBI Regulations. The Committee met four times during 2016-17 and reviewed the position of complaints.

Dates of Meetings of SRC held & Attendance of Directors during 2016-17

No. of Meetings held : 4

Dates of the Meetings : 13.04.2016, 20.07.2016, 20.10.2016 and 17.01.2017

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri M.D.Mallya – Chairman of the Committee	04	04
Shri B.Sriram, MD-CBG (Alternate Member)	02	02
Shri Rajnish Kumar, MD – NBG	04	03
Shri V.G. Kannan, MD – A&S (upto 31.07.2016)	02	01
Shri Dinesh K. Khara, MD - A&S (w.e.f. 09.08.2016)	02	02
Shri Sunil Mehta	04	04
Shri Deepak I. Amin (w.e.f. 12.08.2016)	02	02
Dr. Girish K. Ahuja	04	03
Dr. Pushpendra Rai (w.e.f. 12.08.2016)	02	01

Number of shareholders' complaints received so far (during the year): **749**
Number not solved to the satisfaction of shareholders: **Nil**
Number of Pending Complaints: * (* except Complaints which are sub-judice) **Nil**
Name and designation of Compliance officer: Shri Sanjay Abhyankar, Vice President Compliance (Company Secretary)

Special Committee of the Board for Monitoring of Large Value Frauds (₹5 crore and above)

The Special Committee of the Board for monitoring of Large Value Frauds (₹5 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 30th March 2017 and has, seven members. The Senior Managing Director on the Committee is the Chairman. The Committee met four times during 2016-17:

Dates of Meetings of SCBMF held & Attendance of Directors during 2016-17

No. of Meetings held : 4

Dates of the Meetings : 19.05.2016, 24.08.2016, 23.11.2016 and 17.02.2017

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri Rajnish Kumar, MD-NBG	04	04
Shri P. K. Gupta, MD – C&R	04	04
Shri Sanjiv Malhotra	04	02
Shri M.D. Mallya	04	02
Shri Sunil Mehta	04	04
Shri Deepak I. Amin	04	02
Shri Tribhuwan Nath Chaturvedi (upto 28.08.2016)	01	0
Dr. Girish K. Ahuja	04	03
Dr. Pushpendra Rai (w.e.f. 12.08.2016)	03	02

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 30th March 2017 and has, six members. The Senior Managing Director on the Committee is the Chairman. During the year 2016-17, four meetings of the Committee were held.

Dates of Meetings of CSCB held & Attendance of Directors during 2016-17

No. of Meetings held : 4

Dates of the Meetings : 11.05.2016, 02.08.2016, 02.11.2016 and 03.02.2017

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of meetings Attended
Shri B. Sriram, MD-CBG	04	04
Shri Rajnish Kumar, MD-NBG	04	04
Shri Sanjiv Malhotra (w.e.f. 12.08.2016)	02	0
Shri M.D. Mallya	04	03
Shri Sunil Mehta	04	03
Shri Deepak I. Amin	04	03
Shri Tribhuwan Nath Chaturvedi (upto 28.08.2016)	02	0
Dr. Pushpendra Rai	04	04

IT Strategy Committee of the Board

With a view to tracking the progress of the Bank's IT initiatives, the Bank's Central Board constituted a Technology Committee of the Board on 26th August 2004. The Technology Committee has been renamed as IT Strategy Committee of the Board w.e.f. 24th October 2011. The Committee has played a strategic role in the Bank's technology domain. The Committee is entrusted with the following roles and responsibilities:

(i) approving IT strategy and policy documents, ensuring that the management has put an effective strategic planning process in place;

(ii) ensuring that the IT Organisational structure complements the business model and its direction ;

(iii) ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

(iv) evaluating effectiveness of management's monitoring of IT risks and overseeing the aggregate funding of IT at the Bank level; and

(v) reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value).

The Committee was last reconstituted on the 30th March 2017 with six members and is chaired by a Non-Executive Director. The Committee met four times during 2016-17.

Dates of Meetings of ITSC held & Attendance of Directors during 2016-17

No. of Meetings held : 4

Dates of the Meetings : 06.05.2016, 05.07.2016, 02.12.2016 and 20.02.2017

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri Deepak I. Amin, Chairman of the Committee	04	04
Shri B. Sriram , MD-CBG	04	04
Shri P. K. Gupta MD – C&R	04	04
Shri Sanjiv Malhotra	04	01
Shri M.D. Mallya	04	02
Shri Sunil Mehta	04	04

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSRC) was constituted on the 24th September 2014 as a measure of good corporate governance to review the activities undertaken by Bank under Corporate Social Responsibility Policy. The Committee was last reconstituted on the 30th March 2017 and has, six members. The Senior Managing Director on the Committee is the Chairman. During the year 2016-17, four meetings of the Committee were held.

Dates of Meetings of CSRC held & Attendance of Directors during 2016-17

No. of Meetings held : 4

Dates of the Meetings : 13.04.2016, 20.07.2016, 14.10.2016 and 17.01.2017

Name of the Director	No. of Meetings held after nomination / election / during tenure	No. of Meetings attended
Shri B. Sriram, MD – CBG (Alternate Member)	01	01
Shri V.G. Kannan MD – A&S (upto 31.07.2016)	02	0
Shri Rajnish Kumar MD-NBG	04	03
Shri Dinesh K. Khara, MD – A&S (w.e.f 09.08.2016)	02	01
Shri Sanjiv Malhotra	04	04
Shri M.D. Mallya (w.e.f 12.08.2016)	02	01
Shri Sunil Mehta	04	04
Shri Deepak I. Amin	04	03
Dr. Pushpendra Rai	04	04

Remuneration Committee of the Board

The Remuneration Committee was constituted on 22nd March 2007, for evaluating the performance of Whole Time Directors of the Bank in connection with the payment of incentives, as per the scheme advised by Government of India in March 2007. The Committee was last reconstituted on 30th March 2017. The Committee has four members consisting of (i) the Government Nominee Director, (ii) the RBI Nominee Director and (iii) two non-executive Directors – Shri M.D. Mallya and Shri Deepak I. Amin. The Committee scrutinizes and recommends payment of incentives to whole time Directors.

Board Committee to Monitor Recovery

In terms of Govt. of India advices, a Board Committee to Monitor Recovery was constituted by the Central Board at its meeting held on 20th December 2012 for oversight on Recovery of Loans and Advances. The Committee last reconstituted on 30th March 2017 has six members consisting of Chairman, four Managing Directors and the Govt. Nominee Director. The Committee met four times during the year and reviewed the NPA management and large NPA accounts of the Bank.

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

The Committee was constituted by the Central Board in terms of RBI instructions. The Managing Director-CBG is the Chairman of this Committee and any two independent Directors as members.

The role of this Committee is to review the Order of the "Committee for Identification of Wilful Defaulters/Non-Co-operative Borrowers" (a Committee comprising Dy. Managing Director and Senior Executives of the Bank to examine the facts and record the fact of the Borrower being a Wilful Defaulter/ Non-Co-operative Borrower) and confirm the same for the Order to be considered final.

The Committee met four times during the year 2016-17.

Nomination Committee of the Board:

In terms of RBI guidelines, the Bank constitutes a Nomination Committee comprising of three independent Directors, as and when required, to carry out necessary due diligence and arrive at the 'fit and proper' status of candidates filing nominations for election as Directors by shareholders.

The Committee was last reconstituted on 15th March 2017.

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 2017, Local Boards at two LHOs and Committees of the Local Boards at the remaining twelve LHOs were functional. The Minutes and Proceedings of the meetings of Local Boards/Committees of Local Boards are placed before the Central Board.

Sitting Fees

The remuneration of the whole-time Directors and the Sitting Fees paid to the Non-Executive Directors for attending the meetings of the Board/Committees of the Board are as prescribed by GOI from time to time. No remuneration, other than the Sitting Fees for attending Board and/or its Committee meetings, is paid to Non-Executive Directors. With effect from 20th July 2015, Sitting Fees of ₹ 20,000/- is paid for attending the Meetings of the Central Board and ₹ 10,000/- for attending the meetings of Other Board level Committees. 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 2016-17 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 2016-17. Declaration to this effect signed by the Chairman is placed in Annexure-V. The Code of Conduct is posted on the Bank's website.

Developments during the year

1. Performance Evaluation of the Board: With an objective to continuously improve Board's governance, your Bank had engaged a reputed external consulting organisation, which assisted in laying down parameters for performance evaluation of Directors, Chairman, Board Level Committees and Central Board as a whole and also assisted in facilitating the overall evaluation process. The parameters of evaluation and the overall process was aligned to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and new SEBI Guidance Note on Board Evaluation, 2017. The performances of the Non-Executive Directors of the Central Board, Chairman and Central Board as a whole were evaluated at the separate meeting of the Independent Directors of the Central Board held on March 30, 2017. The Performance Evaluation of Independent Directors and Board Level Committees were also carried out by the Central Board.

The evaluation process validated the Board of Directors' confidence in the governance values of the Bank, the synergy that exists amongst the Board of Directors and the collaboration between the Chairman, the Board and the Management.

2. Looking to the varied demands being increasingly placed on the Boards of Banks in terms of governance and key role played by our Bank in the economy, a Strategy Workshop (13th February 2017) "Manthan – 2017" focusing on a short term to medium term road map of the Bank was organised for the Board in Mumbai to enable the Bank to appreciate the recent changes, determine critical areas and to finalise the key action points. A blend of brain storming sessions on various topics related to banking environment with various challenges, opportunities and best practices followed were presented in the Workshop. The Board during the workshop laid down certain strategies and set goals for Business Growth and Key financial parameters and each individual Business Group had to come up with monitorable action plans with specific targets. The detailed Action Plan with specific timelines and ownership and the progress report thereafter giving the status of implementation of the various strategic initiatives shall be put up to the Central Board.

3. In an effort to keep the Directors abreast with better understanding in the areas of Corporate Governance, risk management, risk based supervision, etc., the Bank took the following initiatives during the year :

(i) Two Non-Executive Directors participated at Programme for Non Executive Directors on the Boards of Public Sector Banks from 29th to 30th November 2016, organised by Centre for Advance Financial Research and Learning (CAFRAL) at Bangalore. The programme objective was to share the latest developments relating to regulation and supervision of commercial Banks, bring in awareness among Non-executive Directors about the various risks involved in functioning of Banks, to upgrade their skills and sensitise them about Business Strategies and Risk Management, Asset quality Management, Basel III, Risk Based Supervisions, Corporate Governance.

(ii) A presentation on Risk rating Process and Risk Assessment Report was made to the Central Board by Ms. Meena Hemchandra, Executive Director, RBI.

(iii) As a part of Bank's continuing efforts to strengthen Corporate Governance practices, a presentation on Corporate Governance covering inter alia, Board Structures, best practices followed by various Boards and important feature of SEBI, (LODR) Regulations 2015 was made to the Central Board by Shri M. Damodaram, former Chairman, SEBI.

(iv) A presentation of the Cyber Security Awareness was arranged through M/s. Price Water House Coopers, covering inter alia, rapidly changing Banking, Technology to drive innovation in banking, emerging threats, velocity of security attacks, security agenda for Board, etc. The familiarisation programme of directors is available on our website www.sbi.co.in under link Corporate Governance.

Salary and Allowances paid to the Chairman and Managing Directors in 2016-17

NAME	BASIC	DA	ARREAR	Others	Total
Chairman: Smt. Arundhati Bhattacharya	3135000.00	-245100.00	0.00	6000.00	2895900.00
Managing Directors					
Shri B. Sriram	2997405.00	-238399.50		22000.00	2781005.50
Shri V.G. Kannan (upto 31.07.2016)	313295.00	405616.50	51684.00	0.00	770595.50
Shri Rajnish Kumar	2997405.00	-238399.50		14000.00	2773005.50
Shri P. K. Gupta	2854500.00	-232563.00		2000.00	2623937.00
Shri Dinesh K. Khara	1590193.53	31804.16		0.00	1621997.69

Attendance at the Annual General Meeting

The last Annual General Meeting (AGM) for the year 2015-16, held on 30th June, 2016, was attended by 8 Directors, viz., Smt. Arundhati Bhattacharya, Shri B. Sriram, Shri V.G. Kanan, Shri Rajnish Kumar, Shri P. K. Gupta, Shri M. D. Mallya, Shri Sunil Mehta and Dr. Pushpendra Roy. AGM (2014-15) was held on 2nd July, 2015 and AGM (2013-14) was held on 3rd July, 2014. All three AGMs were held in Y. B. Chavan Centre, Mumbai at 3.00 p.m. and no Special Resolutions were passed in the previous three AGMs. No resolution was required to be passed through Postal Ballot during the last year and no resolution is proposed to be conducted through Postal Ballot.

Disclosure

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

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

3. The Whistle Blower Policy of the Bank is based on the norms of Government of India resolution on Public Interest Disclosure & Protection of Informer (PIDPI). The Policy is an internal reporting mechanism available to all staff of the Bank to act as a 'Whistle Blower' to expose any unethical, corrupt practice of their co-workers, seniors/ superiors in the Bank. However, PIDPI complaint as applicable to customers are dealt with in line with Government of India guidelines 2004, which designated Central Vigilance Commission for dealing with complaints.

4. Policy on materiality of related party transactions and policy for determining 'material' subsidiaries are available on the bank's website-www.sbi.co.in under link corporate governance-policies.

5. The Bank has complied with the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C , D and E of Schedule V to the extent that the requirements of the Clause do not violate the provisions of State Bank of India act 1955, the rules and regulations made there under and guidelines or directives issued by the Reserve Bank of India.

Means of Communication

The Bank strongly believes that all stakeholders should have access to complete information on its activities, performance and product initiatives. Annual, half-yearly and quarterly results of the Bank for the year 2016-17 were published in the leading newspapers of the country. The results were also displayed on the Bank's website (www.sbi.co.in. The Annual Report is sent to all shareholders of the Bank. The Bank's website displays, interalia, official news releases of the Bank, the Bank's Annual Reports, Half-yearly and quarterly results and details of various product offerings. Every year, after the annual 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: 27th June, 2017, Time 03.00 p.m Venue: Y. B. Chavan Centre, Mumbai
Financial Calendar	:	01.04.2016 to 31.03.2017
Period of Book Closure	:	30.05.2017 to 03.06.2017
Dividend	:	₹2.60 per share
Payment Date	:	16th June, 2017
Listing of securities on Stock Exchanges	:	BSE Limited Mumbai and National Stock Exchange, Mumbai. GDRs listed on London Stock Exchange (LSE). Listing fees have been paid upto date to all Stock exchanges, including LSE.
Stock Code/CUSIP	:	Stock Code 500112 (BSE) SBIN (NSE) CUSIP US 856552203 (LSE)
Share Transfer System	:	Share transfers in Physical form are processed and returned to the shareholders within stipulated time. Quarterly Share transfer audit and reconciliation of Share Capital audit are regularly carried out by an independent Company Secretary.
Registrar and Transfer	:	M/s Datamatics Financial Services Limited
Agent and their Unit Address	:	Plot B-5, MIDC Part B, Cross Lane, Marol, Andheri (E), Mumbai 400 093.
Board Phone Numbers	:	022-6671 2001 to 10 (between 10 a.m. to 1.00 p.m. and 2 p.m. to 6.00 p.m.)
Direct Numbers	:	022-6671 2198 / 6671 2199
E-mail address	:	sbi_eq@dfssl.com
Fax	:	(022) 6671 2204
Address for Correspondence	:	SBI, Shares & Bonds Department, Corporate Centre, 14th Floor, State Bank Bhavan, Madam Cama Road, Nariman Point, Mumbai 400 021.
Telephone Numbers	:	(022) 2274 0841 to 2274 0848
Fax	:	(022) 2285 5348
E-mail Address	:	gm.snb@sbi.co.in, / investor.complaints@sbi.co.in
Name of the debenture trustees with full contact details (Capital Instruments issued in INR)	:	IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai-400 001 Fax Number: 91-22-6631 1776

e-Initiative: In accordance with SEBI Regulation, we are issuing annual report in electronic form to those shareholders whose e-mail addresses are available.

Investors' Care

To meet various requirements of the investors regarding their holdings, the Bank has a full-fledged Department - Shares & Bonds Department - at Mumbai. The investors' grievances, whether received at the Bank's offices or at the office of the registrar and transfer agents, are redressed expeditiously and monitored at the Top Management level.

Capital Augmentation during FY 2017

Pursuant to the approvals from the Reserve Bank of India and the Government of India under Section 5(2) of the SBI Act, 1955, the Bank raised the undernoted equity capital:

1. During the financial year 2016-17 the Bank received application money of ₹5680,99,99,766.00 (Rupees five thousand six hundred eighty crore ninety nine lakh ninety nine thousand seven hundred sixty six only) including share premium amount of ₹ 5659,92,72,366.00 (Rupees five thousand six hundred fifty nine crore ninety two lakh seventy two thousand three hundred sixty six only) from Government of India against Preferential Issue of 21,07,27,400 equity shares of ₹1 each to GoI. The equity shares were allotted on 20.01.2017.

We may also add that, your Bank has issued and allotted Basel III compliant additional Tier 1 bonds of INR 2,100.00 crore, on 06.09.2016, INR 2500.00 crore on 27.09.2016 and INR 2500.00 crore on 25.10.2016 by way of private placement. The Instrument has been rated as "CARE AA+ " by CARE Ratings and " CRISIL AA+/Stable" by CRISIL Limited. Your Bank also issued Basel III compliant additional Tier 1 bonds for US$ 300 million on 22.09.2016.

Outstanding Global Depository Receipts (GDR)

At the time of issue of GDRs in 1996, two-way fungibility was not permitted by the Government/RBI, i.e., if the holder of GDR desired to obtain the underlying equity shares of the Indian Company then such GDR was to be converted into shares of the Indian Company, but not vice versa. Later, two-way fungibility of ADRs/GDRs was permitted by the Government of India/RBI. The Bank has permitted two-way fungibility to the Bank's GDR programme.

The Bank had 1,27,01,630 GDRs as on 31st March 2017 representing 12,70,16,300 shares.

Unclaimed Shares

Category of shareholder	No. of Shareholders	Outstanding Shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the beginning of the year	1,016	2,43,870
Number of shareholders, who approached the Issuer for transfer of shares from the Unclaimed Suspense account during the year	10	1,600
Number of shareholders to whom shares were transferred from the Unclaimed Suspense account during the year	10	1,600
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense account at the end of the year	1006	2,42,270

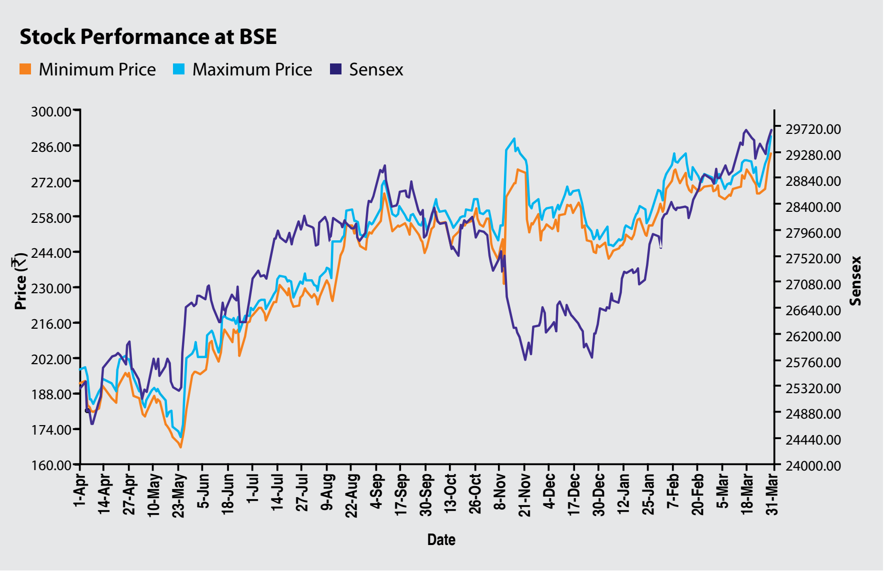
The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Dividend History/Dividend Distribution Policy

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

Share Price Movement

The movement of the share price and the BSE Sensex/ NSE Nifty is presented in the following tables. The market capitalisation of the Bank's shares had a weightage of 3.4% in BSE Sensex and 2.73% in NSE Nifty as on 31st March 2017.



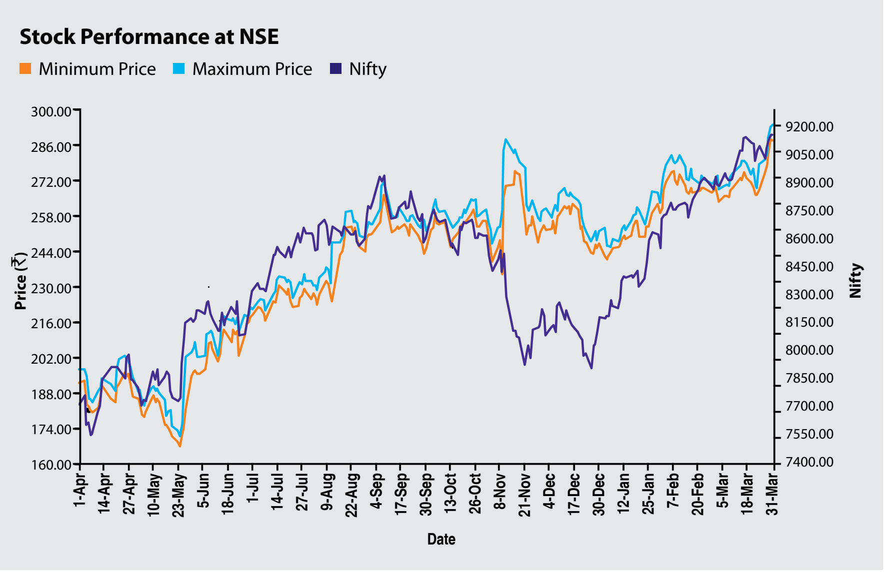


Table: Market Price Data

Months	BSE (INR)		NSE (INR)		LSE (GDR) US$	
	High	Low	High	Low	High	Low
Apr-16	202.50	180.35	202.55	180.20	30.25	27.50
May-16	205.60	166.60	205.70	166.40	30.15	17.00
Jun-16	221.80	195.40	221.90	195.40	31.80	29.00
Jul-16	235.00	216.55	235.15	216.50	34.20	32.10
Aug-16	260.50	223.20	260.40	223.20	37.65	33.40
Sep-16	271.55	243.50	271.60	243.50	40.00	36.75
Oct-16	264.75	246.10	264.90	245.85	39.10	37.10
Nov-16	288.50	231.00	288.80	235.00	41.20	36.15
Dec-16	269.45	243.10	269.35	243.10	39.50	36.65
Jan-17	288.25	241.10	268.20	241.10	39.60	35.90
Feb-17	282.45	261.00	282.80	261.60	41.30	40.00
Mar-17	294.25	264.50	295.00	264.25	44.75	39.75

Book value per share ₹190.97, Economic Value Added (EVA) ₹ 3,874 crore

Shareholding Pattern as on 31st March 2017

Sr. No.	Description	% to Total
1	President of India	61.23
2	Non-residents (FIIs/OCBs/NRIs/GDRs)	11.17
3	Mutual Funds & UTI	8.29
4	Private Corporate Bodies	2.70
5	Banks/ FIs/ Insurance Cos., etc.	10.00
6	Others (including Resident Individuals)	6.61
Total		**100.00**

Top Ten Shareholders as on 31st March 2017

Sr. No.	Name	% of Shares in Total Equity
1	President of India	61.23
2	Life Insurance Corporation of India - (financial institutions)	8.82
3	HDFC Trustee Company Limited (Mutual Fund)	2.38
4	The Bank of New York Mellon (As Depository To Our GDR)	1.59
5	Reliance Capital Trustee Co. Limited (Mutual Fund)	1.29
6	SBI Mutual Fund (Mutual Fund)	1.13
7	ICICI Prudential Mutual Fund (Mutual Fund)	0.76
8	ICICI Prudential life Insurance Co. Limited (Private Corporate Bodies)	0.75
9	Franklin Templeton Mutual Fund (Mutual Fund)	0.62
10	General Insurance Corporation of India (Financial Institution)	0.52

Dematerialization of Shares and Liquidity: Bank's equity shares are compulsorily traded in the electronic form. As on 31st March 2017, 788,75,73,568 shares representing 98.92% of total equity capital were held in electronic form.

Description	No. Share Holders	No. Shares	Shares %
NSDL	903573	2825667613	35.44
CDSL	487170	5061905955	63.48
Physical	172637	85930874	1.08
TOTAL	1563380	7973504442	100.00

Distribution Schedule As on 31st March, 2017 (Face value of ₹ 1 each)

Range No. of Shares	Total Holders	% to Total Holders	Total Holdings in `	% toTotal Capital
1-5000	1556213	99.542	436,937,395.00	5.480
5001-10000	3833	0.245	27,285,006.00	0.342
10001-20000	1394	0.089	19,478,179.00	0.244
20001-30000	426	0.027	10,553,185.00	0.132
30001-40000	190	0.012	6,724,049.00	0.084
40001-50000	122	0.008	5,598,056.00	0.070
50001-100000	288	0.018	20,559,522.00	0.258
100001-ABOVE	914	0.059	7,446,369,050.00	93.390

Commodity price risk or foreign exchange risk and hedging activities

The Bank currently deals in over-the-counter (OTC) currency derivatives and exchange traded currency derivatives. Currency derivatives dealt by the Bank are Forwards, Currency Futures, currency swaps and currency options. Derivatives are used by the Bank, both for trading as well as for hedging of balance sheet items. The hedging products are offered to Bank's customers to hedge their exposures and the Bank also enters into derivative contracts for cover of such exposures. The bank also runs an Option Book in USD/INR, which is managed through various types of loss limits and Greek limits. As on 31st March 2017, there is no breach in loss limits or greek limits.

Derivative transactions carry the following two risks:

(i) Market risk i.e., the probable loss the Bank may incur as a result of adverse movements in exchange rate and

(ii) Credit risk i.e., the probable loss the Bank may incur if the counterparties fail to meet their obligations.

The Bank's "Policy for Derivatives" approved by the Board prescribes the market risk parameters (cut-loss triggers, open position limits, duration, modified duration, PV01, etc.) as well as customer eligibility criteria (credit rating, tenure of relationship, limits and customer appropriateness & suitability policy (CAS) etc.) for entering into derivative transactions. Credit risk is controlled by entering into derivative transactions only with counterparties satisfying the criteria prescribed in the Policy. Appropriate limits are set for the counterparties taking into account their ability to honour obligations and the Bank enters into International Swap & Derivative Association (ISDA) agreement with each counterparty.

The Bank also gets exposed to foreign exchange risk and commodity risk on account of customer transactions. The Bank is only into Gold Banking Business as far as Commodity Risk is concerned and these are undertaken on behalf of customers only. The Bank has laid down policies and systems & procedure in place to manage the risk within prescribed risk limits. The Bank has a world class Dealing Room manned by well trained and experienced dealers to do the cover operations and hedging.

The Bank's Market Risk Management Department (MRMD) identifies, measures, monitors market risk associated with derivative transactions. The back office operations are handled by GMU, Kolkata.

Annexure I

Brief Resumes of the Non-Executive Directors on the Board as on 31st March 2017

Shri Sanjiv Malhotra

(Date of Birth: 1st October 1951)
Shri Malhotra has 42 years of Global Banking and Finance experience in senior positions in Risk Management, Corporate and Investment Banking, Consumer Finance and Micro Enterprise lending, Private Equity.

Shri M.D. Mallya

(Date of Birth: 09th November 1952)
Shri Mallya was Chairman & Managing Director of Bank of Maharashtra. Shri Mallya worked towards turnaround of the Bank, more particularly by strengthening Technology, HR and Organisational Structure.

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

Shri Deepak I. Amin

(Date of Birth: 20th April 1966)
Shri Amin holds a B.Tech. in Computer Science from IIT Bombay and M.S. in Computer Science from University of Rhode Island, USA. Mr. Amin was the co-founder and CEO of Covelix, Inc. a Seattle and India based international software consulting (acquired by Emtec Inc.) Prior to this, Mr. Amin was the founder and CEO of vJungle Inc., a web services software infrastructure company, which was acquired by Streamserve, Inc. Mr. Amin also worked at Microsoft for many years as a lead engineer in Microsoft Windows Networking teams and was a senior engineer in the original Internet Explorer browser team at Microsoft, USA. Mr. Amin is on the Technology Advisory Board of Grameen Foundation of Nobel Laureate Dr. Muhammad Yunus providing scalable financial and technology solutions for improving financial inclusion of the world's poorest women.

Dr. Girish Kumar Ahuja

(Date of Birth : 29th May 1946)
Dr. Girish Kumar Ahuja is a Director nominated by the Central Government u/s 19(d) of the SBI Act, w.e.f. 28th January 2016, for a period of three years. Dr. Ahuja is a Chartered Accountant and academician having 45 yrs of consultancy experience in international and domestic taxation, joint ventures, etc. He has expert knowledge in Direct Taxes and having Doctorate in Financial Sector Reforms - Capital Market Efficiency and Port Folio Investment.

Dr. Pushpendra Rai

(Date of Birth : 02nd June 1953)
Dr. Pushpendra Rai is a Director nominated by the Central Government u/s 19(d) of the SBI Act, w.e.f. 28th January 2016, for a period of three years, has about 37 years of professional experience in national and international institutions.

As a member of the Indian Administrative Service for more than 21 years, he was responsible for formulating policy; preparing the program and budget; determining implementation strategies; monitoring implementation; and evaluating staff performance for a diverse set of institutions like rural and industrial development agencies, power generation and distribution departments, petroleum companies and intellectual property offices. He has also worked as the National Project Director - UNDP/WIPO; Member, Governing Council, National Institute of Design; Member Secretary, Foreign Investment Promotion Council; Executive Director, National Renewal Fund; National Negotiator at WTO/WIPO; and Secretary General, Quality Council of India.

Subsequently, Dr. Rai worked at the World Intellectual Property Organization, Geneva (UN), for 16 years, handling assignments like extending technical cooperation, promoting the economic aspects of IP and asset creation; leading the Development Agenda process; and heading the Regional Office for Asia Pacific at Singapore.

Dr. Rai has a Ph.D. from IIT, Delhi; postgraduate degrees from Harvard University and the University of Lucknow and has lectured extensively in various parts of the world.

Ms. Anjuly Chib Duggal

(Date of Birth: 27th August 1957)
Ms. Anjuly Chib Duggal is a Director, nominated by the Central Government, u/s 19(e) of SBI Act w.e.f. 3rd September 2015. Ms. Anjuly Chib Duggal is Secretary, Financial Services, Ministry of Finance, Govt. of India.

Shri Chandan Sinha

(Date of Birth: 15th August 1957)
Shri Chandan Sinha is a Director, nominated by the Central Government, u/s 19(f) of SBI Act w.e.f. 28th September 2016. Shri Chandan Sinha is Executive Director, Reserve Bank of India.

Annexure II

Details of Directorship in the listed entities & Chairmanships/Membership in Audit/Stakeholders Committee(s) held by the Directors of the Bank/ Other Listed Companies as on 31.03.2017 in due compliance with Regulation 26(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

S.No	Name of Director	Occupation & Address	Appointed to Board since	Number of listed Companies including Bank
1	Smt. Arundhati Bhattacharya	Chairman No.5, Dunedin, J.M.Mehta Road, Mumbai – 400 006	07.10.2013	Chairman : 04 Director : 01
2.	Shri B. Sriram	Managing Director M-2, Kinnellan Towers 100A, Napean Sea Road, Mumbai – 400 006	17.07.2014	Director : 01 Committee Member : 01
3.	Shri Rajnish Kumar	Managing Director D-10, Kinnellan Towers 100A, Napean Sea Road, Mumbai – 400 006	26.05.2015	Director : 01 Committee Member : 01
4.	Shri P. K. Gupta	Managing Director M-1, Kinellan Towers, 100A, Napean Sea Road, Mumbai – 400 006	01.11.2015	Director : 01 Committee Member : 01
5.	Shri Dinesh K. Khara	Managing Director D-11, Kinnellan Towers, 100A, Napean Sea Road, Mumbai – 400 006	09.08.2016	Director : 04 Committee Member : 01
6.	Shri Sanjiv Malhotra	Chartered Accountant 6, Motabhoy Mansion, 130, Maharishi Karve Marg, Churchgate, Mumbai – 400 020	26.06.2014	Director : 01 Committee Member : 01
7.	Shri M.D. Mallya	Retired Bank Executive C-601 Ashok Towers, Dr. S.S.Rao Marg, Opp. M.G. Hospital, Parel Mumbai – 400 012	26.06.2014	Director : 07 Chairman of Committee:02 Committee Member :04
8.	Shri Deepak I. Amin	Advisor 104 Neel Kanth Tirth, 6th Road Chembur, Mumbai – 400 071	26.06.2014	Director : 01 Committee Member :02
9.	Dr. Girish K. Ahuja	Chartered Accountant, M/s.G.K.Ahuja & Co., E-6A, LGF, Kailash Colony, New Delhi 110 048	28.01.2016	Director : 02 Chairman of Committe : 02 Committee Member :01
10.	Dr. Pushpendra Rai	Development Specialist, (former National & International civil servant) 50, Paschimi Marg, Vasant Vihar, New Delhi-110 057	28.01.2016	Director : 01 Committee Member :01
11.	Ms. Anjuly Chib Duggal GOI Nominee	Secretary, (Financial Services) Ministry of Finance, Government of India, (Banking Division), Jeevan Deep Bldg., Parliament Street New Delhi – 110 001	03.09.2015	Director : 01 Committee Member : 01
12.	Shri Chandan Sinha Reserve Bank of India Nominee	Executive Director Reserve Bank of India Central Office, Shaheed Bhagat Singh Road, Mumbai 400 001	28.09.2016	Director : 01 Committee Member : 01

ANNEXURE IIA

Total Number of Memberships/Chairmanships held by the Directors on the Boards/ Board-level Committees of the Bank/Other Companies as on 31.03.2017

1. Smt. Arundhati Bhattacharya

S.No.	Name of the Company/Name of the Concern/Society	Member/Director/ Chairman	Name of the Committee
1	State Bank of India	Chairman	Executive Committee of the Central Board - **Chairman** Board Committee to Monitor Recovery - **Chairman**
2	State Bank of Patiala	Chairman	
3	State Bank of Bikaner & Jaipur	Chairman	
4	State Bank of Hyderabad	Chairman	
5	State Bank of Mysore	Chairman	
6	State Bank of Travancore	Chairman	
7	SBI Global Factors Ltd.	Chairman	
8	SBI Pension Funds Pvt. Ltd.	Chairman	
9	SBI Life Insurance Company Ltd.	Chairman	
10	SBI Funds Management Pvt. Ltd.	Chairman	
11	SBI Cards & Payment Services Pvt. Ltd.	Chairman	
12	SBI General Insurance Company Ltd.	Chairman	
13	SBIDFHI Ltd.	Chairman	
14	SBI Capital Markets Ltd.	Chairman	
15	SBI Foundation	Chairman	
16	Export-Import Bank of India	Director	
17	Indian Bank's Association	Deputy Chairman	
18	National Institute of Bank Management	NIBM Governing Board – **Member**	NIBM Finance Committee – **Chairman** NIBM Standing Committee - **Member**
19	Indian Institute of Banking & Finance	Member, Governing Council	
20	Institute of Banking Personnel Selection	Member, Governing Board	
21	IIT- Kharagpur	Member, Governing Board	
22	Federation of Indian Chambers of Commerce and Industry (FICC)	-	Committee on Banking & Financial Institutions 2015 - **Chairman**
23	IIM -Sambalpur	Chairman, Governing Board	

2. Shri B. Sriram

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
1	State Bank of India	Managing Director	Executive Committee of the Central Board - **Member** Audit Committee of the Board – **Member** Risk Management Committee of the Board – **Chairman** Board Committee to Monitor Recovery – **Member** IT Strategy Committee of the Board – **Member** Customer Service Committee of the Board – **Chairman** Committee to Review the Identification of Wilful Defaulters / Non Co-Operative Borrowers - **Chairman**

3. Shri Rajnish Kumar

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
1	State Bank of India	Managing Director	Executive Committee of the Central Board - **Member** Special Committee of the Board for Monitoring of Large Value Frauds – **Chairman** Customer Service Committee of the Board – **Member** Stakeholders Relationship Committee – **Member** Board Committee to Monitor Recovery – **Member** Corporate Social Responsibility Committee - **Chairman**
2	SBI Life Insurance Co. Ltd.	Director	
3	SBI Foundation	Director	
4	SBI General Insurance Co. Ltd.	Director	
5	SBI Infra Management Solutions P. Ltd.	Director	

4. Shri P. K. Gupta

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
1	State Bank of India	Managing Director	Executive Committee of the Central Board - **Member** Audit Committee of the Board – **Member** Risk Management Committee of the Board – **Member** Special Committee of the Board for Monitoring of Large Value Frauds – **Member** Board Committee to Monitor Recovery – **Member** IT Strategy Committee of the Board – **Member**

5. Shri Dinesh Kumar Khara

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
1	State Bank of India	Managing Director	Executive Committee of the Central Board - Member Stakeholders Relationship Committee of the Board – **Member** Board Committee to Monitor Recovery – **Member** Corporate Social Responsibility Committee - **Member**
2	State Bank of Patiala	Director	Directors Committee - **Member**
3	State Bank of Bikaner & Jaipur	Director	Directors Committee - **Member**
4	State Bank of Hyderabad	Director	Directors Committee - **Member**
5	State Bank of Mysore	Director	Directors Committee - **Member**
6	State Bank of Travancore	Director	Directors Committee - **Member**
7	SBI Capital Markets Ltd.	Director	Audit Committee of the Board – **Member** Committee of Directors – **Chairman** HR Committee – **Member** Nomination & Remuneration Committee – **Member** Risk Management Committee – **Member** Corporate Social Responsibility - **Member**
8	SBICAP Securities Pvt. Ltd.	Director	Risk Management Committee – **Member** Corporate Social Responsibility - **Member**
9	SBICAP Ventures Ltd.	Director	
10	SBICAP (U.K.) Ltd.	Director	
11	SBI Cap Singapore Ltd.	Director	

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
12	SBI DFHI Limited	Director	Audit Committee of the Board – **Member** Nomination & Remuneration Committee – **Member** HR Committee – **Member** Risk Management Committee – **Member** Corporate Social Responsibility - **Member**
13	SBI General Insurance Company Ltd.	Director	Banc assurance Committee – **Member** Audit Committee – **Member** Investment Committee – **Member** Policyholder Protection Committee – **Member** Risk Management Committee – **Member** Nomination & Remuneration Committee – **Member** Technology Committee - **Member** Corporate Social Responsibility Committee - **Member**
14	SBI Global Factors Ltd.	Director	Audit Committee of the Board – **Member** Nomination & Remuneration Committee - **Member**
15	SBI Life Insurance Co. Ltd.	Director	Audit Committee – **Member** Risk Management Committee – **Member** Investment Committee – **Member** Corporate Social Responsibility Committee - **Member** Policyholder Protection Committee – **Member** Nomination & Remuneration Committee – **Member** Board with Profit Committee - **Member**
16	SBI Funds Management Pvt. Ltd.	Director	HR Sub-Committee - **Member**
17	SBI Pension Funds Pvt. Ltd.	Director	Audit Committee of the Board - **Member**
18	SBI Cards & Payment Service Pvt. Ltd.	Director	Advisory Committee - **Member**
19	SBI Foundation	Director	Executive Committee - **Member**

6. Shri Sanjiv Malhotra

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
1	State Bank of India	Director	Executive Committee of the Central Board - **Member** Risk Management Committee of the Board – **Member** IT Strategy Committee of the Board – **Member** Special Committee of the Board for Monitoring of Large Value Frauds – **Member** Customer Service Committee of the Board – **Member** Corporate Social Responsibility Committee - **Member**
2.	Kotak AMC	Director	-
3	Fair First Insurance Ltd. (Sri Lanka)	Director	-

7. Shri M.D. Mallya

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
1	State Bank of India	Director	Executive Committee of the Central Board - **Member** Audit Committee of the Board – **Member** Stakeholders Relationship Committee – **Chairman** Risk Management Committee of the Board – **Member** IT Strategy Committee of the Board – **Member** Special Committee of the Board for Monitoring of Large Value Frauds – **Member** Customer Service Committee of the Board – **Member** Remuneration Committee of the Board – **Member** Corporate Social Responsibility Committee - **Member**

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
2	India Infradebt Limited	Director	Audit Committee – **Member** Board Credit & Risk Committee – **Chairman** Board Governance, Remuneration & Appointment Committee – **Member** Corporate Social Responsibility Committee - **Member**
3	Nitesh Estates Ltd.	Director	Audit Committee - **Member** Nomination & Remuneration Committee - **Member**
4	Emami Limited	Director	-
5	IFMR Rural Channel & Services (P) Ltd.	Director	Audit Committee – **Chairman** Nomination & Remuneration Committee - **Member**
6	Seven Islands Shipping Ltd.	Director	Audit Committee – **Member** Nomination & Remuneration Committee - **Member**
7	Pudhuaaru Financial Services P. Ltd.	Director	Audit Committee – **Member** Nomination & Remuneration Committee - **Member**
8	Interglobe Aviation Ltd.	Director	Audit Committee – **Chairman** Nomination & Remuneration Committee – **Member** Compensation Committee - **Member**
9	Coffee Day Enterprises Ltd.	Director	-
10	Milestone Capital Advisors Ltd.	Director	-

8. Shri Deepak I. Amin

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
1	State Bank of India	Director	Executive Committee of the Central Board - **Member** Audit Committee of the Board - **Member** Risk Management Committee of the Board – **Member** IT Strategy Committee of the Board – **Chairman** Special Committee of the Board for Monitoring of Large Value Frauds – **Member** Customer Service Committee of the Board – **Member** Stakeholders Relationship Committee – **Member** Remuneration Committee of the Board – **Member** Corporate Social Responsibility Committee - **Member**
2	Radian Advisors P. Ltd.	Director	-
3	Five Villages Enterprises LLP (Partnership firm)	Partner	-

9. Dr. Girish Kumar Ahuja

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
1	State Bank of India	Director	Audit Committee of the Board – C**hairman** Special Committee of the Board for Monitoring of Large Value Frauds – **Member** Stakeholders Relationship Committee – **Member** Nomination Committee of the Board - **Chairman**
2	Flair Publications P. Ltd	Director	-
3	Devyani International Ltd.	Director	-
4	Varuna Beverages Ltd	Director	Audit Committee – **Chairman** Nomination & Remuneration Committee - **Member**
5	Devyani Food Street P. Ltd.	Director	-

10. Dr.Pushpendra Rai

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
1	State Bank of India	Director	Risk Management Committee of the Board – **Member** Special Committee of the Board for Monitoring of Large Value Frauds – **Member** Customer Service Committee of the Board – **Member** Stakeholders Relationship Committee – **Member** Corporate Social Responsibility Committee – **Member** Nomination Committee of the Board - **Member**

11. Ms. Anjuly Chib Duggal

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
1	State Bank of India	Director	Audit Committee of the Board-**Member** Board Committee to Monitor Recovery – **Member** Remuneration Committee of the Board - **Member**
2	Reserve Bank of India	Director	-
3	National Financial Holdings Company Ltd	Director	-

12. Shri Chandan Sinha

S.No.	Name of the Company/Name of the Concern/Society	Director	Name(s) of the Committee(s) Chairman/Member
1	Reserve Bank of India	Executive Director	-
2	State Bank of India	Director	Executive Committee of the Central Board - **Member** Audit Committee of the Board –**Member** Remuneration Committee of the Board – **Member** Nomination Committee of the Board - **Member**

(Note : Executive Committee of the Central Board consist of all or any of the other Directors who are normally residents, or may, for the time being, be present at any place within India where the ECCB meeting is held as per regulation 46 of SBI General Regulations.)

