

Directors' Report

I. ECONOMIC BACKDROP AND BANKING ENVIRONMENT

GLOBAL ECONOMIC SCENARIO

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

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

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

Looking ahead, as per IMF projections the world economy is poised to grow at 3.9% in 2018 as well as 2019. However, looming threat of trade wars against the background of increase in tariffs by the US and retaliation by China is one of the risks to global growth. World trade is recovering smartly in 2017, registering a growth of around 10% and 11% for exports and imports respectively, but rising protectionism and trade war can threaten trade and economic growth. In addition, uncertainty surrounding elections in many

European countries including Russia, Italy, Hungary among others and escalation of sanction issue in Iran are other key risks that could dampen the growth prospects.

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

INDIA'S ECONOMIC SCENARIO

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

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

For the third consecutive year, Indian Meteorological Department (IMD) has forecasted that monsoon would be "Normal" or around 97% of Long Period Average (LPA) with an error of $\pm 5\%$ and

with a fair distribution of rainfall across major parts of country in 2018.

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

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

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

BANKING ENVIRONMENT

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

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

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

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

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

PSBs for meeting their regulatory capital requirement and growth needs.

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

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

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

OUTLOOK

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

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

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

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

II. FINANCIAL PERFORMANCE

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

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

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

The total assets taken over are as under:

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

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

ASSETS AND LIABILITIES

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

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

NET INTEREST INCOME

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

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

NON INTEREST INCOME AND EXPENSES

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

OPERATING PROFIT

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

PROVISIONS & CONTINGENCIES

Major provisions made in FY2018 were as under:

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

RESERVE & SURPLUS

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

REVALUATION OF FIXED ASSETS

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

PROGRESS ON IMPLEMENTATION OF IND AS

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

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

III. CORE OPERATIONS

1. RETAIL & DIGITAL BANKING GROUP

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

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

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

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

With a view to increase the profitability and Return on Assets (ROA), curtailment of overheads has always been the prime focus of your Bank. With this objective

of containing costs, especially in the post-merger scenario, your Bank has conducted various audits like Space Audit, Energy Audit, Telephone Audit and Internet Audit, to name a few, in erstwhile Associate Bank (e-ABs') branches.

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

A. PERSONAL BANKING

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

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

1. Home Loans

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

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

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

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

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

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

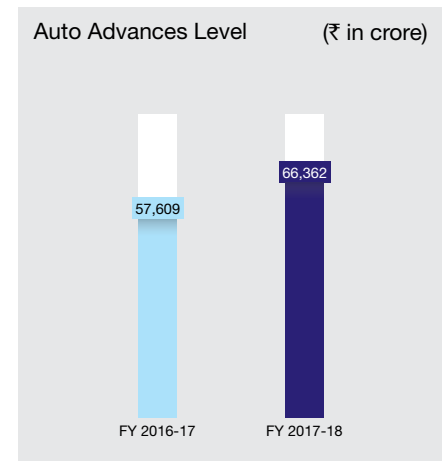
- SBI Home Loans website (<https://homeloans.sbi>): It is an exclusive website for Home Loans which apprise customers with instant information regarding Bank's home loan products. It also provides customers with pre and post sales services, including Application for Disbursement, Statement of Accounts,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

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

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

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

2. Auto Loans



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

3. Education Loans

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

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

SBI

Express our Gratitude the SBI way

Thank You

HOME LOAN CUSTOMER CONNECT

Thanksgiving Drive

3rd Oct - 30th Oct 2017

Calling all from the SBI family, it's time to cross our heart and thank our customers, for making SBI Home Loans the most preferred, trusted and the largest Home Loan provider in India.

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

4. Personal Loans

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

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

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



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

5. NRI Business

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

6. Corporate and Institutional Tie-ups for Salary Package

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

to ₹ 20 lakh. During the year, Bank has settled 763 insurance claims amounting to ₹ 37.77 crore.

7. Wealth Management Business - SBI EXCLUSiF

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

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

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

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

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

Your Bank's Wealth Management Business has shown an exponential growth in terms of client acquisition and Net New Money

generation during FY2018. The number of wealth clients grew 528% during the year to reach 24,168 clients as on 31st March, 2018. The Net New Money grew by 566% to ₹1,998 crore and AUM increased by 390% to ₹14,284 crore.

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

B. ANYTIME CHANNELS

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

Kiosks are scrapped and not in use

* Merged

1. ATMs/ Recyclers

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

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

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

2. Swayam: Barcode based Passbook Printing Kiosks

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

3. Green Channel Counter (GCC)

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

4. Green Remit Card (GRC)

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

5. Banking on Mobile

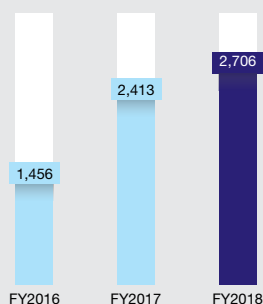
State Bank Anywhere Personal: Your Bank's Mobile Banking App for Retail customers, offers a wide range of features apart from the general banking. The features include Intra/Inter Bank funds transfer (NEFT/RTGS/IMPS/UPI), opening of fixed deposits/e-MOD Accounts, add and manage beneficiaries, among others.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

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

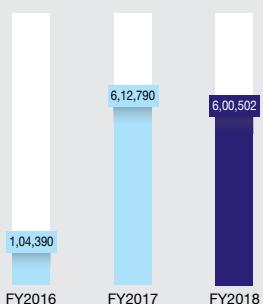
State Bank Anywhere Corporate: Your Bank's Mobile Banking App for Large Corporate firms with multiple users, allows business houses to operate accounts, transfer funds through NEFT/RTGS, make bill payments/supplier payments, authorise e-cheques /e-STDR, open and operate fixed deposit accounts, among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

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

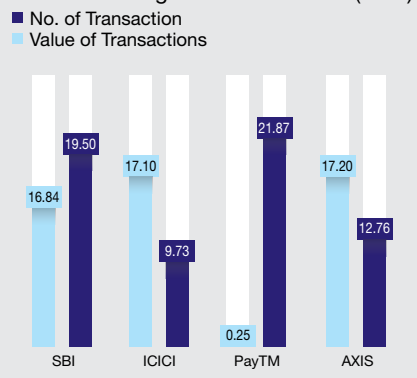
Mobile Banking - No. of Transactions (In Lakh)



Mobile Banking - Value of Transactions (₹ in crore)



Mobile Banking - Market Share (In %)



6. SBI Pay (BHIM)

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

Large multinational corporations have leaped on to the digital payments bandwagon to help India become a less cash economy. Your Bank has leveraged on this opportunity to provide the latest digital payment offerings through various collaboration. Your Bank has also partnered with Google India to offer PSP services to their UPI App – Google Tez under the UPI Multi-Bank Integration Model. Over 13 lakh Tez users have linked their Bank accounts with their @ OKSBI handle offered by SBI to transact on the App. In addition, debit card based payment services, P2P lending services

are also being planned among others. Users now have the convenience of making bill payments, booking flight tickets, recharging and ordering food through BHIM SBI Pay.

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



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

7. SBI Buddy

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

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

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

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

8. YONO

On 24th November, 2017, State Bank of India launched India's first comprehensive

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

Performance highlights of YONO as on 31st March 2018

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

9. Customer Experience Excellence Project (CEEP)

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

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

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

10. Digital Banking

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

At the sbiINTOUCH branches, your Bank provides banking services such as the opening of accounts and the printing of personalised Debit Cards in 15 minutes. This has been made possible

by revolutionary Touch Technology. Your Bank's strategy is to create a 'Phygital' marketplace within these futuristic branches, to offer customers 1) Banking through self-service kiosks and 2) Services of other SBI subsidiaries such as Life Insurance, General Insurance, Mutual Funds, Credit Cards and online trading through SBI Cap Securities. Financial counselling through hi-definition Audio Video conferencing service is provided at select sbiINTOUCH branches, where customers can interact with financial experts.

