

PILLAR 3 DISCLOSURES (CONSOLIDATED) AS ON 31.12.2015

DF-2: CAPITAL ADEQUACY

Qualitative Disclosures

(a) A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities

- The Bank and its Banking Subsidiaries undertake the Internal Capital Adequacy Assessment Process (ICAAP) on an annual basis in line with the New Capital Adequacy Framework (NCAF) Guidelines of RBI. The ICAAP details the capital planning process and carries out an assessment covering measurement, monitoring, internal controls, reporting, capital requirement and stress testing of the following Risks:
 - Credit Risk
 - Operational Risk
 - Liquidity Risk
 - Compliance Risk
 - Pension Fund Obligation Risk
 - Reputation Risk
 - Residual Risk from Credit Risk Mitigants
 - Settlement Risk
 - Market Risk
 - Credit Concentration Risk
 - Interest Rate Risk in the Banking Book
 - Country Risk
 - New Businesses Risk
 - Strategic Risk
 - Model Risk
 - Contagion Risk
 - Securitization Risk
- Sensitivity Analysis is conducted annually or more frequently as required, on the movement of Capital Adequacy Ratio (CAR) in the medium horizon of 3 to 5 years, considering the projected investment in Subsidiaries / Joint Ventures by SBI and growth in Advances by SBI and its Subsidiaries (Domestic/Foreign). This analysis is done for the SBI and SBI Group separately.
- CRAR of the Bank and for the Group as a whole is estimated to be well above the Regulatory CAR of 9% in the medium horizon of 3 to 5 years. However, to maintain adequate capital, the Bank has options to augment its capital resources by raising Subordinated Debt and Perpetual Debt Instruments, besides Equity as and when required.
- Strategic Capital Plan for the Foreign Subsidiaries covers an assessment of capital requirement for growth of assets and the capital required complying with various local regulatory requirements and prudential norms. The growth plan is approved by the parent bank after satisfying itself about the capacity of the individual subsidiaries to raise CET I / AT I / Tier II Capital to support the increased level of assets and at the same time maintaining the Capital Adequacy Ratio (CAR).

<p>Quantitative Disclosures (b) Capital requirements for credit risk:</p> <ul style="list-style-type: none"> ▪ Portfolios subject to standardized approach ▪ Securitization exposures 	<p>→ Rs. 1,29,930.54 crs.</p> <p>→ Nil</p> <p>.....</p> <p>Total Rs. 1,29,930.54 crs</p>
<p>(c) Capital requirements for market risk:</p> <ul style="list-style-type: none"> ▪ Standardized duration approach; <ul style="list-style-type: none"> - Interest Rate Risk - Foreign Exchange Risk(including gold) - Equity Risk 	<p>→ Rs. 9,625.60 crs.</p> <p>→ Rs. 174.27 crs.</p> <p>→ Rs. 2,441.06 crs.</p> <p>.....</p> <p>Total Rs. 12,240.93 crs.</p>
<p>(d) Capital requirements for operational risk:</p> <ul style="list-style-type: none"> •Basic Indicator Approach •The Standardized Approach (if applicable) 	<p>→ Rs. 14,939.19 crs.</p> <p>.....</p> <p>Total Rs. 14,939.19 crs.</p>

<p>(e) Common Equity Tier 1, Tier 1 and Total Capital Ratios:</p> <ul style="list-style-type: none"> • For the top consolidated group; and • For significant bank subsidiaries (stand alone or sub-consolidated depending on how the Framework is applied) 	CAPITAL ADEQUACY RATIOS AS ON 31.12.2015			
		CET 1 (%)	Tier 1 (%)	Total (%)
	SBI Group	9.38	9.55	12.35
	State Bank of India	9.60	9.64	12.45
	State Bank of Bikaner & Jaipur	8.10	8.29	10.61
	State Bank of Hyderabad	8.38	8.81	11.15
	State Bank of Mysore	8.62	8.84	12.36
	State Bank of Patiala	7.56	7.80	11.06
	State Bank of Travancore	8.24	8.57	10.25
	SBI (Mauritius) Ltd.	19.34	19.34	20.33
	State Bank of India (Canada)	17.99	17.99	20.75
	State Bank of India (California)	16.29	16.29	17.31
	Commercial Indo Bank LLC, Moscow	27.75	27.75	27.75
	Bank SBI Indonesia	45.70	45.70	45.70
	Nepal SBI Bank Ltd.	12.80	12.80	15.93
	Bank SBI Botswana Ltd.	66.49	66.49	66.49