Annexure – III

Details of shareholding of Directors on the Bank's Central Board as on 31st March 2017

S. No.	Name of Director	No. of Shares
1.	Smt. Arundhati Bhattacharya	2,000
2.	Shri B. Sriram	500
3.	Shri Rajnish Kumar	Nil
4.	Shri P.K.Gupta	4,900
5.	Shri Dinesh Kumar Khara	3,100
6.	Shri Sanjiv Malhotra	32,926
7.	Shri M.D. Mallya	5,000
8.	Shri Deepak I. Amin	5,000
9.	Dr. Girish K. Ahuja	2,000
10.	Dr. Pushpendra Rai	Nil
11.	Ms. Anjuly Chib Duggal	Nil
12.	Shri Chandan Sinha	500

Annexure IV

Details of Sitting Fees paid to Directors for attending Meetings of the Central Board and Board-Level Committees during 2016-17

S. No.	Name of Director	Meetings of Central Board (₹)	Meetings of Other Board Level Committees (₹)	Total (₹)
1	Shri Sanjiv Malhotra	280000	450000	730000
2	Shri M.D. Mallya	260000	660000	920000
3	Shri Sunil Mehta	260000	840000	1100000
4	Shri Deepak I. Amin	200000	680000	880000
5	Shri Tribhuwan Nath Chatutvedi	60000	10000	70000
6	Dr. Girish K. Ahuja	160000	170000	330000
7	Dr.Pushpendra Rai	300000	360000	660000

ANNEXURE V

AFFIRMATION OF COMPLIANCE WITH THE BANK'S CODE OF CONDUCT (2016-17)

I declare that all Board Members and Senior Management have affirmed compliance with the Bank's Code of Conduct for the Financial Year 2016-17.

ARUNDHATI BHATTACHARYA
CHAIRMAN

DISCRETIONARY REQUIREMENTS
(Regulation 27 of SEBI Listing Regulations, 2015)

1. **The Board** - As the Bank has an Executive Chairman, this is not applicable.
2. **Shareholders Rights** - Bank publishes its half yearly financial results in the newspapers having nationwide circulation. The half- yearly financial result and significant events are uploaded on the Bank's website. The Bank, however, does not send the half-yearly results to each household of shareholders.
3. **Modified Opinion(s) in audit report** - There is no audit modification in the financial statements of the Bank for the financial year ended on March 31, 2017.
4. **Separate post of chairperson and chief executive officer** - The appointment of the Chairman and the four Managing Directors is as per the provisions of the SBI Act, 1955.
5. **Reporting of Internal Auditor** - The Internal Auditor (Deputy Managing Director Inspection & Management Audit) report directly to the Audit Committee of the Board.

Auditors' Certificate on Corporate Governance

To
The Members,
State Bank of India

We, Varma & Varma, Chartered Accountants (Firm's Registration No.: 004532S), as Statutory Auditors of STATE BANK OF INDIA ("the Bank"), having its Corporate Centre at State Bank Bhavan, Madame Cama Road, Mumbai, Maharashtra 400 021, have examined the compliance of conditions of Corporate Governance by the Bank, for the year ended on March 31, 2017, as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period April 1, 2016 to March 31, 2017.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has, in all material aspects complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

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

For and on behalf of
VARMA & VARMA
Chartered Accountants
Firm Registration No: 004532S

CHERIAN K. BABY
Partner
Membership No.16043

Place : Kolkata,
Date : May 19, 2017

Business responsibility report

About the Business Responsibility Report:

Business Responsibility Report of the Bank, is published on an annual basis since FY2012-13.

Regulation 34(2)(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular No. CIR/CFD/CMD/10/2015 dated 4th November, 2015 mandates the inclusion of Business Responsibility Report (BRR) as part of the Annual Report for Top 500 listed entities based on market capitalization (calculated as on March 31 of every financial year) at BSE and NSE. The Bank's Sustainability Report which contains the Business Responsibility Report for the financial year ended 31st March, 2017 has been hosted on the Bank's website www.sbi.co.in under the link Investors Relations. Any shareholder interested in obtaining a physical copy of the same may write to the Bank (email Id: gm.snb@sbi.co.in and postal address: General Manager, Shares & Bonds Department, State Bank of India, Corporate Centre, State Bank Bhavan, Madame Cama Road, Mumbai - 400 021)

State Bank of India

Balance Sheet as on 31st March, 2017

(000s omitted)

	Schedule No.	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
CAPITAL AND LIABILITIES			
Capital	1	797,35,04	776,27,77
Reserves & Surplus	2	187488,71,22	143498,15,83
Deposits	3	2044751,39,47	1730722,43,61
Borrowings	4	317693,65,83	323344,58,61
Other Liabilities and Provisions	5	155235,18,85	159276,08,09
TOTAL		**2705966,30,41**	**2357617,53,91**
ASSETS			
Cash and Balances with Reserve Bank of India	6	127997,61,77	129629,32,53
Balances with Banks and money at call and short notice	7	43974,03,21	37838,33,12
Investments	8	765989,63,09	575651,78,28
Advances	9	1571078,38,11	1463700,41,75
Fixed Assets	10	42918,91,79	10389,27,72
Other Assets	11	154007,72,44	140408,40,51
TOTAL		**2705966,30,41**	**2357617,53,91**
Contingent Liabilities	12	1046440,93,19	971956,00,58
Bills for Collection	-	65640,42,04	92211,64,83
Significant Accounting Policies	17		
Notes to Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

Signed by:

Shri Dinesh Kumar Khara
Managing Director
(Associates & Subsidiaries)

Shri P. K. Gupta
Managing Director
(Compliance & Risk)

Shri Rajnish Kumar
Managing Director
(National Banking Group)

Shri B. Sriram
Managing Director
(Corporate Banking Group)

Directors:
Shri Sanjiv Malhotra
Shri M.D. Mallya
Shri Deepak I. Amin
Dr. Pushpendra Rai
Dr. Girish Kumar Ahuja
Ms. Anjuly Chib Duggal
Shri Chandan Sinha

Smt. Arundhati Bhattacharya
Chairman

In terms of our report of even date

For VARMA & VARMA
Chartered Accountants

CHERIAN K BABY
Partner : M.No.016043
Firm Regn. No. 004532 S

For B. CHHAWCHHARIA & CO.
Chartered Accountants

S. K. CHHAWCHHARIA
Partner: M.No. 008482
Firm Regn. No. 305123 E

For GSA & ASSOCIATES
Chartered Accountants

SUNIL AGGARWAL
Partner : M No.083899
Firm Regn. No. 000257 N

For AMIT RAY & CO.
Chartered Accountants

BASUDEB BANERJEE
Partner : M No.070468
Firm Regn. No. 000483 C

For RAO & KUMAR
Chartered Accountants

K. PARVATHI KUMAR
Partner : M.No.11684
Firm Regn. No. 003089 S

For V. SANKAR AIYAR & CO.
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G SANKAR
Partner : M No.046050
Firm Regn. No.109208 W

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SUDIP K. MUKHERJI
Partner : M No.013321
Firm Regn. No. 301079 E

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M. V. RAMANA MURTHY
Partner : M.No.206439
Firm Regn. No.000459 S

For BANSAL & CO.
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SURINDER K. BANSAL
Partner : M.No. 014301
Firm Regn. No. 001113 N

For MITTAL GUPTA & CO.
Chartered Accountants

AKSHAY KUMAR GUPTA
Partner: M.No. 070744
Firm Regn. No. 001874 C

Place : Kolkata
Date : May 19, 2017

Schedule 1 - Capital

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
Authorised Capital : 5000,00,00,000 shares of ₹ 1 each (Previous Year 5000,00,00,000 shares of ₹ 1 each)	5000,00,00	5000,00,00
Issued Capital : 797,43,25,472 Equity Shares of ₹ 1 each (Previous Year 776,35,98,072 Equity Shares of ₹ 1 each)	797,43,25	776,35,98
Subscribed and Paid-up Capital : 797,35,04,442 Equity Shares of ₹ 1 each (Previous Year 776,27,77,042 Equity Shares of ₹ 1 each)	797,35,04	776,27,77
The above includes 12,70,16,300 Equity Shares of ₹ 1 each(Previous year 14,45,93,240 Equity Shares of ₹ 1 each) represented by 1,27,01,630(Previous year 1,44,59,324)global Depository Receipts		
TOTAL	**797,35,04**	**776,27,77**

Schedule 2 - Reserves & Surplus

(000s omitted)

		As on 31.03.2017 (Current Year) ₹		As on 31.03.2016 (Previous Year) ₹	
I.	**Statutory Reserves**				
	Opening Balance	50824,60,59		47839,40,98	
	Additions during the year	3145,23,08		2985,19,61	
	Deductions during the year	-		-	
			53969,83,67		50824,60,59
II.	**Capital Reserves**				
	Opening Balance	2194,78,95		1849,51,49	
	Additions during the year	1493,38,64		345,27,46	
	Deductions during the year	-		-	
			3688,17,59		2194,78,95
III.	**Share Premium**				
	Opening Balance	49769,47,71		41444,68,60	
	Additions during the year	5659,92,72		8333,44,99	
	Deductions during the year	6,17,07		8,65,88	
			55423,23,36		49769,47,71
IV.	**Foreign Currency Translation Reserve**				
	Opening Balance	6056,24,72		6172,34,71	
	Additions during the year	-		757,82,36	
	Deductions during the year	1627,60,78		873,92,35	
			4428,63,94		6056,24,72

(000s omitted)

		As on 31.03.2017 (Current Year) ₹		As on 31.03.2016 (Previous Year) ₹
V. Revenue and Other Reserves*				
Opening Balance	34652,72,18		30385,37,08	
Additions during the year	3740,13,81		4267,35,10	
Deductions during the year	-		-	
		38392,85,99		34652,72,18
VI. Revaluation Reserve				
Opening Balance	-		-	
Additions during the year	31895,24,17		-	
Deductions during the year	309,59,18		-	
		31585,64,99		-
VII. Balance of Profit and Loss Account		31,68		31,68
* 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 ₹ 10177,67,23 thousand (Previous Year ₹ 8499,18,16 thousand)				
TOTAL		**187488,71,22**		**143498,15,83**

Schedule 3 - Deposits

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
A. I. Demand Deposits		
(i) From Banks	5507,43,88	5735,58,63
(ii) From Others	146913,66,68	134071,44,66
II. Savings Bank Deposits	758961,38,54	597746,06,02
III. Term Deposits		
(i) From Banks	19561,05,68	6818,59,65
(ii) From Others	1113807,84,69	986350,74,65
TOTAL	**2044751,39,47**	**1730722,43,61**
B I. Deposits of Branches in India	1953300,08,27	1636424,58,65
II. Deposits of Branches outside India	91451,31,20	94297,84,96
TOTAL	**2044751,39,47**	**1730722,43,61**

Schedule 4 - Borrowings

(000s omitted)

	As on 31.03.2017 (Current Year) ₹		As on 31.03.2016 (Previous Year) ₹	
I. Borrowings in India				
(i) Reserve Bank of India		5000,00,00		99154,00,00
(ii) Other Banks		1475,00,00		-
(iii) Other Institutions and Agencies		69489,26,76		1902,52,33
(iv) Capital Instruments :				
a. Innovative Perpetual Debt Instruments (IPDI)	9265,00,00		2165,00,00	
b. Subordinated Debt	32406,33,80		42374,23,80	
		41671,33,80		44539,23,80
TOTAL		**117635,60,56**		**145595,76,13**
II. Borrowings outside India				
(i) Borrowings and Refinance outside India		194059,42,77		173607,88,73
(ii) Capital Instruments :				
Innovative Perpetual Debt Instruments (IPDI)		5998,62,50		4140,93,75
TOTAL		200058,05,27		177748,82,48
GRAND TOTAL		**317693,65,83**		**323344,58,61**
Secured Borrowings included in I & II above		**77576,26,94**		**107200,77,79**

Schedule 5 - Other Liabilities and Provisions

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
I. Bills payable	26666,84,28	18438,45,65
II. Inter-office adjustments (Net)	35645,54,15	36843,46,74
III. Interest accrued	13080,91,99	24934,79,20
V. Deferred Tax Liabilities (Net)	2989,77,14	2684,95,65
V. Others (including provisions)* * Includes prudential provision for Standard Assets ₹ 136782356 thousand (Previous Year ₹ 111885982 thousand)	76852,11,29	76374,40,85
TOTAL	**155235,18,85**	**159276,08,09**

Schedule 6 - Cash And Balances With Reserve Bank of India

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
I. Cash in hand (including foreign currency notes and gold)	12030,31,17	15080,91,89
II. Balance with Reserve Bank of India		
(i) In Current Account	115967,30,60	114548,40,64
(ii) In Other Accounts	-	-
TOTAL	**127997,61,77**	**129629,32,53**

Schedule 7 - Balances With Banks and Money at Call & Short Notice

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
I. In India		
(i) Balances with banks		
(a) In Current Accounts	190,86,27	151,94,16
(b) In Other Deposit Accounts	-	-
(ii) Money at call and short notice		
(a) With banks	6743,00,00	2972,00,00
(b) With other institutions	-	-
TOTAL	**6933,86,27**	**3123,94,16**
II. Outside India		
(i) In Current Accounts	22807,45,51	24084,90,46
(ii) In Other Deposit Accounts	4454,77,98	1144,46,21
(iii) Money at call and short notice	9777,93,45	9485,02,29
TOTAL	**37040,16,94**	**34714,38,96**
GRAND TOTAL (I & II)	**43974,03,21**	**37838,33,12**

Schedule 8 - Investments

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
I. Investments in India in :		
(i) Government Securities	575238,70,65	459552,87,65
(ii) Other approved securities	-	-
(iii) Shares	5445,69,97	3743,80,86
(iv) Debentures and Bonds	59847,40,25	41111,36,35
(v) Subsidiaries and/ or Joint Ventures (including Associates)	11363,45,35	8784,23,26
(vi) Others (Units of Mutual Funds, Commercial Papers etc.)	72363,63,94	23022,78,82
TOTAL	**724258,90,16**	**536215,06,94**

(000s omitted)

		As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
II. Investments outside India in :			
(i) Government Securities (including local authorities)		8821,01,82	9969,94,18
(ii) Subsidiaries and/ or Joint Ventures abroad		2643,75,00	2591,72,94
(iii) Other Investments (Shares, Debentures etc.)		30265,96,11	26875,04,22
TOTAL		**41730,72,93**	**39436,71,34**
GRAND TOTAL (I & II)		**765989,63,09**	**575651,78,28**
III. Investments in India :			
(i) Gross Value of Investments		725421,41,68	537109,05,62
(ii) Less: Aggregate of Provisions / Depreciation		1162,51,52	893,98,68
(iii) Net Investments (vide I above)	**TOTAL**	724258,90,16	536215,06,94
IV. Investments outside India :			
(i) Gross Value of Investments		41815,76,58	39496,32,30
(ii) Less: Aggregate of Provisions / Depreciation		85,03,65	59,60,96
(iii) Net Investments (vide II above)	**TOTAL**	41730,72,93	39436,71,34
GRAND TOTAL (III & IV)		**765989,63,09**	**575651,78,28**

Schedule 9 - Advances

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
A. I. Bills purchased and discounted	73997,86,42	94360,70,33
II. Cash credits, overdrafts and loans repayable on demand	605016,33,99	589442,33,19
III. Term loans	892064,17,70	779897,38,23
TOTAL	**1571078,38,11**	**1463700,41,75**
B. I. Secured by tangible assets (includes advances against Book Debts)	1206185,33,70	1086206,36,64
II. Covered by Bank/ Government Guarantees	82006,91,83	61714,99,56
III. Unsecured	282886,12,58	315779,05,55
TOTAL	**1571078,38,11**	**1463700,41,75**
C. I. Advances in India		
(i) Priority Sector	341257,50,06	328551,49,99
(ii) Public Sector	121630,62,69	144401,91,16
(iii) Banks	1404,44,69	1473,74,93
(iv) Others	823349,18,79	725604,44,16
TOTAL	**1287641,76,23**	**1200031,60,24**
II. Advances outside India		
(i) Due from banks	87802,75,38	71628,62,37
(ii) Due from others		
(a) Bills purchased and discounted	11672,61,58	15179,05,89
(b) Syndicated loans	101077,74,18	88579,38,30
(c) Others	82883,50,74	88281,74,95
TOTAL	**283436,61,88**	**263668,81,51**
GRAND TOTAL (CI & CII)	**1571078,38,11**	**1463700,41,75**

Schedule 10 - Fixed Assets

(000s omitted)

	As on 31.03.2017 (Current Year) ₹		As on 31.03.2016 (Previous Year) ₹	
I. Premises (Including Revalued Premises)				
At cost as on 31st March of the preceding year	3634,58,00		3419,39,11	
Additions:				
during the year	435,79,61		215,18,89	
for Revaluation	31895,24,17		-	
Deductions during the year	4,31,92		-	
Depreciation to date				
on cost	579,15,77		491,08,22	
on Revaluation	309,59,18		-	
		35072,54,91	-	3143,49,78
II. Other Fixed Assets (including furniture and fixtures)				
At cost as on 31st March of the preceding year	19551,20,04		17542,35,45	
Additions during the year	2708,13,72		2280,58,65	
Deductions during the year	402,98,43		271,74,06	
Depreciation to date	14583,91,16		12875,53,82	
		7272,44,17		6675,66,22
III. Leased Assets				
At cost as on 31st March of the preceding year	-		208,70,20	
Additions during the year	-		-	
Deductions during the year	-		208,70,20	
Depreciation to date including provision	-		-	
		-		-
IV. Assets under Construction (Including Premises)		573,92,71		570,11,72
TOTAL (I, II, III & IV)		**42918,91,79**		**10389,27,72**

Schedule 11 - Other Assets

(000s omitted)

		As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
I.	Inter-office adjustments (Net)	-	-
II.	Interest accrued	18658,87,85	16227,95,80
III.	Tax paid in advance / tax deducted at source	8814,18,05	12698,28,68
IV.	Deferred Tax Assets (Net)	427,90,49	472,51,88
V.	Stationery and stamps	90,80,91	102,67,31
VI.	Non-banking assets acquired in satisfaction of claims	3,91,00	3,91,00
VII.	Others *	126012,04,14	110903,05,84
	*Includes Deposits placed with NABARD/SIDBI/NHB amounting to ₹ 594072213 thousand (Previous Year ₹ 524012593 thousand)		
TOTAL		**154007,72,44**	**140408,40,51**

Schedule 12 - Contingent Liabilities

(000s omitted)

		As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
I.	Claims against the bank not acknowledged as debts	28971,02,14	12347,03,03
II.	Liability for partly paid investments/ Venture Funds	599,95,40	154,55,16
III.	Liability on account of outstanding forward exchange contracts	572601,53,62	506354,87,97
IV.	Guarantees given on behalf of constituents		
	(a) In India	131207,73,38	135811,51,97
	(b) Outside India	71152,10,81	82799,97,90
V.	Acceptances, endorsements and other obligations	100059,57,31	106928,52,26
VI.	Other items for which the bank is contingently liable*	141849,00,53	127559,52,29
	*Includes Derivatives ₹ 1396697558 thousand (Previous Year ₹ 1258568650 thousand)		
TOTAL		**1046440,93,19**	**971956,00,58**

State Bank of India

Profit and Loss Account for the year ended 31st March, 2017

(000s omitted)

		Schedule No.	Year ended 31.03.2017 (Current Year) ₹	Year ended 31.03.2016 (Previous Year) ₹
I.	**INCOME**			
	Interest earned	13	175518,24,04	163998,29,75
	Other Income	14	35460,92,75	27845,36,87
	TOTAL		**210979,16,79**	**191843,66,62**
II.	**EXPENDITURE**			
	Interest expended	15	113658,50,34	106803,49,21
	Operating expenses	16	46472,76,94	41782,36,65
	Provisions and contingencies		40363,79,25	33307,15,39
	TOTAL		**200495,06,53**	**181893,01,25**
III.	**PROFIT**			
	Net Profit for the year		10484,10,26	9950,65,37
	Profit brought forward		31,68	32,48
	TOTAL		**10484,41,94**	**9950,97,85**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		3145,23,08	2985,19,61
	Transfer to Capital Reserve		1493,38,64	345,27,46
	Transfer to Revenue and other Reserves		3430,54,64	4267,35,10
	Dividend for the previous year paid during the year (including Tax on Dividend)		-	80
	Dividend for the current year		2108,56,29	2018,32,20
	Tax on Dividend for the Current year		306,37,61	334,51,00
	Balance carried over to Balance Sheet		31,68	31,68
	TOTAL		**10484,41,94**	**9950,97,85**
	Basic Earnings per Share		₹ 13.43	₹ 12.98
	Diluted Earnings per Share		₹ 13.43	₹ 12.98
	Significant Accounting Policies	17		
	Notes to Accounts	18		

Schedules referred to above form an integral part of the Profit & Loss Account.

Signed by:

Shri Dinesh Kumar Khara
Managing Director
(Associates & Subsidiaries)

Shri P. K. Gupta
Managing Director
(Compliance & Risk)

Shri Rajnish Kumar
Managing Director
(National Banking Group)

Shri B. Sriram
Managing Director
(Corporate Banking Group)

Directors:
Shri Sanjiv Malhotra
Shri M.D. Mallya
Shri Deepak I. Amin
Dr. Pushpendra Rai
Dr. Girish Kumar Ahuja
Ms. Anjuly Chib Duggal
Shri Chandan Sinha

Smt. Arundhati Bhattacharya
Chairman

In terms of our report of even date

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Chartered Accountants

AKSHAY KUMAR GUPTA
Partner: M.No. 070744
Firm Regn. No. 001874 C

Place : Kolkata
Date : May 19, 2017

Schedule 13 - Interest Earned

(000s omitted)

		Year ended 31.03.2017 (Current Year) ₹	Year ended 31.03.2016 (Previous Year) ₹
I.	Interest / discount on advances / bills	119510,00,30	115666,01,22
II.	Income on investments	48205,30,54	42303,97,93
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	1753,46,71	621,06,84
IV.	Others	6049,46,49	5407,23,76
TOTAL		**175518,24,04**	**163998,29,75**

Schedule 14 - Other Income

(000s omitted)

		Year ended 31.03.2017 (Current Year) ₹	Year ended 31.03.2016 (Previous Year) ₹
I.	Commission, exchange and brokerage	16276,57,34	14415,98,00
II.	Profit / (Loss) on sale of investments (Net)	10749,61,95	5168,79,59
III.	Profit/ (Loss) on revaluation of investments (Net)	-	(151,67,43)
IV.	Profit / (Loss) on sale of land, buildings and other assets (Net)	(37,05,48)	(16,69,37)
V.	Profit / (Loss) on exchange transactions (Net)	2388,44,90	1799,34,94
VI.	Income earned by way of dividends, etc., from subsidiaries/ companies and/ or joint ventures abroad/ in India	688,35,40	475,82,57
VII.	Income from financial lease	-	-
VIII	Miscellaneous Income[1]	5394,98,64	6153,78,57
TOTAL		**35460,92,75**	**27845,36,87**

[1] Miscellaneous Income includes Recoveries made in write-off Accounts ₹ 3476,93,83 thousand (previous year ₹ 2858,61,51 thousand)

Schedule 15 - Interest Expended

(000s omitted)

		Year ended 31.03.2017 (Current Year) ₹	Year ended 31.03.2016 (Previous Year) ₹
I.	Interest on deposits	105598,75,22	98864,98,84
II.	Interest on Reserve Bank of India/ Inter-bank borrowings	3837,46,97	4154,29,59
III.	Others	4222,28,15	3784,20,78
TOTAL		**113658,50,34**	**106803,49,21**

Schedule 16 - Operating Expenses

(000s omitted)

		Year ended 31.03.2017 (Current Year) ₹	Year ended 31.03.2016 (Previous Year) ₹
I.	Payments to and provisions for employees	26489,28,01	25113,82,46
II.	Rent, taxes and lighting	3956,86,26	3709,15,28
III.	Printing and stationery	411,17,79	376,81,38
IV.	Advertisement and publicity	281,13,58	307,64,06
V.	(a) Depreciation on Bank's property (other than Leased Assets)	2293,30,95	1700,30,45
	(b) Depreciation on Leased Assets	-	-
VI.	Directors' fees, allowances and expenses	86,12	63,37
VII.	Auditors' fees and expenses (including branch auditors' fees and expenses)	216,10,88	197,04,21
VIII.	Law charges	189,56,07	179,50,08
IX.	Postages, Telegrams, Telephones, etc.	759,95,19	609,35,30
X.	Repairs and maintenance	639,75,29	598,08,43
XI.	Insurance	1929,23,12	1718,03,67
XII.	Other expenditure	9305,53,68	7271,97,96
TOTAL		**46472,76,94**	**41782,36,65**

Schedule 17- Significant Accounting Policies:

A. Basis of Preparation:

The Bank's financial statements are prepared under the historical cost convention, on the accrual basis of accounting on going concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/ guidelines prescribed by the Reserve Bank of India (RBI), Banking Regulation Act 1949, Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), and the practices prevalent in the banking industry in India.

B. Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

C. Significant Accounting Policies:

1. Revenue recognition:

1.1 Income and expenditure are accounted on accrual basis, except otherwise stated. As regards Bank's foreign offices, income and expenditure are recognised as per the local laws of the country in which the respective foreign office is located.

1.2 Interest/ Discount income is recognised in the Profit and Loss Account as it accrues except: (i) income from Non-Performing Assets (NPAs), comprising of advances, leases and investments, which is recognised upon realisation, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities), (ii) overdue interest on investments and bills discounted, (iii) Income on Rupee Derivatives designated as "Trading", which are accounted on realisation.

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

1.4 Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding in the lease, over the primary lease period. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease as per Accounting Standard 19 –"Leases" issued by ICAI. The lease rentals are apportioned between principal and finance income based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of finance leases. The principal amount is utilized for reduction in balance of net investment in lease and finance income is reported as interest income.

1.5 Income (other than interest) on investments in "Held to Maturity (HTM)" category acquired at a discount to the face value, is recognised as follows :

a. On Interest bearing securities, it is recognised only at the time of sale/ redemption.

b. On zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

1.6 Dividend is accounted on an accrual basis where the right to receive the dividend is established.

1.7 All other commission and fee incomes are recognised on their realisation except for: (i) Guarantee commission on deferred payment guarantees, which is spread over the period of the guarantee; (ii) Commission on Government Business and ATM interchange fees, which are recognised as they accrue; and (iii) Upfront fees on restructured accounts, which is apportioned over the restructured period.

1.8 One time Insurance Premium paid under Special Home Loan Scheme (December 2008 to June 2009) is amortised over average loan period of 15 years.

1.9 Brokerage, Commission etc. paid/ incurred in connection with issue of Bonds/ Deposits are amortized over the tenure of the related Bonds/ Deposits and the expenses incurred in connection with the issue are charged upfront.

1.10 The sale of NPA is accounted as per guidelines prescribed by RBI :-

i. When the bank sells its financial assets to Securitisation Company (SC)/ Reconstruction Company (RC), the same is removed from the books.

ii. If the sale is at a price below the net book value (NBV) (i.e., book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale.

iii. If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received, as permitted by the RBI.

2. Investments:

The transactions in all securities are recorded on "Settlement Date".

2.1 Classification

Investments are classified into three categories, viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) as per RBI Guidelines.

2.2 Basis of classification:

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

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

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

iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

v. Investments in subsidiaries, joint ventures and associates are classified as HTM.

2.3 Valuation:

i. In determining the acquisition cost of an investment:

(a) Brokerage/commission received on subscriptions is reduced from the cost.

(b) Brokerage, Commission, Securities Transaction Tax (STT) etc., paid in connection with acquisition of investments are expensed upfront and excluded from cost.

(c) Broken period interest paid / received on debt instruments is treated as interest expense/ income and is excluded from cost/ sale consideration.

(d) Cost is determined on the weighted average cost method for investments under AFS and HFT category and on FIFO basis (first in first out) for investments under HTM category.

ii. Transfer of securities from HFT/AFS category to HTM category is carried out at the lower of acquisition cost/ book value/market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. However, transfer of securities from HTM category to AFS category is carried out on acquisition price/book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

iii. Treasury Bills and Commercial Papers are valued at carrying cost.

iv. Held to Maturity category: a) Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period of remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head "interest on investments". b) Investments in subsidiaries, joint ventures and associates (both in India and abroad) are valued at historical cost. A provision is made for diminution, other than temporary, for each investment individually. c) Investments in Regional Rural Banks are valued at carrying cost (i.e. book value).

v. Available for Sale and Held for Trading categories: Investments held under AFS and HFT categories are individually revalued at the market price or fair value determined as per Regulatory guidelines, and only the net depreciation of each group for each category (viz., (i) Government securities (ii) Other Approved Securities (iii) Shares (iv) Bonds and Debentures (v) Subsidiaries and Joint Ventures; and (vi) others) is provided for and net appreciation, is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

vi. In case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognised at lower of: (i) Net Book Value (NBV) (i.e., book value less provisions held) of the financial asset; and (ii) Redemption value of SR. SRs issued by an SC/ ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ ARC, is reckoned for valuation of such investments.

vii. Investments are classified as performing and non-performing, based on the guidelines issued by the RBI in the case of domestic offices and respective regulators in the case of foreign offices. Investments of domestic offices become non-performing where:

(a) Interest/ installment (including maturity proceeds) is due and remains unpaid for more than 90 days.

(b) In the case of equity shares, in the event the investment in the shares of any company is valued at ₹ 1 per company on account of the non availability of the latest balance sheet, those equity shares would be reckoned as NPI.

(c) If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.

(d) The above would apply mutatis-mutandis to Preference Shares where the fixed dividend is not paid.

(e) The investments in debentures/ bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.

(f) In respect of foreign offices, provisions for NPIs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

viii. Accounting for Repo/ Reverse Repo transactions (other than transactions under the Liquidity Adjustment Facility (LAF) with the RBI):

(a) The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/ Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/ income, as the case may be. Balance in Repo Account is classified under Schedule 4 (Borrowings) and balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at Call & Short Notice).

(b) Interest expended/ earned on Securities purchased/ sold under LAF with RBI is accounted for as expenditure/ revenue.

ix. Market repurchase and reverse repurchase transactions as well as the transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as Borrowings and Lending transactions in accordance with the extant RBI guidelines.

3. Loans/ Advances and Provisions thereon:

3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/ directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

i. In respect of term loans, interest and/ or instalment of principal remains overdue for a period of more than 90 days;

ii. In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e. if the outstanding balance exceeds the sanctioned limit/ drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance-sheet, or if the credits are not adequate to cover the interest debited during the same period;

iii. In respect of bills purchased/ discounted, the bill remains overdue for a period of more than 90 days;

iv. In respect of agricultural advances: (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

3.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

i. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.

ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.

iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

3.3 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Substandard Assets:	i.	A general provision of 15% on the total outstanding;
	ii.	Additional provision of 10% for exposures which are unsecured ab-initio (i.e. where realisable value of security is not more than 10 percent ab-initio);
	iii.	Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available - 20%.
Doubtful Assets:		
-Secured portion:	i.	Upto one year – 25%
	ii.	One to three years – 40%
	iii.	More than three years – 100%
-Unsecured portion	100%	
Loss Assets:	100%	

3.4 In respect of foreign offices, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

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

3.6 For restructured/ rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loans/ advances before and after restructuring is provided for, in addition to provision for the respective loans/ advances. The Provision for Diminution in Fair Value (DFV) and interest sacrifice, if any, arising out of the above, is reduced from advances.

3.7 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

3.8 Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.

3.9 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

3.10 Appropriation of recoveries in NPAs (not out of fresh/additional credit facilities sanctioned to the borrower concerned) towards principal or interest due as per the Bank's extant instructions is done in accordance with the following priority.

a. Charges

b. Unrealized Interest/Interest

c. Principal

4. Floating Provisions:

The Bank has a policy for creation and utilisation of floating provisions separately for advances, investments and general purposes. The quantum of floating provisions to be created is assessed at the end of the financial year. The floating provisions are utilised only for contingencies under extraordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

5. Provision for Country Exposure:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorised into seven risk categories, namely, insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the "Other liabilities & Provisions – Others".

6. Derivatives:

6.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, cross currency interest rate swaps and forward rate agreements in order to hedge on-balance sheet/ off-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of the underlying assets and accounted in accordance with the principles of hedge accounting.

6.2 Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying assets/ liabilities are also marked to market.

6.3 Except as mentioned above, all other derivative contracts are marked to market as per the Generally Accepted Accounting Practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss Account in the period of change. Any receivable under derivatives contracts, which remain overdue for more than 90 days, are reversed through Profit and Loss Account to "Suspense Account Crystallised Receivables". In cases where the derivative contracts provide for more settlement in future and if the derivative contract is not terminated on the overdue receivables remaining unpaid for 90 days, the positive MTM pertaining to future receivables is also reversed from Profit and Loss Account to "Suspense Account - Positive MTM".

6.4 Option premium paid or received is recorded in Profit and Loss Account at the expiry of the option. The balance in the premium received on options sold and premium paid on options bought is considered to arrive at Mark-to-Market value for forex Over-the-Counter (OTC) options.

6.5 Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

7. Fixed Assets, Depreciation and Amortisation:

7.1 Fixed Assets are carried at cost less accumulated depreciation/ amortisation.

7.2 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure(s) incurred on the assets put to use are capitalised only when it increases the future benefits from such assets or their functioning capability.

7.3 The rates of depreciation and method of charging depreciation in respect of domestic operations are as under:

Sl. No.	Description of Fixed Assets	Method of charging depreciation	Depreciation/ amortisation rate
1	Computers	Straight Line Method	33.33% every year
2	Computer Software forming an integral part of the Computer hardware	Straight Line Method	33.33% every year
3	Computer Software which does not form an integral part of Computer hardware and cost of Software Development	Straight Line Method	33.33% every year
4	Automated Teller Machine/ Cash Deposit Machine/ Coin Dispenser/ Coin Vending Machine	Straight Line Method	20.00% every year
5	Server	Straight Line Method	25.00% every year
6	Network Equipment	Straight Line Method	20.00% every year
7	Other fixed assets	Straight Line Method	On the basis of estimated useful life of the assets Estimated useful life of major group of Fixed Assets are as under: Premises 60 Years Vehicles 5 Years Safe Deposit Lockers 20 Years Furniture & Fixtures 10 Years

7.4 In respect of assets acquired during the year (for domestic operations), depreciation is charged on proportionate basis for the number of days the assets have been put to use during the year.

7.5 Assets costing less than ₹ 1,000 each are charged off in the year of purchase.

7.6 In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease and the lease rent is charged in the respective year(s).

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

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

7.9 The Bank considers only immovable assets for revaluation. Properties acquired during the last three years are not revalued. Valuation of the revalued assets is done at every three years thereafter.

7.10 The increase in Net Book Value of the asset due to revaluation is credited to the Revaluation Reserve Account without routing through the profit and loss statement.

7.11 The Revalued Assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

8. Leases:

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

9. Impairment of Assets:

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

10. Effect of changes in the foreign exchange rate:

10.1 Foreign Currency Transactions

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

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

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

iv. Contingent liabilities denominated in foreign currency are reported using the FEDAI closing spot rates.

v. Outstanding foreign exchange spot and forward contracts held for trading are revalued at the exchange rates notified by FEDAI for specified maturities, and the resulting Profit or Loss is recognised in the Profit and Loss account.

vi. Foreign exchange forward contracts which are not intended for trading and are outstanding on the Balance Sheet date, are re-valued at the closing spot rate. The premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

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

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

10.2 Foreign Operations:

Foreign Branches of the Bank and Offshore Banking Units (OBU) have been classified as Non-integral Operations and Representative Offices have been classified as Integral Operations.

a. Non-integral Operations:

i. Both monetary and non-monetary foreign currency assets and liabilities including contingent liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

ii. Income and expenditure of non-integral foreign operations are translated at quarterly average closing rates notified by FEDAI.

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

iv. The Assets and Liabilities of foreign offices in foreign currency (other than local currency of the foreign offices) are translated into local currency using spot rates applicable to that country on the Balance Sheet date.

b. Integral Operations:

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

ii. Monetary foreign currency assets and liabilities of integral foreign operations are translated at closing (Spot/ Forward) exchange rates notified by FEDAI at the Balance Sheet date and the resulting Profit/ Loss is included in the Profit and Loss Account. Contingent Liabilities are translated at Spot rate.

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

11. Employee Benefits:

11.1 Short Term Employee Benefits:

The undiscounted amounts of short-term employee benefits, such as medical benefits which are expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

11.2 Long Term Employee Benefits:

i. Defined Benefit Plan

a. The Bank operates a Provident Fund scheme. All eligible employees are entitled to receive benefits under the Bank's Provident Fund scheme. The Bank contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are remitted to a Trust established for this purpose and are charged to Profit and Loss Account. The Bank recognizes such annual contributions as an expense in the year to which it relates. Shortfall, if any, is provided for on the basis of actuarial valuation.

b. The Bank operates Gratuity and Pension schemes which are defined benefit plans.

i) The Bank provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, or on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to a maximum amount of ₹ 10 lacs. Vesting occurs upon completion of five years of service. The Bank makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually.

ii) The Bank provides for pension to all eligible employees. The benefit is in the form of monthly payments as per rules to vested employees on retirement or on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The Bank makes monthly contribution to the Pension Fund at 10% of salary in terms of SBI Pension Fund Rules. The pension liability is reckoned based on an independent actuarial valuation carried out annually and Bank makes such additional contributions periodically to the Fund as may be required to secure payment of the benefits under the pension regulations.

c. The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains/ losses are immediately recognised in the Profit and Loss Account and are not deferred.

ii. Defined Contribution Plans:

The Bank operates a New Pension Scheme (NPS) for all officers/ employees joining the Bank on or after 1st August, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing SBI Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions are retained as deposits in the Bank and earn interest at the same rate as that of the current account of Provident Fund balance. The Bank recognizes such annual contributions and interest as an expense in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

iii. Other Long Term Employee benefits:

a. All eligible employees of the Bank are eligible for compensated absences, silver jubilee award, leave travel concession, retirement award and resettlement allowance. The costs of such long term employee benefits are internally funded by the Bank.

b. The cost of providing other long term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. Past service cost is immediately recognised in the Profit and Loss Account and is not deferred.

11.3 Employee benefits relating to employees employed at foreign offices are valued and accounted for as per the respective local laws/ regulations.

12. Taxes on income:

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgment as to whether their realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

13. Earnings per Share:

13.1 The Bank reports basic and diluted earnings per share in accordance with AS 20 –"Earnings per Share" issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

13.2 Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

14. Provisions, Contingent Liabilities and Contingent Assets:

14.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

14.2 No provision is recognised for:

i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

ii. any present obligation that arises from past events but is not recognised because:

a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b. a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

14.3 Provision for reward points in relation to the debit card holders of the Bank is being provided for on actuarial estimates.

14.4 Contingent Assets are not recognised in the financial statements.

15. Bullion Transactions:

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified under commission income. The Bank also accepts deposits and lends gold, which is treated as deposits/ advances as the case may be with the interest paid/ received classified as interest expense/ income. Gold Deposits, Metal Loan Advances and closing Gold Balances are valued at available Market Rate as on the date of Balance Sheet.

16. Special Reserves:

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

17. Share Issue Expenses:

Share issue expenses are charged to the Share Premium Account.

SCHEDULE – 18:

NOTES TO ACCOUNTS

18.1 Capital

1. Capital Ratio

AS PER BASEL II (Amount in ₹ Crore)

Sr. No.	Items	As at 31st March 2017	As at 31st March 2016
(i)	Common Equity Tier 1 Capital Ratio (%)	N.A.	
(ii)	Tier 1 capital ratio (%)	10.27%	10.41%
(iii)	Tier 2 capital ratio (%)	3.29%	3.53%
(iv)	Total Capital Ratio (%)	13.56%	13.94%

AS PER BASEL III

Sr. No.	Items	As at 31st March 2017	As at 31st March 2016
(i)	Common Equity Tier 1 Capital Ratio (%)	9.82%	9.81%
(ii)	Tier 1 capital ratio (%)	10.35%	9.92%
(iii)	Tier 2 capital ratio (%)	2.76%	3.20%
(iv)	Total Capital Ratio (%)	13.11%	13.12%
(v)	Percentage of the Shareholding of Government of India	61.23%	60.18%
(vi)	Number of Shares held by Government of India	488,23,62,052	467,16,34,652
(vii)	Amount of Equity Capital raised	5,681.00	5,393.00
(viii)	Amount of Additional Tier 1 (AT 1) capital raised of which		
	a) PNCPS:	Nil	Nil
	b) PDI:	9,045.50	Nil
(ix)	Amount of Tier 2 capital raised of which		
	a) Debt Capital instruments:	Nil	10,500.00
	b) Preference Share Capital Instruments: {Perpetual Cumulative Preference Shares (PCPS)/ Redeemable Non-cumulative Preference Shares (RNCPS)/ Redeemable Cumulative Preference Shares (RCPS)}	Nil	Nil

RBI vide circular No. DBR.No.BP.BC.83/21.06.201/2015-16 dated 1st March 2016, has given discretion to banks to consider Revaluation Reserve, Foreign Currency Translation Reserve and Deferred Tax Asset for purposes of computation of Capital Adequacy as CET– I capital ratio. The Bank has exercised the option in the above computation for F.Y. 2016-17.

2. Share Capital

a) During the year, the Bank received application money of ₹ 5,681.00 crore (Previous Year ₹ 5,393.00 crore), including share premium of ₹ 5,659.93 crore (Previous Year ₹ 5,373.34 crore), from Government of India against preferential issue of 21,07,27,400 equity shares (Previous Year 19,65, 59,390) equity shares of ₹ 1 each to Government of India. The equity shares were allotted on 20.01.2017.

b) Expenses in relation to the issue of shares: ₹ 6.17 crore (Previous Year ₹ 8.66 crore) is debited to Share Premium Account.

3. Innovative Perpetual Debt Instruments (IPDI)

The details of IPDI issued which qualify for Hybrid Tier I Capital and outstanding are as under:

A. Foreign

(₹ in crore)

Particulars	Date of Issue	Tenor	Amount	Equivalent ₹ as on 31st March 2017	Equivalent ₹ as on 31st March 2016
Bond issued under the MTN Programme - 12th series*	15.02.2007	Perpetual Non call 10.25 years	USD 400 million	2,594.00	2,650.20
Bond issued under the MTN Programme - 14th series#	26.06.2007	Perpetual Non call 10 yrs 1day	USD 225 million	1,459.13	1,490.74
Additional Tier 1 (AT1) Bond issued under MTN Programme 29th series	22.09.2016	Perpetual Non Call 5 years	USD 300 million	1,945.50	--
Total			USD 925 million	5,998.63	4,140.94

* If the Bank does not exercise call option on 15th May 2017, the interest rate will be raised and fixed rate will be converted to floating rate.

If the Bank does not exercise call option by 27th June 2017, the interest rate will be raised and fixed rate will be converted to floating rate.

These bonds are unsecured bonds and are listed in Singapore stock exchange (SGX- Bonds Board).

B. Domestic

(₹ in crore)

Sl. No.	Nature of Bonds	Principal Amount	Date of Issue	Rate of Interest % p.a.
1	SBI NON CONVERTIBLE PERPETUAL BONDS 2007-08 SBIN Series VI (Tier I)	165.00	28.09.2007	10.25
2	SBI NON CONVERTIBLE PERPETUAL BONDS 2009-10 (Tier I) Series I	1,000.00	14.08.2009	9.10
3	SBI NON CONVERTIBLE PERPETUAL BONDS 2009-10 (Tier I) Series II	1,000.00	27.01.2010	9.05
4	SBI NON CONVERTIBLE PERPETUAL BONDS 2016 Unsecured Basel III AT 1 Series II	2,100.00	06.09.2016	9.00
5	SBI NON CONVERTIBLE PERPETUAL BONDS 2016 Unsecured Basel III AT 1	2,500.00	27.09.2016	8.75
6	SBI NON CONVERTIBLE PERPETUAL BONDS 2016 Unsecured Basel III AT 1 Series III	2,500.00	25.10.2016	8.39
	TOTAL	**9,265.00***		

*Includes ₹ 2,000 crore raised during the F.Y. 2009-10, of which ₹ 550 crore invested by SBI Employee Pension Fund, not reckoned for the purpose of Tier I Capital as per RBI instructions.