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

11. Cross Selling

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

Performance Highlights (Income)

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

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

The key highlights for FY2018 are mentioned below:

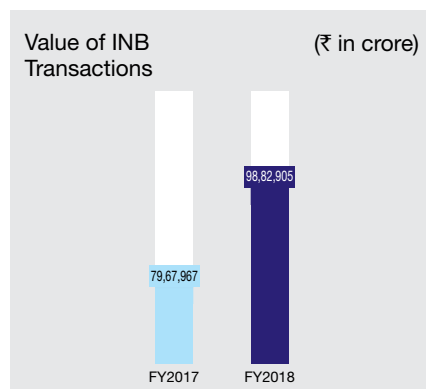
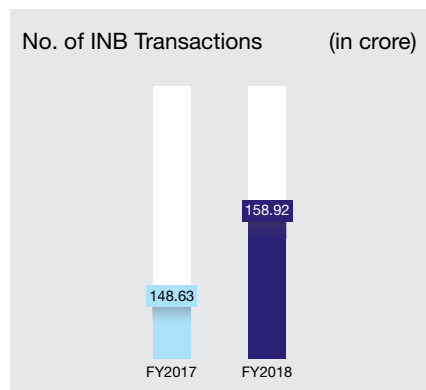
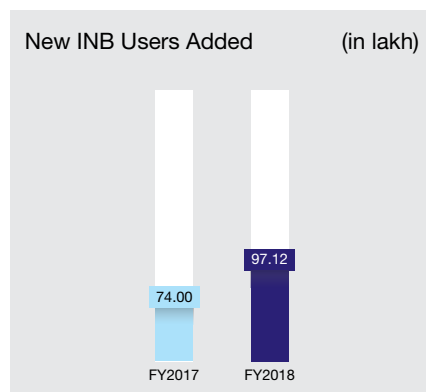
- SBI Mutual Fund became 2nd largest amongst Bank distributors in the Industry with an AUM of more than ₹ 54,000 crore. Your Bank has become India's number one Bank distributor in SIP with 14.6 lakh live SIPs. Net sales increased from ₹ 11,464 crore in March, 2017 to ₹24,374 crore YTD March, 2018 reporting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

12. Internet Banking and e-Commerce

Your Bank's Internet Banking Service brings on board a seamless online experience hosting diverse Banking offerings. Opening and operation of Fixed Deposits/PPF accounts, Intra/Inter Bank transfer of funds through NEFT/RTGS, submission of Form 15G/15H, Nomination updation facility, foreign international remittances are among the many functionalities, being offered. Some of the services/features launched during the year, that have made Bank's digital platform more robust and customer-friendly, are access to CIBIL score, Aadhaar linking with CIF, purchase of Sovereign Gold Bonds, SMS alerts in Hindi, GSTN integration, submission of 15G/H Form through RINB portal, submission of Financial Follow up Report

(FFR-I & FFR- II) by Vyapaar/Vistaar corporate users and creation of e-TDR & e-STDR for amount of ₹ 1 crore and above through CINB. This highly secure and cost-effective channel has processed 159 crore transactions during FY2018, and the addition of new INB users has registered a growth of 35% over the previous year.

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



C. SMALL AND MEDIUM ENTERPRISES

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

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

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

- Customer Convenience,
- Risk Mitigation,
- Technology based digital offerings.

1) Customer Convenience

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

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

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

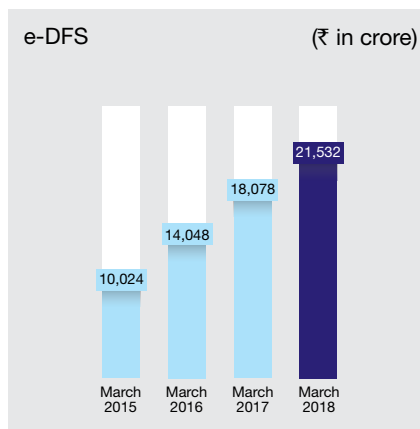
Participation in Business Conclaves/ Summits: Your Bank has been actively participating in Business Conclaves and Summits to reach out to entrepreneurs and understand and meet their requirements.

2) Risk Mitigation

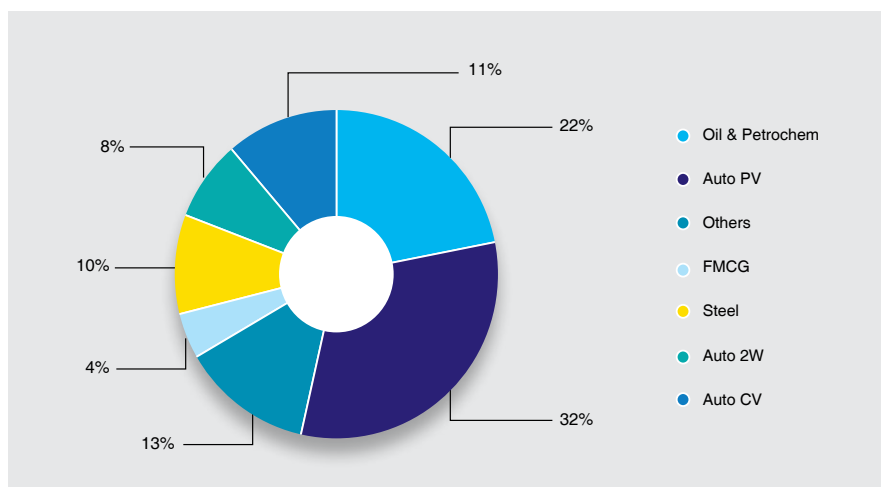
Your Bank has been increasingly shifting focus towards Risk Mitigated Products, which includes Supply Chain finance, Asset Backed Loans, Overdraft against Bank Deposits/Govt. Securities, Bills Discounting facility and CGTMSE covered loans, among others.

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

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



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



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

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

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

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

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

3) Digital offerings

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

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

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

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

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

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

Project Vivek

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

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

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

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

D. RURAL BANKING

1. Agri Business

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

Flow of Credit to Agriculture Trend

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

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

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

Your Bank is de-risking its Agri portfolio and supporting farmers at the same time

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

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



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

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

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

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

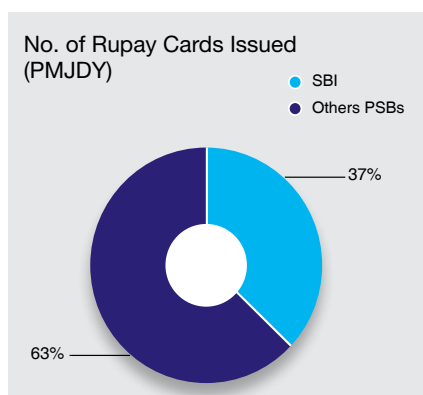
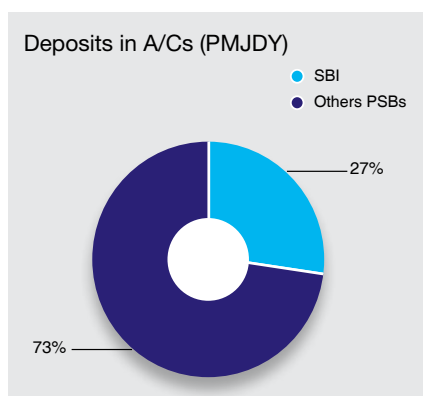
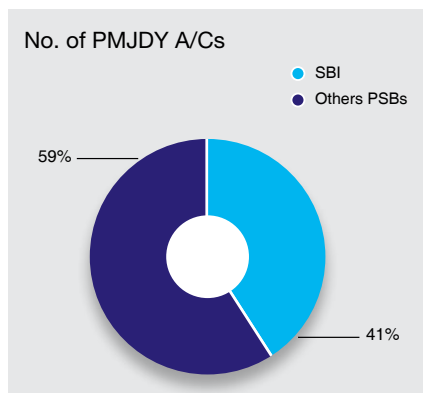
2. Financial Inclusion (FI)

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

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

Under the Pradhan Mantri Jan Dhan Yojana (PMJDY), your Bank has paved the way for universal financial access by being a pioneer in implementing the programme. Your Bank has opened

more than 10 crore accounts up to 31st March, 2018 and issued 6.62 crore RuPay debit cards to eligible customers. These initiatives taken under financial inclusion are a part of key economic policy agenda of the Government. Over the last decade, your Bank has a major share in providing access to banking services to the excluded in the ecosystem.