DF-3: CREDIT RISK: GENERAL DISCLOSURES

Qualitative Disclosures

▪ Definitions of past due and impaired assets (for accounting purposes)

Non-performing assets

An asset becomes non-performing when it ceases to generate income for the Bank.

As from 31st March 2006, a non-performing Asset (NPA) is an advance where

- (i) Interest and/or installment of principal remain 'overdue' for a period of more than 90 days in respect of a Term Loan
- (ii) The account remains 'out of order' for a period of more than 90 days, in respect of an Overdraft/Cash Credit (OD/CC)
- (iii) The bill remains 'overdue' for a period of more than 90 days in the case of bills purchased and discounted
- (iv) Any amount to be received remains 'overdue' for a period of more than 90 days in respect of other accounts
- (v) A loan granted for short duration crops is treated as NPA, if the installment of principal or interest thereon remains overdue for two crop seasons and a loan granted for long duration crops is treated as NPA, if installment of principal or interest thereon remains overdue for one crop season
- (vi) An account would be classified as NPA only if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter.
- (vii) The amount of a liquidity facility remains outstanding for more than 90 days, in respect of securitization transactions undertaken in accordance with the RBI guidelines on securitization dated February 1, 2006.
- (viii) In respect of derivative transactions, the overdue receivables representing the positive mark to market value of a derivative contract, remain unpaid for a period of 90 days from the specified due date for payment.

'Out of Order' status

An account is treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power.

In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Bank's Balance Sheet, or where credits are not enough to cover the interest debited during the same period, such accounts are treated as 'out of order'.

'Overdue'

Any amount due to the Bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank.

▪ Discussion of the Bank's Credit Risk Management Policy

The Bank has an integrated Credit Risk Management, Credit Risk Mitigation and Collateral Management Policy in place which is reviewed annually. Over the years, the policy & procedures in this regard have been refined as a result of evolving concepts and actual experience. The policy and procedures have been aligned to the approach laid down in Basel-II and RBI guidelines.

Credit Risk Management encompasses identification, assessment, measurement, monitoring and control of the credit risk in exposures.

In the processes of identification and assessment of Credit Risk, the following functions are undertaken :

- (i) Developing and refining the Credit Risk Assessment (CRA) Models/Scoring Models to assess the Counterparty Risk, by taking into account the various risks categorized broadly into Financial, Business, Industrial and Management Risks, each of which is scored separately.
- (ii) Conducting industry research to give specific policy prescriptions and setting quantitative exposure parameters for handling portfolio in large / important industries, by issuing advisories on the general outlook for the Industries / Sectors, from time to time.

The measurement of Credit Risk involves computation of Credit Risk Components viz Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD).

The monitoring and control of Credit Risk includes setting up exposure limits to achieve a well-diversified portfolio across dimensions such as single borrower, group borrower and industries. For better risk management and avoidance of concentration of Credit Risks, internal guidelines on prudential exposure norms in respect of individual companies, group companies, Banks, individual borrowers, non-corporate entities, sensitive sectors such as capital market, real estate, sensitive commodities, etc., are in place. Credit Risk Stress Tests are conducted at half yearly interval to identify vulnerable areas for initiating corrective action, where necessary.