4. Subordinated Debts

The bonds are unsecured, long term, non–convertible and are redeemable at par. The details of outstanding subordinate debts are as under:-

(₹ in crore)

Sr. No.	Nature of Bonds	Principal Amount	Date of Issue /Date of Redemption	Rate of Interest % P.A.	Maturity Period In Months
1	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (IV) (Lower Tier II)	1,000.00	06.03.2009 06.06.2018	8.95	111
2	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09(II) (Lower Tier II)	1,500.00	29.12.2008 29.06.2018	8.40	114
3	SBI NON CONVERTIBLE (Private placement) Bonds 2007-08 (I) (Upper Tier II)	2,523.50	07.06.2007 07.06.2022	10.20	180
4	SBI NON CONVERTIBLE (Private placement) Bonds 2007-08 (II) (Upper Tier II)	3,500.00	12.09.2007 12.09.2022	10.10	180
5	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (I) (Upper Tier II)	2,500.00	19.12.2008 19.12.2023	8.90	180
6	SBI NON CONVERTIBLE (Private placement) Bonds 2013-14 (I) (Tier II)	2,000.00	02.01.2014 02.01.2024	9.69	120
7	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (III) (Upper Tier II)	2,000.00	02.03.2009 02.03.2024	9.15	180
8	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 (V) (Upper Tier II)	1,000.00	06.03.2009 06.03.2024	9.15	180
9	SBI NON CONVERTIBLE (Private placement) Bonds 2008-09 SBIN (SERIES VII)(Upper Tier II)	250.00	24.03.2009 24.03.2024	9.17	180
10	SBI NON CONVERTIBLE (Public issue) Bonds 2010 (Series II) (Lower Tier II)	866.92	04.11.2010 04.11.2025	9.50	180

(₹ in crore)

Sr. No.	Nature Of Bonds	Principal Amount	Date Of Issue / Date Of Redemption	Rate Of Interest % P.A.	Maturity Period In Months
11	SBI NON CONVERTIBLE, UNSECURED (Private Placement), Basel III compliant Tier II Bonds 2015-16 (Series I)	4,000.00	23.12.2015 23.12.2025	8.33	120
12	SBI NON CONVERTIBLE, UNSECURED (Private Placement), Basel III compliant Tier 2 Bonds 2015-16 (Series II)	3,000.00	18.02.2016 18.02.2026	8.45	120
13	SBI NON CONVERTIBLE (Public issue) Bonds 2011 Retail (Series IV) (Lower Tier II)	3,937.60	16.03.2011 16.03.2026	9.95	180
14	SBI NON CONVERTIBLE (Public issue) Bonds 2011 Non Retail (Series IV) (Lower Tier II)	828.32	16.03.2011 16.03.2026	9.45	180
15	SBI NON CONVERTIBLE, UNSECURED (Private Placement), Basel III compliant Tier 2 Bonds 2015-16 (Series III)	3,000.00	18.03.2016 18.03.2026	8.45	120
16	SBI NON CONVERTIBLE, UNSECURED (Private Placement), Basel III compliant Tier 2 Bonds 2015-16 (Series IV)	500.00	21.03.2016 21.03.2026	8.45	120
	TOTAL	**32,406.34**			

18.2. Investments

1. The Details of investments and the movement of provisions held towards depreciation on investments of the Bank are given below:

(₹ in crore)

Particulars	As at 31st March 2017	As at 31st March 2016 *
1. Value of Investments		
i) Gross value of Investments		
(a) In India	7,25,421.42	5,37,109.06
(b) Outside India	41,815.77	39,496.32
ii) Provision for Depreciation		
(a) In India	557.72	294.49
(b) Outside India	85.04	59.61
iii) Liability on Interest Capitalised on Restructured Accounts (LICRA)	604.80	599.49
iv) Net value of Investments		
(a) In India	7,24,258.90	5,36,215.08
(b) Outside India	41,730.73	39,436.71
2. Movement of provisions held towards depreciation on investments		
i) Balance at the beginning of the year	354.10	479.90
ii) Add: Provisions made during the year	552.48	610.39
iii) Less: Provision utilised during the year	-	293.72
iv) Less/(Add): Foreign Exchange revaluation adjustment	9.73	(18.36)
v) Less: Write back of excess provision during the year.	254.09	460.83
vi) Balance at the end of the year	642.76	354.10

* In terms of RBI Circular FMRD.DIRD.10/14.03.002/2015-16 dated May 19,2016, the Bank has, with effect from October 3, 2016, considered its repo/ reverse repo transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) of RBI as Borrowings/ Lending respectively as against the earlier practice of including the same under investments.

Notes:

a. Securities amounting to ₹ 18,676.03 crore (Previous Year ₹ 2,827.96 crore) are kept as margin with Clearing Corporation of India Limited (CCIL)/ NSCCL/MCX/USEIL/ NSEIL/BSE towards Securities Settlement.

b. During the year the Bank infused additional capital in its subsidiaries and associates viz. i) State Bank of Patiala ₹ 4,160 crore* (previous year ₹ 799.99 crore) ii) SBI Infra Management Solutions Pvt Ltd. ₹ 10 crore, iii) SBI General Insurance Co Limited ₹ 166.50 crore (74%) iv) Arunachal Pradesh Rural Bank ₹ 2.13 crore

*Out of the total capital infusion of ₹ 4,160 crore, an amount of ₹ 1,760 crore paid on 30.03.2017 has been disclosed under "Investment Suspense Account", since allotment was pending as at year end.

c. During the year, the Bank has sold 390,00,000 equity shares of SBI Life insurance Company limited at a profit of ₹ 1,755 crore. Thus the Bank stake reduced from 74% to 70.10%.

d. Jio Payments Bank Limited has been incorporated as a Joint Venture on November 10, 2016 in which SBI and Reliance Industries Limited are Joint Partners with stake of 30% and 70% respectively. SBI has infused ₹ 39.60 crore as capital into the said Joint Venture till 31.03.2017

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 2017
Securities sold under Repos				
i. Government Securities	-	99,581.36	6,673.82	74,235.72
	(-)	(99,581.36)	(17,406.51)	(99,581.36)
ii. Corporate Debt Securities	2,106.15	7,251.52	3,779.10	2,786.85
	(-)	(1,314.24)	(571.47)	(1,254.07)
Securities purchased under Reverse Repos				
i. Government Securities	55.40	1,02,342.25	21,178.52	6,055.45
	(-)	(55,000.00)	(4,692.95)	(-)
ii. Corporate Debt Securities	571.45	590.18	581.28	573.39
	(-)	(-)	(-)	(-)

(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	47,224.95	34,926.02	836.32	462.77	762.76
		(19,718.43)	(9,452.46)	(341.83)	(176.49)	(541.78)
(ii)	FIs	58,179.05	49,893.49	-	-	200.00
		(29,826.69)	(18,998.39)	(-)	(-)	(200.00)
(iii)	Banks	21,201.42	8,494.71	1,331.60	23.62	2,373.63
		(15,398.01)	(1,256.40)	(1,118.15)	(23.62)	(23.62)
(iv)	Private Corporates	35,054.91	23,111.85	1,156.49	658.82	164.21
		(23,905.24)	(12,464.90)	(2,299.54)	(499.93)	(78.67)
(v)	Subsidiaries / Joint Ventures**	14,010.07	-	-	-	-
		(11,379.03)	(-)	(-)	(-)	(-)
(vi)	Others	16,328.08	-	974.89	848.03	-
		(16,825.10)	(-)	(1,219.73)	(1,147.88)	(-)
(vii)	Provision held towards depreciation including LICRA	1,247.56	-	-0.92	-	-
		(953.59)	(-)	(31.97)	(-)	(-)
	Total	**1,90,750.92**	**1,16,426.07**	**4,300.22**	**1,993.24**	**3,500.60**
		(1,16,098.91)	**(42,172.15)**	**(4,947.28)**	**(1,847.92)**	**(844.07)**

(Figures in brackets are for Previous Year)

* Investment in Equity, Equity Oriented Mutual Funds, Venture Capital, Rated Assets Backed Securities, Central Government Securities and ARCIL are not segregated under these categories as these are exempt from rating/listing guidelines.

** Investments in Subsidiaries/Joint Ventures have not been segregated into various categories as these are not covered under relevant RBI Guidelines.

b) Non Performing Non-SLR Investments

(₹ in crore)

Particulars	Current Year	Previous Year
Opening Balance	146.24	401.72
Additions during the year	348.37	52.36
Reductions during the year	47.07	307.84
Closing balance	447.54	146.24
Total provisions held	**227.85**	**126.68**

4. Sales and Transfers of Securities to/from HTM Category

The value of sales and transfers of securities to/from HTM Category does not exceed 5% of the book value of investment held in HTM category at the beginning of the year.

5. Disclosure of Investment in Security Receipts (SRs)

(₹ in crore)

	Particulars	SRs Issued within Past 5 Years	SRs issued more than 5 years ago but within past 8 Years	SRs issued more than 8 Years ago	Total
i	Book value of SRs Backed by NPAs sold by the bank as underlying	5,497.02	-	47.06	5,544.08
	Provision held against (i)	-	-	47.06	47.06
ii	Book value of SRs Backed by NPAs sold by Other banks / financial institutions /non-banking Financial companies as Underlying	19.97	2.68	-	22.65
	Provision held against (ii)	-	-	-	-
Total (i) + (ii)		**5,516.99**	**2.68**	**47.06**	**5,566.73**

6. Details of Investments in Security Receipts against NPAs sold to Securitisation Company (SC) / Reconstruction Company (RC)

(₹ in crore)

Particulars	Backed by NPAs sold by the bank as underlying		Backed by the NPAs sold by other banks/ financial institutions / non-banking financial companies as underlying		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Book Value of Investments in Security Receipts as on 31st March 2017	5,544.08	5,425.63	22.65	27.19	5,566.73	5,452.82
Book Value of Investments in Security Receipts made during the year	281.89	783.92	-	2.65	281.89	786.57

18.3. Derivatives

A. Forward Rate Agreements / Interest Rate Swaps

(₹ in crore)

	Particulars	As at 31st March 2017	As at 31st March 2016
i)	The notional principal of swap agreements#	1,42,876.87	1,30,624.90
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	881.75	2,080.00
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	52.59	946.31

IRS/FRA amounting to ₹ 9,299.54 crore (Previous Year ₹ 11,232.11 crore) entered with the Bank's own foreign offices and other banks are not shown here as they are for hedging of FCNB corpus and hence not marked to market.

Nature and terms of Forward Rate Agreements and interest rate swaps as on 31st March 2017 are given below:

(₹ in crore)

Instrument	Nature	Nos	Notional Principal	Benchmark	Terms
FRA	Trading	1	24.33	LIBOR	Fixed Payable Vs Floating Receivable
FRA	Trading	1	24.33	LIBOR	Floating Payable Vs Fixed Receivable
IRS	Hedging	59	2,946.96	LIBOR	Floating Payable Vs Fixed Receivable
IRS	Hedging	35	609.72	OTHERS	Floating Payable Vs Fixed Receivable
IRS	Hedging	70	47,959.33	LIBOR	Fixed Receivable / Floating Payable
IRS	Hedging	37	2,271.50	LIBOR	Floating Receivable / Fixed Payable
IRS	Hedging	1	3,242.50	LIBOR	Floating Receivable / Floating Payable
IRS	Trading	58	7,932.00	LIBOR	Fixed Payable Vs Floating Receivable
IRS	Trading	62	8,430.17	LIBOR	Floating Payable Vs Fixed Receivable
IRS	Trading	561	24,115.00	MIBOR	Fixed Payable Vs Floating Receivable
IRS	Trading	556	26,598.00	MIBOR	Floating Payable Vs Fixed Receivable
IRS	Trading	6	200.00	MIFOR	Fixed Payable Vs Floating Receivable
IRS	Trading	7	225.00	MIFOR	Floating Payable Vs Fixed Receivable
IRS	Trading	57	10,680.87	LIBOR	Fixed Receivable / Floating Payable
IRS	Trading	51	6,990.73	LIBOR	Floating Receivable / Fixed Payable
CCS	Hedging	1	145.51	LIBOR	Fixed Receivable / Floating Payable
CCS	Hedging	9	306.90	LIBOR	Floating Receivable / Fixed Payable
CCS	Hedging	1	174.02	LIBOR	Floating Receivable / Floating Payable
	Total		**1,42,876.87**		

Nature and terms of Forward Rate Agreements and interest rate swaps as on 31st March 2016 are given below:

(₹ in crore)

Instrument	Nature	Nos	Notional Principal	Benchmark	Terms
IRS	Hedging	5	882.30	LIBOR	Floating Payable Vs Fixed Receivable
IRS	Hedging	10	355.02	OTHERS	Floating Payable Vs Fixed Receivable
IRS	Hedging	53	8,486.30	LIBOR	Fixed Payable Vs Floating Receivable
IRS	Hedging	51	8,353.58	LIBOR	Floating Payable Vs Fixed Receivable
IRS	Hedging	492	16,690.00	MIBOR	Fixed Payable Vs Floating Receivable
IRS	Hedging	509	18,065.00	MIBOR	Floating Payable Vs Fixed Receivable
IRS	Hedging	3	150.00	MIFOR	Floating Payable Vs Fixed Receivable
IRS	Hedging	83	49,972.29	LIBOR	Fixed Receivable / Floating Payable
IRS	Hedging	66	4,023.47	LIBOR	Floating Receivable / Fixed Payable
IRS	Hedging	1	3,312.75	LIBOR	Floating Receivable / Floating Payable
IRS	Trading	81	13,197.83	LIBOR	Fixed Receivable / Floating Payable
IRS	Trading	31	7,077.58	LIBOR	Floating Receivable / Fixed Payable
CCS	Hedging	2	58.77	LIBOR	Fixed Receivable / Floating Payable
	Total		**1,30,624.89**		

B. Exchange Traded Interest Rate Derivatives

(₹ in Crore)

Sr. No.	Particulars	Current Year	Previous Year
1	Notional principal amount of exchange traded interest rate derivatives undertaken during the year		
A	Interest Rate Futures	Nil	Nil
B	10 Year Government of India Securities	7,819.64	235.74
2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2017		
A	Interest Rate Futures	Nil	Nil
B	10 Year Government of India Securities	538.76	Nil
3	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	N.A.	N.A.
4	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective".	N.A.	N.A.

C. Risk Exposure in Derivatives

(A) Qualitative Risk Exposure

i. The Bank currently deals in over-the-counter (OTC) interest rate and currency derivatives as also in Interest Rate Futures and Exchange Traded Currency Derivatives. Interest Rate Derivatives dealt by the Bank are rupee interest rate swaps, foreign currency interest rate swaps and forward rate agreements, cap, floor and collars. Currency derivatives dealt by the Bank are currency swaps, rupee dollar options and cross-currency options. The products are offered to the Bank's customers to hedge their exposures and the Bank enters into derivatives contracts to cover such exposures. Derivatives are used by the Bank both for trading as well as hedging balance sheet items. The Bank also runs option position in USD/INR, which is managed through various types of loss limits and Greek limits.

ii. Derivative transactions carry market risk i.e. the probable loss the Bank may incur as a result of adverse movements in interest rates/exchange rates/equity prices and credit risk i.e. the probable loss the Bank may incur if the counterparties fail to meet their obligations. The Bank's "Policy for Derivatives" approved by the Board prescribes the market risk parameters (Greek limits, Loss Limits, cut-loss triggers, open position limits, duration, modified duration, PV01 etc.) as well as customer eligibility criteria (credit rating, tenure of relationship, limits and customer appropriateness and suitability of policy (CAS) etc.) for entering into derivative transactions. Credit risk is controlled by entering into derivative transactions only with counterparties satisfying the criteria prescribed in the Policy. Appropriate limits are set for the counterparties taking into account their ability to honour obligations and the Bank enters into ISDA agreement with each counterparty.

iii. The Asset Liability Management Committee (ALCO) of the Bank oversees efficient management of these risks. The Bank's Market Risk Management Department (MRMD) identifies, measures, monitors market risk associated with derivative transactions, assists ALCO in controlling and managing these risks and reports compliance with policy prescriptions to the Risk Management Committee of the Board (RMCB) at regular intervals.

iv. The accounting policy for derivatives has been drawn-up in accordance with RBI guidelines, the details of which are presented under Schedule 17: Significant Accounting Policies (SAP) for the financial year 2016-17.

v. Interest Rate Swaps are mainly used at Foreign Offices for hedging of the assets and liabilities.

vi. Apart from hedging swaps, swaps at Foreign Offices consist of back to back swaps done at our Foreign Offices which are done mainly for hedging of FCNR deposits at Global Markets, Kolkata.

vii. Majority of the swaps were done with First class counterparty banks.

viii. Derivative transactions comprise of swaps which are disclosed as contingent liabilities. The swaps are categorised as trading or hedging.

ix. Derivative deals are entered into with only those interbank participants for whom counterparty exposure limits are sanctioned. Similarly, derivative deals entered into with only those corporates for whom credit exposure limit is sanctioned. Collateral requirements for derivative transactions are laid down as a part of credit sanction terms on a case by case basis. Such collateral requirements are determined based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

(B) Quantitative Risk Exposure

(₹ in crore)

Particulars	Currency Derivatives		Interest Rate Derivatives	
	Current Year	Previous Year	Current Year	Previous Year
(I) Derivatives (Notional Principal Amount)				
(a) For hedging	6,968.86 @	17,713.28 @	54,347.59 #	55,699.48 #
(b) For trading *	2,02,472.85	2,32,714.53	88,529.27	74,925.42
(II) Marked to Market Positions				
(a) Asset	4,675.49	3,971.40	574.79	1,642.57
(b) Liability	1,285.33	2,145.05	565.10	369.89
(III) Credit Exposure	7,428.09	7,960.90	2,286.34	3,487.84
(IV) Likely impact of one percentage change in interest rate (100* PV01)				
(a) on hedging derivatives	-0.25	-0.04	-7.60	-63.09
(b) on trading derivatives	0.97	2.68	46.52	20.34
(V) Maximum and Minimum of 100* PV 01 observed during the year				
(a) on hedging --				
Maximum	0.00	0.08	2.87	-34.14
Minimum	-0.04	-0.04	-0.64	-44.36
(b) on trading –				
Maximum	1.03	0.67	0.77	0.90
Minimum	0.04	-	-0.11	-0.05

@ The swaps amounting to ₹ 4,988.14 crore (Previous Year ₹ 7,811.17 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 ₹ 9,299.54 crore (Previous Year ₹ 11,232.11 crore) entered with the Bank's own Foreign offices and other banks are not shown here as they are for hedging of FCNB corpus and hence not marked to market.

* The forward contract deals with our own Foreign Offices are not included. Currency Derivatives ₹ Nil (Previous Year ₹ Nil) and Interest Rate Derivatives ₹ Nil (Previous Year ₹ Nil)

1. The outstanding notional amount of derivatives done between Global Markets Unit and International Banking Group as on 31st March 2017 amounted to ₹ 7,571.57 crore (Previous Year ₹ 19,043.28 crore) and the derivatives done in-between SBI Foreign Offices as on 31st March 2017 amounted to ₹ 16,955.57 crore (Previous Year ₹ 18,071.97 crore).

2. The outstanding notional amount of interest rate derivatives which are not marked –to-market (MTM) where the underlying Assets/ Liabilities are not marked to market as on 31st March 2017 amounted to ₹ 53,675.54 crore (Previous Year ₹ 66,453.24 crore).

18.4. Asset Quality

a) Non-Performing Assets

(₹ in Crore)

Particulars	As at 31st March 2017	As at 31st March 2016
i) Net NPAs to Net Advances (%)	3.71%	3.81%
ii) Movement of NPAs (Gross)		
(a) Opening balance	98,172.80	56,725.34
(b) Additions (Fresh NPAs) during the year	39,071.38	64,198.49
Sub-total (I)	1,37,244.18	120,923.83
Less:		
(c) Reductions due to up gradations during the year	3,436.91	2,598.59
(d) Reductions due to recoveries (Excluding recoveries made from upgraded accounts)	894.48	4,389.18
(e) Technical/ Prudential Write-offs	Nil	Nil
(f) Reductions due to Write-offs during the year	20,569.80	15,763.26
Sub-total (II)	24,901.19	22,751.03
(f) Closing balance (I-II)	1,12,342.99	98,172.80
iii) Movement of Net NPAs		
(a) Opening balance	55,807.02	27,590.58
(b) Additions during the year	3,238.02	36,192.76
(c) Reductions during the year	767.66	7,976.32
(d) Closing balance	58,277.38	55,807.02
iv) Movement of provisions for NPAs		
(a) Opening balance	42,365.78	29,134.76
(b) Provisions made during the year	35,833.35	28,005.73
(c) Write-off / write-back of excess provisions	24,133.52	14,774.71
(d) Closing balance	54,065.61	42,365.78

Opening and closing balances provision for NPAs include ECGC claims received and held pending adjustment of ₹ Nil (Previous Year ₹ 62.64 crore) and ₹ 1.97 crore (Previous Year ₹ 67.27 crore) respectively.

b) The disclosures relating to the divergence for the financial year 2015-16 in respect of provisions made by the bank against non-performing assets (excluding provisions made against standard assets) mandated in circular No. DBR.BP.BC.No.63/21.04.018/2016-17 dated 18th April 2017 issued by RBI is not applicable to the Bank.

c) 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, 2016 (Opening position)	No. of Borrowers	62	3	74	3	142	186	46	123	11	366
			(121)	(7)	(47)	(2)	(177)	(315)	(90)	(107)	(11)	(523)
		Amount outstanding	14186.03	219.43	14045.42	236.23	28687.11	1746.93	444.99	2148.54	31.56	4372.02
			(25,079.31)	(999.76)	(5,035.94)	(477.48)	(31,592.49)	(3,325.56)	(369.03)	(2,202.13)	(85.28)	(5,982.00)
		Provision thereon	779.15	13.64	411.89	0.94	1205.62	49.49	18.24	104.21	(-)	171.95
			(1,847.05)	(103.90)	(183.40)	(47.65)	(2,182.00)	(121.85)	(9.95)	(71.77)	(-)	(203.58)
2	Fresh Restructuring during the current FY	No. of Borrowers	-	-	3	-	3	-	3	9	-	12
			(2)	(-)	(3)	(-)	(5)	(22)	(5)	(10)	(1)	(38)
		Amount outstanding	64.19	23.18	236.82	-	324.18	5135.02	51.01	138.13	-	5324.16
			(1,679.91)	(2.46)	(393.89)	(92.71)	(2,168.97)	(143.57)	(12.54)	(28.47)	(-)	(184.58)
		Provision thereon	0.36	0.19	-	-	0.55	0.20	0.33	2.98	-	3.51
			(-183.63)	(-5.69)	(46.15)	(2.58)	(-140.59)	(4.18)	(1.17)	(1.65)	(-)	(7.00)
3	Up gradation to restructured standard category during current FY	No. of Borrowers	2	-1	-1	-	-	1	-	-1	-	-
			(2)	(-)	(-1)	(-1)	(-)	(5)	(-)	(-5)	(-)	(-)
		Amount outstanding	478.88	-79.13	-399.76	-	-	20.89	-17.31	-3.58	-	-
			(217.44)	(-)	(107.47)	(-324.91)	(-)	(58.68)	(-14.62)	(-44.06)	(-)	(-)
		Provision thereon	37.06	-0.42	-36.64	-	-	-	-	-	-	-
			(6.05)	(-)	(23.27)	(-29.32)	(-)	(2.25)	(-0.03)	(-2.22)	(-)	(-)
4	Restructured Standard Advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-17				-17	-50				-50
			(-16)				(-16)	(-79)				(-79)
		Amount outstanding	-1063.82				-1063.82	-271.96				-271.96
			(-968.10)				(-968.10)	(-612.91)				(-612.91)
		Provision thereon	-18.74				-18.74	-2.20				-2.20
			(-41.87)				(-41.87)	(-1.77)				(-1.77)

Sl. No.	Type of Restructuring / Asset Classification / Particulars		Under CDR Mechanism (1)					Under SME Debt Restructuring Mechanism (2)				
			Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
5	Downgradations of restructured accounts during current FY	No. of Borrowers	-16	-2	15	3	-	-25	-3	18	10	-
			(-35)	(-3)	(34)	(4)	(-)	(-31)	(-7)	(29)	(9)	(-)
		Amount outstanding	-4942.66	-163.48	4860.65	245.50	-	-164.71	-54.54	206.59	12.66	-
			(-9,512.83)	(-760.38)	(10,252.24)	(20.97)	(-)	(-588.47)	(223.45)	(303.16)	(61.86)	(-)
		Provision thereon	-288.33	-13.41	289.39	12.35	-	-8.79	1.45	7.34	-	-
			(-537.57)	(-80.29)	(637.83)	(-19.97)	(-)	(-33.32)	(13.96)	(19.36)	(-)	(-)
6	Write-offs of restructured accounts during current FY	No. of Borrowers	-3	-	-23	-2	-28	-31	-21	-21	-2	-75
			(-12)	(-1)	(-9)	(-2)	(-24)	(-46)	(-42)	(-18)	(-10)	(-116)
		Amount outstanding	-1010.82	-	-1712.45	-399.14	-3122.42	-825.52	-220.09	-24.96	-37.34	-1107.94
			(-2,309.70)	(-22.41)	(-1,744.12)	(-30.02)	(-4,106.25)	(-579.50)	(-145.41)	(-341.16)	(-115.58)	(-1,181.65)
		Provision thereon	-182.17	-	-303.90	-12.35	-498.42	-16.77	-9.37	-0.55	-	-26.69
			(-310.88)	(-4.28)	(-478.76)	(-)	(-793.92)	(-43.70)	(-6.81)	(13.65)	(-)	(-36.86)
7	TOTAL Restructured Accounts as on 31st March, 2017 (Closing Position)	No. of Borrowers	28	-	68	4	100	81	25	128	19	253
			(62)	(3)	(74)	(3)	(142)	(186)	(46)	(123)	(11)	(366)
		Amount outstanding	7711.79	-	17030.68	82.59	24825.06	5640.65	204.06	2464.71	6.88	8316.28
			(14,186.03)	(219.43)	(14,045.42)	(236.23)	(28,687.11)	(1,746.93)	(444.99)	(2,148.54)	(31.56)	(4,372.02)
		Provision thereon	327.32	-	360.74	0.94	689.01	21.94	10.65	113.98	-	146.58
			(779.15)	(13.64)	(411.89)	(0.94)	(1,205.62)	(49.49)	(18.24)	(104.21)	(-)	(171.95)

Sl. No.	Type of Restructuring / Asset Classification / Particulars		Others (3) Standard	Others (3) Sub Standard	Others (3) Doubtful	Others (3) Loss	Others (3) Total	TOTAL (1 + 2 + 3) Standard	TOTAL (1 + 2 + 3) Sub Standard	TOTAL (1 + 2 + 3) Doubtful	TOTAL (1 + 2 + 3) Loss	TOTAL (1 + 2 + 3) Total
1	Restructured Accounts as on April 1, 2016 (Opening position)	No. of Borrowers	301	520	2336	90	3247	549	569	2427	104	3649
			(676)	(1,273)	(1,351)	(463)	(3,763)	(1,112)	(1,370)	(1,505)	(476)	(4,463)
		Amount outstanding	23122.42	578.73	9210.75	146.17	33058.07	39178.48	1254.11	25470.39	424.81	66327.79
			(27,437.97)	(770.82)	(5,140.13)	(305.27)	(33,654.17)	(55,842.83)	(2,139.61)	(12,378.20)	(868.03)	(71,228.67)
		Provision thereon	403.03	7.13	30.54	0.03	440.73	1232.45	38.97	603.00	0.98	1875.40
			(1,095.69)	(12.58)	(138.97)	(5.73)	(1,252.98)	(3,064.59)	(126.43)	(394.15)	(53.39)	(3,638.56)
2	Fresh Restructuring during the current FY	No. of Borrowers	7	130	63	5	205	7	133	75	5	220
			(105)	(252)	(73)	(19)	(449)	(129)	(257)	(86)	(20)	(492)
		Amount outstanding	11674.54	646.34	2029.00	6.35	14356.24	16873.75	720.53	2403.95	6.35	20004.58
			(6,497.48)	(65.63)	(284.39)	(102.82)	(6,950.32)	(8,320.96)	(80.63)	(706.75)	(195.54)	(9,303.88)
		Provision thereon	22.76	1.05	25.60	-	49.41	23.32	1.57	28.58	-	53.47
			(15.54)	(4.62)	(3.25)	(0.18)	(23.59)	(-163.92)	(0.10)	(51.04)	(2.77)	(-110.01)
3	Upgradation to restructured standard category during current FY	No. of Borrowers	2	2	6	-10	-	5	1	4	-10	-
			(13)	(1)	(4)	(-18)	(-)	(20)	(1)	(-2)	(-19)	(-)
		Amount outstanding	129.73	0.03	-129.45	-0.31	-	629.50	-96.41	-532.78	-0.31	-
			(373.49)	(-2.06)	(-322.69)	(-48.74)	(-)	(649.61)	(-16.67)	(-259.29)	(-373.65)	(-)
		Provision thereon	0.96	-	-0.96	-	-	38.02	-0.42	-37.60	-	-
			(13.90)	-	(-10.94)	(-2.96)	(-)	(22.20)	(-0.03)	(10.11)	(-32.28)	(-)
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	-19				-19	-86				-86
			(-51)				(-51)	(-146)				(-146)
		Amount outstanding	-1747.00				-1747.00	-3082.78				-3082.78
			(-3,065.11)				(-3,065.11)	(-4,646.12)				(-4,646.12)
		Provision thereon	-20.25				-20.25	-41.19				-41.19
			(-117.18)				(-117.18)	(-160.82)				(-160.82)

Sl. No.	Type of Restructuring / Asset Classification / Particulars		Others (3) Standard	Sub Standard	Doubtful	Loss	Total	TOTAL (1 + 2 + 3) Standard	Sub Standard	Doubtful	Loss	Total
5	Downgradations of restructured accounts during current FY	No. of Borrowers	-87	-222	290	19	-	-128	-227	323	32	-
			(-203)	(-832)	(1,132)	(-97)	-	(-269)	(-842)	(1,195)	(-84)	-
		Amount outstanding	-3,698.54	1,631.73	1,752.57	314.24	-	-8,805.91	1,413.70	6,819.81	572.40	-
			(-5,583.94)	(291.06)	(5,332.77)	(-39.89)	(-)	(-15,685.24)	(-245.88)	(15,888.18)	(42.94)	(-)
		Provision thereon	-102.40	23.63	78.77	-	-	-399.52	11.67	375.50	12.35	-
			(-256.08)	(5.21)	(253.79)	(-2.92)	(-)	(-826.97)	(-61.12)	(910.99)	(-22.90)	(-)
6	Write-offs of restructured accounts during current FY	No. of Borrowers	-104	-224	-705	-55	-1088	-138	-245	-643	-59	-1085
			(-239)	(-174)	(-224)	(-277)	(914)	(-297)	(-217)	(-251)	(-289)	(-1,054)
		Amount outstanding	-6200.01	-142.69	-6,088.43	-435.90	-12867.01	-8,159.48	-373.73	-7891.51	-883.23	-17,307.95
			(-2,537.47)	(-546.72)	(-1,223.85)	(-173.28)	(-4,481.31)	(-5,426.67)	(-714.53)	(-3,309.13)	(-318.91)	(-9,769.24)
		Provision thereon	-61.83	-3.67	-40.87	-0.03	-24.66	-261.54	-12.99	-319.94	-12.39	-606.86
			(-348.84)	(-15.28)	(-354.53)	(-)	(-718.65)	(-703.40)	(-26.36)	(-819.66)	(-)	(-1,549.42)
7	Total Restructured Accounts as on 31st March, 2017 (Closing Position)	No. of Borrowers	100	206	1990	49	2345	209	231	2186	72	2698
			(301)	(520)	(2,336)	(90)	(3,247)	(549)	(569)	(2,533)	(104)	(3,755)
		Amount outstanding	23,281.14	2,714.14	6,774.45	30.56	32,800.30	36,633.56	2,918.20	26,269.85	120.03	65,941.64
			(23,122.42)	(578.73)	(9,210.75)	(146.17)	(33,058.07)	(39,055.37)	(1,243.16)	(25,404.71)	(413.95)	(66,117.19)
		Provision thereon	242.27	28.14	174.82	-	445.23	591.54	38.79	649.55	0.94	1,280.82
			(403.03)	(7.13)	(30.54)	(0.03)	(440.73)	(1,231.68)	(39.02)	(546.63)	(0.98)	(1,818.31)

Note:
1. Increase in outstanding of ₹ 1,922.73 crore (Previous Year ₹ 4,731.40 crore) included in Fresh Additions
2. Closure of ₹ 10,070.48 crore (Previous Year ₹ 4,398.11 crore) and decrease in Outstanding of ₹ 2,090.33 crore (Previous Year ₹ 4,413.95 crore) is included in Write off.
3. Total Column does not include standard assets moved out of higher provisioning.

d) Details of Technical Write-offs and the recoveries made thereon:

(₹ in crore)

Particulars	Current Year	Previous Year
i) Opening balance of Technical/Prudential written-off accounts as at April 1	Nil	Nil
ii) Add: Technical/Prudential write-offs	Nil	Nil
iii) Sub-total (A)	Nil	Nil
iv) Less: Recoveries made from previously technical/prudential written-off accounts during the year (B)	Nil	Nil
v) Closing balance as at March 31 (A-B)	Nil	Nil

e) 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	38	46,399
ii) Aggregate value (net of provisions) of accounts sold to SC/RC	503.91	1,500.88
iii) Aggregate consideration*	516.52	1,007.63
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain /(loss) over net book value #	12.61	(493.25)

* SRs received as part of considerations have been recognised at lower of Net book Value/ Face Value as per RBI Guidelines.
# Includes amount of ₹ 0.54 crore (Previous Year ₹ 0.52 crore) credited to charges/ (interest) account.

f) Excess Provision reversed to Profit & Loss Account on account of Sale of NPAs to Securitisation Company (SC) / Reconstruction Company (RC)

(₹ in crore)

Particulars	As at 31st March 2017	As at 31st March 2016
Excess Provision reversed to P&L Account in case of Sale of NPAs	5.23	11.70

g) 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

h) Details of non-performing financial assets sold

(₹ in crore)

Particulars	Current Year	Previous Year
1) No. of Accounts sold	31	45,331
2) Aggregate outstanding	938.63	2,168.54
3) Aggregate consideration received	487.76	955.62

i) Provision on Standard Assets

The Provision on Standard Assets held by the Bank as on 31st March 2017 is as under:

(₹ in crore)

Particulars	As at 31st March 2017	As at 31st March 2016
Provision towards Standard Assets	13,678.24	11,188.59

j) Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ in crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
Classified as	Standard	NPA	Standard	NPA	Standard	NPA
7	4,281.47	Nil	2,634.44	Nil	1,647.03	Nil

k) Disclosures on Flexible Structuring of Existing Loans

(₹ in crore)

Period	No of Borrowers taken up for flexibly Structuring	Amount of Loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring (Yrs)	After applying flexible structuring (Yrs)
Previous Year	18	12,743.61	7,133.78	7.56 yrs	15.28 yrs
Current Financial Year (From 01 April 2016 to 31 March 2017)	6	3,230.38	-	4.43 yrs	8.66 yrs

l) Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

(₹ in crore)

No. of accounts where banks have decided to effect change in ownership	outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
Classified as	Standard	NPA	Standard	NPA	Standard	NPA	Standard	NPA
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

m) Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

(₹ in crore)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		
	Classified as standard	Classified as standard restructured	Classified as NPA
Nil	Nil	Nil	Nil

n) Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31.03.2017.

(₹ in crore)

No of Accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision held
		In Part A	In Part B	
Standard Accounts (3)	888.03	460.49	427.54	188.40
NPAs (Nil)	Nil	Nil	Nil	Nil

18.5. Business Ratios

Particulars		Current Year	Previous Year
i	Interest Income as a percentage to Working Funds	6.86%	7.27%
ii.	Non-interest income as a percentage to Working Funds	1.39%	1.25%
iii	Operating Profit as a percentage to Working Funds	1.99%	1.92%
iv.	Return on Assets*	0.41%	0.46%
v.	Business (Deposits plus advances) per employee (₹ in crore)	16.24	14.11
vi.	Profit per employee (₹ in thousands)	511.10	470.27

* (on net-assets basis)

18.6. Asset Liability Management: Maturity pattern of certain items of assets and liabilities as at 31st March 2017

(₹ in crore)

	Day1	2-7 Days	8-14 Days	15 to 30 days	Over 31 days and upto 2 months	Over 2 months and upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 Year	Over 1 Year & upto 3 years	Over 3 Years & upto 5 years	Over 5 Years	Total
Deposits	24,697.20	38,065.95	25,980.69	42,544.33	59,304.31	62,862.54	1,77,889.82	3,50,586.32	4,57,630.51	2,04,524.39	6,00,665.33	20,44,751.39
	(32,254.69)	(31,224.38)	(18,964.10)	(26,786.00)	(91,505.07)		(1,42,701.27)	(3,29,433.98)	(4,06,204.54)	(1,59,306.39)	(4,92,342.02)	(17,30,722.44)
Advances	88,220.08	11,902.42	10,735.41	24,246.23	26,857.91	33,575.28	25,110.19	34,647.16	5,73,668.96	1,30,137.82	6,11,976.92	15,71,078.38
	(81,248.64)	(10,318.80)	(8,806.38)	(17,512.55)	(89,543.50)		(51,218.22)	(66,019.16)	(6,65,803.22)	(1,75,530.67)	(2,97,699.28)	(14,63,700.42)
Investments	0.11	2,467.87	3,533.97	9,420.60	20,303.63	23,030.42	65,709.50	47,135.41	1,00,108.55	1,09,188.92	3,85,090.65	7,65,989.63
	(0.70)	(2,178.40)	(13,283.39)	(7,983.89)	(23,234.47)		(16,584.72)	(24,030.26)	(1,00,763.66)	(63,387.22)	(3,24,205.07)	(5,75,651.78)
Borrowings	5,668.32	87,457.90	8,903.41	18,284.39	23,097.43	24,040.18	37,371.23	13,169.80	20,431.03	23,590.79	55,679.18	3,17,693.66
	(2,111.64)	(1,08,418.22)	(3,753.41)	(16,751.13)	(55,712.26)		(25,352.81)	(17,601.19)	(31,350.48)	(16,574.17)	(45,719.28)	(3,23,344.59)
Foreign Currency Assets #	80,272.16	1,328.79	3,953.60	8,351.58	9,722.94	9,768.94	12,432.10	32,353.90	63,954.10	67,312.64	40,758.58	3,30,209.33
	(78,671.10)	(1,495.59)	(990.85)	(7,330.95)	(30,412.64)		(19,118.60)	(20,894.87)	(59,109.37)	(65,118.64)	(47,100.93)	(3,30,243.54)
Foreign Currency Liabilities $	30,639.24	12,268.81	10,316.45	21,500.13	28,558.95	30,283.69	51,784.89	35,556.34	46,971.60	34,795.54	18,202.56	3,20,878.20
	(28,569.54)	(9,803.31)	(4,293.14)	(20,231.25)	(62,665.39)		(36,463.27)	(52,236.94)	(59,586.10)	(32,578.57)	(10,116.16)	(3,16,543.67)

Foreign Currency Assets and Liabilities represent advances and investments (net of provision thereof)
$ Foreign Currency Liabilities represent borrowings and deposits.
(Figures in brackets are as at 31st March 2016)

18.7. Exposures

The Bank is lending to sectors, which are sensitive to asset price fluctuations.

a) Real Estate Sector

(₹ in crore)

Particulars	As at 31st March 2017	As at 31st March 2016
(I) Direct exposure		
i) Residential Mortgages	2,51,386.94	2,06,765.40
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	2,51,386.94	2,06,765.40
Of which (i) Individual housing loans up to ₹ 28 lakh (₹ 25 lakh in last year) in Metropolitan centres (Population > ₹ 10 lacs) and ₹ 20 lakh (₹ 15 lakh in last year) in other centres for purchase/construction of dwelling unit per family.	1,06,094.23	1,04,934.43
ii) Commercial Real Estate		
Lending secured by mortgages on Commercial Real Estates (office building, retail space, multi purpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc. Exposures would also include non fund based (NFB) limits.	36,915.86	27,364.60
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	214.69	877.99
a) Residential	214.69	877.99
b) Commercial Real Estate	-	-
(II) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	70,703.93	28,656.55
Total	**3,59,221.42**	**2,63,664.54**

b) Capital Market

(₹ in crore)

Particulars	As at 31st March 2017	As at 31st March 2016
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.	4,357.59	4,026.53
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.	5.78	5.36
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.	15,236.39	9,339.52
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.	668.52	19.82
5) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	0.17	333.40
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.	410.19	516.87
7) Bridge loans to companies against expected equity flows/issues.	Nil	Nil
8) Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	Nil	Nil
9) Financing to stockbrokers for margin trading.	245.00	0.04
10) Exposures to Venture Capital Funds (both registered and unregistered)	1,879.93	1,618.44
Total Exposure to Capital Market	**22,803.57**	**15,859.98**

c) Risk Category wise Country Exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The country exposure (net funded) of the Bank for any country does not exceed 1% of its total assets except on USA, hence provision for the country exposure on USA has been made.

(₹ in crore)

Risk Category	Net Funded Exposure		Provision held	
	As at 31st March 2017	As at 31st March2016	As at 31st March2017	As at 31st March2016
Insignificant	75,637.24	1.00	116.04	Nil
Very Low	53,117.01	69,481.69	Nil	78.60
Low	3,834.73	2,599.83	Nil	Nil
Low Medium	Nil	55,125.36	Nil	Nil
Medium	10,844.54	5,942.22	Nil	Nil
High	8,823.27	6,914.11	Nil	Nil
Very High	4,954.18	2,790.41	Nil	Nil
Restricted	4,124.84	4,182.70	Nil	Nil
Off-Credit	Nil	Nil	Nil	Nil
Total	**1,61,335.81**	**1,47,037.32**	**116.04**	**78.60**

d) Single Borrower and Group Borrower exposure limits exceeded by the Bank

The Bank had taken single borrower exposure & Group Borrower exposure within the prudential limit prescribed by RBI.

e) Unsecured Advances

(₹ in crore)

Particulars		As at 31st March 2017	As at 31st March 2016
a)	Total Unsecured Advances of the bank	2,82,886.13	3,15,779.06
i)	Of which amount of advances outstanding against charge over intangible securities such as rights, licences, authority etc.	277.42	2,183.46
ii)	The estimated value of such intangible securities (as in (i) above).	277.42	2,748.40

18.8. Miscellaneous

a. Disclosure of Penalties

Central Bank of Oman levied penalty of ₹ 0.13 crore (Omani Riyal 8000) on Muscat branch for non compliance to some of the provisions of Banking Law 2000 & circulars of Central Bank of Oman.

b. Penalty for Bouncing of SGL forms

No penalty has been levied on the Bank for bouncing of SGL Forms.