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

a. Imparting Financial Literacy

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

b. Rural Self Employment Training Institutes (RSETIs)

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

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

E. OTHER NEW BUSINESS INITIATIVES

1. Payment Solution Vertical

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

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

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

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

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

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

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

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

Foray into digitalisation of Mass Transit:

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

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

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

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

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

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

2. Acceptance Infrastructure (Merchant Acquiring Businesses vertical)

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

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

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

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

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

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

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

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



F. GOVERNMENT BUSINESS

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

(₹ in crore)

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

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

- 1. GSTN:** Your Bank has been designated as the sole banker for refunds of GST with a 30% market share in GST collections.
- 2. GeM (Govt. e-Marketplace):** A MoU has been signed with GeM for financial integration of payments to suppliers to facilitate procurement of goods and services through GeM portal.

- 3. Indian Railways:** Your Bank was awarded the contract to open Inland LCs against indigenous contracts of supplies and works of Indian Railways for an estimated amount of ₹ 50, 000 crore per annum.
- 4. Direct Benefit Transfer (DBT/L):** During FY2018, over 28.26 crore transactions were successfully processed through DBT amounting to ₹ 1,24,881 crore. Your Bank is the sole banker for processing Direct Benefit Transfer of LPG (DBTL). Over 114.39 crore transactions amounting to ₹ 23,076 crore were processed through DBTL.
- 5. GCCS:** Your Bank sponsored GCCS 2017 (5th Annual Global Conference on Cyber Space) as a Platinum Sponsor which attracted delegates from over 100 countries.
- 6. Bharat ke Veer Portal (BKV):** Your Bank has proudly associated with the BKV portal of Ministry of Home Affairs by enabling payment gateway to collect donations for NoK (Next of Kin) of Martyrs of 8 Para Military Forces.
- 7. Migration of Salary/Vendor payments to e-Mode:** Migrated salary/vendor payments of Lok Sabha, 80 CDDOs (Cheque Drawing & Disbursing Officers) of MoUD (Ministry of Urban Development); and made salary payments of 1.84 lakh Indian Air Force personnel.
- 8. PoS (Point of Sale) terminals:** Your Bank has provided PoS terminals to the Indian Railways, Post Offices, Passport Seva Kendras and Ministry of External Affairs.
- 9. BHIM UPI:** Solution implemented for Passenger Reservation System (PRS) of Indian Railways (Railway reservation counters across India).
- 10. e-MRO (Military Receivables Order):** All 31 CDAs/PCDAs (Controller/ Principal Controller of Defence Accounts) have been on-boarded.
- 11. e-BG (Bank Guarantee):** Your Bank is the first to integrate with Government e-Marketplace (GeM) for online confirmation of BGs/PBGs for procurement.
- 12. e-Tendering:** MoU (Memorandum of Understanding) has been signed with Uttar Pradesh Government for e-Tendering solution of State Government Departments and Autonomous Bodies.



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

- 13. RFID FASTag:** MoU signed with Odisha State Transport Corporation to provide SBI FASTag facility for their 470+ buses. A MoU was also signed with South Bengal State Transport Corporation to provide SBI FASTag facility to their 750+ buses.
- 14. e-Trade:** PCDA New Delhi has been on-boarded for online opening of LCs. More than 90% of LCs are being routed through the portal of SBI.
- 15. Pension Payments:** Your Bank has been administering pension payment to over 53.23 lakh pensioners through the 16 CPPCs (Centralised Pension Processing Centres). The total pension amount disbursed has exceeded ₹ 1,33,475 crore during FY2018. Your Bank has added 2.81 lakh new pension accounts during the year. A number of Pensioner Connect Programmes were held across the country.
- 16. Small Savings Schemes:** Your Bank services more than 71.58 lakh PPF and 11.64 lakh Sukanya Samriddhi Accounts, which is the highest among all authorised banks. Over 5.31 lakh new PPF accounts and 3.66 lakh new SSA Accounts were opened during FY2018.

G. EFFICIENCY AND COST CONTROL

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

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

lodging of complaints etc., and will offer delightful interactive experience to your Bank's customers/ public.

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

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

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

2. CORPORATE BANKING GROUP

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

A. CORPORATE BANKING

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

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

products and services offered by other groups in the Bank, including personal banking services, co-branded credit cards and supply chain finance.

Corporate Accounts

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

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

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

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

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

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



Partners to L&T: Shipbuilding Floating Dock in Chennai

B. TRANSACTION BANKING UNIT

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

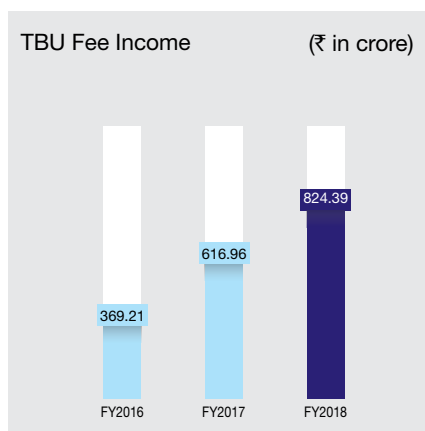
Your Bank offers a wide range of TBU products to Corporates, Mid-Corporates, Government Departments, Financial Institutions viz. NBFCs, Insurance Companies, Banks, Mutual Funds and SME Clients which facilitates their fund management requirements.

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

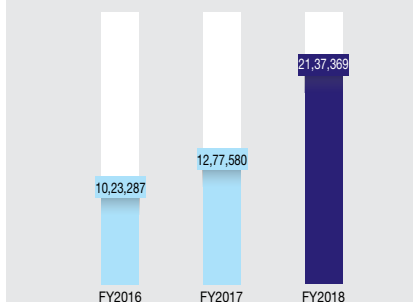
While, Corporate Customers and Government clients (both Central and State Government) continue to be the key focus segment, your Bank has grown thrust to SME sector to increase

penetration among existing as well as start-up business.

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



TBU Turnover (₹ in crore)



C. PROJECT FINANCE AND LEASING

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

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

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

Project Finance and Leasing Business Performance

(₹ in crore)

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



Partners to Solar Energy Project

D. MID CORPORATE BANKING

Your Bank's Mid Corporate Group (MCG) operates through its 14 Regional

Offices across Ahmedabad, Bangalore, Chandigarh, Chennai (2), Hyderabad, Indore, Kolkata (2), Mumbai (2), New Delhi (2) and Pune. The MCG has 55 branches

as on 31st March, 2018 with 21 branches in metro centres and 34 branches in other urban centres.

MCG Loan Portfolio (Non-Food Domestic)

(₹ in crore)

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

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

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

improved by 6.22% from ₹3,41,837 crore as on 31st March, 2017 to ₹ 3,63,084 crore as on 31st March, 2018.

MCG follows the approach of having periodical structured interactions, essentially serving as brain-storming sessions, among the key functionaries in the Group, for better understanding of the portfolio handled by the Group. The exchange of ideas and views in these interactions, among the top executives and the operating officials on the ground,

has been useful in the Group's planning for business growth and asset quality management.

