

PILLAR 3 DISCLOSURES (CONSOLIDATED) AS AT 30.06.2015

TABLE DF-2 CAPITAL ADEQUACY

Qualitative Disclosures

<p>(a) A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities</p>	<ul style="list-style-type: none">• 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:<ul style="list-style-type: none">➤ 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).
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<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. 1,22,700.85 crs.</p> <p>→ Nil</p> <p>.....</p> <p>Total Rs. 1,22,700.85 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. 7,712.15 crs.</p> <p>→ Rs. 172.93 crs.</p> <p>→ Rs. 2,463.78 crs.</p> <p>.....</p> <p>Total Rs. 10,348.86 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. 14,937.72 crs.</p> <p>.....</p> <p>Total Rs. 14,937.72 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 30.06.2015			
		CET 1 (%)	Tier 1 (%)	Total (%)
	SBI Group	9.37	9.54	12.01
	State Bank of India	9.59	9.62	12.00
	State Bank of Bikaner & Jaipur	8.42	8.62	11.04
	State Bank of Hyderabad	8.78	9.17	11.11
	State Bank of Mysore	8.05	8.23	11.22
	State Bank of Patiala	8.36	8.60	11.97
	State Bank of Travancore	8.33	8.61	10.47
	SBI (Mauritius) Ltd.	21.99	21.99	22.69
	State Bank of India (Canada)	18.80	18.80	21.74
	State Bank of India (California)	16.71	16.71	17.75
	Commercial Indo Bank LLC, Moscow	36.33	36.33	36.33
	Bank SBI Indonesia	28.18	28.18	28.70
Nepal SBI Bank Ltd.	12.05	12.05	15.21	
State Bank of India (Botswana) Ltd.	104.78	104.78	104.78	

DF-3: CREDIT RISK: GENERAL DISCLOSURES

As on 30.06.2015

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to credit risk

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

Non-performing assets

An asset becomes non-performing when it ceases to generate income for the Bank. As from 31st March 2006, a non-performing Asset (NPA) is an advance where

- (i) Interest and/or instalment of principal remain 'overdue' for a period of more than 90 days in respect of a Term Loan
- (ii) The account remains 'out of order' for a period of more than 90 days, in respect of an Overdraft/Cash Credit (OD/CC)
- (iii) The bill remains 'overdue' for a period of more than 90 days in the case of bills purchased and discounted
- (iv) Any amount to be received remains 'overdue' for a period of more than 90 days in respect of other accounts
- (v) A loan granted for short duration crops is treated as NPA, if the instalment of principal or interest thereon remains overdue for two crop seasons and a loan granted for long duration crops is treated as NPA, if instalment of principal or interest thereon remains overdue for one crop 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.

'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: Consolidated Quantitative Disclosures as on 30.06.2015

General Disclosures:		Amount - Rs. in Crs		
Quantitative Disclosures		Fund Based	Non Fund Based	Total
b	Total Gross Credit Risk Exposures	1712370.72	535804.28	2248175.00
c	Geographic Distribution of Exposures : FB / NFB			
	Overseas	260617.18	33166.46	293783.64
	Domestic	1451753.54	502637.82	1954391.36
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)	76332.09		
	i. Substandard	25438.55		
	ii. Doubtful 1	16491.33		
	iii. Doubtful 2	25431.75		
	iv. Doubtful 3	5034.95		
	v. Loss	3935.51		
g	Net NPAs	39643.77		
h	NPA Ratios			
	i) Gross NPAs to gross advances	4.46%		
	ii) Net NPAs to net advances	2.38%		
i	Movement of NPAs (Gross)			
	i) Opening balance	74626.63		
	ii) Additions	11026.66		
	iii) Reductions	9321.20		
	iv) Closing balance	76332.09		
j	Movement of provisions for NPAs			
	i) Opening balance	36812.67		
	ii) Provisions made during the period	5409.03		
	iii) Write-off	5532.41		
	iv) Write-back of excess provisions	0.97		
	v) Closing balance	36688.32		
k	Write-offs and recoveries that have been booked directly to the Income St.	619.33		
l	Amount of Provisions held for Non-Performing Investments	471.87		
m	Movement of Provisions for Depreciation on Investments			
	i) Opening balance	678.28		
	ii) Provisions made during the period	396.91		
	iii) Add: Foreign Exchange Revaluation Adj.	7.93		
	iv) Write-off	158.09		
	v) Write-back of excess provisions	10.12		
	vi) Closing balance	914.91		
n	By major industry or counter party type			
	i) Amt. of NPA and if available, past due loans, provided separately	32257.33		
	ii) Specific & general provisions; and	15133.57		
	iii) Specific provisions and write-offs during the current period	Nil		
o	Amt. of NPAs and past due loans provided separately by significant geographical areas including specific and general provisions	14824.39		
	Provisions	6145.76		

Table- A: DF-3 (d) Consolidated Industry Type Distribution of Exposures as on 30.06.2015
Amount-Rs. in Crs.