18.9. Disclosure Requirements as per the Accounting Standards

a) Employee Benefits

i. Defined Benefit Plans

1. Employee's Pension Plan and Gratuity Plan

The following table sets out the status of the Defined Benefit Pension Plan and Gratuity Plan as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

Particulars	Pension Plans		Gratuity Plan	
	Current Year	Previous Year	Current Year	Previous Year
Change in the present value of the defined benefit obligation				
Opening defined benefit obligation at 1st April 2016	59,151.41	51,616.04	7,332.14	7,182.35
Current Service Cost	715.64	843.64	151.08	128.33
Interest Cost	4,767.60	4,237.68	576.31	589.67
Past Service Cost (Vested Benefit)	1,200.00	-	-	-
Actuarial losses (gains)	6,525.61	6,212.17	227.95	451.06
Benefits paid	(2,175.52)	(1,511.96)	(996.46)	(1,019.27)
Direct Payment by Bank	(2,359.84)	(2,246.16)	-	-
Closing defined benefit obligation at 31st March 2017	67,824.90	59,151.41	7,291.02	7,332.14
Change in Plan Assets				
Opening fair value of Plan Assets as at 1st April 2016	53,410.37	49,387.97	6,879.77	7,110.25
Expected Return on Plan Assets	4,304.88	4,296.75	540.75	618.59
Contributions by employer	6,771.00	1,400.54	674.78	213.24
Expected Contributions by the employees	3.09	-	-	-
Benefits Paid	(2,175.52)	(1,511.96)	(996.46)	(1,019.27)
Actuarial Gains / (Loss) on plan Assets	2,246.60	(162.93)	182.34	(43.04)
Closing fair value of plan assets as at 31st March 2017	64,560.42	53,410.37	7,281.18	6,879.77
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of Funded obligation at 31st March 2017	67,824.90	59,151.41	7,291.02	7,332.14
Fair Value of Plan assets at 31st March 2017	64,560.42	53,410.37	7,281.18	6,879.77
Deficit/(Surplus)	3,264.48	5,741.04	9.84	452.37
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	3,264.48	5,741.04	9.84	452.37
Amount Recognised in the Balance Sheet				
Liabilities	67,824.90	59,151.41	7,291.02	7,332.14
Assets	64,560.42	53,410.37	7,281.18	6,879.77
Net Liability / (Asset) recognised in Balance Sheet	3,264.48	5,741.04	9.84	452.37
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	3,264.48	5,741.04	9.84	452.37

(₹ in crore)

Particulars	Pension Plans		Gratuity Plan	
	Current Year	Previous Year	Current Year	Previous Year
Net Cost recognised in the profit and loss account				
Current Service Cost	715.64	843.64	151.08	128.33
Interest Cost	4,767.60	4,237.68	576.31	589.67
Expected return on plan assets	(4,304.88)	(4,296.75)	(540.75)	(618.59)
Expected Contributions by the employees	(3.09)	-	-	-
Past Service Cost (Amortised) Recognised	-	-	-	-
Past Service Cost (Vested Benefit) Recognised	1,200.00	-	-	-
Net actuarial losses (Gain) recognised during the year	4,279.01	6,375.10	45.61	494.10
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	6,654.28	7,159.67	232.25	593.51
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	4,304.88	4,296.75	540.75	618.59
Actuarial Gain/ (loss) on Plan Assets	2,246.60	(162.93)	182.34	(43.04)
Actual Return on Plan Assets	6,551.48	4,133.82	723.09	575.55
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet				
Opening Net Liability/ (Asset) as at 1st April 2016	5,741.04	2,228.07	452.37	72.10
Expenses as recognised in profit and loss account	6,654.28	7,159.67	232.25	593.51
Paid by Bank Directly	(2,359.84)	(2,246.16)	-	-
Debited to Other Provision	-	-	-	-
Recognised in Reserve	-	-	-	-
Employer's Contribution	(6,771.00)	(1,400.54)	(674.78)	(213.24)
Net liability/(Asset) recognised in Balance Sheet	3,264.48	5,741.04	9.84	452.37

Investments under Plan Assets of Pension Fund & Gratuity Fund as on 31st March 2017 are as follows:

	Pension Fund	Gratuity Fund
Category of Assets	% of Plan Assets	% of Plan Assets
Central Govt. Securities	33.02%	24.96%
State Govt. Securities	26.44%	24.99%
Debt Securities, Money Market Securities and Bank Deposits	34.68%	21.59%
Insurer Managed Funds	--	23.30%
Others	5.86%	5.16%
Total	100.00%	100.00%

Principal actuarial assumptions

Particulars	Pension Plans		Gratuity Plans	
	Current year	Previous year	Current year	Previous year
Discount Rate	7.45%	8.06%	7.27%	7.86%
Expected Rate of return on Plan Asset	7.45%	8.06%	7.27%	7.86%
Salary Escalation	5.00%	5.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

Surplus/ Deficit in the Plan

Gratuity Plan

(₹ in crore)

Amount recognized in the Balance Sheet	Year ended 31-03-2013	Year ended 31-03-2014	Year ended 31-03-2015	Year ended 31-03-2016	Year ended 31-03-2017
Liability at the end of the year	7,050.57	6,838.07	7,182.35	7,332.14	7,291.02
Fair value of Plan Assets at the end of the year	6,549.31	7,090.59	7,110.25	6,879.77	7,281.18
Difference	501.26	(252.52)	72.10	452.37	9.84
Unrecognised Past Service Cost	200.00	-	-	-	-
Unrecognised Transition Liability	-	-	-	-	-
Amount Recognized in the Balance Sheet	301.26	(252.52)	72.10	452.37	9.84

Experience adjustment

(₹ in crore)

Amount recognized in the Balance Sheet	Year ended 31-03-2013	Year ended 31-03-2014	Year ended 31-03-2015	Year ended 31-03-2016	Year ended 31-03-2017
On Plan Liability (Gain) /Loss	459.56	210.19	(24.69)	326.09	10.62
On Plan Asset (Loss) /Gain	62.46	23.87	106.04	(43.09)	182.34

Surplus/Deficit in the plan

Pension

(₹ in crore)

Amount recognized in the Balance Sheet	Year ended 31-03-2013	Year ended 31-03-2014	Year ended 31-03-2015	Year ended 31-03-2016	Year ended 31-03-2017
Liability at the end of the year	39,564.21	45,236.99	51,616.04	59,151.41	67,824.90
Fair value of Plan Assets at the end of the year	35,017.57	42,277.01	49,387.97	53,410.37	64,560.42
Difference	4,546.64	2,959.98	2,228.07	5,741.04	3,264.48
Unrecognised Past Service Cost	-	-	-	-	-
Unrecognised Transition Liability	-	-	-	-	-
Amount Recognized in the Balance Sheet	4,546.64	2,959.98	2,228.07	5,741.04	3,264.48

Experience adjustment

On Plan Liability (Gain) /Loss	345.90	7,709.67	1,732.86	5,502.35	3,007.59
On Plan Asset (Loss) /Gain	419.58	335.40	2,285.87	(162.93)	2,246.60

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. 2016-17.

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)

Particulars	Provident Fund	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2016	25,159.70	22,498.51
Current Service Cost	811.36	1,632.22
Interest Cost	2,177.60	2,026.72
Employee Contribution (including VPF)	1,031.10	1,983.67
Actuarial losses/(gains)	-	0.01
Benefits paid	(3,257.80)	(2,981.43)
Closing defined benefit obligation at 31st March 2017	25,921.96	25,159.70
Change in Plan Assets		
Opening fair value of Plan Assets as at 1st April 2016	25,985.32	23,197.82
Expected Return on Plan Assets	2,177.60	2,026.72
Contributions	1,842.46	3,615.89
Benefits Paid	(3,257.80)	(2,981.43)
Actuarial Gains / (Loss) on plan Assets	167.65	126.32
Closing fair value of plan assets as at 31st March 2017	26,915.23	25,985.32
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at 31st March 2017	25,921.96	25,159.70
Fair Value of Plan assets at 31st March 2017	26,915.23	25,985.32
Deficit/(Surplus)	(993.27)	(825.62)
Net Asset not recognised in Balance Sheet	993.27	825.62
Net Cost recognised in the profit and loss account		
Current Service Cost	811.36	1632.22
Interest Cost	2,177.60	2,026.72
Expected return on plan assets	(2,177.60)	(2,026.72)
Interest shortfall reversed	-	-
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	811.36	1,632.22
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2016	-	-
Expense as above	811.36	1,632.22
Employer's Contribution	(811.36)	(1,632.22)
Net Liability/(Asset) Recognized In the Balance Sheet	-	-

Investments under Plan Assets of Provident Fund as on 31st March 2017 are as follows:

Category of Assets	Provident Fund % of Plan Assets
Central Govt. Securities	40.56%
State Govt. Securities	21.16%
Debt Securities, Money Market Securities and Bank Deposits	33.35%
Insurer Managed Funds	--
Others	4.93%
Total	100.00%

Principal actuarial assumptions

Particulars	Provident Fund	
	Current Year	Previous Year
Discount Rate	7.27%	7.86%
Guaranteed Return	8.80%	8.75%
Attrition Rate	2.00%	2.00%
Salary Escalation	5.00%	5.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

There is a guaranteed return applicable to liability under SBI Employees Provident Fund which shall not be lower of either:

(a) one half percent above the average standard rate (adjusted up or down to the interest one quarter per cent) quoted by the bank for new deposits fixed for twelve months in the preceding year (ending on the preceding the 31st day of March); or

(b) three percent per annum, subject to approval of Executive Committee.

ii. Defined Contribution Plan:

The Bank has a Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the Bank on or after August 1, 2010. The Scheme is managed by NPS Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y.2016-17, the Bank has contributed ₹ 218.15 crore (Previous Year ₹ 191.18 crore).

iii. Long Term Employee Benefits (Unfunded Obligation):

(A) Accumulating Compensated Absences (Privilege Leave)

The following table sets out the status of Accumulating Compensated Absences (Privilege Leave) as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

Particulars	Accumulating Compensated Absences (Privilege Leave)	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2016	4,375.49	3,756.50
Current Service Cost	212.74	230.94
Interest Cost	343.91	308.41
Actuarial losses/(gains)	397.82	590.64
Benefits paid	(575.86)	(511.00)
Closing defined benefit obligation at 31st March 2017	4,754.10	4,375.49
Net Cost recognised in the profit and loss account		
Current Service Cost	212.74	230.94
Interest Cost	343.91	308.41

(₹ in crore)

Particulars	Accumulating Compensated Absences (Privilege Leave)	
	Current Year	Previous Year
Actuarial (Gain)/ Losses	397.82	590.64
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	954.47	1,129.99
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2016	4,375.49	3,756.50
Expense as above	954.47	1,129.99
Employer's Contribution	-	-
Benefit paid directly by the Employer	(575.86)	(511.00)
Net Liability/(Asset) Recognized In the Balance Sheet	4,754.10	4,375.49

Principal actuarial assumptions

Particulars	Current Year	Previous Year
Discount Rate	7.27%	7.86%
Salary Escalation	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

(B) Other Long Term Employee Benefits

Amount of ₹ 46.94 Crore (Previous Year ₹ (-) 7.62 Crore) is provided/ (written back) towards Other Long Term Employee Benefits as per the actuarial valuation by the independent Actuary appointed by the Bank and is included under the head "Payments to and Provisions for Employees" in Profit and Loss Account.

Details of Provisions made for various Other Long Term Employee Benefits during the year:

(₹ in crore)

Sr. No.	Long Term Employee Benefits	Current Year	Previous Year
1	Leave Travel and Home Travel Concession (Encashment/Availment)	15.10	10.00
2	Sick Leave	-	-
3	Silver Jubilee Award	30.64	(7.79)
4	Resettlement Expenses on Superannuation	(0.25)	(0.54)
5	Casual Leave	-	-
6	Retirement Award	1.45	(9.29)
Total		**46.94**	**(7.62)**

Principal actuarial assumptions

Particulars	Current Year	Previous Year
Discount Rate	7.27%	7.86%
Salary Escalation	5.00%	5.00%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

b) Segment Reporting:

1. Segment Identification

I. Primary (Business Segment)

The following are the primary segments of the Bank:-

- Treasury
- Corporate / Wholesale Banking
- Retail Banking
- Other Banking Business

The present accounting and information system of the Bank does not support capturing and extraction of the data in respect of the above segments separately. However, based on the present internal, organisational and management reporting structure and the nature of their risk and returns, the data on the primary segments have been computed as under:

i. Treasury –

The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

ii. Corporate / Wholesale Banking –

The Corporate / Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Mid Corporate Accounts Group and Stressed Assets Management Group. These include providing loans and transaction services to corporate and institutional clients and further include non-treasury operations of foreign offices.

iii. Retail Banking –

The Retail Banking Segment comprises of branches in National Banking Group, which primarily includes Personal Banking activities including lending activities to corporate customers having banking relations with branches in the National Banking Group. This segment also includes agency business and ATMs.

iii) Other Banking business –

Segments not classified under (i) to (iii) above are classified under this primary segment.

II. Secondary (Geographical Segment)

i) Domestic Operations - Branches/Offices having operations in India

ii) Foreign Operations - Branches/Offices having operations outside India and offshore Banking units having operations in India

III. Pricing of Inter-segmental Transfers

The Retail Banking segment is the primary resource mobilising unit. The Corporate/Wholesale Banking and Treasury segments are recipient of funds from Retail Banking. Market related Funds Transfer Pricing (MRFTP) is followed under which a separate unit called Funding Centre has been created. The Funding Centre notionally buys funds that the business units raise in the form of deposits or borrowings and notionally sell funds to business units engaged in creating assets.

IV. Allocation of Expenses, Assets and Liabilities

Expenses incurred at Corporate Centre establishments directly attributable either to Corporate / Wholesale and Retail Banking Operations or to Treasury Operations segment, are allocated accordingly. Expenses not directly attributable are allocated on the basis of the ratio of number of employees in each segment/ratio of directly attributable expenses.

The Bank has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated.

2. Segment Information

Part A: Primary (Business Segments)

(₹ in crore)

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Revenue #	63,551.80	60,676.63	84,411.17	-	2,08,639.60
	(49,572.24)	(63,983.80)	(76,531.65)	(-)	(1,90,087.69)
Unallocated Revenue #					2339.57
					(1,755.98)
Total Revenue					2,10,979.17
					(1,91,843.67)
Result #	14,043.57	-18,192.09	20,864.26	-	16,715.74
	(8,246.77)	(-11,466.70)	(18,967.10)	(-)	(15,747.17)
Unallocated Income(+) / Expenses(-) - net #					-1860.58
					(-1,973.11)
Profit before tax #					14,855.16
					(13,774.06)
Tax #					4,371.06
					(3,823.41)
Extraordinary Profit #					Nil
					Nil
Net Profit #					10,484.10
					(9,950.65)
Other Information:					
Segment Assets *	8,04,449.56	9,31,293.68	9,54,597.65	-	26,90,340.89
	(6,05,816.23)	(8,74,603.31)	(8,57,750.16)	(-)	(23,38,169.70)
Unallocated Assets *					15,625.41
					(19,447.84)
Total Assets*					27,05,966.30
					(23,57,617.54)
Segment Liabilities *	6,08,747.16	8,44,527.74	9,97,848.30	-	24,51,123.20
	(3,91,330.86)	(7,96,500.56)	(965,368.29)	(-)	(21,53,199.71)
Unallocated Liabilities*					66,557.04
					(60,143.40)
Total Liabilities *					25,17,680.24
					(22,13,343.11)

(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 #	2,00,296.31	1,80,078.66	10,682.86	11,765.01	2,10,979.17	1,91,843.67
Net Profit#	7637.52	5,936.62	2846.58	4,014.03	10,484.10	9,950.65
Assets *	23,45,534.83	20,29,344.28	3,60,431.47	3,28,273.26	27,05,966.30	23,57,617.54
Liabilities*	21,57,248.77	18,85,069.85	3,60,431.47	3,28,273.26	25,17,680.24	22,13,343.11

For the year ended 31st March 2017
* As at 31st March 2017

c) Related Party Disclosures:

1. Related Parties

A. SUBSIDIARIES

i. DOMESTIC BANKING SUBSIDIARIES (merged w. e. f. 1st April 2017)

1. State Bank of Bikaner & Jaipur
2. State Bank of Hyderabad
3. State Bank of Mysore
4. State Bank of Patiala
5. State Bank of Travancore

ii. FOREIGN BANKING SUBSIDIARIES

1. SBI (Mauritius) Ltd.
2. SBI Canada Bank
3. State Bank of India (California)
4. Commercial Indo Bank Llc , Moscow
5. PT Bank SBI Indonesia
6. Nepal SBI Bank Ltd.
7. Bank SBI Botswana Limited

iii. DOMESTIC NON-BANKING SUBSIDIARIES

1. SBI Capital Markets Ltd.
2. SBI DFHI Ltd.
3. SBI Mutual Fund Trustee Company Pvt. Ltd.
4. SBICAP Securities Ltd.
5. SBICAP Ventures Ltd.
6. SBICAP Trustee Company Ltd.
7. SBI Cards and Payment Services Pvt. Ltd.
8. SBI 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.
15. SBI Foundation
16. SBI Infra Management Solutions Pvt. Ltd

iv. FOREIGN NON-BANKING SUBSIDIARIES

1. SBICAP (UK) Ltd.
2. SBI Funds Management (International) Pvt. Ltd.
3. SBICAP (Singapore) Ltd.
4. State Bank of India Servicos Limitada
5. Nepal SBI Merchant Banking Limited

B. JOINTLY CONTROLLED ENTITIES

1. GE Capital Business Process Management Services Pvt. Ltd
2. C-Edge Technologies Ltd.
3. Macquarie SBI Infrastructure Management Pte. Ltd.
4. Macquarie SBI Infrastructure Trustee Ltd.
5. SBI Macquarie Infrastructure Management Pvt. Ltd.
6. SBI Macquarie Infrastructure Trustee Pvt. Ltd.
7. Oman India Joint Investment Fund – Management Company Pvt. Ltd.
8. Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.
9. Jio Payments Bank Ltd.

C. ASSOCIATES

i. Regional Rural Banks

1. Andhra Pradesh Grameena Vikas Bank
2. Arunachal Pradesh Rural Bank
3. Chhattisgarh Rajya Gramin Bank
4. Ellaquai Dehati Bank
5. Meghalaya Rural Bank
6. Langpi Dehangi Rural Bank
7. Madhyanchal Gramin Bank
8. Mizoram Rural Bank
9. Nagaland Rural Bank
10. Purvanchal Bank

11. Saurashtra Gramin Bank
12. Utkal Grameen Bank
13. Uttarakhand Gramin Bank
14. Vananchal Gramin Bank
15. Rajasthan Marudhara Gramin Bank
16. Telangana Grameena Bank
17. Kaveri Grameena Bank
18. Malwa Gramin Bank

ii. Others

1. SBI Home Finance Ltd.(under liquidation)
2. The Clearing Corporation of India Ltd.
3. Bank of Bhutan Ltd.

D. Key Management Personnel of the Bank

1. Smt. Arundhati Bhattacharya, Chairman
2. Shri V.G. Kannan, Managing Director (Associates & Subsidiaries) up to 31.07.2016
3. Shri B. Sriram, Managing Director (Corporate Banking Group)
4. Shri Rajnish Kumar, Managing Director (National Banking Group)
5. Shri P. K. Gupta, Managing Director (Compliance & Risk)
6. Shri Dinesh Kumar Khara, Managing Director (Associates & Subsidiaries) from 09.08.2016

2. Parties with whom transactions were entered into during the year

No disclosure is required in respect of related parties, which are "State-controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

3. Transactions and Balances

(₹ in crore)

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
Outstanding as at 31st March			
Borrowings	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Deposit	14.91	Nil	14.91
	(39.07)	(Nil)	(39.07)
Other Liabilities	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Balance with Banks	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Advance	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Investment	81.15	Nil	81.15
	(41.55)	(Nil)	(41.55)
Non-fund commitments (LCs/BGs)	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Maximum outstanding during the year			
Borrowings	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Deposit	29.17	Nil	29.17
	(51.95)	(Nil)	(51.95)
Other Liabilities	Nil	Nil	Nil
	(0.02)	(Nil)	(0.02)

(₹ in crore)

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
Balance with Banks	Nil	Nil	Nil
	(2.12)	(Nil)	(2.12)
Advance	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Investment	81.15	Nil	81.15
	(41.55)	(Nil)	(41.55)
Non-fund commitments (LCs/BGs)	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
During the year ended 31st March			
Interest Income	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Interest expenditure	0.18	Nil	0.18
	(1.86)	(Nil)	(1.86)
Income earned by way of dividend	33.83	Nil	33.83
	(27.32)	(Nil)	(27.32)
Other Income	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Other expenditure	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Profit/(loss) on sale of land/building and other assets	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Management contracts	Nil	1.39	1.39
	(Nil)	(1.58)	(1.58)

Figures in brackets are for Previous Year

There are no materially significant related party transactions during the year.

d) Liability for Operating Leases

Premises taken on operating lease are given below:

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the Bank.

(i) Liability for Premises taken on Non-Cancellable operating lease are given below

(₹ in crore)

Particulars	As at 31st March 2017	As at 31st March 2016
Not later than 1 year	282.78	277.70
Later than 1 year and not later than 5 years	1,145.19	1,165.78
Later than 5 years	303.09	311.17
Total	**1,731.06**	**1,754.65**

(ii) Amount of lease payments recognised in the P&L Account for operating leases is ₹ 2,582.72 crore (₹ 2,110.27 crore)

e) Earnings per Share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - “Earnings per Share”. “Basic earnings” per share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year.

(₹ in crore)

Particulars Basic and diluted	Current Year	Previous Year
Number of Equity Shares outstanding at the beginning of the year	7,76,27,77,042	746,57,30,920
Number of Equity Shares issued during the year	21,07,27,400	29,70,46,122
Number of Equity Shares outstanding at the end of the year	7,97,35,04,442	7,76,27,77,042
Weighted average number of equity shares used in computing basic earnings per share	7,80,37,67,851	7,66,55,68,627
Weighted average number of shares used in computing diluted earnings per share	780,37,67,851	7,66,55,68,627
Net profit (₹ in crore)	10,484.10	9,950.65
Basic earnings per share (₹)	13.43	12.98
Diluted earnings per share (₹)	13.43	12.98
Nominal value per share (₹)	1	1

f) Accounting for Taxes on Income:

a. Current Tax :-

During the year the Bank has debited to Profit & Loss Account ₹ 4,165.83 crore (Previous Year ₹4,003.27 crore) on account of current tax. The Current Tax in India has been calculated in accordance with the provisions of Income Tax Act 1961 after taking appropriate relief for taxes paid in foreign jurisdictions.

b. Deferred Tax :-

During the year, ₹ 337.78 crore has been debited to Profit and Loss Account (Previous Year ₹ 245.47 crore debited) on account of deferred tax.

The Bank has a net Deferred Tax Liability (DTL) of ₹ 2,561.87crore (Previous Year net DTL of ₹2,212.44 crore), which comprises of DTL of ₹ 2,989.77crore (Previous Year ₹ 2,684.96 crore) included under ‘Other Liabilities and Provisions’ and Deferred Tax Assets (DTA) of ₹ 427.90 crore (Previous Year ₹ 472.52 crore) included under ‘Other Assets’. The major components of DTA and DTL is given below:

(₹ in crore)

Particulars	As at 31st March 2017	As at 31st March 2016
Deferred Tax Assets (DTA)		
Provision for long term employee Benefits	2,332.20	1,605.78
Provision/ Additional Provision on specified Restructured Standard Assets/Standard Assets over the specified RBI Prudential Norms	2,564.22	1,791.21
Provision for Other Assets/Other Liability	724.65	238.29
On Foreign Currency Translation Reserve	-	262.27
Amortisation of Discount	2.26	11.79
On account of Foreign Offices	427.91	472.52
Total	**6,051.24**	**4,381.86**

(₹ in crore)

Particulars	As at 31st March 2017	As at 31st March 2016
Deferred Tax Liabilities (DTL)		
Depreciation on Fixed Assets	219.73	174.61
Interest accrued but not due on Securities	4,305.62	3,476.39
Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961	3,522.29	2,941.40
On account of Foreign Offices	2.19	1.90
On Foreign Currency Translation Reserve	563.28	-
Total	**8,613.11**	**6,594.30**
Net Deferred Tax Assets/(Liabilities)	**(2,561.87)**	**(2,212.44)**

g) Investments in Jointly Controlled Entities

Investments include ₹ 78.17 crore (Previous Year ₹ 38.43 crore) representing Bank's interest in the following jointly controlled entities

Sr. No	Name of the Company	Amount ₹ in crore	Country of Residence	Holding %
1	GE Capital Business Process Management Services Pvt. Ltd.	9.44 (9.44)	India	40%
2	C - Edge Technologies Ltd.	4.90 (4.90)	India	49%
3	Maquarie SBI Infrastructure Management Pte. Ltd.	2.25 (2.25)	Singapore	45%
4	SBI Macquarie Infrastructure Management Pvt. Ltd.	18.57 (18.57)	India	45%
5	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	0.03 (0.03)	India	45%
6	Macquarie SBI Infrastructure Trustee Ltd. #	1.07 (0.93)	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%
9	Jio Payments Bank	39.6 (Nil)	India	30%

Indirect holding through Maquarie SBI Infra Management Pte. Ltd., against which the Company has made 100% provision on investments made upto 31st March 2016.

(Figures in brackets relate to previous year)

As required by AS 27, the aggregate amount of the assets, liabilities, income, expenses, contingent liabilities and commitments related to the Bank's interests in jointly controlled entities are disclosed as under:

(₹ in crore)

Particulars	As at 31st March 2017	As at 31st March 2016
Liabilities		
Capital & Reserves	230.72	174.57
Deposits	-	-
Borrowings	9.93	5.31
Other Liabilities & Provisions	118.74	101.07
Total	**359.39**	**280.95**
Assets		
Cash and Balances with RBI	0.02	0.01
Balances with Banks and money at call and short notice	139.84	114.50
Investments	54.65	9.00
Advances	-	-
Fixed Assets	44.68	31.02
Other Assets	120.20	126.42
Total	**359.39**	**280.95**
Capital Commitments	-	-
Other Contingent Liabilities	1.52	6.04
Income		
Interest earned	9.14	6.75
Other income	366.32	328.38
Total	**375.46**	**335.13**
Expenditure		
Interest expended	0.71	0.96
Operating expenses	299.69	260.30
Provisions & contingencies	23.91	22.18
Total	**324.31**	**283.44**
Profit	**51.15**	**51.69**

Jio Payments Bank Limited has been incorporated as a Joint Venture on November 10, 2016 in which SBI and Reliance Industries Limited are Joint Partners with stake of 30% and 70% respectively. SBI has infused Rs 39.60 crore as capital into the said Joint Venture till 31.03.2017

h) Impairment of Assets

In the opinion of the Bank's Management, there is no indication of impairment to the assets during the year to which Accounting Standard 28 – "Impairment of Assets" applies.

i) Description of Contingent Liabilities (AS-29)

Sr. No.	Particulars	Brief Description
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows. The Bank is also a party to various taxation matters in respect of which appeals are pending.
2	Liability on partly paid-up investments/ Venture Funds	This item represents amounts remaining unpaid towards liability for partly paid investments. This also includes undrawn commitments for Venture Capital Funds.
3	Liability on account of outstanding forward exchange contracts	The Bank enters into foreign exchange contracts in its normal course of business to exchange currencies at a pre-fixed price at a future date. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. The notional amounts are recorded as Contingent Liabilities. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the interbank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial Banking activities, the Bank issues documentary credits and guarantees on behalf of its customers. Documentary credits enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfil its financial or performance obligations.
5	Other items for which the Bank is contingently liable.	The Bank enters into currency options, forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts. Further, these also include estimated amount of contracts remaining to be executed on capital account and not provided for, letter of comforts issued by the Bank on behalf of Associates & Subsidiaries, Bank's Liability under Depositors Education and Awareness Fund A/c and other sundry contingent liabilities.

The Contingent Liabilities mentioned above are dependent upon the outcome of Court/ arbitration/out of Court settlements, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, as the case may be.

j) Movement of provisions against Contingent Liabilities

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance	401.10	443.58
Additions during the year	98.27	190.90
Amount utilised during the year	2.10	6.00
Unused amount reversed during the year	73.93	227.38
Closing balance	423.34	401.10

18.10. Additional Disclosures

1. Provisions and Contingencies recognised in Profit and Loss Account

(₹ in crore)

Particulars	Current Year	Previous Year
Provision for Taxation		
- Current Tax	4,165.83	4,003.27
- Deferred Tax	337.78	245.47
- Write Back of Income Tax	-132.54	-425.34
- Other Tax	-	-
Provision for Depreciation on Investments	298.39	149.56
Withdrawal from Counter Cyclical Buffer	-	-1,149.00
Provision on Non-Performing Assets	32,905.63	29,880.77
Provision on Restructured Assets	-658.94	-1,747.63
Provision on Standard Assets	2,499.64	2,157.55
Other Provisions	948.00	192.50
Total	**40,363.79**	**33,307.15**

2. Floating Provisions

(₹ in crore)

Particulars	Current Year	Previous Year
Opening Balance	25.14	25.14
Addition during the year	-	-
Draw down during the year	-	-
Closing Balance	25.14	25.14

3. Draw down from Reserves

During the year, no draw down has been made from reserves.

4. Status of complaints

A. Customer complaints (including complaints relating to ATM transactions)

Particulars	As at 31st March 2017	As at 31st March 2016
No. of complaints pending at the beginning of the year	15,335	30,896
No. of complaints received during the year	14,68,471	12,22,250
No. of complaints redressed during the year	14,37,524	12,37,811
No. of complaints pending at the end of the year	46,282	15,335

Does not include complaints redressed within one working day.

B. Awards passed by the Banking Ombudsman

Particulars	Current Year	Previous Year
No. of unimplemented Awards at the beginning of the year	-	15
No. of Awards passed by the Banking Ombudsman during the year	42	16
No. of Awards implemented during the year	39	31
No. of unimplemented Awards at the end of the year	3	-

5. Payment to Micro, Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006

There has been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small & Medium Enterprises.

6. Letter of Comfort issued for Subsidiaries

The Bank has issued no letters of comfort outstanding on behalf of its subsidiaries. as on 31st March 2017. (Previous Year: ₹ NIL).

7. Provisioning Coverage Ratio (PCR):

The Provisioning to Gross Non-Performing Assets ratio of the Bank as on 31st March 2017 is 65.95 % (Previous Year 60.69%).

8. Fees/remuneration received in respect of the bancassurance business

(₹ in crore)

Particulars	Current Year	Previous Year
SBI Life Insurance Co. Ltd.	491.55	379.94
SBI General Insurance Co. Ltd.	107.20	82.25
Manu Life Financial Limited and NTUC	0.86	1.65
Tokio Marine, ACE	0.05	0.16
Unit Trust	0.04	-
AIA Singapore	0.14	-
TOTAL	**599.84**	**464.00**

9. Concentration of Deposits, Advances Exposures & NPAs (computed as per directions of RBI)

a) Concentration of Deposits

(₹ in crore)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	1,24,740.17	1,13,783.78
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	6.10%	6.57%

b) Concentration of Advances

(₹ in crore)

Particulars	Current Year	Previous Year
Total Advances to twenty largest borrowers	1,82,031.00	2,34,099.47
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	11.19%	15.51%

c) Concentration of Exposures

(₹ in crore)

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/customers	3,98,050.00	3,51,117.08
Percentage of Exposures to twenty largest barrowers/customers to Total Exposure of the Bank on borrowers/customers	14.67%	14.93%

d) Concentration of NPAs

(₹ in crore)

Particulars	Current Year	Previous Year
Total Exposure to top four NPA accounts	21,901.53	26,863.55

10. Sector –wise Advances

(₹ in crore)

Sr. No.	Sector	Current Year			Previous year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	Agriculture & allied activities	1,30,231.77	7,354.64	5.65	1,26,455.87	9,839.11	7.78
2	Industry (Micro & Small, Medium and Large)	78,050.67	11,536.03	14.78	91,144.42	11,602.30	12.73
3	Services	53,723.75	2,378.55	4.43	32,341.80	1,747.36	5.40
4	Personal Loans	89,888.59	972.64	1.08	89,625.80	1,033.79	1.15
	Sub-total (A)	3,51,894.78	22,241.86	6.32	3,39,567.89	24,222.56	7.13
B	**Non Priority Sector**						
1	Agriculture & allied activities	2,692.79	99.26	3.69	5,644.32	496.94	8.80
2	Industry (Micro & Small, Medium and Large)	7,89,932.27	82,086.39	10.39	7,22,102.72	67,674.75	9.37
3	Services	1,70,032.85	6,704.73	3.94	1,90,365.38	4,355.62	2.29
4	Personal Loans	3,12,724.85	1,210.75	0.39	2,51,819.51	1,422.93	0.57
	Sub-total (B)	12,75,382.76	90,101.13	7.06	11,69,931.93	73,950.24	6.32
C	**Total (A+B)**	**16,27,277.54**	**1,12,342.99**	**6.90**	**15,09,499.82**	**98,172.80**	**6.50**

11. Overseas Assets, NPAs and Revenue

(₹ in crore)

Sr. No.	Particulars	Current Year	Previous Year
1	Total Assets	3,60,431.47	3,28,273.26
2	Total NPAs (Gross)	6,794.16	7,785.13
3	Total Revenue	10,682.86	11,765.01

12. Off-balance Sheet SPVs sponsored

Name of the SPV Sponsored		
	Domestic	Overseas
Current Year	NIL	NIL
Previous Year	NIL	NIL

13. Disclosure relating to Securitisation

(₹ in crore)

Sr. No.	Particulars	Current Year		Previous Year	
		Number	Amount	Number	Amount
1.	No. of the SPVs sponsored by the Bank for securitization transactions	Nil	Nil	Nil	Nil
2.	Total amount of securitized assets as per the books of the SPVs sponsored by the bank	Nil	Nil	Nil	Nil
3.	Total amount of exposures retained by the bank to comply with MMR as on the date of balance sheet a) Off-balance sheet exposures i. First Loss ii. Others b) On-balance sheet exposures i. First Loss ii. Others	Nil	Nil	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	Nil	Nil

14. Credit Default Swaps

(₹ in crore)

Sr. No.	Particulars	Current Year		Previous Year	
		As Protection Buyer	As Protection Seller	As Protection Buyer	As Protection Seller
1.	No. of transactions during the year a) of which transactions that are/may be physically settled b) cash settled	NIL	NIL	NIL	NIL
2.	Amount of protection bought / sold during the year a) of which transactions which are/ may be physically settled b) cash settled	NIL	NIL	NIL	NIL
3.	No. of transactions where credit event payment was received / made during the year a) pertaining to current year's transactions b) pertaining to previous year(s)' transactions	NIL	NIL	NIL	NIL
4.	Net income/ profit (expenditure/ loss) in respect of CDS transactions during year-to-date: a) premium paid / received b) Credit event payments: • made (net of the value of assets realised) • received (net of value of deliverable obligation)	NIL	NIL	NIL	NIL
5.	Outstanding transactions as on March 31: a) No. of Transactions b) Amount of protection	NIL	NIL	NIL	NIL
6.	Highest level of outstanding transactions during the year: a) No. of Transactions (as on 1st April) b) Amount of protection (as on 1st April)	NIL	NIL	NIL	NIL

15. Intra-Group Exposures:

(₹ in crore)

Sr. No	Particulars	Current Year	Previous Year
i	Total amount of intra-group exposures	23,296.28	9,251.34
ii	Total amount of top-20 intra-group exposures	23,296.28	9,251.34
iii	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	0.86	0.39
iv	Details of breach of limits on intra-group exposures and regulatory action thereon	Nil	Nil

16. Unclaimed Liabilities transferred to Depositor Education and Awareness Fund (DEAF)

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance of amounts transferred to DEAF	880.92	757.14
Add : Amounts transferred to DEAF during the year	201.64	123.78
Less : Amounts reimbursed by DEAF towards claims	1.14	Nil
Closing balance of amounts transferred to DEAF	1,081.42	880.92

17. Unhedged Foreign Currency Exposure

The Bank in accordance with RBI Circular No. DBOD.No.BP.BC.85/21.06.200/2013-14 dated January 15, 2014 on 'Capital and Provisioning Requirements for Exposure to entites has provided for Unhedged Foreign Currency Exposure'. An amount of ₹ 110.74 crore (Previous Year ₹ 161.21 crore) was held as on 31st March 2017 for towards Currency Induced Credit Risk and Capital allocated for Currency Induced Credit Risk amounting to ₹ 246.98 crore (Previous Year ₹237.62 crore).

18. Liquidity Coverage Ratio (LCR):

a) Standalone LCR

Liquidity Coverage Ratio (LCR) standard has been introduced with the objective that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

$$\text{LCR has been defined as: } \frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflow over the next 30 calendar days}}$$

Liquid assets comprise of high quality assets that can be readily encashed or used as collateral to obtain cash in a range of stress scenarios. There are two categories of assets included in the stock of HQLAs, viz. Level 1 and Level 2 assets. While Level 1 assets are with 0% haircut, Level 2A and Level 2 B assets are with 15% and 50% haircuts respectively. The total net cash outflow is the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. Total expected cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or be drawn down. Total expected cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in up to an aggregate cap of 75% of total expected cash outflows.

Quantitative Disclosure : Capital

Liquidity Coverage Ratio

State Bank of India (₹ in crore)

LCR COMPONENTS	Quarter ended March, 2017		Quarter ended December 31, 2016		Quarter ended September 30, 2016		Quarter ended June 30, 2016		Quarter ended March 31, 2016	
	Total Unweighted Value (Average) Note 1	Total Weighted Value (Average) Note 1	Total Unweighted Value (Average) Note 2	Total Weighted Value (Average) Note 2	Total Unweighted Value (Average) Note 2	Total Weighted Value (Average) Note 2	Total Unweighted Value (Average) Note 2	Total Weighted Value (Average) Note2	Total Unweighted Value (Average) Note 2	Total Weighted Value (Average) Note2
HIGH QUALITY LIQUID ASSETS (HQLA)										
1 Total High Quality Liquid Assets(HQLA)		510,555		449,193		366,350		301,395		2,50,927
CASH OUTFLOWS										
2 Retail Deposits and deposits from small business customers, of which:										
(i) Stable deposits	190,776	9,539	191,139	9,557	176,287	8,814	170,104	8,505	1,61,391	8,070
(ii) Less Stable Deposits	1,327,592	132,759	1,289,130	128,913	1,171,315	117,132	1,145,641	114,564	11,26,491	1,12,649
3 Unsecured wholesale funding, of which:										
(i) Operational deposits(all counterparties)	-	-	-	-	-	-	61	15	-	-
(ii) Non-operational deposits(all counterparties)	470,093	282,965	449,400	269,807	417,604	244,737	373,748	229,660	3,72,702	2,27,461
(iii) Unsecured debt	-	-	-	-	-	-	-	-	-	-
4 Secured wholesale funding	3,687	-	29,241	-	8,887	1	16,673	319	59,444	29
5 Additional requirements, of which	-		-		-		-		-	
(i) Outflows related to derivative exposures and other collateral requirements	126,314	126,314	136,539	136,539	125,334	125,334	91,975	91,975	76,881	76,881

State Bank of India (₹ in crore)

LCR COMPONENTS		Quarter ended March, 2017		Quarter ended December 31, 2016		Quarter ended September 30, 2016		Quarter ended June 30, 2016		Quarter ended March 31, 2016	
		Total Unweighted Value (Average) Note 1	Total Weighted Value (Average) Note 1	Total Unweighted Value (Average) Note 2	Total Weighted Value (Average) Note 2	Total Unweighted Value (Average) Note 2	Total Weighted Value (Average) Note 2	Total Unweighted Value (Average) Note 2	Total Weighted Value (Average) Note2	Total Unweighted Value (Average) Note 2	Total Weighted Value (Average) Note2
(ii)	**Outflows related to loss of funding on debt products**	-	-	-	-	-	-	-	-	-	-
(iii)	**Credit and liquidity facilities**	78,531	10,964	69,000	9,763	75,927	10,139	239,603	40,260	2,08,731	29,801
6	**Other contractual funding obligations**	22,157	22,157	20,903	20,903	19,419	19,419	16,243	16,243	14,283	14,283
7	**Other contingent funding obligations**	465,170	16,683	476,156	17,127	477,622	17,456	338,840	10,175	3,65,189	15,889
8	**TOTAL CASH OUTFLOWS**	2,684,321	601,381	2,661,509	592,609	2,472,395	543,031	2,392,888	511,716	23,85,113	4,85,064
CASH INFLOWS											
9	**Secured lending(eg. Reverse repos)**	50,698	-	15,254	-	5,437	-	2,942	-	312	-
10	**Inflows from fully performing exposures**	235,209	213,985	237,226	220,232	176,384	161,597	149,177	132,804	1,41,656	1,23,564
11	**Other cash inflows**	40,317	32,989	50,040	40,192	38,958	31,484	38,076	31,634	41,950	32,874
12	**TOTAL CASH INFLOWS**	326,224	246,974	302,520	260,424	220,779	193,081	190,194	164,438	1,83,918	1,56,437
13	**TOTAL HQLA**		510,555		449,193		366,350		301,395		2,50,927
14	**TOTAL NET CASH OUTFLOWS**		354,407		332,185		349,951		347,278		3,28,627
15	**LIQUIDITY COVERAGE RATIO (%)**		144.06%		135.22%		104.69%		86.79%		76.36%

Note 1 : As per RBI guidelines, the LCR disclosure should be based on the simple average of daily observations for the quarter starting from March 31, 2017. In view of the same, the Bank has commenced computation of the LCR on a daily basis from January 1, 2017 taking 64 data points.
Note 2 : The above data represent simple average of monthly observations for the respective quarters.

The LCR position is above the minimum 80% prescribed by RBI. Bank's LCR comes to 144.06% based on daily average of three months (Q4 FY16-17). The average HQLA for the quarter was Rs 5,10,555 Crs, of which, Level 1 assets constituted 93.49% of total HQLA. Government securities constituted 96.62% of Total Level 1 Assets. Level 2 A Assets constitutes 5.33% of total HQLA and Level 2B assets constitutes 1.18% of total HQLA. The net cash outflow position has gone up on account of growth of Balance Sheet size. Derivative exposures are considered insignificant due to almost matching inflows and outflows position. During the quarter, LCR for USD (significant Foreign Currency constituting more than 5% of the Balance Sheet of the Bank) was 87.45% on average.

Liquidity Management in the Bank is driven by the ALM Policy of the Bank and regulatory prescriptions. The Domestic and International Treasuries are reporting to the Asset Liability Management Committee (ALCO). The ALCO has been empowered by the Bank's Board to formulate the Bank's funding strategies to ensure that the funding sources are well diversified and is consistent with the operational requirements of the Bank. All the major decisions of ALCO are being reported to the Bank's Board periodically. In addition to daily/monthly LCR reporting, Bank prepares daily Structural Liquidity statements to assess the liquidity needs of the Bank on an ongoing basis.

The Bank has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail deposits constitute major portion of total funding sources, which are well diversified. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future short term requirements.

b. Consolidated LCR

The RBI through a supplementary guideline issued on March 31, 2015 had stipulated the implementation of LCR at a consolidated level from January 1, 2016. Accordingly, SBI Group has been computing the Consolidated LCR.

The entities covered in the Group LCR are six Domestic Banking and seven Overseas Banking Subsidiaries. These are State Bank of India, State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Patiala, State Bank of Mysore, State Bank of Travancore, Bank SBI Botswana Ltd, Commercial Indo Bank LLC, Moscow, Nepal SBI Bank Ltd., State Bank of India (California) Ltd, SBI Canada Bank, State Bank of India (Mauritius) Ltd, PT Bank SBI Indonesia.

SBI Group LCR comes out to 146.53% based on average of three months as under:

SBI Group LCR Components		Quarter ended March, 2017**		Quarter ended December 31, 2016		Quarter ended September 30, 2016		Quarter ended June 30, 2016		Quarter ended March 31, 2016	
		Total Unweighted Value (Average)	Total weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets											
1	Total High Quality Liquid Assets(HQLA)		6,40,508		5,61,005		4,54,193		3,82,930		3,25,539
Cash Outflows											
2	Retail Deposits and deposits from small business customers, of which:										
(i)	Stable deposits	2,41,589	12,079	2,41,740	12,087	2,21,518	11,076	2,14,196	10,710	2,42,670	12,134
(ii)	Less Stable Deposits	17,04,999	1,70,500	16,60,872	1,66,087	15,14,128	1,51,413	14,78,756	1,47,876	14,19,909	1,41,991
3	Unsecured wholesale funding, of which:										
(i)	Operational deposits(all counterparties)	59	15	55	14	53	13	111	28	4,540	1,127
(ii)	Non-operational deposits(all counterparties)	5,86,666	3,36,902	5,67,051	3,30,893	5,38,012	3,07,532	5,00,563	2,95,628	4,94,122	2,87,505
(iii)	Unsecured debt	7,456	7,456	0	0	0	0	0	0	0	0
4	Secured wholesale funding	3,709	1,236	29,908	0	10,730	6	18,474	404	66,768	5,872
5	Additional requirements, of which										
(i)	Outflows related to derivative exposures and other collateral requirements	1,54,037	1,54,119	1,58,427	1,58,427	1,48,165	1,48,165	1,11,774	1,11,774	99,420	99,420
(ii)	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0	0	0
(iii)	Credit and liquidity facilities	1,04,556	12,695	82,684	10,815	89,045	11,109	2,45,520	40,858	2,18,045	33,777
6	Other contractual funding obligations	28,620	28,620	28,307	28,307	26,887	26,887	22,774	22,774	22,415	22,415
7	Other contingent funding obligations	5,40,151	19,328	5,69,042	20,663	5,67,690	20,821	4,32,971	13,682	4,53,671	17,154
8	TOTAL CASH OUTFLOWS	33,71,843	7,42,951	33,38,086	7,27,293	31,16,228	6,77,022	30,25,139	6,43,734	30,21,560	6,21,395
Cash Inflows											
9	Secured lending(eg. Reverse repos)	60,900	0	29,016	1	7,517	1	3,533	1	1,440	331
10	Inflows from fully performing exposures	2,78,044	2,49,098	2,85,616	2,60,774	2,19,922	1,97,273	1,91,672	1,67,273	1,85,061	1,57,195
11	Other cash inflows	65,560	56,743	62,192	50,510	49,606	39,998	46,381	38,222	55,503	42,258
12	Total Cash Inflows	4,04,503	3,05,841	3,76,824	3,11,285	2,77,045	2,37,272	2,41,586	2,05,496	2,42,004	1,99,784
21	TOTAL HQLA		6,40,508		5,61,005		4,54,193		3,82,930		3,25,539
22	TOTAL NET CASH OUTFLOWS		4,37,110		4,16,008		4,39,750		4,38,238		4,21,611
23	LIQUIDITY COVERAGE RATIO(%)		**146.53%**		**134.85%**		**103.28%**		**87.38%**		**77.21%**

**Monthly Average of 3 months data considered for Overseas Banking Subsidiaries.

**Daily Average of 3 months data considered for Domestic Banking Subsidiaries.

The Group has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail deposits constitute major portion of total funding sources, and such funding sources are well diversified. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future short term requirements.