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

E. INTERNATIONAL OPERATIONS

INTERNATIONAL BANKING NETWORK OF 206 OFFICES ACROSS 35 COUNTRIES

Branches
USA (3)
Bahamas (1)

Subsidiaries
California (7)
Canada (6)

Rep Office
USA (1)

18

Branches/Offices
Belgium (1)
Germany (1)
France (1)
UK (13)

Subsidiary
Russia (1)

Rep office
Turkey (1)

1

Rep Office
Brazil (1)





18

131

14

23

1

Branches/Sub Offices

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

Subsidiary

Indonesia (14)
Nepal (77)

Joint Venture

Bhutan (1)

Rep Office

Philippines (1)

Branches/Offices

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

Rep Office

Iran (1)
UAE (2)

Exchange Co.

Oman (2)
Dubai (1)

Branches/Offices
S Africa (5)

Subsidiary
Mauritius (15)
Botswana (1)

Investment
Nigeria (1)

Rep Office
Egypt (1)

Branch
Australia (1)

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

Your Bank was the first Indian bank to transcend borders with opening of branch

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

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

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

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

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

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

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

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

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

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

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

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

1. Credit: Stimulating Growth

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

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

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

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

2. Collaborative Partnership and Image Building

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



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

3. Retail & Remittances

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

- Remittance business strategy was re-imagined by focusing on developing various area specific Payment and remittance corridors, like India to Nepal, Indonesia to India, Korea to India, Bhutan to India remittance corridors. In addition to this, tie ups were made with third party platform for US-India leg and also for launching of App based remittances.
- FEBA was launched at all Subsidiaries & FOs on Finacle platform. Finacle alert server for SMS delivery rolled out in 21 territories.
- InTouch Branches opened at Male, SBI Mauritius & SBI Nepal during the year.
- Digital Village initiative rolled out in Nepal to acquire dominant position in digital sphere in Nepalese financial sector.

- Remittances through ATMs rolled out in Mauritius.
- Mobile banking launched in UK, Mauritius, Maldives, Canada, Nepal and Sri Lanka.
- Online Account opening launched at SBI California.
- Call centre operations of SBIUK relocated to India, resulting in significant cost savings.
- Launched remittance from USA to India through Transfast Remittance LLC, USA.
- Student GIC Scheme launched at SBI Canada, thereby offering ease of entry and banking to Indian students interested in pursuing higher studies in Canada.

Global Payment & Services:

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

Highlights:

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

4. Trade Finance

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

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

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

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

5. Foreign Direct Investment

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

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

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

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

6. IT Initiatives:

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

The initiatives taken at Overseas Offices are:

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

Enterprise Project Management tool where every IT project is tracked.

- a. Big data analytics to help deliver products on customer preferences and tracking customer stickiness for successful customer retention.
- b. Bank has begun using Private Cloud selectively and has plan for Document Management Solution to capture its records digitally.
- c. Generation of regulatory and other reports directly from core data under ADF (Automatic Data Flow) for International Banking Statistics (IBS), Bank Exposure and Country Exposure.

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

3. STRESSED ASSET MANAGEMENT

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

- i. Inadequate pickup in the global economy and negative spill overs from global financial markets.
- ii. Less than adequate pick up in domestic growth and declining exports.
- iii. Cancellation of coal blocks.
- iv. Delay in realisation of receivables due to subdued demand and reduced market confidence, among others.
- v. Stress in Steel sector due to volatility in prices of steel; low capacity utilisation and cheap imports from other countries; imposition of trade barriers by countries; and inverted duty structure.
- vi. Stress in Power sector due to delayed tariff revisions; issues in environmental clearances and land acquisition; high Aggregate Technical & Commercial (AT&C) losses; and poor financial health of DISCOMS.
- vii. Delay in execution of infrastructure projects and related escalation of costs coupled with increase in receivable days and unbilled WIP impacting EBITDA margins, stalled projects, highly leveraged business model and lower than expected equity returns for promoters/ sponsors.
- viii. Stress in other major sectors like Textiles, Telecom, Sugar and Aviation, among others.

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

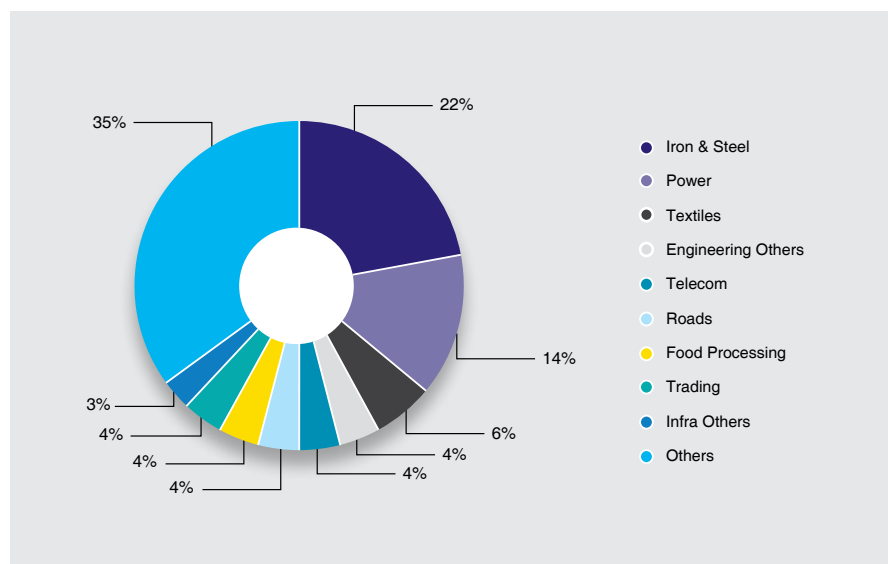
further deteriorate if macro-economic situation worsens. Moreover, sensitivity analysis conducted to study the resilience of SCBs with respect to credit, interest rate, equity prices and liquidity risks predicts that a severe credit shock is likely to impact the capital adequacy and profitability of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

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

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

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

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



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

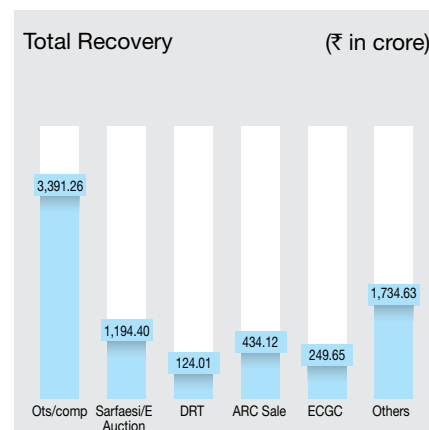
In order to give dedicated focus towards resolution of stressed accounts, SAMG has been renamed as Stressed Assets Resolution Group (SARG). SARG continues to work as a dedicated and

specialised vertical for efficient resolution of high value NPAs. At present, it is headed by a Deputy Managing Director with three Chief General Managers overseeing the entire effort. SARG has turned into a centre of excellence in resolution of NPA and stressed assets. As on 31st March 2018, SARG has 20 Stressed Assets Management Branches (SAMBs) and 57 Stressed Assets Recovery Branches (SARBs) across the country and covers 26.34% and 73.16% of your Bank's Non-Performing Assets (NPAs) and Advances under Collection Account (AUCA) respectively. Besides initiating hard recovery measures, SARG

introduced certain innovative methods and thus gave first mover advantage to your Bank in areas like arranging Mega e-Auction of large number of properties on Pan-India basis, identification of un-encumbered properties of the borrowers/guarantors and arranging for attachment of properties before judgement. NCLT cell has also been created in SARG to monitor all the cases referred to NCLT for resolution. A total of 232 cases have so far been referred to NCLT, out of which 215 cases have been admitted. Many cases referred to NCLT from the first list of 12 accounts are expected to be resolved by H1, FY2019.

