STATE BANK OF INDIA (CONSOLIDATED) AS ON 31.03.2009

Table DF-1

Scope of Application

Qualitative Disclosures: **As on 31.03.2009**

(a) The name of the Top Bank in the Group to which the Framework applies

State Bank of India

(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the Group

The consolidated Financial Statements of the Group conform to Generally Accepted Accounting Principles (GAAP) in India, which comprise the statutory provisions, Regulatory/Reserve Bank of India (RBI) Guidelines, Accounting Standards/Guidance Notes issued by the Institute of Chartered Accountants of India (ICAI). The following Subsidiaries/Joint Ventures and Associates constitute the State Bank Group.

(i) **That are fully consolidated:** The following Subsidiaries and Joint Ventures (which are also Subsidiaries) are fully consolidated on a line by line basis as per Accounting Standard AS 21.

Sr. No	Name	Activity	Holding
	DOMESTIC		
1	State Bank of Bikaner and Jaipur	Banking	75.07%
2	State Bank of Hyderabad	Banking	100.00%
3	State Bank of Mysore	Banking	92.33%
4	State Bank of Indore	Banking	98.05%
5	State Bank of Patiala	Banking	100.00%
6	State Bank of Travancore	Banking	75.01%
7	State Bank of Saurashtra (up to 13.08.08)	Banking	100.00%
8	SBICI Bank Ltd.	Banking	100.00%
19	SBI Capital Markets Ltd.	NBFC	86.16%
10	SBI CAP Securities Ltd.	NBFC	86.16%
11	SBI CAP Trustee Company Ltd.	NBFC	86.16%
12	SBI CAPS Ventures Ltd.	NBFC	86.16%
13	SBI Cards & Payment Services Ltd.	NBFC	60.00%
14	SBIDFHI Ltd.	Primary Dealers	65.95%
15	SBI Factors & Commercial Services Ltd.	Factoring	69.88%
16	SBI Funds Management Ltd.	Mutual Funds	63.00%
17	SBI MF Trustee Co. Pvt. Ltd.	MF Trustees	100.00%
18	SBI Life Insurance Co. Ltd.	Insurance	74.00%
19	Global Trade Finance Ltd	Factoring	92.85%
20	SBI Pension Funds Pvt Ltd.	Mutual Funds	96.85%
21	SBI Custodial Services Pvt Ltd.	Custodial Service	100.00%
22	SBI General Insurance Company Ltd	Insurance	100.00%
	OVERSEAS		
23	SBI, Canada	Banking	100.00%
24	SBI, California	Banking	100.00%
25	SBI International (Mauritius) Ltd.	Banking	93.40%
26	Commercial Bank of India LLC Moscow	Banking	60.00%
27	PT Bank Indo Monex Ltd., Indonesia	Banking	76.00%
28	SBI Funds Management (Intl.) Ltd.	Mutual Funds	63.00%
29	SBI CAP (UK) Ltd.	NBFC	86.16%

(ii) That are pro-rata consolidated:

The entities that are joint Ventures are consolidated pro rata as per Accounting Standard – AS27.

S. No	Name	Activity	Holding
	DOMESTIC		
1	GE Capital Business Process Management Services Pvt. Ltd.	BPO	40.00%
2	C-Edge Technologies Ltd.	Software Services	49.00%

(iii) All the Subsidiaries, Joint Ventures and Associates of State Bank are consolidated. Hence there is no entity, which is excluded from consolidation. In addition to the above-mentioned Subsidiaries and Joint Ventures, the following Associates are consolidated as per Equity Accounting in terms of AS 23.

S.No	Name	Activity	Holding
1	Clearing Corporation of India Ltd	Clearing	28.97%
2	UTI Asset Management Co. Pvt. Ltd.	Asset Management	25.00%
3	SBI Home Finance Ltd.	Home Finance	25.05%
4	S.S. Ventures Ltd	Venture Capital Financing	43.08%
5	Nepal SBI Bank Ltd	Banking	50.00%
6	Bank of Bhutan	Banking	20.00%
7	Andhra Pradesh Grameena Vikas Bank	Banking	35.00%
8	Arunachal Pradesh Rural Bank	Banking	35.00%
9	Chhatisgarh Gramin Bank	Banking	35.00%
10	Ellaquai Dehati Bank	Banking	35.00%
11	Ka Bank Nongkyndong Ri Khasi Jaintia	Banking	35.00%
12	Krishna Grameena Bank	Banking	35.00%
13	Langpi Dehangi Rural Bank	Banking	35.00%
14	Madhya Bharat Gramin Bank	Banking	35.00%
15	Mizoram Rural Bank	Banking	35.00%
16	Nagaland Rural Bank	Banking	35.00%
17	Parvatiya Gramin Bank	Banking	35.00%
18	Purvanchal Kshetriya Gramin Bank	Banking	35.00%
19	Samastipur Kshetriya Gramin Bank	Banking	35.00%
20	Utkal Gramya Bank	Banking	35.00%
21	Uttaranchal Gramin Bank	Banking	35.00%
22	Vananchal Gramin Bank	Banking	35.00%
23	Vidisha Bhopal Kshetriya Gramin Bank	Banking	34.32%
24	Marwar Ganganagar Bikaner Gramin Bank	Banking	26.27%
25	Deccan Grameena Bank	Banking	35.00%
26	Cauvery Kalpatharu Grameena Bank	Banking	32.32%
27	Malwa Gramin Bank	Banking	35.00%
28	Saurashtra Grameena Bank	Banking	35.00%