19. Fraud Reported and provision made during the year:

Out of the total frauds of ₹ 2,424.74 crore (837 cases) reported during the year an amount of ₹ 2,360.37 crore (278 cases) represents advances declared as frauds.

With an additional provision of ₹ 302.05 crore during the year the frauds have been fully provided for.

20. Inter Office Accounts

Inter Office Accounts between branches, controlling offices, local head offices and corporate centre establishments are being reconciled on an ongoing basis and no material effect is expected on the profit and loss account of the current year.

21. Sale of Assets to Reconstruction Companies

Shortfall on account of sale of assets to reconstruction companies during the year amounting to ₹ 48.59 crore (Previous Year ₹ 461.39 crore) and also unamortised amount as at March 31, 2016 amounting to ₹ 1,131.01 crore has been fully amortised in the current year.

22. Counter Cyclical Provisioning Buffer (CCPB)

RBI vide Circular No. DBR.No.BP.BC.79/21.04.048/2014-15 dated March 30, 2015 on 'Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer' has allowed the banks, to utilise up to 50 per cent of CCPB held by them as on December 31, 2014, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors. During the year, the Bank has not utilized the CCPB for making specific provision for NPAs.

23. Food Credit

In accordance with RBI instruction, the Bank has made a provision of 7.5% amounting to ₹ 856 crore (Previous Year ₹ 543.50 crore) against outstanding in the long term food credit advance to a State Government.

24. Revaluation of Bank's Properties:

a) During the year, the Bank has revalued immovable properties based on the reports obtained from the external independent valuers. The revaluation surplus was credited to revaluation reserve, and the closing balance as at March, 31, 2017 (net of amount transferred to General Reserve) is ₹ 31,585.65 crore.

b) In terms of RBI circular No.DBR No.BP.BC.83/21.06.201/2015-16 dated 01.03.2016 on Basel III capital regulations, the revaluation reserves have been reckoned as CET I Capital at a discount of 55%.

25. Acquisition of Banking subsidiaries & Bharatiya Mahila Bank Limited

The Government of India (GOI) has accorded sanction under sub-section (2) of section 35 of the State Bank of India Act, 1955, for acquisition of the five domestic Banking subsidiaries of State Bank of India (SBI) namely, State Bank of Bikaner & Jaipur (SBBJ), State Bank of Mysore (SBM), State Bank of Travancore (SBT), State Bank of Patiala (SBP), State Bank of Hyderabad (SBH) and for acquisition of Bharatiya Mahila Bank Limited (BMBL) (hereinafter collectively referred to as Transferor Banks) vide their orders dated February 22, 2017 and March 20, 2017. As per the GOI orders, these schemes for acquisition shall come into effect on April 1, 2017 (hereafter referred to as the effective date).

The undertakings of the Transferor Banks which shall be deemed to include all business, assets, liabilities, reserves and surplus, present or contingent and all other rights and interest arising out of such property as were immediately before the effective date in the ownership, possession or power of the Transferor Banks shall be transferred to and will vest in SBI on and from the effective date.

Necessary accounting adjustments in this regard will be made on the effective date.

26. Previous year figures have been regrouped/reclassified, wherever necessary, to confirm to current year classification. In cases where disclosures have been made for the first time in terms of RBI guidelines / Accounting Standards, previous year's figures have not been mentioned.

State Bank of India

Cash Flow Statement for the year ended on 31st March 2017

(₹ in 000)

Particulars		Year ended on 31.03.2017 ₹	Year ended on 31.03.2016 ₹
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit before Taxes		14855,16,27	13774,05,74
Adjustments for:			
Depreciation on Fixed Assets		2293,30,96	1700,30,45
(Profit)/Loss on sale of Fixed Assets (Net)		37,05,49	16,69,37
(Profit)/Loss on revaluation of Investments (Net)		-	151,67,43
(Profit)/Loss on sale of Investments Subsidiaries, Associates, Joint Ventures		(1755,00,00)	(108,00,00)
Provision for diminution in fair value & Non Performing Assets		32246,69,15	26984,14,36
Provision on Standard Assets		2499,64,29	2157,54,91
Provision for Investment depreciation/(appreciation)		298,39,39	149,55,88
Other provisions including provision for contingencies		948,00,40	192,49,87
Income from investment in subsidiaries, joint Ventures, Associates		(688,35,40)	(475,82,57)
Interest paid on Capital Instruments		4195,23,59	3722,80,38
		54930,14,14	48265,45,82
Adjustments for:			
Increase/(Decrease) in Deposits		314028,95,86	153929,19,11
Increase/ (Decrease) in Borrowings other than Capital Instruments		(4640,71,53)	112056,76,40
(Increase)/ Decrease in Investments other than investments in Subsidiaries/Joint Ventures/Associates		(188005,00,05)	(92600,49,79)
(Increase)/ Decrease in Advances		(139624,65,51)	(190658,16,81)
Increase/ (Decrease) in Other Liabilities		(7469,50,80)	22846,83,70
(Increase)/ Decrease in Other Assets		(18051,26,83)	(34583,68,76)
Reduction in FCTR on disposal of investments in non-integral Operations		-	(873,92,35)
		11167,95,28	18381,97,32
Tax refund/ (Taxes paid)		(107,63,17)	(7185,42,60)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	**A**	11060,32,11	11196,54,72
CASH FLOW FROM INVESTING ACTIVITIES			
(Increase)/ Decrease in Investments in Subsidiaries/Joint Ventures/Associates		(2631,24,15)	(1593,77,02)
Profit/(Loss) on sale of Investments Subsidiaries, Associates, Joint Ventures		1755,00,00	108,00,00
Dividend received from Subsidiaries/Joint Ventures/Associates		688,35,40	475,82,57
(Increase)/ Decrease in Fixed Assets		(2960,56,19)	(2738,42,72)
NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES	**B**	(3148,44,94)	(3748,37,17)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares including share premium		5674,82,91	5384,49,57
Issue/(redemption) of Capital Instruments (NET)		(922,40,00)	5902,84,20

(₹ in 000)

Particulars		Year ended on 31.03.2017 ₹	Year ended on 31.03.2016 ₹
Interest on Capital Instruments		(4195,23,59)	(3722,80,38)
Dividends paid including tax thereon		(2337,46,38)	(3058,65,86)
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	**C**	**(1780,27,06)**	**4505,87,53**
EFFECT OF EXCHANGE FLUCTUATION ON TRANSLATION RESERVE	**D**	**(1627,60,78)**	**757,82,36**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS ..... (A+B+C+D)		**4503,99,33**	**12711,87,44**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**167467,65,65**	**154755,78,21**
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR		**171971,64,98**	**167467,65,65**

Note: Components of Cash & Cash Equivalents as at:	31.03.2017	31.03.2016
Cash & Balance with RBI	127997,61,77	129629,32,53
Balances with Banks and money at call & short notice	43974,03,21	37838,33,12
	171971,64,98	167467,65,65

Signed by:

Shri Dinesh Kumar Khara
Managing Director
(Associates & Subsidiaries)

Shri P. K. Gupta
Managing Director
(Compliance & Risk)

Shri Rajnish Kumar
Managing Director
(National Banking Group)

Shri B. Sriram
Managing Director
(Corporate Banking Group)

Directors:
Shri Sanjiv Malhotra
Shri M.D. Mallya
Shri Deepak I. Amin
Dr. Pushpendra Rai
Dr. Girish Kumar Ahuja
Ms. Anjuly Chib Duggal
Shri Chandan Sinha

Smt. Arundhati Bhattacharya
Chairman

In terms of our report of even date

For VARMA & VARMA
Chartered Accountants

CHERIAN K BABY
Partner : M.No.016043
Firm Regn. No. 004532 S

For B. CHHAWCHHARIA & CO.
Chartered Accountants

S. K. CHHAWCHHARIA
Partner: M.No. 008482
Firm Regn. No. 305123 E

For GSA & ASSOCIATES
Chartered Accountants

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Partner : M No.083899
Firm Regn. No. 000257 N

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Firm Regn. No.109208 W

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For MITTAL GUPTA & CO.
Chartered Accountants

AKSHAY KUMAR GUPTA
Partner: M.No. 070744
Firm Regn. No. 001874 C

Place : Kolkata
Date : May 19, 2017

Independent Auditor's Report

To
The President of India,

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of State Bank of India ("the Bank") as at March 31 2017, which comprises the Balance Sheet as at March 31, 2017, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these standalone financial statements are the returns of -

   i) The Central Offices, 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) 9,873 Indian Branches audited by other auditors;

   iii) 53 Foreign Branches audited by the local auditors.

   The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 8,200 Indian Branches (including other accounting units) which have not been subjected to audit. These unaudited branches account for 3.86 % of advances, 15.50% of deposits, and 4.90 % of interest income and 14.51 % of interest expenses.

Management's Responsibility for the Standalone Financial Statements

2. The Bank's management is responsible for the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the requirements of the Reserve Bank of India, the provisions of the Banking Regulation Act, 1949, the State Bank of India Act, 1955 and recognised accounting policies and practices, including the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). This responsibility of the management includes the design, implementation and maintenance of internal controls and risk management systems relevant to the preparation of the standalone financial statements that are free from material misstatement, whether due to fraud or error. In making those risk assessments, the management has implemented such internal controls that are relevant to the preparation of the standalone financial statements and designed procedures that are appropriate in the circumstances so that the internal control with regard to all the activities of the Bank is effective.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the standalone financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the standalone financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, as shown by books of the Bank, and to the best of our information and according to the explanations given to us:

   (i) the Balance Sheet, read with the significant accounting policies and the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at March 31, 2017 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.

Report on Other Legal and Regulatory Requirements

7. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act 1949 and these give information as required to be given by virtue of the provisions of the State Bank of India Act, 1955 and regulations there under.

8. Subject to the limitations of the audit indicated in paragraphs 1 to 5 above and as required by the State Bank of India Act, 1955, and subject also to the limitations of disclosure required there in, we report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.

b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

9. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the applicable accounting standards.

In terms of our report of even date

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Chartered Accountants

AKSHAY KUMAR GUPTA
Partner: M.No. 070744
Firm Regn. No. 001874 C

Place : Kolkata
Date : May 19, 2017

State Bank of India

Consolidated Balance Sheet as on 31st March 2017

(000s omitted)

	Schedule No.	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
CAPITAL AND LIABILITIES			
Capital	1	797,35,04	776,27,77
Reserves & Surplus	2	216394,79,86	179816,08,85
Minority Interest		6480,64,58	6267,40,44
Deposits	3	2599810,66,19	2253857,56,44
Borrowings	4	336365,66,48	361399,39,05
Other Liabilities and Provisions	5	285272,43,87	271366,42,27
TOTAL		**3445121,56,02**	**3073483,14,82**
ASSETS			
Cash and Balances with Reserve Bank of India	6	161018,61,07	160424,56,91
Balances with Banks and Money at Call & Short Notice	7	112178,54,46	44134,89,64
Investments	8	1027280,86,90	807374,58,30
Advances	9	1896886,82,01	1870260,89,28
Fixed Assets	10	50940,73,77	15255,68,28
Other Assets	11	196815,97,81	176032,52,41
TOTAL		**3445121,56,02**	**3073483,14,82**
Contingent Liabilities	12	1184907,81,79	1184201,34,24
Bills for Collection		77727,05,90	106611,67,61
Significant Accounting Policies	17		
Notes to Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

In term of our Report of even date.
For **Varma and Varma**
Chartered Accountants

Smt. Arundhati Bhattacharya
Chairman

Cherian K Baby
Partner
Mem. No. : 16043
Firm Regn. No. : 004532 S

Dinesh Kumar Khara
MD (A & S)

P. K. Gupta
MD (C & R)

Rajnish Kumar
MD (NBG)

B. Sriram
MD (CBG)

Kolkata
Date: 19th May 2017

Schedule

Schedule 1 - Capital

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
Authorised Capital : 5000,00,00,000 equity shares of ₹ 1 /- each (Previous Year 5000,00,00,000 equity shares of ₹ 1/- each)	5000,00,00	5000,00,00
Issued Capital : 797,43,25,472 equity shares of ₹ 1/- each (Previous Year 776,35,98,072 equity shares of ₹ 1/- each)	797,43,25	776,35,98
Subscribed and Paid up Capital : 797,35,04,442 equity shares of ₹ 1/- each (Previous Year 776,27,77,042 equity shares of ₹ 1/- each) [The above includes 12,70,16,300 equity shares of ₹ 1/- each (Previous Year 14,45,93,240 equity shares of ₹ 1/- each) represented by 1,27,01,630 (Previous Year 1,44,59,324) Global Depository Receipts]	797,35,04	776,27,77
TOTAL	**797,35,04**	**776,27,77**

Schedule 2 - Reserves & Surplus

(000s omitted)

		As on 31.03.2017 (Current Year) ₹		As on 31.03.2016 (Previous Year) ₹	
I.	**Statutory Reserves**				
	Opening Balance	61499,16,34		57789,72,97	
	Additions during the year	3254,35,78		3709,43,37	
	Deductions during the year	-	64753,52,12	-	61499,16,34
II.	**Capital Reserves#**				
	Opening Balance	3354,19,48		2816,00,26	
	Additions during the year	1892,26,33		538,20,31	
	Deductions during the year	35,82	5246,09,99	1,09	3354,19,48
III.	**Share Premium**				
	Opening Balance	49769,47,71		41444,68,60	
	Additions during the year	5659,92,72		8333,44,99	
	Deductions during the year	6,17,07	55423,23,36	8,65,88	49769,47,71
IV.	**Foreign Currency Translation Reserves**				
	Opening Balance	6813,62,99		6765,70,93	
	Additions during the year	22,09,80		937,97,19	
	Deductions during the year	1761,80,78	5073,92,01	890,05,13	6813,62,99

(000s omitted)

		As on 31.03.2017 (Current Year) ₹		As on 31.03.2016 (Previous Year) ₹
V. Revaluation Reserve				
Opening Balance	1374,03,37		-	
Additions during the year	34558,77,73		1374,03,37	
Deductions during the year	338,92,97	35593,88,13	-	1374,03,37
VI. Revenue and Other Reserves				
Opening Balance	53725,75,67		49208,96,59	
Additions during the year##	960,88,92		4885,36,61	
Deductions during the year	42,46,38	54644,18,21	368,57,53	53725,75,67
VII. Balance of Profit and Loss Account		(4340,03,96)		3279,83,29
TOTAL		**216394,79,86**		**179816,08,85**

Includes Capital Reserve on consideration ₹ 242,83,39 thousand (Previous Year ₹ 242,83,39 thousands)

net of consolidation adjustments

Schedule 3 - Deposits

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
A. I. Demand Deposits		
(i) From Banks	6991,80,91	6740,88,18
(ii) From Others	181890,89,78	163938,91,29
II. Savings Bank Deposits	947361,71,12	744908,74,55
III. Term Deposits		
(i) From Banks	19848,97,66	9082,28,40
(ii) From Others	1443717,26,72	1329186,74,02
TOTAL	**2599810,66,19**	**2253857,56,44**
B (i) Deposits of Branches in India	2491369,62,12	2143972,00,39
(ii) Deposits of Branches outside India	108441,04,07	109885,56,05
TOTAL	**2599810,66,19**	**2253857,56,44**

Schedule 4 - Borrowings

(000s omitted)

		As on 31.03.2017 (Current Year) ₹		As on 31.03.2016 (Previous Year) ₹
I. Borrowings in India				
(i) Reserve Bank of India		5000,00,00		106576,79,00
(ii) Other Banks		4376,17,42		3686,76,87
(iii) Other Institutions and Agencies		71912,62,74		10547,50,98
(iv) Capital Instruments :				
a. Innovative Perpetual Debt Instruments (IPDI)	11505,00,00		3849,72,60	
b. Subordinated Debt & Bonds	42070,76,40	53575,76,40	53873,63,80	57723,36,40
TOTAL		**134864,56,56**		**178534,43,25**
II. Borrowings outside India				
(i) Borrowings and Refinance outside India		195439,97,42		178661,48,05
(ii) Capital Instruments :				
a. Innovative Perpetual Debt Instruments (IPDI)	5998,62,50		4140,93,75	
b. Subordinated Debt & Bonds	62,50,00	6061,12,50	62,54,00	4203,47,75
TOTAL		**201501,09,92**		**182864,95,80**
GRAND TOTAL (I & II)		**336365,66,48**		**361399,39,05**
Secured Borrowings included in I & II above		**79426,89,27**		**116776,47,33**

Schedule 5 - Other Liabilities & Provisions

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
I. Bills payable	31016,63,09	23335,72,69
II. Inter Bank Adjustments (net)	100,17,15	237,92,52
III. Inter Office adjustments (net)	36342,34,83	37419,45,02
IV. Interest accrued	15664,32,19	29833,04,28
V. Deferred Tax Liabilities (net)	3362,04,95	2930,88,61
VI. Liabilities relating to Policyholders in Insurance Business	96797,49,57	78668,25,79
VII. Others (including provisions)	101989,42,09	98941,13,36
TOTAL	**285272,43,87**	**271366,42,27**

Schedule 6 - Cash and Balances with Reserve Bank of India

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
I. Cash in hand (including foreign currency notes and gold)	14942,25,80	17787,02,59
II. Balances with Reserve Bank of India		
(i) In Current Account	146076,35,27	142637,54,32
(ii) In Other Accounts	-	-
TOTAL	**161018,61,07**	**160424,56,91**

Schedule 7 - Balances With Banks and Money at Call & Short Notice

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
I. In India		
(i) Balances with banks		
(a) In Current Accounts	365,03,31	288,01,40
(b) In Other Deposit Accounts	43707,37,40	2170,64,23
(ii) Money at call and short notice		
(a) With banks	30001,53,04	4122,29,44
(b) With other institutions	19,45,50	37,97,35
TOTAL	**74093,39,25**	**6618,92,42**
II. Outside India		
(i) In Current Accounts	24958,30,27	26911,87,69
(ii) In Other Deposit Accounts	4720,03,93	1571,46,56
(iii) Money at call and short notice	8406,81,01	9032,62,97
TOTAL	**38085,15,21**	**37515,97,22**
GRAND TOTAL (I and II)	**112178,54,46**	**44134,89,64**

Schedule 8 - Investments

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
I. Investments in India in :		
(i) Government Securities	778210,37,55	635075,24,22
(ii) Other approved securities	7423,43,57	3759,80,59
(iii) Shares	30156,08,39	22921,99,08
(iv) Debentures and Bonds	84954,01,86	61372,52,22
(v) Subsidiary and Associates	2731,15,94	2456,08,15
(vi) Others (Units of Mutual Funds, Commercial Papers etc.)	81382,11,01	41525,68,15
TOTAL	**984857,18,32**	**767111,32,41**

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
II. Investments outside India in :		
(i) Government Securities (including local authorities)	10926,92,52	12291,86,27
(ii) Associates	110,56,19	91,26,16
(iii) Other Investments (Shares, Debentures etc.)	31386,19,87	27880,13,46
TOTAL	**42423,68,58**	**40263,25,89**
GRAND TOTAL (I and II)	**1027280,86,90**	**807374,58,30**
III. Investments in India :		
(i) Gross Value of Investments	987835,48,02	768901,72,04
(ii) Less: Aggregate of Provisions / Depreciation	2978,29,70	1790,39,63
(iii) Net Investments (vide I above)	**984857,18,32**	**767111,32,41**
IV. Investments outside India :		
(i) Gross Value of Investments	42524,45,77	40360,83,74
(ii) Less: Aggregate of Provisions / Depreciation	100,77,19	97,57,85
(iii) Net Investments (vide II above)	**42423,68,58**	**40263,25,89**
GRAND TOTAL (III and IV)	**1027280,86,90**	**807374,58,30**

Schedule 9 - Advances

(000s omitted)

	As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
A. I. Bills purchased and discounted	79390,60,01	105904,33,41
II. Cash credits, overdrafts and loans repayable on demand	753228,61,48	768139,02,40
III. Term loans	1064267,60,52	996217,53,47
TOTAL	**1896886,82,01**	**1870260,89,28**
B. I. Secured by tangible assets (includes advances against Book Debts)	1495899,32,42	1449464,11,29
II. Covered by Bank/ Government Guarantees	82409,50,15	65407,28,51
III. Unsecured	318577 ,99,44	355389,49,48
TOTAL	**1896886,82,01**	**1870260,89,28**
C. I. Advances in India		
(i) Priority Sector	471076,83,62	475038,00,97
(ii) Public Sector	131884,87,37	163126,02,25
(iii) Banks	2641,74,42	2541,75,87
(iv) Others	993005,12,78	952633,31,09
TOTAL	**1598608,58,19**	**1593339,10,18**
II. Advances outside India		
(i) Due from banks	87892,69,43	71750,72,87
(ii) Due from others		
(a) Bills purchased and discounted	11719,22,54	15298,95,44
(b) Syndicated loans	105052,29,85	92239,49,49
(c) Others	93614,02,00	97632,61,30
TOTAL	**298278,23,82**	**276921,79,10**
GRAND TOTAL [C (I) and C (II)]	**1896886,82,01**	**1870260,89,28**

Schedule 10 - Fixed Assets

(000s omitted)

			As on 31.03.2017 (Current Year) ₹		As on 31.03.2016 (Previous Year) ₹
I.	**Premises**				
	At cost as on 31st March of the preceding year	6505,13,56		4672,16,65	
	Additions:				
	- during the year	1048,36,09		367,05,63	
	- for Revaluation	34558,77,73		1468,30,64	
	Deductions during the year	4,70,79		2,39,36	
	Depreciation to date				
	- on cost	731,28,94		629,80,93	
	- on Revaluation	384,87,11	40991,40,54	42,50,95	5832,81,68
II.	**Other Fixed Assets (including furniture and fixtures)**				
	At cost as on 31st March of the preceding year	25746,84,21		23192,34,20	
	Additions during the year	3339,55,38		3056,76,25	
	Deductions during the year	573,51,87		502,26,24	
	Depreciation to date	19269,63,13	9243,24,59	17125,95,43	8620,88,78
III.	**Leased Assets**				
	At cost as on 31st March of the preceding year	122,51,66		329,83,42	
	Additions during the year	9,39,35		2,09,22	
	Deductions during the year	14,52,20		209,40,98	
	Depreciation to date (including provision)	101,51,40		101,52,99	
		15,87,41		20,98,67	
	Less : Lease Adjustment Account	4,70,45	11,16,96	4,70,45	16,28,22
IV.	**Assets under Construction (Including Premises)**		694,91,68		785,69,60
TOTAL			**50940,73,77**		**15255,68,28**

Schedule 11 - Other Assets

(000s omitted)

		As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
I.	Inter Office adjustments (net)	4771,18,77	2700,12,71
II.	Interest accrued	25611,05,79	21428,47,87
III.	Tax paid in advance / tax deducted at source	12295,19,88	15697,31,41
IV.	Stationery and Stamps	133,01,28	140,48,46
V.	Non-banking assets acquired in satisfaction of claims	34,19,97	52,20,86
VI.	Deferred tax assets (net)	4923,37,87	1161,66,36
VII.	Deposits placed with NABARD/SIDBI/NHB etc. for meeting shortfall in priority sector lending	67709,71,52	60047,16,38
VIII.	Others #	81338,22,73	74805,08,36
TOTAL		**196815,97,81**	**176032,52,41**

Includes Goodwill on consolidation ₹ 943,41,50 thousand (Prevous Year ₹ 945,21,86 thousand)

Schedule 12 - Contingent Liabilities

(000s omitted)

		As on 31.03.2017 (Current Year) ₹	As on 31.03.2016 (Previous Year) ₹
I.	Claims against the group not acknowledged as debts	33145,36,29	16060,79,90
II.	Liability for partly paid investments / Venture Funds	603,35,11	157,84,11
III.	Liability on account of outstanding forward exchange contracts	656625,33,39	655899,96,45
IV.	Guarantees given on behalf of constituents		
	(a) In India	160434,10,71	164515,57,51
	(b) Outside India	75098,54,00	88084,20,47
V.	Acceptances, endorsements and other obligations	117916,38,53	131160,23,60
VI.	Other items for which the group is contingently liable	141084,73,76	128322,72,20
TOTAL		**1184907,81,79**	**1184201,34,24**
Bills for collection		**77727,05,90**	**106611,67,61**

State Bank of India

Consolidated Profit and Loss Account for the year ended 31st March 2017

(000s omitted)

		Schedule No.	Year ended 31.03.2017 (Previous Year) ₹	Year ended 31.03.2016 (Previous Year) ₹
I.	**INCOME**			
	Interest earned	13	230447,49,17	220632,74,66
	Other Income	14	68192,96,20	52828,38,55
	TOTAL		**298640,45,37**	**273461,13,21**
II.	**EXPENDITURE**			
	Interest expended	15	149114,67,40	143047,35,65
	Operating expenses	16	87290,07,01	74307,17,20
	Provisions and contingencies		62626,38,25	43363,31,29
	TOTAL		**299031,12,66**	**260717,84,14**
III.	**PROFIT**			
	Net Profit for the year (before adjustment for Share in Profit of Associates and Minority Interest)		(390,67,29)	12743,29,07
	Add: Share in Profit of Associates		293,28,42	275,81,61
	Less: Minority Interest		(338,62,12)	794,51,18
	Net Profit for the Group		241,23,25	12224,59,50
	Profit Brought forward		3279,83,29	2615,87,62
	TOTAL		**3521,06,54**	**14840,47,12**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserves		3254,35,78	3709,43,37
	Transfer to Other Reserves		2110,21,56	5388,68,06
	Dividend for the previous year paid during the year (including Tax on Dividend)		-	80
	Final Dividend for the year		2108,56,29	2018,32,20
	Tax on Dividend		387,96,87	444,19,40
	Balance carried over to Balance Sheet		(4340,03,96)	3279,83,29
	TOTAL		**3521,06,54**	**14840,47,12**
	Basic Earnings per Share		₹ 0.31	₹ 15.95
	Diluted Earnings per Share		₹ 0.31	₹ 15.95
	Significant Accounting Policies	17		
	Notes to Accounts	18		

Schedules referred to above form an integral part of the Profit & Loss Account

In term of our Report of even date.
For **Varma and Varma**
Chartered Accountants

Smt. Arundhati Bhattacharya
Chairman

Cherian K Baby
Partner
Mem. No. : 16043
Firm Regn. No. : 004532 S

Dinesh Kumar Khara
MD (A & S)

P. K. Gupta
MD (C & R)

Rajnish Kumar
MD (NBG)

B. Sriram
MD (CBG)

Kolkata
Date: 19th May 2017

Schedule 13 - Interest Earned

(000s omitted)

		Year Ended 31.03.2017 (Current Year) ₹	Year Ended 31.03.2016 (Previous Year) ₹
I.	Interest / discount on advances/ bills	156790,48,00	157001,74,81
II.	Income on Investments	64201,37,45	56462,19,73
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	2591,57,08	1112,24,09
IV.	Others	6864,06,64	6056,56,03
TOTAL		230447,49,17	220632,74,66

Schedule 14 - Other Income

(000s omitted)

		Year Ended 31.03.2017 (Current Year) ₹	Year Ended 31.03.2016 (Previous Year) ₹
I.	Commission, exchange and brokerage	19701,03,46	17662,46,76
II.	Profit / (Loss) on sale of investments (Net)	13778,42,77	6460,52,31
III.	Profit / (Loss) on revaluation of investments (Net)	-	(151,67,43)
IV.	Profit /(Loss) on sale of land, building and other assets including leased assets (net)	(43,81,46)	(21,05,23)
V.	Profit / (Loss) on exchange transactions (Net)	2792,18,63	2226,38,64
VI.	Dividends from Associates in India/ abroad	3,85,50	7,52,34
VII.	Income from Finance Lease	-	-
VIII.	Credit Card membership/ service fees	1415,89,43	981,08,93
IX.	Insurance Premium Income (net)	22243,83,01	16636,87,72
X.	Recoveries made in Write-off Accounts	4090,89,93	3352,02,43
XI.	Miscellaneous Income	4210,64,93	5674,22,08
TOTAL		**68192,96,20**	**52828,38,55**

Schedule 15 - Interest Expended

(000s omitted)

		Year Ended 31.03.2017 (Current Year) ₹	Year Ended 31.03.2016 (Previous Year) ₹
I.	Interest on Deposits	138786,78,15	132402,04,61
II.	Interest on Reserve Bank of India/ Inter-bank borrowings	4617,77,07	4893,83,34
III.	Others	5710,12,18	5751,47,70
TOTAL		**149114,67,40**	**143047,35,65**

Schedule 16 - Operating Expenses

(000s omitted)

		Year Ended 31.03.2017 (Current Year) ₹	Year Ended 31.03.2016 (Previous Year) ₹
I.	Payments to and provisions for employees	35691,20,50	32525,59,82
II.	Rent, taxes and lighting	5270,90,67	4939,78,70
III.	Printing & Stationery	544,30,58	511,61,80
IV.	Advertisement and publicity	600,28,87	609,67,64
V.	(a) Depreciation on Fixed Assets (other than Leased Assets)	2911,03,48	2248,14,79
	(b) Depreciation on Leased Assets	3,64,95	4,05,74
VI.	Directors' fees, allowances and expenses	9,52,63	7,71,33
VII.	Auditors' fees and expenses (including branch auditors' fees and expenses)	311,82,32	285,40,65
VIII.	Law charges	414,86,73	362,14,06
IX.	Postages, Telegrams, Telephones, etc.	975,44,05	812,91,81
X.	Repairs and maintenance	870,95,63	797,06,39
XI.	Insurance	2479,26,16	2228,56,82
XII.	Other Operating Expenses relating to Credit Card Operations	1655,63,91	1163,24,81
XIII.	Other Operating Expenses relating to Insurance Business	24228,88,09	18520,29,63
XIV.	Other Expenditure	11322,28,44	9290,93,21
TOTAL		**87290,07,01**	**74307,17,20**

Schedule 17- Significant Accounting Policies:

A. Basis of Preparation:

The accompanying financial statements have been prepared under the historical cost convention, on the accrual basis of accounting on going concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by the Reserve Bank of India (RBI), Banking Regulation Act, 1949, Insurance Regulatory and Development Authority (IRDA), Pension Fund Regulatory and Development Authority (PFRDA), SEBI (Mutual Funds) Regulations, 1996, Companies Act 2013, Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), and the prevalent accounting practices in India. In case of foreign entities, Generally Accepted Accounting Principles as applicable to the foreign entities are followed.

B. Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

C. Basis of Consolidation:

1. Consolidated financial statements of the Group **(comprising of 32 subsidiaries, 9 Joint Ventures and 20 Associates)** have been prepared on the basis of:

a. Audited financial statements of State Bank of India (Parent).

b. Line by line aggregation of each item of asset/liability/ income/expense of the subsidiaries with the respective item of the Parent, and after eliminating all material intra-group balances/transactions, unrealised profit/loss, and making necessary adjustments wherever required for non-uniform accounting policies as per AS 21 "Consolidated Financial Statements" issued by the ICAI.

c. Consolidation of Joint Ventures – 'Proportionate Consolidation' as per AS 27 "Financial Reporting of Interests in Joint Ventures" issued by the ICAI.

d. Accounting for investment in 'Associates' under the 'Equity Method' as per AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the ICAI.

e. In terms of RBI circular on "Strategic Debt Restructuring Scheme", the controlling interest acquired in entities as part of Strategic Debt Restructuring Scheme is neither considered for consolidation nor such investment is treated as investments in subsidiary/ associate as the control is protective in nature and not participative.

2. The difference between cost to the group of its investment in the subsidiary entities and the group's portion of the equity of the subsidiaries is recognised in the financial statements as goodwill / capital reserve.

3 Minority interest in the net assets of the consolidated subsidiaries consists of:

a. The amount of equity attributable to the minority at the date on which investment in a subsidiary is made, and

b. The minority share of movements in revenue reserves/loss (equity) since the date the parent-subsidiary relationship came into existence.

D. Significant Accounting Policies

1. Revenue recognition:

1.1 Income and expenditure are accounted on accrual basis, except otherwise stated. As regards, foreign offices/ entities, income and expenditure are recognised as per the local laws of the country in which the respective foreign offices/entities are located.

1.2 Interest/Discount income is recognised in the Profit and Loss Account as it accrues except (i) income from Non-Performing Assets (NPAs), comprising of advances, leases and investments, which is recognised upon realisation, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices/ entities (hereafter collectively referred to as Regulatory Authorities), (ii) overdue interest on investments and bills discounted, (iii) Income on Rupee Derivatives designated as "Trading", which are accounted on realisation .

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

1.4 Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding in the lease, over the primary lease period. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease as per Accounting Standard 19 – "Leases", issued by ICAI. The lease rentals are apportioned between principal and finance income based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of finance leases. The principal amount is utilized for reduction in balance of net investment in lease and finance income is reported as interest income.

1.5 Income (other than interest) on investments in "Held to Maturity" (HTM) category acquired at a discount to the face value, is recognised as follows :

i. On Interest bearing securities, it is recognised only at the time of sale/ redemption.

ii. On zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

1.6 Dividend is accounted on an accrual basis where the right to receive the dividend is established.

1.7 All other commission and fee incomes are recognised on their realisation except for (i) Guarantee commission on deferred payment guarantees, which is spread over the period of the guarantee; (ii) Commission on Government Business and ATM interchange fees, which are recognised as they accrue; and (iii) Upfront fees on restructured accounts, which is apportioned over the restructured period.

1.8 One time Insurance Premium paid under Special Home Loan Scheme (December 2008 to June 2009) is amortised over average loan period of 15 years.

1.9 Brokerage, Commission etc. paid/incurred in connection with issue of Bonds/Deposits are amortized over the tenure of the related Bonds/Deposits and the expenses incurred in connection with the issue are charged upfront.

1.10 The sale of NPA is accounted as per guidelines prescribed by RBI :-

i. When the bank sells its financial assets to Securitisation Company (SC)/Reconstruction Company (RC), the same is removed from the books.

ii. If the sale is at a price below the net book value (NBV) (i.e., book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale

iii. If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received, as permitted by the RBI.

1.11 Non-banking entities:

Merchant Banking:

a. Issue management and advisory fees are recognised as per the terms of the agreement with the client, net of pass-through.

b. Fees for private placement are recognised on completion of assignment.

c. Brokerage income in relation to stock broking activity is recognized on the trade date of transaction and includes stamp duty, transaction charges and is net of scheme incentives paid.

d. Commission relating to public issues is accounted for on finalisation of allotment of the public issue/ receipt of information from intermediary.

e. Brokerage income relating to public issues/mutual fund/other securities is accounted for based on mobilisation and intimation received from clients/ intermediaries.

f. Depository income – Annual Maintenance Charges are recognised on accrual basis and transaction charges are recognised on trade date of transaction.

Asset Management:

a. Management fee is recognised at specific rates agreed with the relevant schemes, applied on the average daily net assets of each scheme (excluding inter-scheme investments, wherever applicable, investments made by the company in the respective scheme and deposits with Banks), and are in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996.

b. Income on Portfolio Advisory Services, Portfolio Management Services and Management Fees on Alternative Investment Fund (AIF) are recognised on accrual basis as per the terms of the contract.

c. Recovery, if any, on realisation of devolved investments of schemes acquired by the company, in terms of the right of subrogation, is accounted on the basis of receipts. Recovery from funded guarantee schemes is recognised as income in the year of receipt.

d. Expenses of schemes in excess of the stipulated rates and expenses relating to new fund offer are charged to the Profit and Loss Account in the year in which they are incurred in accordance with the requirements of SEBI (Mutual Funds) Regulations, 1996.

e. Brokerage and/or incentive paid on investments in open-ended Equity Linked Tax Saving Schemes and Systematic Investment Plans (SIPs) are amortised over a period of 36 months and in case of other schemes, over the claw back period. In case of close-ended schemes, brokerage is amortised over the tenure of schemes.

Credit Card Operations:

a. First annual fee and subsequent renewal fee are recognised over a period of one year as this more closely reflects the period to which the fee relates to.

b. Interchange income is recognised on accrual basis.

c. The total unidentified receipts which could not be credited or adjusted in the customers' accounts for lack of complete & correct information is considered as liability in balance sheet. The estimated unidentified receipts aged more than 6 months and up to 3 years towards the written off customers is written back as income on balance sheet date. Further, the unresolved unidentified receipts aged more than 3 years are also written back as income on balance sheet date. The liability for stale cheques aged for more than three years is written back as income.

d. All other service income/fees are recorded at the time of occurrence of the respective events.

Factoring:

Factoring charges are accrued on factoring of debts at the applicable rates as decided by the company. Processing fees are recognised as income only when there is reasonable certainty of its receipt after execution of documents. Facility Continuation fees (FCF) are calculated and charged in the month of May for the entire next financial year on all live standard accounts. 1st of May is deemed as date for accrual of the FCF.

Life Insurance:

a. Premium of non-linked business is recognised as income (net of service tax) when due from policyholders. In respect of linked business, premium income is recognised when the associated units are allotted. In case of Variable Insurance Products (VIPs), premium income is recognised on the date when the Policy Account Value is credited. Uncollected premium from lapsed policies is not recognised as income until such policies are revived.

b. Top-up premiums are considered as single premium.

c. Income from linked funds which includes fund management charges, policy administration charges, mortality charges, etc. are recovered from linked fund in accordance with terms and conditions of policy and recognised when recovered.

d. Realised gain and losses in respect of equity securities and units of mutual funds are calculated as the difference between the net sales proceeds and their cost. In respect of debt securities, the realised gains and losses are calculated as difference between net sale proceeds or redemption proceeds and weighted average amortised cost. Cost in respect of equity shares and units of mutual fund are computed using the weighted average method.

e. Fees received on lending of equity shares under Securities lending and borrowing scheme (SLB) is recognised as income over the period of the lending on straight-line basis.

f. Premium ceded on reinsurance is accounted in accordance with the terms of the re-insurance treaty or in-principle arrangement with the re-insurer.

g. Benefits paid:

- Claims cost consist of the policy benefit amounts and claims settlement costs, where applicable.
- Claims by death and rider are accounted when intimated. Intimations up to the end of the period are considered for accounting of such claims.
- Claims by maturity are accounted on the policy maturity date.
- Survival and Annuity benefits claims are accounted when due.
- Surrenders are accounted as and when intimated. Benefits paid also includes amount payable on lapsed policies which are accounted for as and when due. Surrenders and lapsation are disclosed at net of charges recoverable.
- Repudiated claims disputed before judicial authorities are provided for based on management prudence considering the facts and evidences available in respect of such claims.
- Amounts recoverable from re-insurers are accounted for in the same period as the related claims and are reduced from claims.

h. 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.

i. **Liability for life policies:** The actuarial liability of all the life insurance policies has been calculated by the Appointed Actuary in accordance with the Insurance Act 1938, and as per the rules and regulations and circulars issued by IRDA and the relevant Guidance Notes and/or Actuarial Practice Standards (APS) issued by the Institute of Actuaries of India.

Non-linked business is reserved using a prospective gross premium valuation method. Mathematical reserves are calculated based on future assumptions having regard to current and future experience. The unit liability in respect of linked business has been taken as the value of the units standing to the credit of the policy holders, using the Net Asset Value (NAV) as on the valuation date. The variable insurance policies (VIPs) have also been valued in a manner similar to the ULIP business by considering liability as the policy account standing to the credit of the policy holders plus additional provisions for adequacy of charges to meet expenses.

General Insurance:

a. Premium including reinsurance accepted is recorded in the books at the commencement of risk. In case the premium is recovered in instalments, amount to the extent of instalment due is recorded on the due date of the instalment. Premium (net of service tax), including reinstatement premium, on direct business and reinsurance accepted, is recognized as income over the contract period or the period of risk, whichever is appropriate, on a gross basis under 1/365 method. Any subsequent revision to premium is recognized over the remaining period of risk or contract period. Adjustments to premium income arising on cancellation of policies are recognised in the period in which they are cancelled.

b. Commission received on reinsurance ceded is recognised as income in the period in which reinsurance risk is ceded. Profit commission under re-insurance treaties, wherever applicable, is recognized as income in the year of final determination of the profits as intimated by Reinsurer and combined with commission on reinsurance ceded.

c. In respect of proportional reinsurance ceded, the cost of reinsurance ceded is accrued at the commencement of risk. Non-proportional reinsurance cost is recognized when due. Non-proportional reinsurance cost is accounted as per the terms of the reinsurance arrangements. Any subsequent revision to, refunds or cancellations of premiums is recognized in the period in which they occur.

d. Reinsurance inward acceptances are accounted for on the basis of returns, to the extent received, from the insurers.

e. Acquisition costs are expensed in the period in which they are incurred. Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission, policy issue expenses etc. The primary test for determination as acquisition cost is the obligatory relationship between the costs and the execution of the insurance contracts (i.e. commencement of risk).

f. Claim is recognised by creation of provision for the amount of claim payable as estimated by the management based on available information and past experience, on receipt of claim notification. Such provision is reviewed / modified as appropriate on the basis of additional information as and when available. Provision for claims outstanding payable as on the date of Balance Sheet is net of reinsurance, salvage value and other recoveries as estimated by the management.

g. Provision in respect of claim liabilities that may have been incurred before the end of the accounting year but are

- not yet reported or claimed (IBNR) or
- not enough reported i.e. reported with information insufficient for making a reasonable estimate of likely claim amount (IBNER), is the amount determined by the Appointed Actuary based on actuarial principles in accordance with the Actuarial Practice Standards and Guidance Notes issued by the Institute of Actuaries of India and IRDA regulations and guidelines.

Custody & Fund accounting services:

The revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Pension Fund Operation:

Management fee is recognized at specific rates agreed with the relevant schemes, applied on daily net assets of each scheme, and is in conformity with the regulatory guidelines issued by Pension Fund Regulatory and Development Authority (PFRDA). The Company presents revenues net of Service Tax.

Trustee Operations:

Mutual Fund Trusteeship fee is recognised at specific rates agreed with relevant schemes, applied on the average daily Net Assets of each scheme (excluding inter-scheme investment, investment in fixed deposits, investments made by the Asset Management Company and deferred revenue expenses, where applicable), and is in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996.

Corporate Trusteeship Acceptance fees are recognised on the acceptance or execution of trusteeship assignment whichever is earlier. Corporate Trusteeship service charges are recognised/accrued on the basis of terms of trusteeship contracts/agreements entered into with clients.

Infrastructure and Facility Management:

Revenue from project management, facility management and maintenance contracts are recognised pro-rata over the period of the contract as and when services are rendered.

2. Investments:

The transactions in all securities are recorded on "Settlement Date"

2.1 Classification:

Investments are classified into three categories, viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) as per RBI Guidelines.

2.2 Basis of classification:

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

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

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

iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

2.3 Valuation:

A. Banking Business:

i. In determining the acquisition cost of an investment:

a. Brokerage/commission received on subscriptions is reduced from the cost.

b. Brokerage, commission, securities transaction tax, etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.

c. Broken period interest paid / received on debt instruments is treated as interest expense/income and is excluded from cost/sale consideration.

d. Cost of investment under AFS and HFT category is determined at the weighted average cost method by the group entities and cost of investments under HTM category is determined on FIFO basis (first in first out) by SBI and weighted average cost method by other group entities.

ii. Transfer of securities from HFT/AFS category to HTM category is carried out at the lower of acquisition cost/book value/market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. However, transfer of securities from HTM category to AFS category is carried out on acquisition price/book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

iii. Treasury Bills and Commercial Papers are valued at carrying cost.

iv. Held to Maturity category: Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period of remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head "interest on investments". A provision is made for diminution, other than temporary, for each investment individually. Investments in Regional Rural Banks (RRBs) are valued at equity cost determined in accordance with AS 23 of the ICAI.

v. Available for Sale and Held for Trading categories: Investments held under AFS and HFT categories are individually revalued at the market price or fair value determined as per Regulatory guidelines, and only the net depreciation of each group for each category (viz., (i) Government securities (ii) Other Approved Securities (iii) Shares (iv) Bonds and Debentures (v) Subsidiaries and Joint Ventures; and (vi) others) is provided for and net appreciation, is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

vi. In case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognised at lower of (i) Net Book Value (NBV) (i.e., book value less provisions held) of the financial asset and (ii) Redemption value of SR. SRs issued by an SC/ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ARC, is reckoned for valuation of such investments.

vii. Investments are classified as performing and non-performing, based on the guidelines issued by the RBI in the case of domestic offices/entities and respective regulators in the case of foreign offices/ entities. Investments of domestic offices become non-performing where:

a. Interest/instalment (including maturity proceeds) is due and remains unpaid for more than 90 days.

b. In the case of equity shares, in the event the investment in the shares of any company is valued at ₹ 1 per company on account of the non availability of the latest balance sheet, those equity shares would be reckoned as NPI.

c. If any credit facility availed by an entity is NPA in the books of the bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.

d. The above would apply mutatis-mutandis to Preference Shares where the fixed dividend is not paid.

e. The investments in debentures/bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.

f. In respect of foreign offices/entities, provisions for NPIs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

viii. **Accounting for Repo/Reverse Repo transactions (other than transactions under the Liquidity Adjustment Facility (LAF) with the RBI)**

a. The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/ Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo A/c is classified under Schedule 4 (Borrowings) and balance in Reverse Repo A/c is classified under Schedule 7 (Balance with Banks and Money at Call & Short Notice).

b. Interest expended/earned on Securities purchased/ sold under LAF with RBI is accounted for as expenditure/ revenue.

ix. Market repurchase and reverse repurchase transactions as well as the transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as Borrowings and Lending transactions in accordance with the extant RBI guidelines.