CODE	INDUSTRY	FUND BASED [Outstanding-O/s]			NON-FUND BASED(O/s)
		Standard	NPA	Total	
1	Coal	3,940.27	422.24	4,362.51	3193.31
2	Mining	6,689.68	482.31	7,171.99	3229.45
3	Iron & Steel	117,863.90	7,094.78	124,958.68	32047.17
4	Metal Products	40,089.60	1,899.46	41,989.06	7912.31
5	All Engineering	39,096.53	3,953.96	43,050.49	74845.44
51	Of which Electronics	9,553.48	549.36	10,102.84	7870.95
6	Electricity	26,152.51	93.65	26,246.16	2053.52
7	Cotton Textiles	35,560.13	3,155.62	38,753.75	8173.98
8	Jute Textiles	292.24	67.57	359.81	78.80
9	Other Textiles	20,109.28	2,462.89	22,572.17	2744.46
10	Sugar	7,921.65	378.74	8,300.39	693.06
11	Tea	657.01	29.83	686.84	50.28
12	Food Processing	33,405.82	4,603.89	38,009.71	2486.16
13	Vegetable Oils & Vanaspati	6,543.80	1,625.24	8,169.04	6012.00
14	Tobacco / Tobacco Products	575.85	6.58	582.43	294.22
15	Paper / Paper Products	5,230.43	1,218.97	6,449.40	1074.63
16	Rubber / Rubber Products	6,398.75	311.82	6,710.57	1634.29
17	Chemicals / Dyes / Paints	72,514.78	4,573.15	77,087.93	50980.87
171	Of which Fertilizers	14,701.83	56.96	14,758.79	6176.22
172	Of which Petrochemicals	36,214.24	664.99	36,879.23	38486.92
173	Of which Drugs & Pharma	10,414.15	2,735.43	13,149.58	2137.41
18	Cement	9,614.71	390.82	10,005.53	2449.28
19	Leather & Leather Products	2,630.47	93.64	2,724.11	475.20
20	Gems & Jewellery	16,565.59	2,628.64	19,194.23	2420.44
21	Construction	13,151.78	133.94	13,285.72	3410.42
22	Petroleum	52,807.97	376.22	53,184.19	16937.11
23	Automobiles & Trucks	11,970.95	96.79	12,067.74	5365.84
24	Computer Software	3,014.30	1,126.70	4,141.00	7926.92
25	Infrastructure	248,695.77	9,509.82	258,205.59	89800.25
251	Of which Power	137,903.54	3,103.38	141,006.92	26191.67
252	Of which Telecommunication	31,173.14	1,046.82	32,219.96	21431.40
253	Of which Roads & Ports	29,653.61	2,704.30	32,357.91	13765.70
26	Other Industries	100,199.20	2,427.25	102,626.45	46237.38
27	NBFCs & Trading	181,545.54	7,680.90	189,226.44	78255.64
28	Residual Advances	572,800.23	19,486.58	592,286.81	85021.88
	Total	1,636,038.63	76,332.09	1,712,370.72	535804.28

Table- B**DF-3 (e) SBI (Consolidated) Residual contractual maturity breakdown of assets as on 30.06.2015***

[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	19334.60	0.75	1.50	1.05	3.00	13.30	0.00	0.00	19354.20
2	Balances with RBI	2611.17	1226.37	2821.65	3763.75	14323.87	21245.22	10066.49	24970.57	81029.09
3	Balances with other Banks	43163.08	26.19	618.68	188.20	219.46	3629.88	0.00	124.49	47969.98
4	Investments	19450.08	7293.89	37967.88	35081.38	46630.48	92217.59	121703.59	355688.86	716033.75
5	Advances	42238.92	28236.03	112231.24	69369.56	93750.16	817524.45	169915.73	335528.99	1668795.08
6	Fixed Assets	0.00	0.00	0.00	9.32	13.91	15.98	2.64	12709.29	12751.14
7	Other Assets	36553.33	4431.15	4961.20	5109.07	5067.34	5005.88	6284.36	38424.69	105837.02
	TOTAL	163351.18	41214.38	158602.15	113522.33	160008.22	939652.30	307972.81	767446.89	2651770.26

*Insurance entities, Non-financial entities, 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:	
<p>▪ 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.</p>	
<p>▪ Types of exposures for which each Agency is used</p> <p>(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.</p> <p>(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.</p>	
<p>▪ Description of the process used to transfer Public Issue Ratings onto comparable assets in the Banking Book 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 :</p> <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 30.06.2015

(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	691290.54
	100% Risk Weight	1227396.67
	More than 100% Risk Weight	326623.13
	Deducted	2864.66
Total	2248175.00	