The Bank has also a Loan Policy which aims at ensuring that there is no undue deterioration in quality of individual assets within the portfolio. Simultaneously, it also aims at continued improvement of the overall quality of assets at the portfolio level, by establishing a commonality of approach regarding credit basics, appraisal skills, documentation standards and awareness of institutional concerns and strategies, while leaving enough room for flexibility and innovation

The Bank has processes and controls in place in regard to various aspects of Credit Risk Management such as appraisal, pricing, credit approval authority, documentation, reporting and monitoring, review and renewal of credit facilities, management of problem loans, credit monitoring, etc. The Bank also have a system of Credit Audit with the aims of achieving continuous improvement in the quality of the Commercial Credit portfolio with exposure of Rs. 10 cr. and above. Credit Audit covers audit of credit sanction decisions at various levels. Both the pre-sanction process and post-sanction position are examined as a part of the Credit Audit System. Credit Audit also examines identified Risks and suggests Risk Mitigation Measures.

DF-3: Quantitative Disclosures

(Insurance entities, JVs & Non-financial entities excluded)

General Disclosures: 31.12.2015		Amount - Rs. in Crs.		
Quantitative Disclosures		Fund Based	Non Fund Based	Total
b	Total Gross Credit Risk Exposures	1837897.57	495323.94	2333221.51
c	Geographic Distribution of Exposures : FB / NFB			
	Overseas	273218.76	37567.27	310786.03
	Domestic	1564678.81	457756.67	2022435.48
d	Industry Type Distribution of Exposures Fund based / Non Fund Based separately	Please refer to Table "A"		
e	Residual Contractual Maturity Breakdown of Assets	Please refer to Table "B"		
f	Amount of NPAs (Gross) i.e. Sum of (i to v)			94177.09
	i. Substandard			29611.39
	ii. Doubtful 1			26685.58
	iii. Doubtful 2			28336.98
	iv. Doubtful 3			6185.26
	v. Loss			3357.88
g	Net NPAs			51745.18
h	NPA Ratios			
	i) Gross NPAs to gross advances			5.12%
	ii) Net NPAs to net advances			2.89%
i	Movement of NPAs (Gross)			
	i) Opening balance			74626.63
	ii) Additions			47775.21
	iii) Reductions			28224.75
	iv) Closing balance			94177.09
j	Movement of provisions for NPAs			
	i) Opening balance			36812.67
	ii) Provisions made during the period			21373.46
	iii) Write-off			15734.02
	iv) Write-back of excess provisions			20.20
	v) Closing balance			42431.91
k	Write-offs and recoveries that have been booked directly to the Income St.			383.78
l	Amount of Provisions held for Non-Performing Investments			379.94

m	Movement of Provisions for Depreciation on Investments	
	i) Opening balance	678.28
	ii) Provisions made during the period	1138.56
	iii) Add: Foreign Exchange Revaluation Adj.	4.44
	iv) Write-off	293.46
	v) Write-back of excess provisions	736.76
	vi) Closing balance	782.18
n	By major industry or counter party type	
	i) Amt. of NPA and if available, past due loans, provided separately	47552.30
	ii) Specific & general provisions; and	4211.67
	iii) Specific provisions and write-offs during the current period	823.84
o	Amt. of NPAs and past due loans provided separately by significant geographical areas including specific and general provisions	2603.88
	Provisions	975.80

Table- A: DF-3 (d) Industry Type Distribution of Exposures as on 31.12.2015 (Amount - Rs. in Crs.)