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, 2016, investment policy of the company and various other circulars / notifications as issued by IRDA from time to time.

(i) **Valuation of investment pertaining to non-linked life insurance business and general insurance business:-**

- All debt securities, including government securities and money market securities are stated at historical cost subject to amortisation of premium or accretion of discount.
- Listed equity shares, equity related instruments and preference shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the closing price at primary exchange i.e. National Stock Exchange of India Limited ('NSE') is considered. If NSE price is not available on a particular valuation day, the closing price of the secondary exchange i.e. BSE Limited ('BSE') is considered.
- Unlisted equity securities are measured at historical cost.
- In case of Security Lending and Borrowing (SLB), equity shares lent are valued as per valuation policy for equity shares as mentioned above.
- Additional Tier 1 (Basel III compliant) Perpetual Bonds classified under "Equity" as specified by IRDA, are valued at prices obtained from CRISIL.
- Investments in mutual fund units are valued at the Net Asset Value (NAV) of previous day in life insurance and of balance sheet date in general insurance.
- Investment in Alternative Investment Funds (AIFs) are valued at latest available NAV.

Unrealized gains or losses arising due to change in the fair value of listed equity shares, mutual fund units and AIFs pertaining to shareholders' investments and non-linked policyholders investments are taken to "Revenue & Other Reserves (Schedule 2)" and "Liabilities relating to Policyholders in Insurance Business (Schedule 5)" respectively, in the Balance Sheet.

(ii) **Valuation of investment pertaining to linked business:**

- Debt Securities including Government securities with remaining maturity of more than one year are valued at prices obtained from Credit Rating Information Services of India Limited ('CRISIL'). Debt securities including Government securities with remaining maturity of less than one year are valued on yield to maturity basis, where yield is derived using market price provided by CRISIL on the day when security is classified as short term. If security is purchased during its short term tenor, it is valued at amortised cost using yield to maturity method. In case of securities with options, earliest Call Option/ Put Option date will be taken as maturity date for this purpose. Money market securities are valued at historical cost subject to amortization of premium or accretion of discount on yield to maturity basis.
- Listed equity shares, equity related instruments and preference shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the closing price at primary exchange i.e. NSE is considered. If NSE price is not available on a particular valuation day, closing price of the secondary exchange i.e. BSE is considered.
- Unlisted equity securities are measured at historical cost.
- In case of Security Lending and Borrowing (SLB), equity shares lent are valued as per valuation policy for equity shares as mentioned above.

- Additional Tier 1 (Basel III compliant) Perpetual Bonds classified under "Equity" as specified by IRDA, are valued at prices obtained from CRISIL.
- Investments in mutual fund units are valued at the previous day's Net Asset Value (NAV).
- Unrealized gains or losses arising due to changes in the fair value are recognized in the Profit & Loss Account.

3. Loans /Advances and Provisions thereon:

3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

i. In respect of term loans, interest and/or instalment of principal remains overdue for a period of more than 90 days;

ii. In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e. if the outstanding balance exceeds the sanctioned limit/drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance-sheet, or if the credits are not adequate to cover the interest debited during the same period;

iii. In respect of bills purchased/discounted, the bill remains overdue for a period of more than 90 days;

iv. In respect of agricultural advances (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

3.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

i. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.

ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.

iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

3.3 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Substandard Assets:	i. A general provision of 15% on the total outstanding;
	ii. Additional provision of 10% for exposures which are unsecured ab-initio (i.e. where realisable value of security is not more than 10 percent ab-initio);
	iii. Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available – 20%.
Doubtful Assets:	
-Secured portion:	i. Upto one year – 25%
	ii. One to three years – 40%
	iii. More than three years – 100%
-Unsecured portion	100%
Loss Assets:	100%

3.4 In respect of foreign offices/entities, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

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

3.6 For restructured/rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loan/advances before and after restructuring is provided for, in addition to provision for the respective loans/advances. The Provision for Diminution in Fair Value (DFV) and interest sacrifice, if any, arising out of the above, is reduced from advances.

3.7 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

3.8 Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.

3.9 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

3.10 Appropriation of recoveries in NPAs (not out of fresh/additional credit facilities sanctioned to the borrower concerned) towards principal or interest due as per the Bank's extant instructions is done in accordance with the following priority.

a. Charges

b. Unrealized Interest/Interest

c. Principal

4. Floating Provisions:

The Bank has a policy for creation and utilisation of floating provisions separately for advances, investments and general purposes. The quantum of floating provisions to be created is assessed at the end of the financial year. The floating provisions are utilised only for contingencies under extra ordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

5. Provision for Country Exposure for Banking Entities:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorised into seven risk categories, namely, insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the "Other liabilities & Provisions – Others".

6. Derivatives:

6.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, cross currency interest rate swaps and forward rate agreements in order to hedge on-balance sheet/off-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of the underlying assets and accounted in accordance with the principles of hedge accounting.

6.2 Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying assets / liabilities are also marked to market.

6.3 Except as mentioned above, all other derivative contracts are marked to market as per the Generally Accepted Accounting Practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss Account in the period of change. Any receivable under derivatives contracts, which remain overdue for more than 90 days, are reversed through Profit and Loss Account to "Suspense Account - Crystallised Receivables". In cases where the derivative contracts provide for more settlement in future and if the derivative contract is not terminated on the overdue receivables remaining unpaid for 90 days, the positive MTM pertaining to future receivables is also reversed from Profit and Loss Account to "Suspense Account - Positive MTM".

6.4 Option premium paid or received is recorded in Profit and Loss Account at the expiry of the option. The balance in the premium received on options sold and premium paid on options bought is considered to arrive at Mark to Market value for forex Over the Counter (OTC) options.

6.5 Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

7. Fixed Assets Depreciation and Amortisation:

7.1 Fixed Assets are carried at cost less accumulated depreciation/ amortisation.

7.2 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure(s) incurred on the assets put to use are capitalised only when it increases the future benefits from such assets or their functioning capability.

7.3 The rates of depreciation and method of charging depreciation in respect of domestic operations are as under:

Sr. No.	Description of Fixed Assets	Method of charging depreciation	Depreciation/ amortisation rate
1	Computers	Straight Line Method	33.33% every year
2	Computer Software forming an integral part of the Computer hardware	Straight Line Method	33.33% every year
3	Computer Software which does not form an integral part of Computer hardware and cost of Software Development	Straight Line Method	33.33% every year
4	Automated Teller Machine/ Cash Deposit Machine/Coin Dispenser / Coin Vending Machine	Straight Line Method	20.00% every year
5	Servers	Straight Line Method	25.00% every year
6	Network Equipment	Straight Line Method	20.00% every year
7	Other fixed assets	Straight Line Method	On the basis of estimated useful life of the assets
		Estimated useful life of major group of Fixed Assets are as under: Premises Vehicles Safe Deposit Lockers Furniture & Fixtures	 60 Years 5 Years 20 Years 10 Years

7.4 In respect of assets acquired during the year for domestic operations, depreciation is charged on proportionate basis for the number of days assets have been put to use during the year.

7.5 Assets costing less than ₹ 1,000 each are charged off in the year of purchase.

7.6 In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease and the lease rent is charged in the respective year (s).

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

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

7.9 The Bank considers only immovable assets for revaluation. Properties acquired during the last three years are not revalued. Valuation of the revalued assets is done at every three years thereafter.

7.10 The increase in Net Book Value of the asset due to revaluation is credited to the Revaluation Reserve Account without routing through the profit and loss statement.

7.11 The Revalued Assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

8. Leases:

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

9. Impairment of Assets:

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

10. Effect of changes in the foreign exchange rate:

10.1 Foreign Currency Transactions

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

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

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

iv. Contingent liabilities denominated in foreign currency are reported using the FEDAI closing spot rates.

v. Outstanding foreign exchange spot and forward contracts held for trading are revalued at the exchange rates notified by FEDAI for specified maturities, and the resulting Profit or Loss is recognised in the Profit and Loss account.

vi. Foreign exchange forward contracts which are not intended for trading and are outstanding on the Balance Sheet date, are re-valued at the closing spot rate. The premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

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

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

10.2 Foreign Operations:

Foreign Branches/Subsidiaries / Joint Ventures of the Bank and Offshore Banking Units (OBU) have been classified as Non-integral Operations and Representative Offices have been classified as Integral Operations.

a. Non-integral Operations:

i. Both monetary and non-monetary foreign currency assets and liabilities including contingent liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

ii. Income and expenditure of non-integral foreign operations are translated at quarterly average closing rates notified by FEDAI.

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

iv. The Assets and Liabilities of foreign offices/ subsidiaries /joint ventures in foreign currency (other than local currency of the foreign offices/ subsidiaries/joint ventures) are translated into local currency using spot rates applicable to that country on the Balance Sheet date.

b. Integral Operations:

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

ii. Monetary foreign currency assets and liabilities of integral foreign operations are translated at closing (Spot/Forward) exchange rates notified by FEDAI at the Balance Sheet date and the resulting Profit/ Loss is included in the Profit and Loss Account. Contingent Liabilities are translated at Spot rate.

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

11. Employee Benefits:

11.1 Short Term Employee Benefits:

The undiscounted amounts of short-term employee benefits, such as medical benefits, which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

11.2 Long Term Employee Benefits:

i. Defined Benefit Plan

a. The Bank operates a Provident Fund scheme. All eligible employees are entitled to receive benefits under the Provident Fund scheme. The Bank contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are remitted to a Trust established for this purpose and are charged to Profit and Loss Account. The Bank recognizes such annual contributions as an expense in the year to which it relates, Shortfall, if any, is provided for on the basis of actuarial valuation.

b. The group entities operate separate Gratuity and Pension schemes, which are defined benefit plans.

c. The group entities provide for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement or on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to a maximum amount of ₹ 10 Lacs. Vesting occurs upon completion of five years of service. The Bank makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually.

d. Some group entities provide for pension to all eligible employees. The benefit is in the form of monthly payments as per rules to vested employees on retirement or, on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The entities make contributions to funds administered by trustees based on an independent external actuarial valuation carried out annually.

e. The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains/losses are immediately recognised in the Profit and Loss and are not deferred.

ii. Defined Contribution Plans:

The Bank operates a New Pension Scheme (NPS) for all officers/ employees joining the Bank on or after 1st August, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing SBI Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions are retained as deposits in the Bank and earn interest at the same rate as that of the current account of Provident Fund balance. The Bank recognizes such annual contributions and interest as an expense in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

iii. Other Long Term Employee benefits:

a. All eligible employees of the Group are eligible for compensated absences, silver jubilee award, leave travel concession, retirement award and resettlement allowance. The costs of such long term employee benefits are internally funded by the group entities.

b. The cost of providing other long term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. Past service cost is immediately recognised in the Profit and Loss and is not deferred.

11.3 Employee benefits relating to employees employed at foreign offices/ entities are valued and accounted for as per the respective local laws/regulations.

12. Taxes on income

Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax expense incurred by the Group. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively after taking into account taxes paid at the foreign offices/ entities, which are based on the tax laws of respective jurisdiction. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

In Consolidated Financial Statement, income tax expenses are the aggregate of the amounts of tax expense appearing in the separate financial statements of the parent and its subsidiaries/joint ventures, as per their applicable laws.

13. Earnings per Share:

13.1 The Bank reports basic and diluted earnings per share in accordance with AS 20 –"Earnings per Share" issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders (other than minority) by the weighted average number of equity shares outstanding for the year.

13.2 Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

14. Provisions, Contingent Liabilities and Contingent Assets:

14.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

14.2 No provision is recognised for

i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group entities ; or

ii. any present obligation that arises from past events but is not recognised because

a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b. a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

14.3 Provision for reward points in relation to the debit card holders of the Bank is being provided for on actuarial estimates.

14.4 Contingent Assets are not recognised in the financial statements.

15. Bullion Transactions:

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified under commission income. The Bank also accepts deposits and lends gold, which is treated as deposits/advances as the case may be with the interest paid/received classified as interest expense / income. Gold Deposits, Metal Loan Advances and closing Gold Balances are valued at available Market Rate as on the date of Balance Sheet.

16. Special Reserves:

Revenue and other Reserve include Special Reserve created under Section 36(1)(viii) of the Income Tax Act, 1961. The Board of Directors have passed a resolution approving creation of the reserve and confirming that it has no intention to make withdrawal from the Special Reserve.

17. Share Issue Expenses:

Share issue expenses are charged to the Share Premium Account.

Schedule 18- NOTES TO ACCOUNTS

1. List of Subsidiaries/Joint Ventures/Associates considered for preparation of consolidated financial statements:

1.1 The 32 Subsidiaries, 9 Joint Ventures and 20 Associates including 18 Regional Rural Banks (which along with State Bank of India, the parent, constitute the Group), considered in the preparation of the consolidated financial statements, are

A) Subsidiaries:

Sr. No.	Name of the Subsidiary	Country of incorporation	Group's Stake (%) Current Year	Group's Stake (%) Previous Year
1)	State Bank of Bikaner and Jaipur	India	75.07	75.07
2)	State Bank of Hyderabad	India	100.00	100.00
3)	State Bank of Mysore	India	90.00	90.00
4)	State Bank of Patiala	India	100.00	100.00
5)	State Bank of Travancore	India	79.09	79.09
6)	SBI Capital Markets Ltd.	India	100.00	100.00
7)	SBICAP Securities Ltd.	India	100.00	100.00
8)	SBICAP Trustee Company Ltd.	India	100.00	100.00
9)	SBICAP Ventures Ltd.	India	100.00	100.00
10)	SBICAP (Singapore) Ltd.	Singapore	100.00	100.00
11)	SBICAP (UK) Ltd.	U.K.	100.00	100.00
12)	SBI DFHI Ltd.	India	71.58	71.58
13)	SBI Global Factors Ltd.	India	86.18	86.18
14)	SBI Infra Management Solutions Pvt. Ltd.	India	100.00	-
15)	SBI Mutual Fund Trustee Company Pvt Ltd.	India	100.00	100.00
16)	SBI Payment Services Pvt. Ltd.	India	100.00	100.00
17)	SBI Pension Funds Pvt Ltd.	India	92.60	92.60
18)	SBI Cards and Payment Services Pvt. Ltd. @	India	60.00	60.00
19)	SBI General Insurance Company Ltd. @	India	74.00	74.00
20)	SBI Life Insurance Company Ltd. @	India	70.10	74.00
21)	SBI–SG Global Securities Services Pvt. Ltd. @	India	65.00	65.00

Sr. No.	Name of the Subsidiary	Country of incorporation	Group's Stake (%)	
			Current Year	Previous Year
22)	SBI Funds Management Pvt. Ltd. @	India	63.00	63.00
23)	SBI Funds Management (International) Private Ltd. @	Mauritius	63.00	63.00
24)	Commercial Indo Bank Llc , Moscow @	Russia	60.00	60.00
25)	Bank SBI Botswana Limited	Botswana	100.00	100.00
26)	SBI Canada Bank	Canada	100.00	100.00
27)	State Bank of India (California)	USA	100.00	100.00
28)	State Bank of India Servicos Limitada	Brazil	100.00	100.00
29)	SBI (Mauritius) Ltd.	Mauritius	96.60	96.60
30)	PT Bank SBI Indonesia	Indonesia	99.00	99.00
31)	Nepal SBI Bank Ltd.	Nepal	55.00	55.10
32)	Nepal SBI Merchant Banking Limited	Nepal	55.00	-

@ Represents companies which are jointly controlled entities in terms of the shareholders' agreement. However, the same are consolidated as subsidiaries in accordance with AS 21 "Consolidated Financial Statements" as SBI's holding in these companies exceeds 50%.

B) Joint Ventures:

Sr. 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
9)	Jio Payments Bank Ltd.	India	30.00	-

C) Associates:

Sr. No.	Name of the Associate	Country of incorporation	Group's Stake (%)	
			Current Year	Previous Year
1)	Andhra Pradesh Grameena Vikas Bank	India	35.00	35.00
2)	Arunachal Pradesh Rural Bank	India	35.00	35.00
3)	Chhattisgarh Rajya Gramin Bank	India	35.00	35.00
4)	Ellaquai Dehati Bank	India	35.00	35.00
5)	Langpi Dehangi Rural Bank	India	35.00	35.00
6)	Madhyanchal Gramin Bank	India	35.00	35.00
7)	Meghalaya Rural Bank	India	35.00	35.00

S. No.	Name of the Subsidiary	Country of incorporation	Group's Stake (%)	
			Current Year	Previous Year
8)	Mizoram Rural Bank	India	35.00	35.00
9)	Nagaland Rural Bank	India	35.00	35.00
10)	Purvanchal Bank	India	35.00	35.00
11)	Saurashtra Gramin Bank	India	35.00	35.00
12)	Utkal Grameen Bank	India	35.00	35.00
13)	Uttarakhand Gramin Bank	India	35.00	35.00
14)	Vananchal Gramin Bank	India	35.00	35.00
15)	Rajasthan Marudhara Gramin Bank	India	26.27	26.27
16)	Telangana Grameena Bank	India	35.00	35.00
17)	Kaveri Grameena Bank	India	31.50	31.50
18)	Malwa Gramin Bank	India	35.00	35.00
19)	The Clearing Corporation of India Ltd.	India	24.42	24.42
20)	Bank of Bhutan Ltd.	Bhutan	20.00	20.00

a. SBI Infra Management Solutions Private Limited has been incorporated as a wholly owned subsidiary of SBI on June 17, 2016. During the month of August 2016, SBI has infused ₹ 10 crore as capital.

b. Jio Payments Bank Limited has been incorporated as a Joint Venture on November 10, 2016 in which SBI and Reliance Industries Limited are Joint Partners with stake of 30% and 70% respectively. SBI has infused ₹ 39.60 crore as capital into the said Joint Venture during the year ended 31.03.2017.

c. During the month of December 2016, SBI sold its 3.90% stake in SBI Life Insurance Company Ltd (a subsidiary of SBI) as a result of which SBI's stake has reduced from 74.00% to 70.10%.

d. Nepal SBI Bank Ltd. (an Overseas Subsidiary of SBI) has issued an additional 67,767.87 shares from its unsubscribed portion to the minority shareholders during February 2017 due to which SBI's stake has reduced from 55.10% to 55.00%.

e. Nepal SBI Bank Ltd (an overseas Subsidiary of SBI) has incorporated a wholly owned subsidiary in the name of Nepal SBI Merchant Banking Ltd and infused NPR 10 crore. Since SBI holds 55% stake in Nepal SBI Bank Ltd, the same stake shall be considered for consolidation of Nepal SBI Merchant Banking Ltd.

f. SBI Foundation, (a Not-for-Profit Company) was incorporated under Sec. 7(2) of the Companies Act 2013, as a subsidiary of SBI on June 26, 2015, to focus on the CSR activities of the Group. As it is a Not-for-Profit Company, SBI Foundation is not being considered for consolidation in preparation of Consolidated Financial Statement as per Accounting Standard 21.

g. SBI Home Finance Ltd., an associate in which SBI is having 25.05% stake, is under liquidation and therefore, not being considered for consolidation in preparation of Consolidated Financial Statements as per Accounting Standard 21.

1.2 The consolidated financial statements for the financial year 2016-17 of the Group includes unaudited financial statements of one subsidiary (SBI Canada Bank) and one associate (Bank of Bhutan Ltd.), the results of which are not material.

2. Share capital:

2.1 During the year, SBI received share application money of ₹ 5,681.00 crore (Previous Year ₹ 5,393.00 crore), including share premium of ₹ 5,659.93 crore (Previous Year ₹ 5,373.34 crore) from Government of India against preferential issue of 21,07,27,400 (Previous Year 19,65,59,390) equity shares of ₹ 1 each to Government of India. The equity shares were allotted on January 20, 2017.

2.2 Expenses in relation to the issue of shares ₹ 6.17 crore (Previous Year ₹ 8.66 crore) is debited to Share Premium Account.

3. Disclosures as per Accounting Standards

3.1 Employee Benefits:

3.1.1 Defined Benefit Plans

3.1.1.1 Employee's Pension Plans and Gratuity Plans

The following table sets out the status of the Defined Benefit Pension Plans and Gratuity Plans as required under AS 15 (Revised 2005)

₹ in crore

Particulars	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Change in the present value of the defined benefit obligation				
Opening defined benefit obligation at 1st April 2016	73,164.38	64,529.56	9,898.24	9,543.10
Current Service Cost	1,285.52	1,360.54	287.33	256.26
Interest Cost	5,834.23	5,276.63	766.59	778.43
Past Service Cost (Vested Benefit)	1,200.00	-	0.01	0.03
Actuarial losses /(gains)	8,106.01	6,909.53	263.87	652.16
Benefits paid	(3,360.17)	(2,665.72)	(1,286.52)	(1,331.74)
Direct Payment by SBI	(2,359.84)	(2,246.16)	-	-
Closing defined benefit obligation at 31st March 2017	**83,870.13**	**73,164.38**	**9,929.52**	**9,898.24**
Change in Plan Assets				
Opening fair value of plan assets at 1st April 2016	66,813.97	61,886.14	9,249.72	9,362.94
Expected Return on Plan assets	5,522.97	5,341.46	755.56	798.31
Contributions by employer	7,817.68	2,322.17	876.22	383.63
Expected Contribution by the employees	3.09	-	-	-
Benefits Paid	(3,360.17)	(2,665.72)	(1,286.52)	(1,331.74)
Actuarial Gains / (Losses) on plan assets	2,505.66	(70.08)	268.79	36.58
Closing fair value of plan assets at 31st March 2017	**79,303.20**	**66,813.97**	**9,863.77**	**9,249.72**
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of funded obligation at 31st March 2017	83,870.13	73,164.38	9,929.52	9,898.24
Fair Value of plan assets at 31st March 2017	79,303.20	66,813.97	9,863.77	9,249.72
Deficit/(Surplus)	4,566.93	6,350.41	65.75	648.52
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Net Liability/(Asset)	**4,566.93**	**6,350.41**	**65.75**	**648.52**
Amount Recognised in the Balance Sheet				
Liabilities	83,870.13	73,164.38	9,929.52	9,898.24
Assets	79,303.20	66,813.97	9,863.77	9,249.72
Net Liability / (Asset) recognised in Balance Sheet	4,566.93	6,350.41	65.75	648.52
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Net Liability/ (Asset)	**4,566.93**	**6,350.41**	**65.75**	**648.52**
Net Cost recognised in the profit and loss account				
Current Service Cost	1,285.52	1,360.54	287.33	256.26
Interest Cost	5,834.23	5,276.63	766.59	778.43
Expected return on plan assets	(5,522.97)	(5,341.46)	(755.56)	(798.31)
Expected Contributions by the employees	(3.09)	-	-	-
Past Service Cost (Amortised) Recognised	-	-	-	-
Past Service Cost (Vested Benefits) Recognised	1,200.00	-	0.01	0.03

Particulars	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Net Actuarial Losses / (Gains) recognised during the year	5,600.35	6,979.61	(4.92)	615.58
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	**8,394.04**	**8,275.32**	**293.45**	**851.99**
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	5,522.97	5,341.46	755.56	798.31
Actuarial Gains/ (Losses) on Plan Assets	2,505.66	(70.08)	268.79	36.58
Actual Return on Plan Assets	8,028.63	5,271.38	1,024.35	834.89
Reconciliation of opening and closing net liability/(asset) recognised in Balance Sheet				
Opening Net Liability/(Asset) as at 1st April 2016	**6,350.41**	**2,643.42**	**648.52**	**180.16**
Expenses as recognised in profit and loss account	8,394.04	8,275.32	293.45	851.99
Paid by SBI Directly	(2,359.84)	(2,246.16)	-	-
Employer's Contribution	(7,817.68)	(2,322.17)	(876.22)	(383.63)
Past Service Cost	-	Nil	-	Nil
Net liability/(Asset) recognised in Balance Sheet	**4,566.93**	**6,350.41**	**65.75**	**648.52**

Investments under Plan Assets of Gratuity Fund & Pension Fund as on March 31, 2017 are as follows:

Category of Assets	Pension Fund	Gratuity Fund
	% of Plan Assets	% of Plan Assets
Central Govt. Securities	28.43%	21.19%
State Govt. Securities	27.23%	22.31%
Debt Securities, Money Market Securities and Bank Deposits	35.38%	22.85%
Insurer Managed Funds	2.38%	27.77%
Others	6.58%	5.88%
Total	**100.00%**	**100.00%**

Principal actuarial assumptions:

Particulars	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rate	7.45% to 7.51%	8.00% to 8.10%	7.27% to 7.27%	7.86% to 8.10%
Expected Rate of return on Plan Asset	7.00% to 8.00%	8.00% to 9.00%	7.00% to 8.00%	7.86% to 9.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%
Salary Escalation	5.00%	5.00%	5.00%	5.00%

The estimates of future salary growth, factored in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in the very long term, consistent high salary growth rates are not possible, which has been relied upon by the auditors.

3.1.1.2 Employees Provident Fund

Actuarial valuation carried out in respect of interest shortfall in the Provident Fund Trust of SBI, as per Deterministic Approach shows "Nil" liability, hence no provision is made in F.Y. 2016-17.

The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuary appointed by SBI :-

₹ in crore

Particulars	Provident Fund	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2016	25,159.70	22,498.51
Current Service Cost	811.36	1,632.22
Interest Cost	2,177.60	2,026.72
Employee Contribution (including VPF)	1,031.10	1,983.67
Actuarial losses/(gains)	-	0.01
Benefits paid	(3,257.80)	(2,981.43)
Closing defined benefit obligation at 31st March 2017	25,921.96	25,159.70
Change in Plan Assets		
Opening fair value of Plan Assets as at 1st April 2016	25,985.32	23,197.82
Expected Return on Plan Assets	2,177.60	2,026.72
Contributions	1,842.46	3,615.89
Benefits Paid	(3,257.80)	(2,981.43)
Actuarial Gains / (Loss) on plan Assets	167.65	126.32
Closing fair value of plan assets as at 31st March 2017	26,915.23	25,985.32
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at 31st March 2017	25,921.96	25,159.70
Fair Value of Plan assets at 31st March 2017	26,915.23	25,985.32
Deficit/(Surplus)	(993.27)	(825.62)
Net Asset not recognised in Balance Sheet	993.27	825.62
Net Cost recognised in the profit and loss account		
Current Service Cost	811.36	1632.22
Interest Cost	2,177.60	2,026.72
Expected return on plan assets	(2,177.60)	(2,026.72)
Interest shortfall reversed	-	-
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	811.36	1,632.22
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2016	-	-
Expense as above	811.36	1,632.22
Employer's Contribution	(811.36)	(1,632.22)
Net Liability/(Asset) Recognized In the Balance Sheet	-	-

Investments under Plan Assets of Provident Fund as on March 31, 2017 are as follows:

Category of Assets	Provident Fund
	% of Plan Assets
Central Govt. Securities	40.56%
State Govt. Securities	21.16%
Debt Securities, Money Market Securities and Bank Deposits	33.35%
Insurer Managed Funds	--
Others	4.93%
Total	**100.00%**

Principal actuarial assumptions

Particulars	Provident Fund	
	Current Year	Previous Year
Discount Rate	7.27%	7.86%
Guaranteed Return	8.80%	8.75%
Attrition Rate	2.00%	2.00%
Salary Escalation	5.00%	5.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

There is a guaranteed return applicable to liability under SBI Employees Provident Fund which shall not be lower of either:

(a) one half percent above the average standard rate (adjusted up or down to the interest one quarter per cent) quoted by the bank for new deposits fixed for twelve months in the preceding year (ending on the preceding the 31st day of March); or

(b) three percent per annum,

subject to approval of Executive Committee.

3.1.2 Defined Contribution Plans

3.1.2.1 Employees Provident Fund

An amount of ₹ 38.15 crore (Previous Year ₹ 36.98 crore) is contributed towards the Provident Fund Scheme by the group (excluding SBI) and is included under the head “Payments to and provisions for employees” in Profit and Loss Account.

3.1.2.2 Defined Contribution Pension Scheme

The Defined Contribution Pension Scheme (DCPS) is applicable to all categories of officers and employees joining the SBI on or after August 01, 2010 and for Domestic Banking Subsidiaries, the scheme is applicable to all categories of officers and employees who join on or after April 01, 2010. The Scheme is managed by NPS Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During the year, an amount of ₹ 328.69 crore (Previous Year ₹ 266.32 crore) has been contributed in the scheme.

3.1.3 Other Long term Employee Benefits (Unfunded Obligation)

3.1.3.1 Accumulating Compensated Absences (Privilege Leave)

The following table sets out the status of Accumulating Compensated Absences (Privilege Leave) of SBI as per the actuarial valuation by the independent Actuary :-

₹ in crore

Particulars	Accumulating Compensated Absences (Privilege Leave)	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2016	4,375.49	3,756.50
Current Service Cost	212.74	230.94
Interest Cost	343.91	308.41
Actuarial losses/(gains)	397.82	590.64
Benefits paid	(575.86)	(511.00)
Closing defined benefit obligation at 31st March 2017	4,754.10	4,375.49

Particulars	Accumulating Compensated Absences (Privilege Leave)	
	Current Year	Previous Year
Net Cost recognised in the profit and loss account		
Current Service Cost	212.74	230.94
Interest Cost	343.91	308.41
Actuarial (Gain)/ Losses	397.82	590.64
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	954.47	1,129.99
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2016	4,375.49	3,756.50
Expense as above	954.47	1,129.99
Employer's Contribution	-	-
Benefit paid directly by the Employer	(575.86)	(511.00)
Net Liability/(Asset) recognized in the Balance Sheet	4,754.10	4,375.49

Principal actuarial assumptions

Particulars	Current Year	Previous Year
Discount Rate	7.27%	7.86%
Attrition Rate	2.00%	2.00%
Salary Escalation	5.00%	5.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

Accumulating Compensated Absences (Privilege Leave) (excluding SBI)

An amount of ₹ 116.91 crore (Previous Year ₹ 167.78 crore) is provided by the group (excluding SBI) towards Privilege Leave (Encashment) including leave encashment at the time of retirement and is included under the head “Payments to and provisions for employees” in Profit and Loss Account.

3.1.3.2 Other Long Term Employee Benefits

Amount of ₹ (-) 20.52 crore (Previous Year ₹ 21.35 crore) is provided/(written back) by the group towards other Long Term Employee Benefits and is included under the head “Payments to and provisions for employees” in Profit and Loss Account.

Details of Provisions made for various Other Long Term Employees’ Benefits during the year;

₹ in crore

Sl. No.	Long Term Employees' Benefits	Current Year	Previous Year
1	Leave Travel and Home Travel Concession (Encashment/Availment)	19.23	25.85
2	Sick Leave	(53.14)	(1.43)
3	Silver Jubilee/Long Term Service Award	11.13	3.11
4	Resettlement Expenses on Superannuation	1.32	2.74
5	Casual Leave	-	-
6	Retirement Award	0.94	(8.92)
Total		**(20.52)**	**21.35**

3.1.4 The employee benefits listed above are in respect of the employees of the Group based in India. The employees of the foreign operations are not covered in the above schemes.

3.2 Segment Reporting:

3.2.1 Segment identification

A) Primary (Business Segment)

The following are the Primary Segments of the Group:

- Treasury
- Corporate / Wholesale Banking
- Retail Banking
- Insurance Business
- Other Banking Business

The present accounting and information system of the Bank does not support capturing and extraction of the data in respect of the above segments separately. However, based on the present internal, organisational and management reporting structure and the nature of their risk and returns, the data on the Primary Segments have been computed as under:

a) **Treasury:** The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

b) **Corporate / Wholesale Banking:** The Corporate / Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Mid Corporate Accounts Group and Stressed Assets Management Group. These include providing loans and transaction services to corporate and institutional clients and further include non treasury operations of foreign offices/entities.

c) **Retail Banking:** The Retail Banking Segment comprises of branches in National Banking Group, which primarily includes Personal Banking activities including lending activities to corporate customers having banking relations with branches in the National Banking Group. This segment also includes agency business and ATMs

d) **Insurance Business** – The Insurance Business Segment comprises of the results of SBI Life Insurance Co. Ltd. and SBI General Insurance Co. Ltd.

e) **Other Banking business**– Segments not classified under (a) to (d) above are classified under this primary segment. This segment also includes the operations of all the Non-Banking Subsidiaries/Joint Ventures other than SBI Life Insurance Co. Ltd. and SBI General Insurance Co. Ltd. of the group.

B) Secondary (Geographical Segment):

a) **Domestic Operations** - Branches, Subsidiaries and Joint Ventures having operations in India.

b) **Foreign Operations** - Branches, Subsidiaries and Joint Ventures having operations outside India and offshore Banking units having operations in India.

C) Pricing of Inter-segmental Transfers

The Retail Banking segment is the primary resource mobilising unit. The Corporate/Wholesale Banking and Treasury segments are recipient of funds from Retail Banking. Market related Funds Transfer Pricing (MRFTP) is followed under which a separate unit called Funding Centre has been created. The Funding Centre notionally buys funds that the business units raise in the form of deposits or borrowings and notionally sell funds to business units engaged in creating assets.

D) Allocation of Revenue, Expenses, Assets and Liabilities

Expenses of parent incurred at Corporate Centre establishments directly attributable either to Corporate / Wholesale and Retail Banking Operations or to Treasury Operations segment, are allocated accordingly. Expenses not directly attributable are allocated on the basis of the ratio of number of employees in each segment/ratio of directly attributable expenses.

Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are not allocable to any segment on a reasonable basis, have been reported as Unallocated.

3.2.2 SEGMENT INFORMATION

PART A: PRIMARY (BUSINESS) SEGMENTS:

₹ in crore

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Insurance Business	Other Banking Operations	TOTAL
Revenue	78,525.43 (61,912.83)	83,694.12 (89,134.11)	1,06,413.35 (99,550.50)	28,047.72 (21,460.12)	6,174.73 (4,869.88)	3,02,855.35 (2,76,927.44)
Unallocated Revenue						2,419.27 (1,800.62)
Less : Inter Segment Revenue						6,634.17 (5,266.93)
Total Revenue						2,98,640.45 (2,73,461.13)
Result	14,559.33 (9,071.69)	(-)29,133.47 (-11,271.53)	15,156.76 (20,936.37)	1,308.71 (932.55)	1,717.58 (1,375.21)	3,608.91 (21,044.29)
Unallocated Income(+)/Expenses(–) net						(-)2,664.08 (-2,867.51)
Profit Before Tax						944.83 (18,176.78)
Taxes						1,335.50 (5,433.50)
Extraordinary Profit						(-) (-)
Net Profit before share in profit in Associates and Minority Interest						(-)390.67 (12,743.28)
Add: Share in Profit in Associates						293.28 (275.82)
Less: Minority Interest						(-)338.62 (794.51)
Net Profit for the Group						241.23 (12,224.59)
Other Information:						
Segment Assets	10,07,725.87 (7,53,779.59)	11,51,526.43 (11,31,334.93)	11,33,220.08 (10,54,672.01)	1,06,318.18 (87,073.44)	18,110.16 (17,298.70)	34,16,900.72 (30,44,158.67)
Unallocated Assets						28,220.84 (29,324.48)
Total Assets						34,45,121.56 (30,73,483.15)
Segment Liabilities	7,09,453.02 (4,61,937.22)	11,03,341.85 (10,74,172.76)	12,14,492.46 (11,82,374.63)	99,646.13 (81,602.86)	12,525.34 (12,473.12)	31,39,458.80 (28,12,560.59)
Unallocated Liabilities						88,470.61 (80,330.19)
Total Liabilities						32,27,929.41 (28,92,890.78)

PART B: SECONDARY (GEOGRAPHIC) SEGMENTS

₹ in crore

	Domestic Operations	Foreign Operations	TOTAL
Revenue	2,86,663.05 (2,60,555.43)	11,977.40 (12,905.70)	2,98,640.45 (2,73,461.13)
Net Profit	(-) 2,871.79 (8,172.53)	3,113.02 (4,052.06)	241.23 (12,224.59)
Assets	30,59,467.86 (27,21,888.90)	3,85,653.70 (3,51,594.25)	34,45,121.56 (30,73,483.15)
Liabilities	28,46,368.69 (25,45,266.12)	381,560.72 (3,47,624.66)	32,27,929.41 (28,92,890.78)

(i) Income/Expenses are for the whole year. Assets/ Liabilities are as at March 31, 2017.

(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.
9. Jio Payments Bank Limited

B) ASSOCIATES:

i) Regional Rural Banks

1. Andhra Pradesh Grameena Vikas Bank
2. Arunachal Pradesh Rural Bank
3. Chhattisgarh Rajya Gramin Bank
4. Ellaquai Dehati Bank
5. Langpi Dehangi Rural Bank
6. Madhyanchal Gramin Bank
7. Meghalaya Rural Bank
8. Mizoram Rural Bank
9. Nagaland Rural Bank
10. Purvanchal Bank
11. Saurashtra Gramin Bank
12. Utkal Grameen Bank
13. Uttarakhand Gramin Bank
14. Vananchal Gramin Bank
15. Rajasthan Marudhara Gramin Bank
16. Telangana Grameena Bank
17. Kaveri Grameena Bank
18. Malwa Gramin Bank

ii) Others

19. The Clearing Corporation of India Ltd.
20. Bank of Bhutan Ltd.
21. SBI Home Finance Ltd. (under liquidation)

C) Key Management Personnel of the Bank:

1. Smt. Arundhati Bhattacharya, Chairman
2. Shri V.G. Kannan, Managing Director (Associates & Subsidiaries) (upto 31.07.2016)
3. Shri Dinesh Kumar Khara, Managing Director (Associates & Subsidiaries) (from 09.08.2016)
4. Shri P. K. Gupta, Managing Director (Compliance & Risk)
5. Shri Rajnish Kumar, Managing Director (National Banking Group)
6. Shri B. Sriram, Managing Director (Corporate Banking Group)

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 have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

3.3.3 Transactions and Balances:

₹ in crore

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
Transactions during the year 2016-17			
Interest Income	- (-)	- (-)	- (-)
Interest Expenditure	0.18 (1.86)	- (-)	0.18 (1.86)
Income earned by way of Dividend	33.83 (27.32)	- (-)	33.83 (27.32)
Other Income	0.30 (3.46)	- (-)	0.30 (3.46)
Other Expenditure	11.54 (5.70)	- (-)	11.54 (5.70)
Management Contract	462.06 (399.08)	1.39 (1.58)	463.46 (400.66)
Outstanding as on 31st March 2017			
Payables			
Deposit	15.21 (39.26)	- (-)	15.21 (39.26)
Other Liabilities	47.99 (42.23)	- (-)	47.99 (42.23)
Receivables			
Balances with Banks	- (-)	- (-)	- (-)
Investments	81.15 (41.55)	- (-)	81.15 (41.55)
Advances	0.41 (0.33)	- (-)	0.41 (0.33)
Other Assets	0.07 (0.13)	- (-)	0.07 (0.13)
Maximum outstanding during the year			
Borrowings	- (-)	- (-)	- (-)
Deposit	29.48 (52.32)	- (-)	29.48 (52.32)
Other Liabilities	55.33 (74.90)	- (-)	55.33 (74.90)
Balance with Banks	- (2.12)	- (-)	- (2.12)
Advances	0.42 (0.37)	- (-)	0.42 (0.37)
Investment	81.15 (41.55)	- (-)	81.15 (41.55)
Other Assets	0.07 (0.13)	- (-)	0.07 (0.13)
Non-fund commitments (LCs/BGs)	- (-)	- (-)	- (-)

(Figures in brackets pertain to previous year)

There are no materially significant related party transactions during the year.

3.4 Leases:

3.4.1 Finance Leases

Assets taken on Financial Leases on or after April 01, 2001: The details of financial leases are given below:

₹ in crore

Particulars	As at March 31, 2017	As at March 31, 2016
Total Minimum lease payments outstanding		
Less than 1 year	4.87	4.79
1 to 5 years	9.35	3.29
5 years and above	-	-
Total	14.22	8.08
Interest Cost payable		
Less than 1 year	0.97	0.63
1 to 5 years	1.36	0.39
5 years and above	-	-
Total	2.33	1.02
Present value of minimum lease payments payable		
Less than 1 year	3.90	4.16
1 to 5 years	7.99	2.90
5 years and above	-	-
Total	**11.89**	**7.06**

3.4.2 Operating Lease

Premises taken on operating lease are given below:

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the group entities.

Liability for Premises taken on Non-Cancellable operating lease are given below:

₹ in crore

Particulars	As at March 31, 2017	As at March 31, 2016
Not later than 1 year	307.04	335.87
Later than 1 year and not later than 5 years	1,189.15	1,285.14
Later than 5 years	310.99	341.41
Total	**1,80 7.18**	**1,962.42**

Amount of lease payments recognised in the Profit & Loss Account for the year is ₹ 2,615.41 crore (Previous Year ₹ 2,181.50 crore).

3.5 Earnings per Share:

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share". "Basic earnings" per share is computed by dividing consolidated net profit after tax (other than minority) by the weighted average number of equity shares outstanding during the year.

Particulars Basic and diluted	Current Year	Previous Year
Number of Equity Shares outstanding at the beginning of the year	776,27,77,042	746,57,30,920
Number of Equity Shares issued during the year	21,07,27,400	29,70,46,122
Number of Equity Shares outstanding at the end of the year	797,35,04,442	776,27,77,042
Weighted average number of equity shares used in computing basic earnings per share	780,37,67,851	766,55,68,627
Weighted average number of shares used in computing diluted earnings per share	780,37,67,851	766,55,68,627
Net Profit for the Group (₹ in crore)	241.23	12,224.59
Basic earnings per share (₹)	0.31	15.95
Diluted earnings per share (₹)	0.31	15.95
Nominal value per share (₹)	1.00	1.00

3.6 Accounting for Taxes on Income:

i) During the year, ₹ 3,507.06 crore has been credited to Profit and Loss Account (Previous Year ₹ 83.18 crore debited) on account of deferred tax.

ii) The breakup of deferred tax assets and liabilities into major items is given below:

₹ in crore

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Deferred Tax Assets		
Provision for long term employee Benefits	2,769.18	2,092.14
Provision/Additional Provision on Specified Restructured Standard/ Standard Assets over the specified RBI Prudential Norms	2,845.49	2,136.25
On Accumulated Losses	5,281.99	57.40
Provision for Other Assets/ VRS/Other Liability	724.65	238.29
Depreciation on Fixed Assets	3.89	5.18
Provision for non performing assets	128.93	1,214.43
DTAs on account of FOs of SBI	427.91	472.52
Foreign Currency Translation Reserves	-	262.27
Others	455.01	405.67
Total	**12,637.05**	**6,884.15**

₹ in crore

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Deferred Tax Liabilities		
Depreciation on Fixed Assets	277.04	236.11
Interest accrued but not due on securities	5,045.06	3,863.93
Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961	4,645.01	4,043.24
Foreign Currency Translation Reserve	563.28	-
DTLs on account of FOs of SBI	2.19	1.90
Others	543.14	508.19
Total	**11,075.72**	**8,653.37**
Net Deferred Tax Assets/ (Liabilities)	**1,561.33**	**(1,769.22)**

3.7 Impairment of assets:

In the opinion of the Management, there is no impairment to the assets during the year to which Accounting Standard 28 – "Impairment of Assets" applies.