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

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



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

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

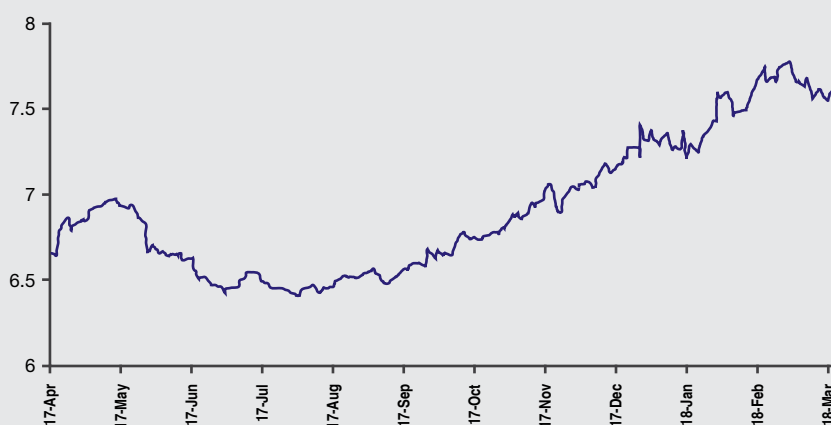
4. TREASURY OPERATIONS

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

A. SLR AND NON SLR PORTFOLIO

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

10Yr G-Sec Yield



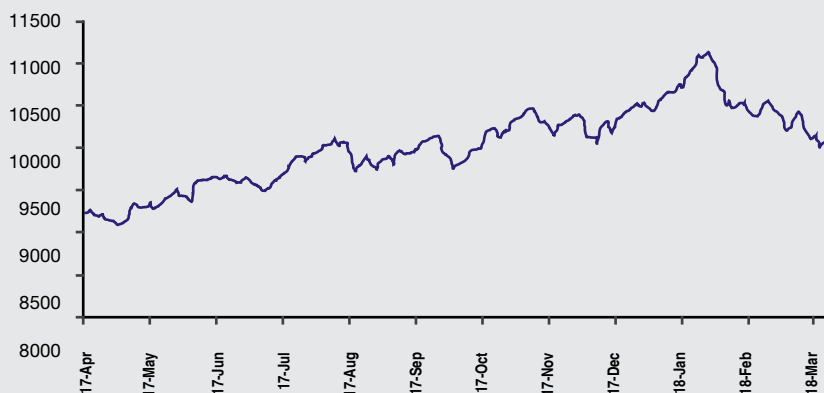
During the year, the net interest income from treasury investments grew 15% Y-o-Y. Global Markets' G-Sec portfolio also increased 22% Y-o-Y, mainly on account of the merger with Associate Banks and Bhartiya Mahila Bank Ltd. on 1st April, 2017.

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

B. EQUITY MARKETS

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

Nifty 50 Index



C. FOREX MARKETS

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

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

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

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

Private Equity / Venture Capital Fund

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

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

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

Portfolio Management Services

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

IV SUPPORT AND CONTROL OPERATIONS

1. HUMAN RESOURCES AND TRAINING

A. HUMAN RESOURCES

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

Your Bank considers its employees as its core strength and is proud of its performance oriented and meritocratic culture. It cares for the aspirations of its staff members by constantly trying to enrich their lives and job experiences. Your Bank believes that challenges of the future

can be overcome only by a committed and dedicated work force. Your Bank's HR vision has been built around the principles of inclusiveness, empowerment and development.

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

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

1. Vision, Mission & Value

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

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

2. Recruitment

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

3. Manpower Planning

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

4. Staff Welfare Measures

Your Bank believes its human resource to be professionally trained with high standards of proficient competence. At the same time your Bank also cares for the employee's personal life. With this motive, your Bank has taken a transformative initiative to promote healthy work-life balance. The Bank is also taking proactive measures to reduce the hardship of the officers by reducing the transfer/posting to its minimum and curtailing it to need based. This new approach will provide the employees a good and healthy work

environment encompassing mutual respect and empathy in the work place. The fact that the global job site 'indeed.com' recently named SBI among the Top 3 Best places to work in India validates this cultural transformation.



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

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

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

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

5. Gender Diversity

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

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

TEAM COMPOSITION

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

6. Reservation Policy

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

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

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

*Differently Abled Persons

7. Industrial Relations

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

8. Care for Retired Employees

Your Bank recognises the contribution of its employees who have retired from active service and extends a helping hand whenever required. During the year, your Bank has not only provided financial aid for partially meeting the premium for Medical Insurance but has also set aside

funds from the Staff Welfare Fund to provide assistance to the retirees in case of critical illnesses.

9. Inculcating Learning Culture

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

B. STRATEGIC TRAINING UNIT

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

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

REVAMPING THE 'TRAINING SYSTEM' AND MAKING SBI FUTURE READY

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

1. Resource Optimisation

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

2. Capacity Building

- **Taking Classroom to Desktop - e-Gyanshala:** To assist your Bank's operational workforce in their daily functioning, a google like search engine - e-Gyanshala, has been developed for providing real time on-line support through various help documents which can be emailed and printed.
- **E-learning:** To inculcate self-learning, your Bank continues to invest in its e-learning portal to develop e-learning courses on all relevant topics with in-built opportunity of self-assessment and certification through tests.
- **Certification Programmes for Capacity Building:** The banking Industry is witnessing change at an unprecedented and relentless pace. It therefore becomes imperative that your Bank's workforce is abreast of the changes and equipped with latest knowledge and operational guidelines for effectively discharging

their duties. Your Bank is the first Bank to roll out this initiative as per RBI directives in all areas, in association with external accredited agencies including Forex Operations (IIBF), Treasury Operations (IIBF), Risk Management (IIBF), Accounts & Audit (NIBM) and Credit Management (Moody's).

- **Launch of Moody's Certification:** With the objective of Capacity Building in the area of Commercial credit, your Bank launched Credit Certification programme in association with Moody's Analytics on 10th October, 2017.
- **Role Based Grade Level Certifications for Employees:** All roles in your Bank are being divided in over 40 major categories and role manuals for certifications have been developed by the ATIs for each of these categories to ensure quality and uniformity. All employees up to Assistant General Manager grade will be required to do role specific certification. This will also ensure that all employees attend at least one training during FY2019.



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

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



State Bank Institute of Leadership, Kolkata

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

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

3. Honing Skills Of Leadership

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

4. Marketing of Training

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

5. Research

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

6. Transition To Retirement

Your Bank conducts this programme for the senior executives of the Bank on the eve of their retirement. This is to equip and orient them with the change and enable

them to lead a happy and satisfying second innings, after having served the Bank for long years.

2. INFORMATION TECHNOLOGY

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

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

A. INTERNET BANKING

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

Internet Banking Users (No. in lakh)

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

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

- ABC E-procurement: White Label e-Tendering Portal integrated with MOPS
- CFMS Andhra Pradesh Integration (SBMOPS, GBSS and RBI for e-Kuber)
- CPWD Integration, Settlement and Refunds
- Payment Integration with GEM (Government e-Market Place)
- PPF Account Nominee display through INB
- e-Mail Alerts for INB transactions-Retail
- MySBIWorld (Integration with Credit Cards, Mutual Funds) for Migration

from Electra ACS to Bill Desk ACS for Maestro, Mastercard, and Prepaid card

- Integration with GSTN and reporting of transactions to FRT-TAX Engine on daily basis:
 - Beneficiary addition threshold count increased from 1 to 3 per day for retail customer.
 - Multicity cheque book issue for CA in INB
 - Option of 20 leaves cheque books through INB

B. ATM

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

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

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

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

C. “YONO” (YOU ONLY NEED ONE)

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

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

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

The key activities completed during the year are as follows:

- Lead modules for retail (PBU, REHBU, SME, Agri, MCS, NRI) and corporate business segments (CAG & MCG) rolled out
- e-CRM Learning tool deployed and integrated with Gyanodaya
- Customer 360 for Retail, CAG and MCG rolled out
- Informatica Master Data Management (MDM) went live with Customer 360; MDM will hold master data of Customer, Geography, Product and Service
- Non-Financial Service (NFS) request module enabled in CRM; 24 different types of service requests can be lodged and tracked through CRM
- Deceased claim settlement request can also be lodged and tracked through CRM

- Complaint Management System went live for 13 FOs
- Data Loss Prevention (DLP) agents deployed in Domestic and Foreign Offices
- Work in progress towards CRM roll out for contact centre and complaint management as part of Service Module
- Automation of Service Request processing envisaged with integration of CBS and CRM and handling of service requests by CPCs in coming months

E. FINANCIAL INCLUSION & GOVERNMENT SCHEMES (FIGS)

Some of the key developments of FY2018 are as under:

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

F. CORE BANKING DEVELOPMENT

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

- Exim Enterprise Edition rolled out at Branches for Trade Finance.
- Changes for regulatory compliance like GST, FATCA/CRS, Aadhar Linking to accounts, CKYC introduced to reduce efforts and paperless banking.