CODE	INDUSTRY	FUND BASED [Outstanding-O/s]			NON-FUND BASED(O/s)
		Standard	NPA	Total	
1	Coal	2,795.4415	310.11	3,105.55	3418.77
2	Mining	8,904.65	572.22	9,476.87	2893.63
3	Iron & Steel	112,784.69	16,101.37	128,886.06	32342.93
4	Metal Products	48,280.90	1,691.10	49,972.00	10562.11
5	All Engineering	37,257.57	5,634.79	42,892.35	76550.38
51	Of which Electronics	9,765.55	598.89	10,364.43	8166.59
6	Electricity	34,654.01	214.70	34,868.71	1272.19
7	Cotton Textiles	29,810.84	3,615.75	33,426.59	6294.77
8	Jute Textiles	444.43	41.58	486.01	77.96
9	Other Textiles	25,170.75	3,111.06	28,315.96	3020.10
10	Sugar	7,829.34	417.96	8,247.30	986.09
11	Tea	764.24	58.51	822.76	21.13
12	Food Processing	34,644.12	4,412.14	39,056.26	2739.62
13	Vegetable Oils & Vanaspati	5,107.01	1,421.08	6,528.09	6342.64
14	Tobacco / Tobacco Products	554.71	13.97	568.68	288.63
15	Paper / Paper Products	5,436.49	1,145.03	6,581.52	986.16
16	Rubber / Rubber Products	4,230.23	273.87	4,504.10	1616.71
17	Chemicals / Dyes / Paints etc.	65,989.85	5,445.69	71,435.55	49550.93
171	Of which Fertilizers	8,901.32	71.40	8,972.72	5694.88
172	Of which Petrochemicals	35,682.87	1,157.06	36,839.93	38181.46
173	Of which Drugs & Pharma	10,260.81	2,918.11	13,178.92	1947.10
18	Cement	8,525.31	476.78	9,002.09	2596.31
19	Leather & Leather Products	2,458.57	74.93	2,533.50	432.98
20	Gems & Jewellery	15,938.84	2,497.70	18,436.55	2833.60
21	Construction	18,788.56	279.84	19,068.40	4000.59
22	Petroleum	52,026.59	691.21	52,717.80	17091.62
23	Automobiles & Trucks	13,848.09	188.38	14,036.47	6000.22
24	Computer Software	3,397.32	623.67	4,020.99	7856.53
25	Infrastructure	283,068.97	10,607.70	293,676.67	94851.23
251	Of which Power	162,862.71	2,589.62	165,452.32	26278.35
252	Of which Telecommunication	30,862.94	590.51	31,453.45	23139.32
253	Of which Roads & Ports	30,764.27	3,995.79	34,760.06	15552.95
26	Other Industries	143,567.42	6,610.07	150,177.49	50426.75
27	NBFCs & Trading	185,847.65	7,450.52	193,298.17	75419.92
28	Residual Advances	591,559.71	20,195.38	611,755.09	34849.46
	Total	1,743,720.48	94,177.09	1,837,897.57	495323.94

Table- B**DF-3 (e) SBI (CONSOLIDATED) Residual contractual maturity breakdown of assets as on 31.12.2015***

[Rs. in Crs.]

		1-14 days	15-28 days	29 days & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	TOTAL
1	Cash	16851.66	0.49	36.59	1.57	5.95	11.60	0.00	18.69	16926.55
2	Balances with RBI	6578.03	1088.76	2476.88	3778.92	12073.75	23412.17	10815.22	26104.96	86328.69
3	Balances with other Banks	21330.91	3238.53	518.80	649.31	185.13	742.47	25.69	2847.59	29538.43
4	Investments	48390.28	6158.42	36267.98	38615.12	27716.79	102212.52	108721.64	330277.99	698360.73
5	Advances	50268.99	40322.77	137666.02	111060.93	116536.80	735225.21	220770.35	378457.45	1790308.52
6	Fixed Assets	0.00	0.00	0.00	0.00	13.03	15.77	0.57	13006.66	13036.03
7	Other Assets	41778.06	5253.07	6393.12	6391.28	6646.05	5809.22	5861.97	46482.05	124614.82
	TOTAL	185197.93	56062.04	183359.39	160497.12	163177.50	867428.96	346195.43	797195.39	2759113.76

*Insurance entities, Non-financial entities, JVs, Special Purpose Vehicles & Intra-group Adjustments are excluded