3.8 Provisions, Contingent Liabilities & Contingent Assets:

◆ **Provisions and contingencies recognised in Profit and Loss Account:**

₹ in crore

Sr. No.	Particulars	Current Year	Previous Year
a)	Provision for Taxation		
	- Current Tax	4,842.56	5,350.36
	- Deferred Tax	(3,507.06)	83.18
	- Other Taxes	-	(0.04)
b)	Provision on Non-Performing Assets	57,155.07	38,024.06
c)	Provision on Restructured Assets	(1,238.32)	(2,912.87)
d)	Provision on Standard Assets	2,191.63	2,284.22
e)	Provision for Depreciation on Investments	1,721.96	320.96
f)	Other Provisions	1,460.54	213.45
Total		**62,626.38**	**43,363.32**

(Figures in brackets indicate credit)

◆ Floating provisions:

₹ in crore

Sr. No.	Particulars	Current Year	Previous Year
a)	Opening Balance	193.76	222.05
b)	Addition during the year	-	-
c)	Draw down during the year	-	28.29
d)	**Closing balance**	**193.76**	**193.76**

◆ Description of contingent liabilities (AS - 29)

Sr. No	Particulars	Brief Description
1	Claims against the Group not acknowledged as debts	The parent and its constituents are parties to various proceedings in the normal course of business. It does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, results of operations or cash flows. The Group is a party to various taxation matters in respect of which appeals are pending.
2	Liability on partly paid-up investments/ Venture Funds	This item represents amounts remaining unpaid towards liability for partly paid investments. This also includes undrawn commitments for Venture Capital Funds.
3	Liability on account of outstanding forward exchange contracts	The Group enters into foreign exchange contracts in its normal course of business to exchange currencies at a pre-fixed price at a future date. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. The notional amounts are recorded as contingent liabilities. With respect to the transactions entered into with its customers, SBI generally enters into off-setting transactions in the interbank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Group issues documentary credits and guarantees on behalf of its customers. Documentary credits enhance the credit standing of the customers of the Group. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfil its financial or performance obligations.
5	Other items for which the Group is contingently liable	The Group enters into currency options, forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts. Further, these also include estimated amount of contracts remaining to be executed on capital account and not provided for, letter of comforts issued by SBI on behalf of Associates & Subsidiaries, SBI's Liability under Depositors Education and Awareness Fund A/c and other sundry contingent liabilities.

The contingent liabilities mentioned above are dependent upon the outcome of court/arbitration/out of court settlements, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, as the case may be.

◆ Movement of provisions against contingent liabilities:

₹ in crore

	Particulars	Current Year	Previous Year
a)	Opening Balance	718.21	1,077.91
b)	Additions during the year	438.30	240.83
c)	Amount utilised during the year	7.47	286.02
d)	Unused amount reversed during the year	127.66	314.51
e)	Closing balance	**1021.38**	**718.21**

4 Inter Office Accounts between branches, controlling offices, local head offices and corporate centre establishments of each domestic banking entity are being reconciled on an ongoing basis. Inter-Bank/ Company balances between group entities are also being reconciled on an ongoing basis. No material effect is expected on the profit and loss account of the current year.

5 During the year, Domestic Banking Subsidiaries have adopted the policy to make appropriate provisioning on a prudent basis based on inherent weakness in common loans and advances in SBI Group as a whole. This has resulted an increase of Gross NPAs by ₹ 21,938.48 crore and incremental provision of ₹ 13,532.67 crore (including standard asset provision of ₹ 765.96 crore).

6 **Sale of Assets to Reconstruction Companies:**

Shortfall on account of sale of assets to reconstruction companies during the year of SBI and its Domestic Banking Subsidiaries, amounting to ₹ 84.75 crore (Previous Year ₹ 1,669.24 crore) and also unamortised amount as at March 31, 2016 amounting to ₹ 2,281.20 crore have been fully amortised in the current year.

7 **Counter Cyclical Provisioning Buffer (CCPB):**

RBI vide Circular No. DBR.No.BP.BC.79/21.04.048/2014-15 dated March 30, 2015 on 'Utilisation of Floating Provisions/ Counter Cyclical Provisioning Buffer' has allowed the banks, to utilise up to 50 per cent of CCPB held by them as on December 31, 2014, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors. During the year, SBI and its Domestic Banking Subsidiaries have not utilized the CCPB for making specific provision for NPAs.

8 **Food Credit :**

In accordance with RBI instruction, SBI and Domestic Banking subsidiaries have made a provision amounting to ₹ 1067.81 crore (Previous Year ₹ 715.98 crore) against outstanding in the long term food credit for food credit advance to a State Government pending resolution by stakeholders.

9 **Revaluation of Banks' Properties:**

a) During the year SBI and its 4 Domestic Banking Subsidiaries have revalued immovable properties based on the reports obtained from external independent valuers. The revaluation surplus was credited to revaluation reserve.

b) The closing balance of Revaluation Reserve as on March 31, 2017 (net of amount transferred to General Reserve), is ₹ 35,593.88 crore.

10 **Acquisition of Domestic Banking subsidiaries & Bharatiya Mahila Bank Ltd :**

The Government of India (GOI) has accorded sanction under sub section (2) of section 35 of the State Bank of India Act, 1955 , for acquisition of the five Domestic Banking Subsidiaries of State Bank of India (SBI) namely, State Bank of Bikaner and Jaipur (SBBJ), State Bank of Mysore (SBM), State Bank of Travancore (SBT), State Bank of Patiala (SBP), State Bank of Hyderabad (SBH) and for acquisition of Bharatiya Mahila Bank Limited (BMBL) (hereinafter collectively referred to as Transferor Banks) vide their orders dated February 22, 2017 and March 20,2017. As per the GOI orders, these schemes for acquisition shall come into effect on April 1, 2017 (hereafter referred to as effective date).

The undertakings of the Transferor Banks which shall be deemed to include all business, assets, liabilities, Reserves and Surplus, present or contingent and all other rights and interest arising out of such property as were immediately before the effective date in the ownership, possession or power of the Transferor Banks shall be transferred to and will vest in SBI on and from the effective date.

Necessary accounting adjustments in this regard will be made on the effective date.

11 In respect of SBI Life Insurance Company Ltd., IRDAI has issued directions under Section 34(1) of the Insurance Act, 1938 to distribute the administrative charges paid to Master policy holders vide order no. IRDA/Life/ORD/Misc/228/10/2012 dated October 5, 2012 amounting to ₹ 84.32 crore (Previous Year ₹ 84.32 crore) and to refund

the excess commission paid to corporate agent vide order no. IRDA/Life/ORD/Misc/083/03/ 2014 dated March 11, 2014 amounting to ₹ 275.29 crore (Previous Year ₹ 275.29 crore) respectively to the members or the beneficiaries. IRDAI issued further directions dated January 11, 2017 reiterating the directions issued on October 5, 2012. The company has filed appeals against the said directions/ orders with the Appellate Authorities (i.e. Ministry of Finance, Govt. of India) and Securities Appellate Tribunal (SAT). As the final orders are pending, the aforesaid amounts have been disclosed as contingent liability.

12 The investments of life and general insurance subsidiaries have been accounted for in accordance with the IRDA (Investment) Regulations, 2016 instead of restating the same in accordance with the accounting policy followed by the banks. The investments of insurance subsidiaries constitute approximate 9.35 % (Previous Year 11.03%) of the total investments as on March 31, 2017.

13 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.

14 In accordance with current RBI guidelines, the general clarification issued by ICAI has been considered in the preparation of the consolidated financial statements. Accordingly, additional statutory information disclosed in separate financial statements of the parent and its subsidiaries having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements in view of the Accounting Standard Interpretation issued by ICAI.

15 Previous year figures have been regrouped/reclassified, wherever necessary, to conform to current year classification. In cases where disclosures have been made for the first time in terms of RBI guidelines/Accounting Standards, previous year's figures have not been mentioned.

In term of our Report of even date.
For **Varma and Varma**
Chartered Accountants

Smt. Arundhati Bhattacharya
Chairman

Cherian K Baby
Partner
Mem. No. : 16043
Firm Regn. No. : 004532 S

Dinesh Kumar Khara
MD (A & S)

P. K. Gupta
MD (C & R)

Rajnish Kumar
MD (NBG)

B. Sriram
MD (CBG)

Kolkata
Date: 19th May 2017

State Bank of India

Consolidated Cash flow statement for the year ended 31st March 2017

(000s omitted)

PARTICULARS		Year ended 31.03.2017 ₹	Year ended 31.03.2016 ₹
Cash flow from operating activities			
Net Profit before taxes (including share in profit from associates and net of minority interest)		1576,73,82	17658,09,16
Adjustments for :			
Depreciation on Fixed Assets		2914,68,43	2252,20,53
(Profit)/Loss on sale of Fixed Assets (Net)		43,81,46	21,05,23
(Profit)/Loss on sale of Investments in Subsidiaries/JVs/Associates		(1587,01,92)	(11,85,66)
(Profit)/Loss on revaluation of Investments (Net)		-	151,67,43
Provision for diminution in fair value & Non Performing Assets		55916,75,12	35111,18,68
Provision on Standard Assets		2191,62,66	2284,21,68
Provision for depreciation on Investments		1721,95,84	320,96,40
Other Provisions including provision for contingencies		1460,54,04	213,44,87
Share in Profit of Associates		(293,28,42)	(275,81,61)
Dividend from Associates		(3,85,50)	(7,52,34)
Interest on Capital Instruments		5296,02,56	4797,86,72
SUB TOTAL		**69237,98,09**	**62515,51,09**
Adjustments for :			
Increase/(Decrease) in Deposits		345953,09,75	200896,77,56
Increase/(Decrease) in Borrowings other than Capital Instruments		(22743,77,32)	110597,56,39
(Increase)/Decrease in Investments other than Investment in Subsidiary and Associates		(221333,86,62)	(135350,58,44)
(Increase)/Decrease in Advances		(82542,67,86)	(213160,74,55)
Increase/(Decrease) in Other Liabilities & Provisions		10789,34,61	37786,51,08
(Increase)/Decrease in Other Assets		(20576,17,56)	(38436,00,12)
Reduction in FCTR on disposal of investments in non-integral operations		-	(873,92,35)
SUB TOTAL		**78783,93,09**	**23975,10,66**
Tax refund / (Taxes paid)		(1377,93,39)	(9498,42,83)
Net cash generated from / (used in) operating activities	**(A)**	**77405,99,70**	**14476,67,83**
Cash flow from investing activities			
(Increase)/Decrease in Investments in Subsidiary and Associates		(1,09,40)	87,67,64
Profit/(Loss) on sale of Investments in Subsidiaries/JVs/Associates		1587,01,92	11,85,66
Dividend from Associates		3,85,50	7,52,34
(Increase)/Decrease in Fixed Assets		(4423,70,61)	(3775,61,16)
(Increase)/Decrease in Goodwill on Consolidation		1,80,36	-
Net Cash generated from / (used in) investing activities	**(B)**	**(2832,12,23)**	**(3668,55,52)**
Cash flow from financing activities			
Proceeds from issue of equity shares including share premium		5674,82,91	5384,49,57
Increase/(Decrease) in Capital Instruments		(2289,95,25)	6138,35,95
Interest on Capital Instruments		(5296,02,56)	(4797,86,72)

₹ in 000

PARTICULARS		Year ended 31.03.2017 ₹	Year ended 31.03.2016 ₹
Dividend paid including tax thereon		(2337,46,38)	(3058,65,86)
Dividend tax paid by Subsidiaries/JVs		(161,10,37)	(88,16,60)
Increase/(Decrease) in Minority Interest		213,24,14	770,28,69
Net Cash generated from / (used in) financing activities	**(C)**	**(4196,47,51)**	**4348,45,03**
Effect of exchange fluctuation on translation reserve	**(D)**	**(1739,70,98)**	**921,84,41**
Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)+(D)		**68637,68,98**	**16078,41,75**
Cash and Cash equivalents at the beginning of the year		**204559,46,55**	**188481,04,80**
Cash and Cash equivalents at the end of the year		**273197,15,53**	**204559,46,55**

Components of Cash & Cash Equivalents as at:	**31.03.2017**	**31.03.2016**
Cash & Balances with Reserve Bank of India	161018,61,07	160424,56,91
Balances with Banks and Money at Call & Short Notice	112178,54,46	44134,89,64
Total	**273197,15,53**	**204559,46,55**

In term of our Report of even date.
For **Varma and Varma**
Chartered Accountants

Smt. Arundhati Bhattacharya
Chairman

Cherian K Baby
Partner
Mem. No. : 16043
Firm Regn. No. : 004532 S

Dinesh Kumar Khara
MD (A & S)

P. K. Gupta
MD (C & R)

Rajnish Kumar
MD (NBG)

B. Sriram
MD (CBG)

Kolkata
Date: 19th May 2017

Independent Auditor's Report

To,
The Board of Directors,
State Bank of India,
Corporate Centre,
State Bank Bhavan, Mumbai

Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated Financial Statements of State Bank of India (the "Bank") and its Subsidiaries, Joint Ventures and Associates (the "Group") [The entities of the Group whose Financial Statements are included in the Consolidated Financial Statements are listed in Schedule 18 - Notes to Accounts - which forms part of the Consolidated Financial Statements of the Group] which comprise the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Management of State Bank of India is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the requirements of the Accounting Standard 21 – "Consolidated Financial Statements", Accounting Standard 23 – "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard 27 – " Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India, the requirements of Reserve Bank of India, the State Bank of India Act, 1955 and other accounting principles generally accepted in India. This responsibility of the management of State Bank of India includes the design, implementation and maintenance of internal controls and risk management systems relevant to the preparation and presentation of the consolidated financial statements of the SBI Group that give a true and fair view and are free from material misstatement, whether due to fraud or error. We are informed that the management of the individual entities of the group have implemented such internal controls and risk management systems that are relevant to the preparation of the financial statements and the designed procedures that are appropriate in the circumstances so that the internal controls with regard to all the activities of the SBI Group are effective. These statements have been prepared on the basis of separate financial statements and other financial information regarding components,

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management of the entities of the Group, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, and based on our consideration of the reports of other auditors on separate financial statements of Subsidiaries, Joint Ventures and Associates, the unaudited financial statements and the other financial information of a subsidiary and certain associates as furnished by the Management, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2017;

   (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.

Other Matters

7. Incorporated in these consolidated financial statements are the:

   (a) Audited accounts of the Bank audited by 14 (fourteen) Joint Auditors including us which reflect total assets of INR 27,05,787 crores as at March 31, 2017, total revenue of INR 210,979 crores, and net cash inflows amounting to INR 4,504 Crores for the year then ended;

   (b) Audited accounts of 31 (thirty one) Subsidiaries, 9 (nine) Joint Ventures and 19 (nineteen) Associates audited by other auditors whose financial statements reflects the

Group's share in total assets of INR 7,62,739 Crores as at March 31, 2017, the Group's share in total revenue of INR 90,993 Crores, the Group's share in net cash inflows amounting to INR 65,231 Crores, and the Group's share in profit from associates of INR 274 Crores for the year then ended;

(c) Unaudited accounts of 1 (one) Subsidiary and 1 (one) Associates whose financial statements reflect total assets of INR 4,726 Crores as at March 31, 2017, total revenue of INR165 Crores, net cash outflows amounting to INR 130 Crores and the Group's share in profit from associates of INR 19 Crores for the year then ended.

These financial statements and other financial information have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such subsidiaries, joint ventures and associates, is based solely on the report of the other auditors and unaudited financial statements referred to above.

8. The auditors of SBI Life Insurance Company Ltd., a subsidiary of the Group have reported that the actuarial valuation of liabilities for life policies in force is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which the premium has been discontinued but liability exists as at 31 March 2017 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDAI / "Authority"") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists on standalone financial statements of the Company.

Our opinion is not modified in respect of these matters.

For **Varma & Varma**
Chartered Accountants
FRN 004532S

Cherian K Baby
Partner
M No.016043

Place: Kolkata
Date: 19th May 2017

Pillar 3 Disclosures (Consolidated)
as on 31.03.2017

DF-1: SCOPE OF APPLICATION

State Bank of India is the parent company to which the Basel III Framework applies. The consolidated financial statements of the group conform to Generally Accepted Accounting Principles (GAAP) in India, which comprise the statutory provisions, Regulatory / Reserve Bank of India (RBI) guidelines, Accounting Standards / guidance notes issued by the ICAI.

(i) Qualitative Disclosures:

a. List of group entities considered for consolidation for the period ended 31.03.2017

The following subsidiaries, joint ventures and associates are considered for the preparation of consolidated financial statements of SBI Group.

Sr. No.	Name of the entity	Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consoli-dation	Explain the reasons if consolidated under only one of the scopes of consolidation
1	State Bank of Bikaner and Jaipur	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
2	State Bank of Hyderabad	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
3	State Bank of Mysore	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
4	State Bank of Patiala	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
5	State Bank of Travancore	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
6	SBI Capital Markets Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
7	SBICAP Securities Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
8	SBICAP Ventures Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
9	SBICAP Trustee Company Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
10	SBICAP (UK) Ltd.	U.K.	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
11	SBICAP (Singapore) Ltd.	Singapore	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
12	SBI DFHI Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
13	SBI Payment Services Pvt. Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
14	SBI Global Factors Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
15	SBI Pension Funds Pvt Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable

Sr. No.	Name of the entity	Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consoli-dation	Explain the reasons if consolidated under only one of the scopes of consolidation
16	SBI –SG Global Securities Services Pvt. Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
17	SBI Mutual Fund Trustee Company Pvt Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
18	SBI Funds Management Pvt. Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
19	SBI Funds Management (International) Private Ltd.	Mauritius	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
20	SBI Cards and Payment Services Pvt. Ltd.	India	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
21	State Bank of India (California)	USA	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
22	SBI Canada Bank	Canada	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
23	Commercial Indo Bank Llc, Moscow	Russia	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
24	SBI (Mauritius) Ltd.	Mauritius	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
25	PT Bank SBI Indonesia	Indonesia	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
26	Nepal SBI Bank Ltd.	Nepal	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
27	Nepal SBI Merchant Banking Ltd.	Nepal	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
28	Bank SBI Botswana Ltd.	Botswana	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
29	State Bank of India Servicos Limitada	Brazil	Yes	Consolidated as per AS 21	Yes	Consolidated as per AS 21	Not applicable	Not applicable
30	SBI Infra Management Solutions Private Limited	India	Yes	Consolidated as per AS 21	No	Not applicable	Not applicable	Non-financial Subsidiary: Not under scope of Regulatory Consolidation

Sr. No.	Name of the entity	Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consoli-dation	Explain the reasons if consolidated under only one of the scopes of consolidation
31	SBI Life Insurance Company Ltd.	India	Yes	Consolidated as per AS 21	No	Not applicable	Not applicable	Insurance Joint Venture: Not under scope of Regulatory Consolidation
32	SBI General Insurance Company Ltd.	India	Yes	Consolidated as per AS 21	No	Not applicable	Not applicable	Insurance Joint Venture: Not under scope of Regulatory Consolidation
33	C - Edge Technologies Ltd.	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	Non-financial Joint Venture: Not under scope of Regulatory Consolidation
34	GE Capital Business Process Management Services Pvt Ltd.	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	Non-financial Joint Venture: Not under scope of Regulatory Consolidation
35	SBI Macquarie Infrastructure Management Pvt. Ltd.	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	Joint Venture: Not under scope of Regulatory Consolidation
36	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	Non-financial Joint Venture: Not under scope of Regulatory Consolidation
37	Macquarie SBI Infrastructure Management Pte. Ltd.	Singapore	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	Joint Venture: Not under scope of Regulatory Consolidation
38	Macquarie SBI Infrastructure Trustee Ltd.	Bermuda	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	Joint Venture: Not under scope of Regulatory Consolidation
39	Oman India Joint Investment Fund – Management Company Pvt. Ltd.	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	Joint Venture: Not under scope of Regulatory Consolidation

Sr. No.	Name of the entity	Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consoli-dation	Explain the reasons if consolidated under only one of the scopes of consolidation
40	Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	Joint Venture: Not under scope of Regulatory Consolidation
41	Jio Payments Bank Limited	India	Yes	Consolidated as per AS 27	No	Not applicable	Not applicable	Joint Venture: Not under scope of Regulatory Consolidation
42	Andhra Pradesh Grameena Vikas Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
43	Arunachal Pradesh Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
44	Chhattisgarh Rajya Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
45	Ellaquai Dehati Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
46	Meghalaya Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
47	Langpi Dehangi Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
48	Madhyanchal Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
49	Mizoram Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
50	Nagaland Rural Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation

Sr. No.	Name of the entity	Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consoli-dation	Explain the reasons if consolidated under only one of the scopes of consolidation
51	Purvanchal Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
52	Utkal Grameen Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
53	Uttarakhand Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
54	Vananchal Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
55	Saurashtra Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
56	Rajasthan Marudhara Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
57	Telangana Grameena Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
58	Kaveri Grameena Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
59	Malwa Gramin Bank	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
60	The Clearing Corporation of India Ltd.	India	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation
61	Bank of Bhutan Ltd.	Bhutan	Yes	Consolidated as per AS 23	No	Not applicable	Not applicable	Associate: Not under scope of Regulatory Consolidation

b. List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation as on 31.03.2017

(₹ in crore)

Sr. No.	Name of the entity	Country of incorpora-tion	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
1	SBI Foundation	India	A Not-for-Profit Company to focus on Corporate Social Responsibility (CSR) Activities	14.02	98.90%	Deducted from the Regulatory Capital	14.03
2	SBI Home Finance Ltd.	India	Under winding up	N.A.	25.05%	Full provision available	N.A.

(ii) Quantitative Disclosures:

c. List of group entities considered for regulatory consolidation as on 31.03.2017

Following is the list of group entities considered under regulatory scope of consolidation :

(₹ in crore)

Sr. No.	Name of the entity	Country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) $	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
1	State Bank of Bikaner & Jaipur	India	Banking Services	6,352.00	116,293.34
2	State Bank of Hyderabad	India	Banking Services	8,887.97	163,189.88
3	State Bank of Mysore	India	Banking Services	3,800.93	88,995.75
4	State Bank of Patiala	India	Banking Services	8,478.05	122,829.16
5	State Bank of Travancore	India	Banking Services	4,414.81	125,916.61
6	SBI Capital Markets Ltd.	India	Merchant Banking and Advisory Services	1,156.90	1,243.09
7	SBICAP Securities Ltd.	India	Securities Broking & its allied services and third party distribution of financial products	142.04	280.55
8	SBICAP Ventures Ltd.	India	Asset Management Company for Venture Capital Fund	44.85	46.44
9	SBICAP Trustee Company Ltd.	India	Corporate Trusteeship Activities	64.35	67.83
10	SBICAP (UK) Ltd.	U.K.	Arrangement of corporate finance & providing advisory services	8.37	8.49
11	SBICAP (Singapore) Ltd.	Singapore	Business & management Consultancy Services	58.74	59.34

Sr. No.	Name of the entity	Country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) $	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
12	SBI DFHI Ltd.	India	Primary Dealer in Govt. Securities	1,046.42	3,187.70
13	SBI Payment Services Pvt. Ltd.	India	Payment Solution Services	2.70	3.50
14	SBI Global Factors Ltd.	India	Factoring Activities	323.82	920.40
15	SBI Pension Funds Pvt Ltd.	India	Management of assets of NPS Trust allocated to them	35.11	35.92
16	SBI –SG Global Securities Services Pvt. Ltd.	India	Custody and Fund accounting services	99.42	104.78
17	SBI Mutual Fund Trustee Company Pvt Ltd.	India	Trusteeship Services to schemes floated by SBI Mutual Fund	23.20	23.22
18	SBI Funds Management Pvt. Ltd.	India	Asset Management Services to schemes floated by SBI Mutual Fund	770.98	985.05
19	SBI Funds Management (International) Private Ltd.	Mauritius	Investment Management Services	0.82	1.12
20	SBI Cards and Payment Services Pvt. Ltd.	India	Credit Cards Business	1,450.89	10,785.47
21	State Bank of India (California)	USA	Banking Services	766.11	4,178.77
22	SBI Canada Bank	Canada	Banking Services	654.39	4,726.43
23	Commercial Indo Bank Llc. , Moscow	Russia	Banking Services	269.28	734.87
24	SBI (Mauritius) Ltd.	Mauritius	Banking Services	1,153.72	7,141.79
25	PT Bank SBI Indonesia	Indonesia	Banking Services	591.99	2,098.21
26	Nepal SBI Bank Ltd.	Nepal	Banking Services	504.79	6,009.01
27	Nepal SBI Merchant Banking Ltd.	Nepal	Merchant Banking and Advisory Services	6.46	6.56
28	Bank SBI Botswana Ltd.	Botswana	Banking Services	67.15	234.27
29	State Bank of India Servicos Limitada	Brazil	Representative Office Services	2.31	2.38

$ Comprises of Equity Capital and Reserve & Surplus

(d) The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation,i.e. that are deducted:

Name of the Subsidiaries/Country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of Bank's holding in the total equity	Capital Deficiency
		NIL		

(e) The aggregate amount (e.g. current book value) of the Bank's total interests in Insurance entities, which are risk-weighted:

Name of the Insurance entities/Country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of Bank's holding in the total equity	Quantitative impact on regulatory capital of using risk weighting method Vs using the full deduction method
		NIL		

(f) Any restrictions or impediments on transfer of funds or regulatory capital within the banking group: NIL

DF-2: Capital Adequacy

As on 31.03.2017

Qualitative Disclosures

(a) A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities

- The Bank and its Banking Subsidiaries undertake the Internal Capital Adequacy Assessment Process (ICAAP) on an annual basis in line with the New Capital Adequacy Framework (NCAF) Guidelines of RBI. The ICAAP details the capital planning process and carries out an assessment covering measurement, monitoring, internal controls, reporting, capital requirement and stress testing of the following Risks:
  - Credit Risk
  - Operational Risk
  - Liquidity Risk
  - Compliance Risk
  - Pension Fund Obligation Risk
  - Reputation Risk
  - Residual Risk from Credit Risk Mitigants
  - Settlement Risk
  - Market Risk
  - Credit Concentration Risk
  - Interest Rate Risk in the Banking Book
  - Country Risk
  - New Businesses Risk
  - Strategic Risk
  - Model Risk
  - Contagion Risk
  - Securitization Risk
- Sensitivity Analysis is conducted annually or more frequently as required, on the movement of Capital Adequacy Ratio (CAR) in the medium horizon of 3 to 5 years, considering the projected investment in Subsidiaries / Joint Ventures by SBI and growth in Advances by SBI and its Subsidiaries (Domestic/Foreign). This analysis is done for the SBI and SBI Group separately.
- CRAR of the Bank and for the Group as a whole is estimated to be well above the Regulatory CAR in the medium horizon of 3 to 5 years. However, to maintain adequate capital, the Bank has options to augment its capital resources by raising Subordinated Debt and Perpetual Debt Instruments, besides Equity as and when required.
- Strategic Capital Plan for the Foreign Subsidiaries covers an assessment of capital requirement for growth of assets and the capital required complying with various local regulatory requirements and prudential norms. The growth plan is approved by the parent bank after satisfying itself about the capacity of the individual subsidiaries to raise CET I / AT I /Tier II Capital to support the increased level of assets and at the same time maintaining the Capital Adequacy Ratio (CAR).

Quantitative Disclosures

(b) Capital requirements for credit risk:

- Portfolios subject to standardized approach — ₹ 1,41,622.03 crore.
- Securitization exposures — Nil

....

Total ₹ **1,41,622.03 crore**

(c) Capital requirements for market risk:

- Standardized duration approach;
  - Interest Rate Risk — ₹ 10,491.81crore
  - Foreign Exchange Risk (including gold) — ₹ 193.01crore
  - Equity Risk — ₹ 3,643.74 crore

…………………………..

Total ₹ **14,328.56 crore**

(d) Capital requirements for operational risk:

- Basic Indicator Approach — ₹ 16,432.65 crore
- The Standardized Approach (if applicable) — …………………………..

Total ₹ **16,432.65 crore**

(e) Common Equity Tier 1, Tier 1 and Total Capital Ratios:

- For the top consolidated group; and
- For significant bank subsidiaries (stand alone or sub-consolidated depending on how the Framework is applied)

CAPITAL ADEQUACY RATIOS AS ON 31.03.2017

	CET 1 (%)	Tier 1 (%)	Total (%)
SBI Group	9.92	10.41	13.03
State Bank of India	9.82	10.35	13.11
State Bank of Bikaner & Jaipur	7.23	7.37	9.25
State Bank of Hyderabad	8.63	9.23	11.73
State Bank of Mysore	6.10	8.09	12.41
State Bank of Patiala	7.34	9.03	12.43
State Bank of Travancore	8.04	9.94	12.19
SBI (Mauritius) Ltd.	19.80	19.80	20.80
State Bank of India (Canada)	15.92	15.92	18.28
State Bank of India (California)	17.02	17.02	18.08
Commercial Indo Bank LLC, Moscow	43.03	43.03	43.03
Bank SBI Indonesia	35.81	35.81	36.70
Nepal SBI Bank Ltd.	11.81	11.81	14.20
Bank SBI Botswana Ltd.	45.34	45.34	45.34

DF-3: CREDIT RISK: GENERAL DISCLOSURES

As on 31.03.2017

General Disclosures

Qualitative Disclosures

- Definitions of past due and impaired assets (for accounting purposes)

Non-performing assets

An asset becomes non-performing when it ceases to generate income for the Bank. As from 31st March 2006, a non-performing Asset (NPA) is an advance where

(i) Interest and/or instalment of principal remain 'overdue' for a period of more than 90 days in respect of a Term Loan

(ii) The account remains 'out of order' for a period of more than 90 days, in respect of an Overdraft/Cash Credit (OD/CC)

(iii) The bill remains 'overdue' for a period of more than 90 days in the case of bills purchased and discounted

(iv) Any amount to be received remains 'overdue' for a period of more than 90 days in respect of other account

(v) A loan granted for short duration crops is treated as NPA, if the instalment of principal or interest thereon remains overdue for two crop seasons and a loan granted for long duration crops is treated as NPA, if instalment of principal or interest thereon remains overdue for one crop seaso

(vi) An account would be classified as NPA only if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter.

(vii) The amount of a liquidity facility remains outstanding for more than 90 days, in respect of securitization transactions undertaken in accordance with the RBI guidelines on securitization dated February 1, 2006.

(viii) In respect of derivative transactions, the overdue receivables representing the positive mark to market value of a derivative contract, remain unpaid for a period of 90 days from the specified due date for payment.

'Out of Order' status

An account is treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power.

In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Bank's Balance Sheet, or where credits are not enough to cover the interest debited during the same period, such accounts are treated as 'out of order'.

'Overdue'

Any amount due to the Bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank.

- Discussion of the Bank's Credit Risk Management Policy

The Bank has an integrated Credit Risk Management, Credit Risk Mitigation and Collateral Management Policy in place which is reviewed annually. Over the years, the policy & procedures in this regard have been refined as a result of evolving concepts and actual experience. The policy and procedures have been aligned to the approach laid down in Basel-II and RBI guidelines.

Credit Risk Management encompasses identification, assessment, measurement, monitoring and control of the credit risk in exposures.

In the processes of identification and assessment of Credit Risk, the following functions are undertaken :

(i) Developing and refining the Credit Risk Assessment (CRA) Models/Scoring Models to assess the Counterparty Risk, by taking into account the various risks categorized broadly into Financial, Business, Industrial and Management Risks, each of which is scored separately.

(ii) Conducting industry research to give specific policy prescriptions and setting quantitative exposure parameters for handling portfolio in large / important industries, by issuing advisories on the general outlook for the Industries / Sectors, from time to time.

The measurement of Credit Risk involves computation of Credit Risk Components viz Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD).

The monitoring and control of Credit Risk includes setting up exposure limits to achieve a well-diversified portfolio across dimensions such as single borrower, group borrower and industries. For better risk management and avoidance of concentration of Credit Risks, internal guidelines on prudential exposure norms in respect of individual companies, group companies, Banks, individual borrowers, non-corporate entities, sensitive sectors such as capital market, real estate, sensitive commodities, etc., are in place. Credit Risk Stress Tests are conducted at half yearly interval to identify vulnerable areas for initiating corrective action, where necessary.

The Bank has also a Loan Policy which aims at ensuring that there is no undue deterioration in quality of individual assets within the portfolio. Simultaneously, it also aims at continued improvement of the overall quality of assets at the portfolio level, by establishing a commonality of approach regarding credit basics, appraisal skills, documentation standards and awareness of institutional concerns and strategies, while leaving enough room for flexibility and innovation

The Bank has processes and controls in place in regard to various aspects of Credit Risk Management such as appraisal, pricing, credit approval authority, documentation, reporting and monitoring, review and renewal of credit facilities, management of problem loans, credit monitoring, etc. The Bank also have a system of Credit Audit with the aims of achieving continuous improvement in the quality of the Commercial Credit portfolio with exposure of ₹ 10 crore. and above. Credit Audit covers audit of credit sanction decisions at various levels. Both the pre-sanction process and post-sanction position are examined as a part of the Credit Audit System. Credit Audit also examines identified Risks and suggests Risk Mitigation Measures.

DF-3: Quantitative Disclosures as on 31.03.2017

(Insurance entities, JVs & Non-financial entities excluded)

Amount - ₹ in crore

General Disclosures:				
Quantitative Disclosures				
		Non Fund Based	**Fund Based**	**Total**
b	Total Gross Credit Risk Exposures	1981054.01	415294.43	2396348.44
c	Geographic Distribution of Exposures : FB / NFB			
	Overseas	294161.12	32872.69	327033.81
	Domestic	1686892.89	382421.74	2069314.63
d	Industry Type Distribution of Exposures Fund based / Non Fund Based separately	Please refer to Table "A"		
e	Residual Contractual Maturity Breakdown of Assets	Please refer to Table "B"		
f	Amount of NPAs (Gross) i.e. Sum of (i to v)			179166.62
	i. Substandard			44229.63
	ii. Doubtful 1			44890.08
	iii. Doubtful 2			71376.83
	iv. Doubtful 3			14674.62
	v. Loss			3995.46
g	Net NPAs			97656.82
h	NPA Ratios			
	i) Gross NPAs to gross advances			9.04%
	ii) Net NPAs to net advances			5.15%
i	Movement of NPAs (Gross)			
	i) Opening balance			123416.43
	ii) Additions			110903.95
	iii) Reductions			55153.76
	iv) Closing balance			179166.62
j	Movement of provisions for NPAs			
	i) Opening balance			53627.25
	ii) Provisions made during the period			59811.09
	iii) Write-off			31752.03
	iv) Write-back of excess provisions			176.51
	v) Closing balance			81509.80
k	Write-offs and recoveries that have been booked directly to the Income St.			2418.79
l	Amount of Provisions held for Non-Performing Investments			431.35
m	Movement of Provisions for Depreciation on Investments			
	Opening balance			695.64
	Provisions made during the period			2079.22
	Add: Foreign Exchange Revaluation Adj.			0.00
	Write-off			154.96
	Write-back of excess provisions			326.55
	Closing balance			2293.35
n	By major industry or counter party type			
	Amt. of NPA and if available, past due loans, provided separately			102973.59
	Specific & general provisions; and			14695.25
	Specific provisions and write-offs during the current period			5475.37
o	Amt. of NPAs and past due loans provided separately by significant geographical areas including specific and general provisions			47117.43
	Provisions			14978.78

Table- A: DF-3 (d) Industry Type Distribution of Exposures as on 31.03.2017

(₹ in crore)

Code	Industry	Fund Based [Outstanding-O/s)]			Non-Fund Based(O/s)
		Standard	NPA	Total	
1	Coal	2,482.86	1,107.57	3,590.43	3153.32
2	Mining	8,431.59	832.76	9,264.35	1595.20
3	Iron & Steel	77,083.37	56,259.18	133,342.55	21604.48
4	Metal Products	42,687.41	4,603.60	47,291.01	6570.64
5	All Engineering	28,989.19	8,685.23	37,674.43	74646.76
5.1	Of which Electronics	6,478.21	441.43	6,919.64	4225.01
6	Electricity	9,354.34	648.30	10,002.64	1613.05
7	Cotton Textiles	23,974.62	11,408.56	35,383.18	2138.25
8	Jute Textiles	318.78	28.88	347.66	45.57
9	Other Textiles	18,759.74	5,015.25	23,774.99	2415.78
10	Sugar	8,587.03	738.99	9,326.02	907.64
11	Tea	490.83	195.02	685.85	27.73
12	Food Processing	28,646.85	10,365.36	39,012.21	2687.08
13	Vegetable Oils &Vanaspati	4,257.16	1,657.73	5,914.89	3380.12
14	Tobacco / Tobacco Products	504.48	69.37	573.85	351.65
15	Paper / Paper Products	4,157.55	1,000.22	5,157.77	1092.11
16	Rubber / Rubber Products	8,959.24	835.85	9,795.09	2301.28
17	Chemicals / Dyes / Paints etc.	66,423.83	3,615.03	70,038.86	42635.60
17.1	Of which Fertilizers	12,799.30	43.53	12,842.83	4069.83
17.2	Of which Petrochemicals	27,544.72	1,065.64	28,610.36	33202.36
17.3	Of which Drugs &Pharma	10,104.98	1,714.65	11,819.64	1518.78
18	Cement	8,730.57	2,359.37	11,089.94	3133.09
19	Leather & Leather Products	2,381.24	111.25	2,492.49	441.12
20	Gems & Jewellery	13,995.06	1,807.57	15,802.63	3022.46
21	Construction	20,212.31	2,397.42	22,609.74	7637.16
22	Petroleum	12,734.33	4,662.08	17,396.41	20571.57
23	Automobiles & Trucks	11,603.23	3,738.63	15,341.86	6614.08
24	Computer Software	2,148.84	391.87	2,540.71	1294.29
25	Infrastructure	241,651.36	23,317.14	264,968.50	88428.73
25.1	Of which Power	165,019.83	6,250.89	171,270.72	27526.43
25.2	Of which Telecommunication	22,604.36	259.11	22,863.48	19030.38
25.3	Of which Roads & Ports	22,600.42	7,319.72	29,920.14	15567.95
26	Other Industries	274,463.61	12,716.17	287,179.78	50673.33
27	NBFCs & Trading	198,032.90	7,799.73	205,832.63	26888.67
28	Residual Advances	681,825.07	12,798.48	694,623.55	39423.67
	Total	**1,801,887.39**	**179,166.62**	**1,981,054.01**	**415294.43**

Table- B

DF-3 (e) SBI (CONSOLIDATED) Residual contractual maturity breakdown of assets as on 31.03.2017*

(₹ in crore)

	INFLOWS	1-14 days	15-30 days	31 days &upto 2 months	More than 2 months &upto 3 months	Over 3 months & upto 6 months	Over 6 months &upto 1 year	Over 1 year &upto 3 years	Over 3 years &upto 5 years	Over 5 years	TOTAL
1	Cash	14815.23	0.35	0.40	0.40	1.21	2.43	3.24	0.00	0.00	14823.26
2	Balances with RBI	43023.53	1812.52	1582.71	1508.77	4775.35	13082.77	32127.76	11224.80	36938.13	146076.35
3	Balances with other Banks	106060.84	924.66	1218.91	856.30	128.03	321.95	3321.17	424.33	382.03	113638.22
4	Investments	53102.63	11055.34	22736.64	25716.82	73925.42	53783.21	123987.96	128138.44	457801.53	950247.99
5	Advances	127823.01	32185.32	37861.43	43748.73	40721.58	54654.31	702458.86	169768.37	687883.09	1897104.70
6	Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	5.53	8.65	50277.66	50291.84
7	Other Assets	60041.66	7712.38	7500.42	3439.72	7330.46	12634.32	13781.29	7487.07	73954.10	193881.41
	TOTAL	**404866.90**	**53690.57**	**70900.51**	**75270.73**	**126882.05**	**134478.99**	**875685.81**	**317051.66**	**1307236.54**	**3366063.77**

*Notes:

i) Insurance entities, Non-financial entities, JVs, Special Purpose Vehicles & Intra-group Adjustments are excluded.

ii) Investments include Non-performing Investments and Advances includes Non-performing Advances.

iii) The Bucketing structure has been revised based on the RBI guidelines dated March 23, 2016.

DF-4: CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

Qualitative Disclosures

- **Names of Credit Rating Agencies used, plus reasons for any changes**

  As per RBI Guidelines, the Bank has identified CARE, CRISIL, ICRA, India Rating, SMERA and Brickwork (Domestic Credit Rating Agencies) and FITCH, Moody's and S&P (International Rating Agencies) as approved Rating Agencies, for the purpose of rating Domestic and Overseas Exposures, respectively, whose ratings are used for the purpose of computing Risk-weighted Assets and Capital Charge.

- **Types of exposures for which each Agency is used**

  (i) For Exposures with a contractual maturity of less than or equal to one year (except Cash Credit, Overdraft and other Revolving Credits), Short-term Ratings given by approved Rating Agencies are used.

  (ii) For Cash Credit, Overdraft and other Revolving Credits (irrespective of the period) and for Term Loan exposures of over 1 year, Long Term Ratings are used.

- **Description of the process used to transfer Public Issue Ratings onto comparable assets in the Banking Book**

  The key aspects of the Bank's external ratings application framework are as follows:

  - All long term and short term ratings assigned by the credit rating agencies specifically to the Bank's long term and short term exposures respectively are considered by the Bank as issue specific ratings.
  - Foreign sovereign and foreign bank exposures are risk-weighted based on issuer ratings assigned to them.
  - The Bank ensures that the external rating of the facility/ borrower has been reviewed at least once by the ECAI during the previous 15 months and is in force on the date of its application.
  - Where multiple issuer ratings are assigned to an entity by various credit rating agencies, In this context, the lower rating, where there are two ratings and the second-lowest rating where there are three or more ratings are used for a given facility.

Long-term Issue Specific Ratings (For the Bank's own exposures or other issuance of debt by the same borrower-constituent/ counter-party) or Issuer (borrower-constituents/counter-party) Ratings are applied to other unrated exposures of the same borrower-constituent/counter-party in the following cases :

- If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures, any other unrated exposure on the same counter-party is assigned the same Risk Weight, if the exposure ranks paripassu or junior to the rated exposure in all respects.
- In cases where the borrower-constituent/counter-party has issued a debt (which is not a borrowing from the Bank), the rating given to that debt is applied to the Bank's unrated exposures, if the Bank's exposure ranks paripassu or senior to the specific rated debt in all respects and the maturity of unrated Bank's exposure is not later than the maturity of the rated debt.

Quantitative Disclosures as on 31.03.2017

(₹ 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	1556276.87
		100% Risk Weight	498821.42
		More than 100% Risk Weight	339241.78
		Deducted	2008.37
		Total	**2396348.44**

DF-5: CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES

Credit Risk Mitigation: Disclosures for Standardised Approach

(a) Qualitative Disclosures

- **Policies and proceses for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting**

On-balance sheet netting is confined to loans/advances and deposits, where the Bank have legally enforceable netting arrangements, involving specific lien with proof of documentation. The Bank calculates capital requirements on the basis of net credit exposures subject to the following conditions:

Where bank,

a. has a well-founded legal basis for concluding that the netting or offsetting agreement is enforceable in each relevant jurisdiction regardless of whether the counterparty is insolvent or bankrupt;

b. is able at any time to determine the loans/advances and deposits with the same counterparty that are subject to the netting agreement; and

c. monitors and controls the relevant exposures on a net basis, it may use the net exposure of loans/advances and deposits as the basis for its capital adequacy calculation. Loans/advances are treated as exposure and deposits as collateral.

- **Policies and Processes for Collateral Valuation and Management**

  The Bank has an integrated Credit Risk Management, Credit Risk Mitigation and Collateral Management Policy in place which is reviewed annually. Part B of this policy deals with Credit Risk Mitigation and Collateral Management, addressing the Bank's approach towards the credit risk mitigants used for capital calculation.

  The objective of this Policy is to enable classification and valuation of credit risk mitigants in a manner that allows regulatory capital adjustment to reflect them.

  The Policy adopts the Comprehensive Approach, which allows full offset of collateral (after appropriate haircuts), wherever applicable against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. The following issues are addressed in the Policy :

(i) Classification of credit risk-mitigants

(ii) Acceptable credit risk-mitigants

(iii) Documentation and legal process requirements for credit risk-mitigants

(iv) Valuation of collateral

(v) Margin and Haircut requirements

(vi) External ratings

(vii) Custody of collateral

(viii) Insurance

(ix) Monitoring of credit risk mitigants

(x) General guidelines.

Description of the main types of collateral taken by the Bank

The following collaterals are usually recognised as Credit Risk Mitigants under the Standardised Approach :

Cash or Cash equivalent (Bank Deposits/NSCs/KVP/LIC Policy, etc.)

Gold

Securities issued by Central / State Governments

Debt Securities rated BBB- or better/ PR3/P3/F3/A3 for Short-Term Debt Instrument

- **Main types of Guarantor Counterparty and their creditworthiness**

  The Bank accepts the following entities as eligible guarantors, in line with RBI guidelines :

  - Sovereign, Sovereign entities [including Bank for International Settlements (BIS), International Monetary Fund (IMF), European Central Bank and European Community as well as Multilateral Development Banks, Export Credit & Guarantee Corporation (ECGC) and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)], Public Sector Enterprises (PSEs), Banks and Primary Dealers with a lower risk weight than the counterparty.