- Electoral Bond made available at identified branches.
- Merger activity of Associate Bank with SBI completed successfully. After merger your Bank has around 42.42 crore customer base in over 24,000 branches.

G. OPERATIONS AND TECHNOLOGY SUPPORT

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

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

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

Various facilities provided to pensioners are as under:

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

Some of the key highlights for FY2018 were:

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

H. OPERATIONS AND PAYMENT SYSTEM GROUP

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

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

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

I. INNOVATION PROGRAM

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

- **Intrapreneurship Scheme:** Your Bank is encouraging employees to undertake innovative projects in the same way as an Entrepreneur. Your Banks developed 'SBI Intelligent Voice Assistant – SIVA' which is based on Artificial Intelligence (AI), Machine learning (ML) and Natural Language Processing (NLP).
- **Start-up Engagement Program:** Products/solutions from Fin-Tech start-ups which are based on

Emerging/ Niche technologies and are useful for the Bank are procured. During the year, 6 startups have been engaged. In some cases, use case evaluation is being undertaken.

- **Hackathons:** During the year, your Bank conducted three end-to-end Hackathons (Idea submission till Working prototype submissions) to secure solutions for YONO, Wealth Management and CMP across themes such as Facial Recognition, Voice based authentication/ chatbot, Signature Recognition, Mandate Registration process automation, Automated real time customer identification using AI/ ML/ Cognitive tech/ IOT/ Beacons and others.

J. IT SPECIAL PROJECTS III

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

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

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

K. ANALYTICS

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

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

1. Cost Efficiency

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

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

2. Business Opportunities

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

3. Risk Management

- Identification of Shell companies

4. Innovation

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

L. BUSINESS INTELLIGENCE

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

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

M. OFFICE365

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

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

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

N. SOCIAL MEDIA

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

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

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

O. COMPLAINT MANAGEMENT DEPARTMENT (GITC)

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

The objectives of the department are as follows:

- To handle and resolve the complaints within prescribed TAT.
- Analyse the reasons for complaints and suggest remedial measures.

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

P. IT SPECIAL PROJECT II

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

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

List of IT - Awards received during FY2018

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

3. RISK MANAGEMENT

A. RISK MANAGEMENT OVERVIEW

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

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

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

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

1. Credit Risk

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

Mitigation Measures

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

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

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

In order to focus on capital conservation and maximisation of return on capital, your Bank has introduced Risk Based Budgeting (RBB). Risk sensitive return on capital is measured based on Return on Credit Risk Capital (RoCrC). Achievement of the budgeted advances level are subject to scrutiny under the specified levers. Risk Adjusted Return on Capital (RAROC) framework has been implemented from July'2015. The Customer level RAROC calculation has also been digitised. Further, behavioural models for monitoring and scoring the retail borrower

performance have been developed and hosted on Credit Risk Data Mart. Your Bank has procured the ORACLE "OFSAA" platform for the Credit Risk Management System and the implementation of the system has been initiated with the shortlisted System Integrator.

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

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

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

2. Market Risk

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

Mitigation Measures

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

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

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

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

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

3. Operational Risk

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

Mitigation Measures

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

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

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

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

4. Enterprise Risk

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

Mitigation Measures

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

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

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

5. Group Risk

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

Mitigation Measures

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

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

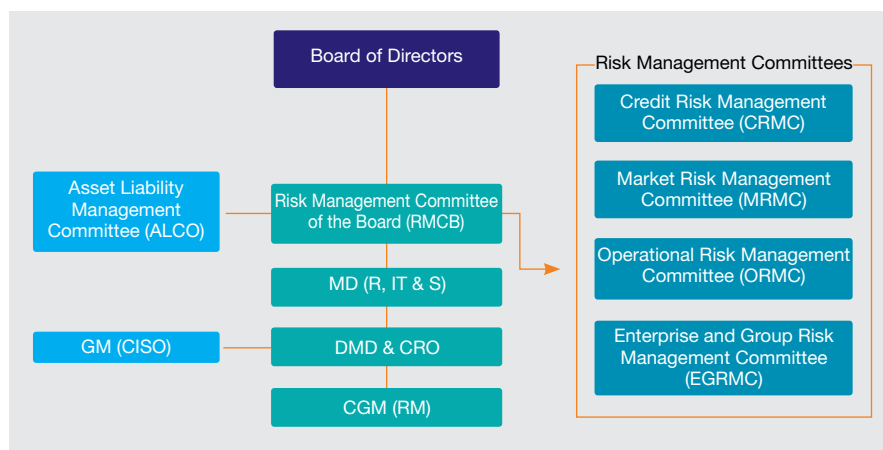
The Group Internal Capital Adequacy Assessment Process (Group ICAAP) document includes an assessment of identified risks by Group entities, internal controls and mitigation measures, and capital assessment, under normal and stressed conditions. All Group entities where SBI has 20% or more stake and management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

6. Basel Implementation

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

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

Risk Management Structure



B. INTERNAL CONTROL

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

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

- a) System-based off-site transaction monitoring and Concurrent Audit of business units to ensure continuous monitoring of controls.
- b) Early Review of sanctions, to assess quality of loans of ₹ 50 lakh and above.
- c) Web based RFIA (Risk Focused Internal Audit) which is flexible, scalable and expandable with enhanced level of automation.
- d) Online self audit by branches, for self-assessment by branches and vetting by controllers.
- e) Audit findings are made available on MIS dash board on T+1 basis, to facilitate identification of concerns and monitoring of compliance by Management.
- ii. Your Bank has adopted the process of Risk Focused Internal Audit (RFIA), wherein audit prioritisation is decided based on assessment of risk in various activities and businesses conducted by the Bank.
- iii. As part of RFIA, IA Department conducts various audit, viz., Credit Audit, Information Systems Audit, Home Office Audit (audit of foreign offices), Concurrent Audit, FEMA Audit, Audit of Outsourced Activities of the Bank, Expenditure Audit and compliance audit. It also undertakes Management Audit of business verticals to assess their strategic effectiveness.

Risk Focused Internal Audit (RFIA)

IA Department undertakes a critical review of the entire operations of auditee units through RFIA, an adjunct to Risk Based Supervision, as per RBI directives. The domestic branches have been broadly segregated into three groups (Group I, II & III) on the basis of business profile and risk exposures. During FY2018, IAD has audited 14,638 domestic branches/BPR entities under the RFIA.