DF-4: CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

Qualitative Disclosures
(a) For portfolios under the standardized approach:
<ul style="list-style-type: none">▪ Names of Credit Rating Agencies used, plus reasons for any changes As per RBI Guidelines, the Bank has identified CARE, CRISIL, ICRA, India Rating, SMERA and Brickwork (Domestic Credit Rating Agencies) and FITCH, Moody's and S&P (International Rating Agencies) as approved Rating Agencies, for the purpose of rating Domestic and Overseas Exposures, respectively, whose ratings are used for the purpose of computing Risk-weighted Assets and Capital Charge.
<ul style="list-style-type: none">▪ Types of exposures for which each Agency is used<ul style="list-style-type: none">(i) For Exposures with a contractual maturity of less than or equal to one year (except Cash Credit, Overdraft and other Revolving Credits), Short-term Ratings given by approved Rating Agencies are used.(ii) For Cash Credit, Overdraft and other Revolving Credits (irrespective of the period) and for Term Loan exposures of over 1 year, Long Term Ratings are used.
<ul style="list-style-type: none">▪ Description of the process used to transfer Public Issue Ratings onto comparable assets in the Banking Book The key aspects of the Bank's external ratings application framework are as follows:<ul style="list-style-type: none">• All long term and short term ratings assigned by the credit rating agencies specifically to the Bank's long term and short term exposures respectively are considered by the Bank as issue specific ratings.• Foreign sovereign and foreign bank exposures are risk-weighted based on issuer ratings assigned to them.• The Bank ensures that the external rating of the facility/borrower has been reviewed at least once by the ECAI during the previous 15 months and is in force on the date of its application.• Where multiple issuer ratings are assigned to an entity by various credit rating agencies, In this context, the lower rating, where there are two ratings and the second-lowest rating where there are three or more ratings are used for a given facility. Long-term Issue Specific Ratings (For the Bank's own exposures or other issuance of debt by the same borrower-constituent/counter-party) or Issuer (borrower-constituents/counter-party) Ratings are applied to other unrated exposures of the same borrower-constituent/counter-party in the following cases :<ul style="list-style-type: none">• If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures, any other unrated exposure on the same counter-party is assigned the same Risk Weight, if the exposure ranks <i>pari passu</i> or junior to the rated exposure in all respects.• In cases where the borrower-constituent/counter-party has issued a debt (which is not a borrowing from the Bank), the rating given to that debt is applied to the Bank's unrated exposures, if the Bank's exposure ranks <i>pari passu</i> or senior to the specific rated debt in all respects and the maturity of unrated Bank's exposure is not later than the maturity of the rated debt.

Quantitative Disclosures as on 31.12.2015**(Rs. in crs.)**

(b) For exposure amounts after risk mitigation subject to the Standardized Approach, amount of group's outstanding (rated and unrated) in each risk bucket as well as those that are deducted.		Amount
	Below 100% Risk Weight	1442448.98
	100% Risk Weight	564201.20
	More than 100% Risk Weight	323930.63
	Deducted	2640.70
Total	2333221.51	

TABLE DF-17: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE

LEVERAGE RETURN AS ON 31.12.2015		
STATE BANK OF INDIA (GROUP)		
DF-17- Summary comparison of accounting assets vs. leverage ratio exposure measure		
ITEM		Rs. (In millions)
1	Total consolidated assets as per published financial statements	28255351.5
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-833190.6
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
4	Adjustments for derivative financial instruments	136,128.46
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	565247.21
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	3666333.64
7	Other adjustments	-57622.171
8	Leverage ratio exposure	31732248.04

TABLE DF-18: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

DF-18 -Leverage ratio common disclosure template		
ITEM		(Rs. In Millions)
On balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	27422160.9
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-57622.171
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	27364538.73
Derivatives exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	38,970.06
5	Add-on amounts for PFE associated with all derivatives transactions	97,158.40
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted CCP leg of client-cleared trade exposures)	0
9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	Total derivative exposures (sum of lines 4 to 10)	136,128.46
Securities financing transaction exposure		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	565247.21
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	CCR exposure for SFT assets	0
15	Agent transaction exposures	0
16	Total securities financing transaction exposures (sum of lines 12 to 15)	565247.2103
Other off balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	9623253.07
18	(Adjustments for conversion to credit equivalent amounts)	-5956919.43
19	Off-balance sheet items (sum of lines 17 and 18)	3666333.642
Capital and total exposures		
20	Tier 1 capital	1683105.75
21	Total exposures (sum of lines 3,11,16 and 19)	31,732,248.04
Leverage ratio		
22	Basel III leverage ratio	5.30