- Other guarantors having an external rating of AA or better. In case the guarantor is a parent company, affiliate or subsidiary, they should enjoy a risk weight lower than the obligor for the guarantee to be recognised by the Bank. The rating of the guarantor should be an entity rating which has factored in all the liabilities and commitments (including guarantees) of the entity.

Information about (Market or Credit) risk concentrations within the mitigation taken:

The Bank has a well-dispersed portfolio of assets which are secured by various types of collaterals, such as:-

- Eligible financial collaterals listed above
- Guarantees by sovereigns and well-rated corporates,
- Fixed assets and current assets of the counterparty.

Quantitative Disclosures as on 31.03.2017

(₹ 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.	446227.14
(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)	20853.07

DF-6: SECURITISATION EXPOSURES: DISCLOSURE FOR STANDARDISED APPROACH

As on 31.03.2017

Qualitative Disclosures

(a)	The general qualitative disclosure requirement with respect to securitisation including a discussion of:	
	The bank's objectives in relation to securitisation activity, including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the bank to other entities.	Nil
	The nature of other risks (e.g. liquidity risk) inherent in securitised assets;	Not Applicable
	The various roles played by the bank in the securitisation process (For example: originator, investor, servicer, provider of credit enhancement, liquidity provider, swap provider@, protection provider#) and an indication of the extent of the bank's involvement in each of them; @ A bank may have provided support to a securitisation structure in the form of an interest rate swap or currency swap to mitigate the interest rate/currency risk of the underlying assets, if permitted as per regulatory rules. # A bank may provide credit protection to a securitisation transaction through guarantees, credit derivatives or any other similar product, if permitted as per regulatory rules.	Not Applicable
	A description of the processes in place to monitor changes in the credit and market risk of securitisation exposures (for example, how the behaviour of the underlying assets impacts securitisation exposures as defined in para 5.16.1 of the Master Circular on NCAF dated July 1, 2012).	Not Applicable
	A description of the bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitisation exposures;	Not Applicable
(b)	Summary of the bank's accounting policies for securitization activities, including:	
	Whether the transactions are treated as sales or financings;	Not Applicable
	Methods and key assumptions (including inputs) applied in valuing positions retained or purchased	Not Applicable
	Changes in methods and key assumptions from the previous period and impact of the changes;	Not Applicable
	Policies for recognising liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitised assets.	Not Applicable

(c)	In the banking book, the names of ECAIs used for securitisations and the types of securitisation exposure for which each agency is used.	Not Applicable
	Quantitative Disclosures: Banking Book	
(d)	The total amount of exposures securitised by the bank.	Nil
(e)	For exposures securitised losses recognised by the bank during the current period broken by the exposure type (e.g. Credit cards, housing loans, auto loans etc. detailed by underlying security)	Nil
(f)	Amount of assets intended to be securitised within a year	Nil
(g)	Of (f), amount of assets originated within a year before securitisation.	Not Applicable
(h)	The total amount of exposures securitised (by exposure type) and unrecognised gain or losses on sale by exposure type.	Nil
(i)	Aggregate amount of:	
	On-balance sheet securitisation exposures retained or purchased broken down by exposure type and	Nil
	Off-balance sheet securitisation exposures broken down by exposure type	Nil
(j)	Aggregate amount of securitisation exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach	Nil
	Exposures that have been deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type).	Nil
	Quantitative Disclosures: Trading Book	
(k)	Aggregate amount of exposures securitised by the bank for which the bank has retained some exposures and which is subject to the market risk approach, by exposure type.	Nil
(l)	Aggregate amount of:	
	On-balance sheet securitisation exposures retained or purchased broken down by exposure type; and	Nil
	Off-balance sheet securitisation exposures broken down by exposure type.	Nil
(m)	Aggregate amount of securitisation exposures retained or purchased separately for:	Nil
	Securitisation exposures retained or purchased subject to Comprehensive Risk Measure for specific risk; and	Nil
	Securitisation exposures subject to the securitisation framework for specific risk broken down into different risk weight bands.	Nil
(n)	Aggregate amount of:	
	The capital requirements for the securitisation exposures, subject to the securitisation framework broken down into different risk weight bands.	Nil
	Securitization exposures that are deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital(by exposure type).	Nil

DF- 7: MARKET RISK IN TRADING BOOK

As on 31.03.2017

(a) Qualitative Disclosures:

(1) The following portfolios are covered by the Standardised Measurement Method (SMM) for computing capital requirement for Market Risk:

- Bonds & Equity holdings under the Held for Trading (HFT) and Available for Sale (AFS) categories.
- Forex under HFT category and Mutual Fund under AFS category.
- All derivatives positions, except those which are used for hedging Banking Book and meet the Hedge Effectiveness test as mandated by RBI.

(2) Market Risk Management Department (MRMD) is functioning as part of Risk Management Department of the Bank, in terms of Governance structure approved by the Board of the Bank.

(3) MRMD is responsible for identification, assessment, monitoring and reporting of market risk associated with Treasury Operations.

(4) The following Board approved policies with defined Market Risk Management parameters for each asset class are in place:

(a) Market Risk Management Policy

(b) Review of Market Risk Limits for Trading Book

(c) Investment Policy

(d) Trading Policy

(e) Stress Test Policy

(5) Risk monitoring is an ongoing process and risk positions are analysed and reported to Top Management of the Bank, Market Risk Management Committee and Risk Management Committee of the Board.

(6) Risk management and reporting is based on parameters such as Modified Duration, PV01, Option Greeks, Maximum permissible exposures, Value at Risk Limits, Concentration Risk Limits, Cut Loss Trigger and Management Action Triggers, in line with global best practices.

(7) Forex Open position limit (Daylight/Overnight), Stop Loss Limit, Aggregate Gap Limit (AGL), Individual Gap Limit (IGL) as approved by the Board is monitored and exceptions, if any, is reported is to Top Management of the Bank, Market Risk Management Committee and Risk Management Committee of the Board.

(8) Value at Risk (VaR) is computed on a daily basis. Back-Testing of VaR number is carried out on daily basis. Stress Testing is carried out at quarterly intervals as a complement to Value at Risk. Results are reported to Top Management of the Bank, Market Risk Management Committee and Risk Management Committee of the Board.

(9) Respective Foreign offices monitor risk of their investment portfolio, as per the local regulatory and RBI stipulations. Stop Loss limit for individual investments and exposure limits for certain portfolios have been prescribed.

(10) Bank has decided to migrate to advanced approach i.e. Internal Models Approach for calculating capital charge for market risk and submitted Letter of Intent (LOI) to RBI.

(b) Quantitative Disclosures as on 31.03.2017:

Capital Charge on Market Risk

Bank maintains Capital Charge for Market Risk under the Standardised measurement method as under.

(₹ in crore)

Category	31.03.2017
Interest rate Risk	₹10,491.81
Equity Risk	₹ 3,643.74
Foreign Exchange Risk (incl. Gold)	₹ 193.01
Total	**₹14,328.56**

DF–8: OPERATIONAL RISK

As on 31.03.2017

Qualitative disclosures

A. The structure and organization of Operational Risk Management function

- The Operational Risk Management Department functions in SBI as well as Associate Banks (since merged with SBI from 01/04/2017) as part of the Integrated Risk Governance Structure under the control of respective Chief Risk Officer.In SBI, Chief Risk Officer reports to MD (Compliance & Risk)
- The operational risk related issues in other Group entities are being dealt with as per the requirements of the business model and their regulators under the overall control of Chief Risk Officers of respective entities.

B. Policies for control and mitigation of Operational Risk Domestic Banking Entities (SBI and ABs)

The following Policies, Framework Documents and Manuals are in place in SBI and Associate Banks:

Policies and Framework Documents

- Operational Risk Management policy, encompasses Operational Risk Management Framework for systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the Operational Risks
- Loss Data Management Policy;
- External Loss Data Management Policy;
- IS Policy;
- IT Policy;
- Business Continuity Planning (BCP) Policy;
- Business Continuity Management System (BCMS) Policy;
- Policy on Know Your Customer (KYC) Standards and Anti Money Laundering (AML)/Combating of Financing of Terrorism Measures;
- Policy on Fraud Risk Management;
- Bank's Outsourcing Policy;
- Policy on Insurance;
- Operational Risk Appetite Framework (SBI) Document;
- Capital Computation Framework Document;

Manuals

- Operational Risk Management Manual
- Loss Data Management Manual
- Business Continuity Planning (BCP) Manual
- Business Continuity Management System (BCMS) Manual

Domestic Non-Banking and Overseas Banking entities

Policies and Manuals, as relevant to the business model of Non-Banking entities and as per the requirements of the overseas regulators in respect of Overseas Banking subsidiaries are in place. A few of the policies in place are – Disaster Recovery Plan/ Business Continuity Plan, Incident Reporting Mechanism, Near Miss Events Reporting Mechanism, Outsourcing Policy, etc.

C. Strategies and Processes

Domestic Banking entities (SBI & ABs)

Advanced Measurement Approach(Parallel Run)

- In SBI, in order to successfully embed the risk culture and operational risk management, Risk Management Committees at various levels at circles like RMCAOs, RMCCs, and also RMCs at the Business and Support Groups (RNC-NBG, RMC-IBG, RMC-

GMU, RMC-CBG, RMC-MCG, RMC-SAMG&RMC-IT) are in place in addition to the Operational Risk Management Committee (ORMC) and the Risk Management Committee of the Board (RMCB).

- The process of building a comprehensive database of internal and external losses due to Operational Risks as per Basel defined 8 Business Lines and 7 Loss Event Types is in place, as part of AMA process. In addition, Near Miss Events and external losses are also captured so as to improve risk management practices.
- Excel based template for conducting Risk & Control Self Assessment (RCSA) exercise through workshops has been introduced with the provision of Inherent Risk and Residual Risk, control element to arrive at and assess the effectiveness of the current control environment and heat maps to describe the Risk Levels. During the year, about 1000branches/processing centres/offices were part of the RCSA exercise process. Top risks identified in the RCSA exercises along with their mitigation plan are being addressed on an ongoing basis.
- Key Indicators (KIs) have been identified across the Business and Support Groups with threshold and monitoring mechanism. KIs are being monitored at quarterly intervals by the RMCs, the ORMC and the RMCB. Presently, 306 KIs are being monitored across the Business & Support Groups.
- Bank also periodically undertakes the process of AMA Use-Test.
- Development of internal systems for quantifying and monitoring operational risk as required under Basel II defined Advanced Measurement Approach (AMA) is in place at SBI and ABs.
- The Bank (SBI) has already received approval for parallel run for AMA from RBI.

Others

The following measures are being used to control and mitigate Operational Risks in the Domestic Banking entities:

- "Book of Instructions" (Manual on General Instructions, Manual on Loans & Advances) which contains detailed procedural guidelines for processing various banking transactions. Amendments and modifications to update these guidelines are being carried out regularly through e-circulars/Master circulars. Guidelines and instructions are also propagated through Job Cards, e-Circulars, E-Learning Lessons, Mobile nuggets, Training Programs, etc.
- Updated Manuals and operating instructions relating to Business Process Re-engineering (BPR) units.
- Delegation of Financial powers, which details sanctioning powers of various levels of officials for different types of financial and non-financial transactions.
- Training of staff-Inputs on Operational Risk is included as a part of Risk Management modules in the trainings conducted for various categories of staff at Bank's Apex Training Institutes and State Bank Learning Centers.
- Insurance cover is obtained for most of the potential operational risks excluding frauds as per Bank's policy on insurance.
- Internal Auditors are responsible for the examination and evaluation of the adequacy and effectiveness of the control systems and the functioning of specific control procedures. They also conduct review of the existing systems to ensure compliance with legal and regulatory requirements, codes of conduct and the implementation of policies and procedures.
- In order to ensure business continuity, resumption and recovery of critical business process after a disaster, the Bank (SBI) and ABs have robust Business Continuity Management Policy and Manuals are in place.

Domestic Non-Banking and Overseas Banking entities

Adequate measures by way of systems and procedures and reporting has been put in place in the Domestic Non-Banking and Overseas Banking entities.

D. The scope and nature of Risk Reporting and Measurement Systems

- A system of prompt submission of reports on Frauds is in place in all the Group entities.
- A comprehensive system of Preventive Vigilance& Whistle Blowing has been established in all the Group entities.
- Significant risks thrown up in RCSA exercise, Scenario Analysis and loss data analysis are reported to Top Management at regular intervals and corrective actions are initiated on an ongoing basis.
- Basic Indicator Approach with capital charge of 15% of average gross income for previous 3 years is applied for Operational Risk, except Insurance Companies, for the year ended 31st March, 2017. Bank's Capital under AMA is also computed for the year ended 31st March, 2017 as part of AMA Parallel Run.

DF-9: SBI GROUP: INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

As on 31.03.2017

1. Qualitative Disclosures:

INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Interest Rate Risk:
Interest rate risk refers to impact on Bank's Net Interest Income and the value of its assets and liabilities arising from fluctuations in interest rate due to internal and external factors. Internal factors include the composition of the Bank's assets and liabilities, quality, maturity, existing rates and re-pricing period of deposits, borrowings, loans and investments. External factors cover general economic conditions. Rising or falling interest rates impact the Bank depending on whether the Balance Sheet is asset sensitive or liability sensitive.

The Asset - Liability Management Committee (ALCO) is responsible for evolving appropriate systems and procedures for ongoing identification and analysis of Balance Sheet risks and laying down parameters for efficient management of these risks through Asset Liability Management Policy of the Bank. ALCO, therefore, periodically monitors and controls the risks and returns, funding and deployment, setting Bank's lending and deposit rates, and directing the investment activities of the Bank. ALCO also develops the market risk strategy by clearly articulating the acceptable levels of exposure to specific risk types (i.e. interest rate, liquidity etc). The Risk Management Committee of the Board of Directors (RMCB) oversees the implementation of the system for ALM and reviews its functioning periodically and provides direction. It reviews various decisions taken by Asset - Liability Management Committee (ALCO) for managing interest risk.

1.1 RBI has stipulated monitoring of interest rate risk through a Statement of Interest Rate Sensitivity (Repricing Gaps) to be prepared on a monthly basis. Accordingly, ALCO reviews Interest Rate Sensitivity statement on monthly basis and monitors the Earning at Risk (EaR) which measures the change in Net Interest Income of the Bank due to parallel change in interest rate on both the assets & liabilities.

1.2 RBI has also stipulated to estimate the impact of change in interest rates on economic value of bank's assets and liabilities through Interest rate sensitivity under Duration Gap Analysis (IRS-DGA). Bank also carries out Duration Gap Analysis as stipulated by RBI on monthly basis. The impact of interest rate changes on the Market Value of Equity is monitored through Duration Gap Analysis by recognizing the changes in the value of assets and liabilities by a given change in the market interest rate. The change in value of equity (including reserves) with 2% parallel shift in interest rates for both assets and liabilities is estimated.

1.3 The following prudential limits have been fixed for monitoring of various interest risks:

Changes on account of Interest rate volatility	Maximum Impact
(as % of capital and reserve)	
Changes in Net Interest Income (with 1% change in interest rates for both assets and liabilities)	5%
Change in Market value of Equity (with 2% change in interest rates for assets and liabilities) – Banking Book only	20%

1.4 The prudential limit aims to restrict the overall adverse impact on account of interest rate risk to the extent of 20% of capital and reserves, while part of the remaining capital and reserves serves as cushion for other risks.

2. Quantitative Disclosures:

Earnings at Risk (EaR)

(₹ in crore)

	Impact on NII
Impact of 100 bps parallel shift in interest rate on both assets & liability on Net Interest Income (NII)	4,663.66

Market Value of Equity (MVE)

(₹ in crore)

	Impact on MVE
Impact of 200 bps parallel shift in interest rate on both assets & liability on Market Value of Equity (MVE)	26,159.18
Impact of 100 bps parallel shift in interest rate on both assets & liability on Market Value of Equity (MVE)	13,079.59

DF-10: GENERAL DISCLOSURE FOR EXPOSURE RELATED TO

COUNTERPARTY CREDIT RISK

As on 31.03.2017

Qualitative Disclosure:

Counterparty Credit Risk is the risk that the counterparty to a derivative transaction can default before the final settlement of the transaction's cash flow. To mitigate this risk, derivative transactions are undertaken only with those counterparties where approved counterparty limits are in place. Counterparty limits for banks are assessed using internal models considering a number of financial parameters like networth, capital adequacy ratio, rating etc. For corporates the Derivatives limits are assessed and sanctioned in conjunction with regular credit limit as part of regular appraisal.

Bank has not entered into any collateral agreement (Credit Support Annex or equivalent) with any of the bank, which require maintenance of collateral. Bank, also does not recognize bilateral netting.

Quantitative Disclosures as on 31.03.2017

(₹ in crore)

Particulars	Notional	Current Credit Exposure
a) Interest rate Swaps	91,516.19	641.21
b) Currency Swaps	28,006.55	910.46
c) Currency Options	14,247.75	247.21
d) Foreign Exchange Contracts	312,858.86	6,320.25
e) Currency Futures	0.00	0.00
f) Forward Rate Agreements	125.18	76.52
g) Others	0.00	0.00
Total	**446,754.53**	**8,195.65**

DF-11: COMPOSITION OF CAPITAL

As on 31.03.2017

(₹ in crore)

Common Equity Tier 1 capital: instruments and reserves			Ref No. (with respect to DF - 12: Step 2)
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	56220.58	A1 + B3
2	Retained earnings	120631.18	B1 + B2 + B7 (#)
3	Accumulated other comprehensive income (and other reserves)	19822.31	B5 * 75% + B6 * 45%
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	3381.90	
6	**Common Equity Tier 1 capital before regulatory adjustments**	200055.97	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	943.41	D
9	Intangibles (net of related tax liability)	72.32	
10	Deferred Tax Assets	5281.99	
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined-benefit pension fund net assets		
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	52.59	
17	Reciprocal cross-holdings in common equity	150.81	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)		
20	Mortgage servicing rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold		
23	of which: significant investments in the common stock of financial entities		
24	of which: mortgage servicing rights		
25	of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments (26a+26b+26c+26d)	1485.29	
26a	of which: Investments in the equity capital of unconsolidated insurance subsidiaries	1474.30	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	10.99	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank		
26d	of which: Unamortised pension funds expenditures		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	**Total regulatory adjustments to Common equity Tier 1**	7986.41	
29	**Common Equity Tier 1 capital (CET1)**	192069.56	
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	9045.50	

(₹ in crore)

Common Equity Tier 1 capital: instruments and reserves			Ref No. (with respect to DF - 12: Step 2)
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	9045.50	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	2526.32	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	1112.04	
35	of which: instruments issued by subsidiaries subject to phase out	150.00	
36	**Additional Tier 1 capital before regulatory adjustments**	12683.86	
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	2950.00	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	315.48	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
41	National specific regulatory adjustments (41a+41b)	0	
41a	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b	of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	**Total regulatory adjustments to Additional Tier 1 capital**	3265.48	
44	**Additional Tier 1 capital (AT1)**	9418.38	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44)**	201487.94	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	12500.00	
47	Directly issued capital instruments subject to phase out from Tier 2	15801.80	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	5419.31	
49	of which: instruments issued by subsidiaries subject to phase out		
50	Provisions	17126.46	
51	**Tier 2 capital before regulatory adjustments**	50847.57	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	88.01	
53	Reciprocal cross-holdings in Tier 2 instruments	4.22	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments (56a+56b)	0	
56a	of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries		
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank		
57	**Total regulatory adjustments to Tier 2 capital**	92.23	
58	**Tier 2 capital (T2)**	50755.34	
59	**Total capital (TC = T1 + T2) (45 + 58)**	252243.28	
60	**Total risk weighted assets (60a + 60b + 60c)**	1935270.15	
60a	**of which: total credit risk weighted assets**	1573578.10	
60b	**of which: total market risk weighted assets**	179107.02	
60c	**of which: total operational risk weighted assets**	182585.03	

(₹ in crore)

Common Equity Tier 1 capital: instruments and reserves			Ref No. (with respect to DF - 12: Step 2)
Capital ratios and buffers			
61	**Common Equity Tier 1 (as a percentage of risk weighted assets)**	9.92	
62	**Tier 1 (as a percentage of risk weighted assets)**	10.41	
63	**Total capital (as a percentage of risk weighted assets)**	13.03	
64	**Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)**	6.90	
65	**of which: capital conservation buffer requirement**	1.25	
66	**of which: bank specific countercyclical buffer requirement**	0.00	
67	**of which: G-SIB buffer requirement**	0.15	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)**	4.42	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00	
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities		
73	Significant investments in the common stock of financial entities	527.24	
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	716.49	
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	17126.46	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	19669.73	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0.00	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	0.00	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022			
80	Current cap on CET1 instruments subject to phase out arrangements	0.00	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0.00	
82	Current cap on AT1 instruments subject to phase out arrangements	50%	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements	50%	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

Notes to the Template

Row No. of the template	Particular	(₹ in crore)
10	Deferred tax assets associated with accumulated losses	5281.99
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	716.49
	Total as indicated in row 10	5281.99
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	0
	of which: Increase in Common Equity Tier 1 capital	0
	of which: Increase in Additional Tier 1 capital	0
	of which: Increase in Tier 2 capital	0
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	0
	(i) Increase in Common Equity Tier 1 capital	0
	(ii) Increase in risk weighted assets	0
50	Eligible Provisions included in Tier 2 capital	17126.46
	Eligible Revaluation Reserves included in Tier 2 capital	0
	Total of row 50	**17126.46**

B7: Revenue & Other Reserves is taken net of Integration & Development Fund (₹ 5 crore)

DF-12: COMPOSITION OF CAPITAL-RECONCILIATION REQUIREMENTS

As on 31.03.2017

Step 1

(₹ in crore)

		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on reporting date	**As on reporting date**
A	**Capital & Liabilities**		
i	Paid-up Capital	797.35	797.35
	Reserves & Surplus	216,394.79	210,605.34
	Minority Interest	6,480.65	4,530.98
	Total Capital	**223,672.79**	**215,933.67**
ii	**Deposits**	**2,599,810.67**	**2,600,874.56**
	of which: Deposits from banks	26,840.79	26,840.79
	of which: Customer deposits	2,572,969.88	2,574,033.77
	of which: Other deposits (pl. specify)	-	-
iii	**Borrowings**	**336,365.66**	**336,395.89**
	of which: From RBI	5,000.00	5,000.00
	of which: From banks	170,160.13	170,160.13
	of which: From other institutions & agencies	101,568.64	101,558.71
	of which: Others (pl. specify)	-	-
	of which: Capital Instruments	59,636.89	59,677.05
iv	**Other liabilities & provisions**	285,272.44	185,730.32
	Total	**3,445,121.56**	**3,338,934.44**
B	**Assets**		
i	**Cash and balances with Reserve Bank of India**	161,018.61	160,891.35
	Balance with banks and money at call and short notice	112,178.54	109,998.02
ii	**Investments**	**1,027,280.87**	**928,341.38**
	of which: Government securities	789,137.30	749,507.11
	of which: Other approved securities	7,423.44	0.13
	of which: Shares	30,162.44	7,188.43
	of which: Debentures & Bonds	116,117.35	92,906.51
	of which: Subsidiaries / Joint Ventures / Associates	2,841.72	2,143.22
	of which: Others (Commercial Papers, Mutual Funds etc.)	81,598.62	76,595.98
iii	**Loans and advances**	**1,896,886.82**	**1,896,707.95**
	of which: Loans and advances to banks	90,534.44	90,534.44
	of which: Loans and advances to customers	1,806,352.38	1,806,173.51
iv	**Fixed assets**	50,940.74	50,300.68
v	**Other assets**	195,872.57	191,751.65
	of which: Goodwill and intangible assets	-	-
	of which: Deferred tax assets	4,923.38	4,918.13
vi	**Goodwill on consolidation**	943.41	943.41
vii	**Debit balance in Profit & Loss account**	-	-
	Total Assets	**3,445,121.56**	**3,338,934.44**

Step 2

(₹ in crore)

		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference number
		As on reporting date	As on reporting date	
A	**Capital & Liabilities**			
i	Paid-up Capital	797.35	797.35	A
	of which: Amount eligible for CET 1	797.35	797.35	A1
	of which: Amount eligible for AT1	-	-	A2
	Reserves & Surplus	216,394.79	210,605.34	B
	of which: Statutory Reserve	64,753.52	64,753.52	B1
	of which: Capital Reserves	5,246.10	5,244.53	B2
	of which: Share Premium	55,423.23	55,423.23	B3
	of which: Investment Reserve	1,157.10	1,157.10	B4
	of which: Foreign Currency Translation Reserve	5,073.92	5,073.41	B5
	of which: Revaluation Reserve	35,593.88	35,593.88	B6
	of which: Revenue and Other Reserve	53,487.08	50,638.13	B7
	of which: Balance in Profit & Loss Account	-4,340.04	-7,278.46	B8
	Minority Interest	6,480.65	4,530.98	
	Total Capital	**223,672.79**	**215,933.67**	
ii	**Deposits**	**2,599,810.67**	**2,600,874.56**	
	of which: Deposits from banks	26,840.79	26,840.79	
	of which: Customer deposits	2,572,969.88	2,574,033.77	
	of which: Other deposits (pl. specify)	-	-	
iii	**Borrowings**	**336,365.66**	**336,395.89**	
	of which: From RBI	5,000.00	5,000.00	
	of which: From banks	170,160.13	170,160.13	
	of which: From other institutions & agencies	101,568.64	101,558.71	
	of which: Others (pl. specify)	-	-	
	of which: Capital Instruments	59,636.89	59,677.05	
iv	**Other liabilities & provisions**	**285,272.44**	**185,730.32**	
	of which: DTLs related to goodwill	-	-	
	of which: DTLs related to intangible assets	-	-	
	Total	**3,445,121.56**	**3,338,934.44**	
B	**Assets**			
i	**Cash and balances with Reserve Bank of India**	**161,018.61**	**160,891.35**	
	Balance with banks and money at call and short notice	**112,178.54**	**109,998.02**	
ii	**Investments**	**1,027,280.87**	**928,341.38**	
	of which: Government securities	789,137.30	749,507.11	
	of which: Other approved securities	7,423.44	0.13	
	of which: Shares	30,162.44	7,188.43	
	of which: Debentures & Bonds	116,117.35	92,906.51	
	of which: Subsidiaries / Joint Ventures / Associates	2,841.72	2,143.22	
	of which: Others (Commercial Papers, Mutual Funds etc.)	81,598.62	76,595.98	
iii	**Loans and advances**	**1,896,886.82**	**1,896,707.95**	
	of which: Loans and advances to banks	90,534.44	90,534.44	
	of which: Loans and advances to customers	1,806,352.38	1,806,173.51	
iv	**Fixed assets**	**50,940.74**	**50,300.68**	
v	**Other assets**	**195,872.57**	**191,751.65**	
	of which: Goodwill	-	-	
	of which: Other intangibles (excluding MSRs)			
	of which: Deferred tax assets	4,923.38	4,918.13	C
vi	**Goodwill on consolidation**	**943.41**	**943.41**	D
vii	Debit balance in Profit & Loss account	-	-	
	Total Assets	**3,445,121.56**	**3,338,934.44**	

STEP 3

Common Equity Tier 1 capital (CET1): instruments and reserves

		Component of regulatory capital reported by bank	Ref No. (with respect to DF - 12: Step 2)
1	Directly issued qualifying common share (and equivalent for non - joint stock companies) capital plus related stock surplus	56220.58	A1 + B3
2	Retained earnings	120631.18	B1 + B2 + B7 (#)
3	Accumulated other comprehensive income (and other reserves)	19822.31	B5 * 75% + B6 * 45%
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0.00	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	3381.90	
6	Common Equity Tier 1 capital before regulatory adjustments	200055.97	
7	Prudential valuation adjustments	0	
8	Goodwill (net of related tax liability)	943.41	D

* B7: Revenue & Other Reserves is taken net of Integration & Development Fund (₹ 5 crore)

TABLE DF-16: EQUITIES - DISCLOSURE FOR BANKING BOOK POSITIONS

as on 31.03.2017

Qualitative Disclosures		
1	The general qualitative disclosure (Para 2.1 of this annex) with respect to equity risk, including :	
	• Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons;	All equity investments in HTM Category are made in Associates, Subsidiaries and RRBs. These are strategic in nature.
	• Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices	Accounting and valuation policies for securities held under HTM category are detailed under Schedule 17 para C-2 of Bank's Annual Report 2015-16.

Quantitative Disclosures as on 31.03.2017		(₹ in crore)
1	Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	80.12
2	The types and nature of investments, including the amount that can be classified as: Publicly traded and Privately held	 2217.39 9210.38
3	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	1755.00
4	Total unrealized gains (losses)	39.08
5	Total latent revaluation gains (losses)	1.19
6	Any amounts of the above included in Tier 1 and/or Tier 2 capital	0.00
7	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory transition or grandfathering provisions regarding regulatory capital requirements	16.55

TABLE DF-17: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE

as on 31.03.2017

	ITEM	₹ (In million)
1	Total consolidated assets as per published financial statements	34451215.60
2	Adjustment for investments in banking,financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-1061871.30
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0
4	Adjustments for derivative financial instruments	154,712.88
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	697,149.32
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	3362414.39
7	Other adjustments	-112518.90
8	Leverage ratio exposure	37491101.99

TABLE DF-18: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

As on 31.03.2017

	ITEM	(₹ In million)
	On balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	33389344.30
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-112518.90
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	33276825.40
	Derivatives exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	61,048.37
5	Add-on amounts for PFE associated with all derivatives transactions	93,664.51
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted CCP leg of client-cleared trade exposures)	0
9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	**Total derivative exposures (sum of lines 4 to 10)**	154,712.88
	Securities financing transaction exposure	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	697149.32
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	CCR exposure for SFT assets	0
15	Agent transaction exposures	0
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	697149.32
	Other off balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	11121968.64
18	(Adjustments for conversion to credit equivalent amounts)	-7759554.25
19	**Off-balance sheet items (sum of lines 17 and 18)**	3362414.39
	Capital and total exposures	
20	**Tier 1 capital**	**2014879.40**
21	**Total exposures (sum of lines 3,11,16 and 19)**	**37,491,101.99**
	Leverage ratio	
22	**Basel III leverage ratio**	**5.37**

TABLE DF- GR: ADDITIONAL DISCLOSURES ON GROUP RISK

As on 31.03.2017

Qualitative Disclosure	
In respect of Groupentities *	
[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 Indo Bank LLC, Moscow	SBI Funds Management Pvt. Ltd.
State Bank of Patiala	Nepal SBI Bank Ltd.	SBI General Insurance Company Ltd.
State Bank of Travancore	PT Bank SBI Indonesia	SBI Global Factors Ltd.
	State Bank of India (Botswana) Ltd.	SBI Life Insurance Co. Ltd.
		SBI Pension Funds Pvt. Ltd.
		SBI-SG Global Securities Services Pvt. Ltd.
		SBI Payment Services Pvt. Ltd.

Disclosures pertaining to key features of regulatory capital instruments (DF-13) and the full terms and conditions of regulatory capital instruments (DF-14) have been disclosed separately on the Bank's website- www.sbi.co.in under the link Corporate Governance – Basel – 3 Disclosures' Section

Disclosures on indicators for identification of Global Systemically Important Banks (G-SIBs) as on 31st March, 2017 have been disclosed separately on the Bank's website www.sbi.co.in under the link Corporate Governance

Green Initiative

Dear Shareholder,

Green Initiative in Corporate Governance

In accordance with SEBI guidelines, we are issuing Annual Report in electronic form to those shareholders whose e-mail addresses are available.

Your Bank invites you to participate in the Green initiative by enabling the Bank to communicate with you through electronic mode i.e. e-mail. It will not only contribute to conservation of environment, but also bring in better efficiency in communication by obviating transit delays and losses. We request you to join us in this initiative by updating your email ID with your Depository Participant, if your holding is in demat form. Shareholders holding shares in physical form shall have to send their updated information / changes to the Registrar & Transfer Agent (RTA), M/s Datamatics Financial Services Ltd., through email to sbigreenar@dfssl.com.

Further, while most of you hold shares of your Bank in demat form, some of you are still retaining the shares in physical form. The Shares held by you in physical form can be easily dematerialized i.e converted into electronic form. The various benefits derived out of dematerialization of shares are:-

- Immediate transfer of securities. No stamp duty on transfer of securities
- Reduction in risks associated with holding securities in paper form such as theft, damage due to fire, wear & tear etc., bad delivery in settlement process, fake / Forged securities etc.
- Change in address recorded with DP gets registered electronically with all companies in which investor holds securities eliminating the need to correspond with each of them separately;
- Transmission of securities is done by DP eliminating correspondence with companies;
- Holding investments in equity, debt instruments and Government securities in a single account;
- Automatic credit into demat account, of shares, arising out of bonus/ split/consolidation/ merger etc;

If you are holding shares in physical form, please approach any Depository Participant (DP) (like SBICAP Securities Limited toll free number 1800223345 email- helpdesk@sbicapsec.com) of your choice for opening the Demat account. Fill in a Demat Request Form (DRF) and handover the relative shares certificate(s) to your DP for Dematerialisation of your shares. Shares will get converted into electronic form and will automatically be credited to your Demat Account.

If you are receiving dividend in the physical form, you are requested to furnish/ update bank account details with DP/RTA, as the case may be, to receive dividend electronically.

We are sure that you will appreciate the "Green Initiative" taken by your Bank and hope that you will enthusiastically participate in the effort.

Kind Attention of shareholders is brought to Section 38A of the State Bank of India Act, 1955 inserted with effect from 15.09.2010 by the State Bank of India (Amendment) Act, 2010. As per the said section, a dividend declared by the State Bank which has not been paid to a shareholder or claimed by any eligible shareholder, within thirty days from the date of declaration shall be transferred to a special account called as "unpaid dividend account". Further, all unpaid dividend amount of period prior to the above amendment was already transferred to the said "unpaid dividend account." Any money transferred to the unpaid dividend account of the State Bank as above which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Bank to the Investor Education and Protection Fund established under Section 125 of the Companies Act, 2013, for being utilised for the purpose and in the manner specified in that section. In view of the above, all shareholders are requested to ensure that any dividend payable to them, are claimed without any delay.

State Bank of India
Proxy Form

Folio No.: ____

DP/Client-ID No.: ____

I/We ____

____ resident of ____ being (a) shareholder (s)

of the State Bank of India holding (No.) ____ shares on the Register of shareholders

at the Central office of the Bank do hereby appoint______________________________ resident of ____________________________________

(or failing him/her__________________________________ resident of__________________________) as my/our proxy to vote for me/us

and on my/our behalf at the meeting of the shareholders of the State Bank of India to be held at __________________________________on

the ____________________________________ day of ____ and at any adjournment thereof.

Dated this ______________________________ day of __________________________

15 paise
Revenue
Stamp

No instrument of proxy shall be valid unless in the case of an individual shareholder, it is signed by him or by his attorney duly authorised in writing, or in the case of joint holders, it is signed by the shareholders first named in the Register or his attorney duly authorised in writing, or in the case of a Company, it is executed under its Common Seal, if any, or signed by its attorney duly authorized in writing.

Provided that an instrument of proxy shall be sufficiently signed by any shareholder, who is, for any reason, unable to write his name, if his mark is affixed thereto and attested by a Judge, Magistrate, Justice of the Peace, Registrar or Sub-Registrar of Assurances, or other Government Gazetted Officer or an Officer of the State Bank of India.

A proxy, unless appointed by a Company, should be a Director of the Central Board/Member of the Local Board/Shareholder of the State Bank of India, other than an officer or employee of the State Bank of India.

No Proxy shall be valid unless it is duly stamped and unless it, together with the power of attorney or other authority (if any) under which it is signed, or a copy of that power of attorney or authority certified by a Notary Public or a Magistrate, is deposited with the Central Office or other office designated from time to time by the Chairman or Managing Director in this behalf, not less than 7 clear days before the date fixed for the meeting. (In case a power of attorney is already registered with the Bank, the Folio No. and Registration No. of the power of attorney be also mentioned).

The State Bank of India, Shares & Bonds Dept., Corporate Centre, 14th Floor, State Bank Bhavan, Madame Cama Road, Nariman Point, Mumbai - 400 021 is authorised to accept the proxy form, power of attorney, authority or any other documents in this regard.

State Bank of India

Annual General Meeting of shareholders attendance slip

Date: ☐☐☐☐☐☐☐☐

Folio No: ☐☐☐☐☐☐☐☐

DP/Client-ID No.: ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Full Name of the Shareholder/ First holder:
(as appearing on share certificate/recorded with DP) ______________________________

Registered address: ______________________________

______________________________ PIN

Total number of Shares held: ☐☐☐☐☐☐☐☐☐

Share Certificate Nos.,
(in case of physical holding) From ☐☐☐☐☐☐☐ To ☐☐☐☐☐☐☐

Whether having voting rights in terms of State Bank of India

General Regulation R. 31* Yes / No

If yes number of votes to which he/she is entitled, in case of Poll by ballot.

In person as a shareholder							
As a proxy							
As a duly authorised representative							
TOTAL							

Signature Attested (Signature of Shareholder)

Name:

Designation:

Seal/Stamp:

Note:

i) The Branch Managers/Managers of Divisions of the branches of the State Bank of India (whose signatures are circulated) are authorised to attest the signature of the shareholders, on production of suitable evidence of his/her shareholding to the branch where the shareholders may be maintaining account.

ii) If the shareholder maintains account with a bank other than State Bank of India, the signature may be attested by the Branch Manager of that Bank, affixing the branch seal/stamp to evidence the attestation.

iii) Alternatively, the shareholder may have his/her signature attested by a Notary or a Magistrate.

iv) The signature of shareholders can also be got attested at the venue of the Meeting by the designated officers of the State Bank of India, on production of satisfactory evidence of his/her identification such as Passport/Driving Licence with photograph, Voters Identity Card or such other similar acceptable evidence.

* Regulation 31 - Determination of Voting Rights:

i) Subject to the provisions contained in section 11 of the Act, each shareholder who has been registered as a Shareholder for a period of not less than three months prior to the date of a general meeting shall, at such meeting, have one vote for each fifty shares held by him or it.

ii) Every shareholder, other than the Central Government, entitled to vote as aforesaid who, not being a company is present in person or by proxy or who being a company is present by a duly authorized representative or by proxy, shall have one vote on a show of hands and in case of a poll shall have one vote for each fifty shares held by him or it for the whole period of three months prior to the date of such meeting.

iii) The duly authorized person representing the Central Government shall have one vote on a show of hands and, in case of a poll, shall have one vote for each fifty shares held by it for the whole period of three months prior to the date of such meeting.

For Shareholder(s) use

M/s Datamatics Financial Services Ltd.,
Unit: State Bank of India
Plot NO. B-5, Part B, Cross lane,
MIDC, Andheri (East)
Mumbai – 400093

Tel. Nos. 022 – 66712198 / 2199 / 2202
INVESTOR'S OPTION TO RECEIVE PAYMENT THROUGH CREDIT CLEARING MECHANISM / ELECTRONICALLY AS APPLICABLE

1. Investor's Name (i) ______ (ii) ______ (iii) ______
2. Present Address ______ ______ ______
   Pin: ______
   Tel. No. & Mobile No. ______
   Email address: ______
   (For all future communication including, receipt of E-Annual Report)
   (Only in case of physical shareholders)
3. Folio No.: ______
4. PF INDEX NO.: ______
   (to be filled in only by SBI employees holding SBI shares)
5. Particulars of Bank Account
   a. Bank Name: ______
   b. Branch Name: ______
   (Complete address)
   ______
   Pin: ______
   c. 9- Digit MICR Code Number of the Bank and Branch:

   (as appearing on the MICR cheque issued by the Bank)
   d. Account Type: ______
   (S.B. Account (code 10) or Current Account (code 11) or Cash Credit (code 13)
   e. Account Number (as appearing on the cheque book.
   Please attach a blank "cancelled" cheque or photocopy thereof)

I, hereby, declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I will not hold State Bank of India responsible.

Place:
Date: (Signature of the first holder)

Note:-
1. Shareholder(s) holding shares in Electronic (Demat) Form are requested to notify all the above particulars to their Depository Participant (DP), quoting their DPID/Client ID.
2. Shareholders are requested to opt for converting their physical holding into Demat account.
3. Shareholders/Bondholders are requested to avail Nomination Facility.
4. Nomination forms are available on Bank's website under link corporate governance / Nomination forms.
5. Visit www.sbi.co.in /corporate governance /SHARE HOLDER INFO for latest updates.

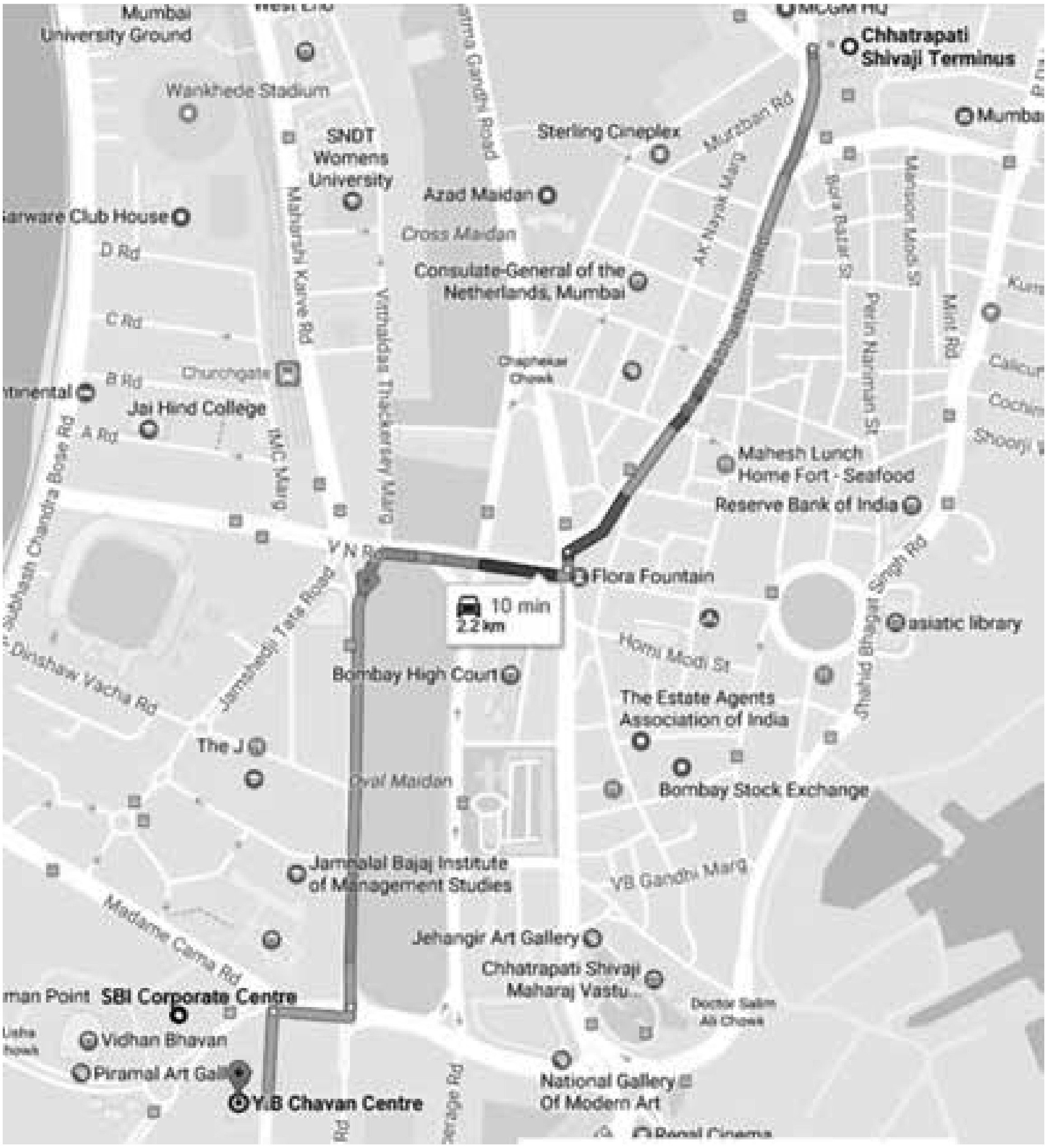
RouWte Map to venue of the AGM

Venue: Yashwantrao Chavan Auditorium, General Jagannathrao Bhonsle Marg, Nariman Point, Mumbai - 400021 (Maharashtra)

Distance from **SBI Corporate Centre** : 180 meter

Distance from **Churchgate Station** : 0.95 km

Distance from **Chhatrapati Sivaji Terminus** : 2.20 km



State Bank Bhavan, Corporate Centre, Madame Cama Road, Mumbai,
Maharashtra- 400021, India