FEMA Audit

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

Credit Audit

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

Early Review of Sanction (ERS – Large Loans)

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

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

Information System and Cyber Security Audit

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

Foreign Offices Audit – Home Office Audit

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

Concurrent Audit System

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

Off-Site Transaction Monitoring System (OTMS)

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

Legal Audit

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

Audit of Outsourced Activities

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

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

Management Audit

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

C. COMPLIANCE RISK MANAGEMENT

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

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

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

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

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

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

D. AML-CFT MEASURES:

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

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

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

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

4. OFFICIAL LANGUAGE

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

Introduction of Online Rajbhasha Roster

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

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

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

One day Hindi Workshop at District Headquarters

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

Hindi House magazine 'Prayas' bagged Gol Rajbhasha Kirti Prize 2017

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



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

"Prayas" awarded First prize by RBI

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

Aashirwad Rajbhasha Ratna Award 2017

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

Different Administrative Offices of your Bank bagged prizes from Gol

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

5. MARKETING AND COMMUNICATIONS

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

Your Bank took a giant leap by merging five subsidiaries and Bhartiya Mahila Bank Ltd. with itself. With this mega merger, your Bank also undertook a re-branding exercise. The M&C department, under the guidance of the Bank's senior management undertook the implementation of a brand identity refresh to energise the brand to stay relevant to the youth as well as global

audiences. While the legendary SBI monogram has been retained, combining it with the abbreviated SBI word is the key change in the refreshed brand identity. The monogram has been refined for greater clarity. The M&C department played a vital role in the implementation of the new brand identity across the country.

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

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

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

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

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

6. VIGILANCE MECHANISM

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

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

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

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

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

7. ASSET AND LIABILITY MANAGEMENT

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

The Asset Liability Management Committee (ALCO) of your Bank oversees the Interest Rate and Liquidity Risks, reviews the components of balance sheet and sets up benchmarks for efficient management of these risks and constantly monitors them. ALCO inter alia, reviews the Interest Rate scenarios, pattern of growth of liability products, credit growth, market behaviour, liquidity management and adherence to the regulatory prescriptions. ALCO sets the pricing of the liabilities and reviews at monthly intervals, the Marginal Cost of Funds based Lending Rates (MCLR) in

terms of regulatory requirements. Your Bank, a pioneer in introducing global best practices, has transformed the process of Asset & Liability Management and rolled out updated Oracle Financial Services Analytical Application (OFSAA) during the year.

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

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

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

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

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

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

8. ETHICS AND BUSINESS CONDUCT

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

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



Synergise & Energise Top Management Summit

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

9. CORPORATE SOCIAL RESPONSIBILITY

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

FOCUS AREAS

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

CSR SPEND DURING FY2018

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

SUPPORTING HEALTHCARE:

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

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

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

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

- Eye check-up
- Cancer detection

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

SUPPORTING EDUCATION

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

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

DRINKING WATER AND SANITATION

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

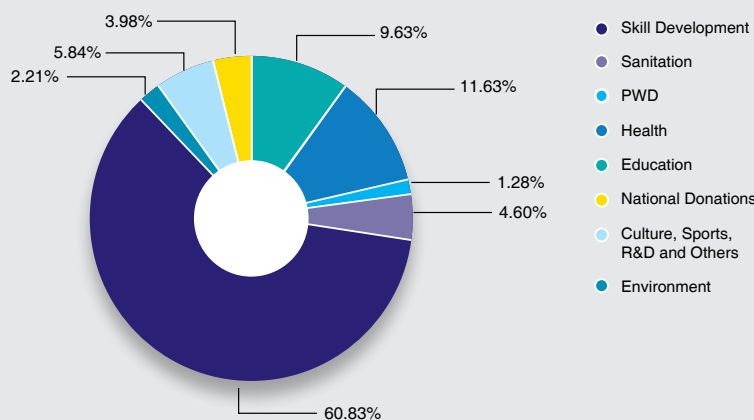
ENVIRONMENT AND SUSTAINABILITY

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

Your Bank has contributed ₹ 2.05 crore towards the following:

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

Focus Area Spend (%)



SBI CHILDREN'S WELFARE FUND

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

SKILL DEVELOPMENT INITIATIVES AND LIVELIHOOD CREATION

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

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

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



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



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

PMAY-CLSS

Avail interest subsidy
up to ₹2.67* lakhs
under PMAY-CLSS

Conditions apply
*Based on EOD's eligibility norms



V. SUBSIDIARIES

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

Non- Banking Subsidiaries:

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

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

Non- Banking Subsidiaries: Joint Ventures

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

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

1. SBI CAPITAL MARKETS LIMITED (SBICAP)

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

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

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

A. SBICAP SECURITIES LIMITED (SSL)

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

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

B. SBICAP VENTURES LIMITED (SVL)

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

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

C. SBICAP (UK) LIMITED (SUL)

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

D. SBICAP (SINGAPORE) LIMITED (SSGL)

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

E. SBICAP TRUSTEE CO. LIMITED (STCL)

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

2. SBI DFHI LIMITED (SBI DFHI)

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

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

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

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

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

During the period the Company received many awards which includes:

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

4. SBI BUSINESS PROCESS AND MANAGEMENT SERVICES PRIVATE LIMITED (SBIBPMSL) (Formerly GE Capital Business Process and Management Services Pvt Ltd)

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

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

During FY2018, the Company undertook following key initiatives:

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

5. SBI LIFE INSURANCE COMPANY LIMITED (SBI LIFE)

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

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

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

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

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

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

Awards and recognitions received during the year include:

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

6. SBI FUNDS MANAGEMENT PRIVATE LIMITED (SBIFMPL)

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

manages Off- shore Fund. SBIFMPL also provides Portfolio management services (PMS) and Alternative Investment Funds (AIF). During the year the Company's gross sales through digital platforms crossed ₹10,000 crore.

7. SBI GLOBAL FACTORS LIMITED (SBIGFL)

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

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

8. SBI PENSION FUNDS PRIVATE LIMITED (SBIPFPL)

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

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

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

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

9. SBI GENERAL INSURANCE COMPANY LIMITED (SBIGIC)

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

Gross Written Premium (GWP) stood at ₹3,553 crore for FY2017-18. In the seven years of operation, for the first time in FY2017 SBIG had achieved profit, to the tune of ₹396 crore. The Company recorded 36.1% growth in GWP YoY against an industry growth of 17.5% including crop whereas excluding Crop SBIGIC recorded growth of 24.0% against Industry growth of 17.1% for FY2017-18. SBIGIC has grown by 124.8% in Crop Insurance in FY2017-18 by participating in the PMFBY schemes and extending our geographies. The Overall market share among all general insurance companies stands at 2.35% and 5.42% among private insurers. The Company's market ranking is 14th in the industry and 9th

among the private players in FY2017-18. SBIGIC occupies 2nd position in "Personal Accident" among private insurers & 4th position in the industry in FY2018. The company ranks 3rd in "Fire" among private insurers and 7th position in the industry in FY2018. Share of health business decreased marginally from 14.3% to 13.4%. However, there is a growth to the tune of 27.1% for FY2018 against Industry growth of 22.4%.

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

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

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

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

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

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

11. SBI INFRA MANAGEMENT SOLUTIONS PVT. LTD.

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

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

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

12. SBI FOUNDATION

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

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

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

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

The CSR activities are undertaken in the following focus areas:

A. HEALTHCARE

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

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

- a. **Sishu Rakhsha:** A project to curtail infant mortality rate by providing complete screening facilities and immediate treatment to the infants.
- b. **SBI Life:** An initiative to prevent and control of Thalassemia diseases by facilitating Thalassemia tests to the public.
- c. **Cancer Care:** A project which aims to prevent and control of Breast and Cervical Cancer among women.
- d. **SBI Darpan:** This project works on mitigating damages of Sickle Cell Anaemia diseases.
- e. **SBI Umeed:** The objective of the program is to curtail maternal, infant mortality and morbidity in expecting mothers and their infants by providing the preventive care information through mobile call facilities.
- f. **SBI Eye care:** This initiative aims to provide free cataract surgeries in the underprivileged rural areas of India.

B. EDUCATION

Education is one of the most powerful and proven vehicle to bring transformational change in the development landscape. Education plays a vital role in improving the standard of life of an individual and is viewed as an effective tool for bringing social economic changes. Scarcity of resources and lack of infrastructure are the major hindrances in the education sector in India. SBI Foundation is committed to contribute positively to United Nation's Sustainable Development Goals (SDGs) Goal#4: Quality Education. Through SBI Foundation, your Banks has initiated various projects as mentioned below:

- a. **Gyanshala:** This is a middle school education project for urban slum children (Grade IV to Grade VIII) to provide them quality education as other privileged children receive in their schools.
- b. **Beti Padhao Kendras:** Under this initiative, Beti Padhao centres were started with an aim to provide basic education (up to Grade V) to girl children in remote rural areas.
- c. **SBI Udaan:** This project works towards quality education along with Arts, Crafts and Sports development for children in slums and remote areas.
- d. **Shiksha Sahay:** This project supports tribal school for maintaining the quality education and other basic needs.

C. ENVIRONMENT AND SUSTAINABILITY

Your Bank is committed to environment protection and contribution to reduce the carbon footprint.

- a. **Waste to gold:** A project that aims to motivate and develop the skills of vulnerable youth to address waste management in the city; and develop small sustainable businesses for their livelihood as well.
- b. **SBI Corbett:** Under this project, SBI Foundation is providing villages a sustainable waste management system and conducting trainings of SHG Workers to provide awareness in nearby schools and hotels.

D. ARTS, CULTURE, HERITAGE AND OTHERS

To achieve the dual goal of preservation of culture & heritage and contribute to 'The Swachh Iconic Places', SBI Foundation has started two projects under this category as mentioned below:

- a) **Swachh Iconic CSMT:** This initiative aims for conservation and restoration of south and east façade of the heritage building at Chhatrapati Shivaji Maharaj Terminus Mumbai (A UNESCO World Heritage Site).
- b) **SBI Eklavya:** SBI Foundation is providing basic sports facility to the children under ashram schools of Marathwada region of Maharashtra.

E. DISABILITY

The vision is to enable the Persons with Disabilities (PwDs) to avail better livelihood opportunities by market linked training and jobs in the organised sector. Therefore, to support the PwDs your Bank has started the following projects:

- a. **Project Parivarthan:** The initiative aims to make inclusive employment of the underprivileged and PwDs the norm in companies by providing them market-oriented trainings.
- b. **Project SBI Shravan Shakti:** Under this initiative, your Bank has facilitated fitment of Cochlear Implants to hearing impaired children.
- c. **Project Swabhiman:** This project aims to provide job linked training to PwDs by establishing and running skill centres.

Flagship Programs

SBI Youth for India Fellowship program: SBI Youth for India (YFI) is a Fellowship program initiated, funded and managed by the SBI Foundation in partnership with reputed NGOs. It provides a framework for India's best young minds to join hands with rural communities, empathise with their struggles and connect with their aspirations

Under the initiative, SBI Foundation has partnered with the reputed NGOs, engaged in development work in rural

areas, to deploy the youth enrolling for the fellowship, for conceiving and working on innovative projects. YFI has an alumni base of 184 passionate change makers, 60% of Alumni are associated with the development sector after the fellowship.

Centre of Excellence for PwDs (CoE):

Majority of persons with disabilities can lead a better quality of life if they have equal opportunities and effective access to rehabilitation measures. There has been an increasing recognition of abilities of persons with disabilities and emphasis on mainstreaming them in the society based on their capabilities. It was conceptualised with a goal to be a centralised support centre for persons with disabilities.

CoE primarily works on empowering PwDs through skill enhancement to make significant and measurable improvement that enables individuals to enjoy a more productive and satisfying life by

optimising their cognitive, physical, social and vocational functioning.

CoE has conducted five inclusive training programs for employees with disabilities and their trainers. Seven public sector Banks participated in the training program. CoE has also signed MoUs with Bank of Baroda and Union Bank of India for institutionalisation of inclusion and empowerment of employees with disabilities. CoE has set up skilling centres in various cities for placement linked skill development of PwDs.

SBI Gram Seva: India resides in its villages, and for the holistic development of the villages, SBI Foundation has adopted 10 Gram panchayats covering 50 of villages in 6 states of India.

The objectives of the flagship program are:

- a. To link and leverage the specific government schemes/services to villages (families)
- b. To lay emphasis on digitalisation and create awareness about online service (including online banking)
- c. Improve the basic infrastructure of villages (set up computer labs, community rooms and others)
- d. Encourage Panchayat/Village self-governance and create environment for participatory efforts by the people for rural asset creation and community development.
- e. Integrated village development is aimed to promote education for all, environment protection, livelihood development, digitalisation in Gram Panchayat, skill development and improvement of preventive and primary health care in villages.

Awards and Accolades

SBI Foundation has won seven national level awards during the year for its CSR initiatives.

Name of the Award	Category
Golden Globe Tiger Award for Excellence & Leadership in CSR	Best CSR Practices
Golden Globe Tiger Award for Excellence & Leadership in CSR	Innovation in CSR
Golden Globe Tiger Award for Excellence & Leadership in CSR	CSR Leadership Award
ET Now presents CSR Leadership Awards	Best CSR Practices
ET Now presents CSR Leadership Awards	Innovation in CSR
ET Now presents CSR Leadership Awards	Promoting Employment for the Disabled
Bureaucracy Today CSR Excellence Awards	Care of Senior Citizens
FICCI CSR Awards	Appreciation Plaque in the Health Category

VI. RESPONSIBILITY STATEMENT

The Board of Directors hereby states:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that they have selected such accounting policies and applied them consistently and made judgements and estimates as are reasonable and prudent, so as to give a true and fair view of the state of affairs of your Bank as on the 31st March 2018, and of the profit and loss of Your Bank for the year ended on that date;
- iii. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Banking Regulation Act, 1949 and State Bank of India Act, 1955 for safeguarding the assets of your Bank and preventing and detecting frauds and other irregularities;
- iv. that they have prepared the annual accounts on a going concern basis;
- v. that the internal financial controls had been laid down, to be followed by your Bank and that such internal financial controls are adequate and were operating effectively; and
- vi. that proper system had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

VII. ACKNOWLEDGEMENT

During the year, Shri M. D. Mallya and Shri Deepak I. Amin retired from the Board w.e.f. 25th June 2017, consequent upon completion of their term. Shri Sanjiv Malhotra was reappointed as Independent Director u/s 19(c) of the SBI Act w.e.f. 26th June 2017 on the Board. Shri Bhaskar Pramanik, Shri Basant Seth and Shri Pravin Kutumbe were elected by the Shareholders as Directors on the Board u/s 19(c) of the SBI Act w.e.f. 26th June 2017. Smt. Anjuly Chib Duggal retired from the Board w.e.f. 31st August 2017 consequent upon her retirement as Secretary, Department of Financial Services and Shri Rajiv Kumar was nominated as GOI Nominee Director in her place w.e.f. 12th September 2017.

Smt. Arundhati Bhattacharya, Chairman retired on completion of her tenure on 6th October 2017 and Shri Rajnish Kumar was appointed as Chairman in her place w.e.f. 7th October 2017.

Dr. Purnima Gupta has been nominated by GOI as Director u/s 19(d) of the SBI Act w.e.f. 1st February 2018. Shri Pravin Kutumbe resigned from the Board w.e.f. 8th March 2018 consequent upon his appointment as Whole-Time Member in IRDA.

The Directors place on record their appreciation for the contributions made by the outgoing Chairman, Smt. Arundhati Bhattacharya and Directors, namely, Shri M. D. Mallya, Shri Deepak I. Amin, Smt. Anjuly Chib Duggal and Shri Pravin Kutumbe, to the deliberations of the Board. The Directors welcome the new Chairman, Shri Rajnish Kumar and Directors,

Shri Bhaskar Pramanik, Shri Basant Seth, Shri Rajiv Kumar and Dr. Purnima Gupta on the Board.

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

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

For and on behalf of the
Central Board of Directors

Chairman

Date: 22nd May, 2018