Differences in basis of consolidation for accounting and regulatory purposes:

In terms of Regulatory Guidelines, the consolidated Bank may exclude from consolidation, Group companies which are engaged in Insurance business and business not pertaining to Financial Services. Hence the Group's investments in the under mentioned entities are taken at cost less impairment, if any, for Consolidated Prudential Reporting purposes.

S. No	Name of the Joint Venture	Group's Stake (%)
1	C Edge Technologies Pvt Ltd	49.00
2	GE Capital Business Process Management Services Pvt Ltd	40.00
3	SBI Life Insurance Company Ltd	74.00

Quantitative Disclosures:

(c) The aggregate amount of Capital deficiencies in all Subsidiaries not included in the consolidation i.e. that are deducted and the name (s) of such subsidiaries: **Nil**

(d) The aggregate amounts (e.g. current book value) of the Bank's total interests in Insurance entities, which are risk-weighted as well as their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities in addition, indicate the quantitative impact on Regulatory Capital of using this method versus using the deduction:

Name: SBI Life Insurance Co. Ltd. Mumbai

Country of Incorporation: India

Ownership interest: Rs.740.00 crs (74%)

Quantitative Impact on the regulatory capital:

Under consolidation method: NA

Under deduction method: Entire investment made in the Insurance Subsidiary is reduced from Tier I & Tier II capital of the Bank, for the purpose of Capital Adequacy calculation.

Table DF-2

Capital Structure

Qualitative Disclosures

(a) Summary

Type of Capital	Features
Equity (Tier –I)	State Bank of India has raised Equity by way of Rights Issue during March 2008 aggregating Rs.16,722 crores (including Premium). Further the Bank has also raised Capital by way of Employees Stock Purchase Scheme aggregating Rs 542 crores. Domestic Banking Subsidiaries have raised equity through Equity Instruments. The majority shareholder is SBI while some of them like SBBJ, SB Indore, SBM and SBT have public shareholding as well. Domestic Non-Banking Subsidiaries have raised equity through Equity Instruments. The majority shareholder is SBI and the others are ADB (SBICAP-13.84%), SGAM (SBI FUNDS-37%), GE Capital (SBI CARDS-40%), SIDBI (SBI FACTORS-20%) etc.
Innovative Instruments (Tier-I)	SBI has raised Innovative Perpetual Debt Instruments (IPDIs) in the International Market during FY: 06-07 and 07-08. Some of the Banking Subsidiaries have also raised Capital through IPDIs. Foreign Subsidiary Banks have not raised Tier I Capital by way of IPDIs as of date.
Tier-II	SBI and its Subsidiaries have raised Upper as well as Lower Tier II Capital. The subordinated debts raised through private placement of Bonds are unsecured, long term, non-convertible and are redeemable at par. The debt is subordinated to present and future senior indebtedness of the Bank and qualifies for Tier II capital. In case of Domestic Subsidiaries, Tier-II capital has been raised by way of Upper Tier-2 as well as Tier-2 bonds (except SBICI Bank Ltd). They are plain vanilla bonds with no embedded put option or call option. Not redeemable without RBI's prior approval. Consequent to Merger of State Bank of Saurashtra with SBI on 13th August 2008, Subordinated Debt (Lower Tier II) raised by SBS in two tranches of Rs.200 crs and Rs.225 crs aggregating Rs.425 crs have been included in our list and are shown under Quantitative Disclosures of this table below. Some of the Non-Banking Subsidiaries like SBI FACTORS (Rs.40.00crs),SBI CARDS(Rs.124.80crs & GTFL(Rs.100.20crs) have also raised subordinated term debt reckoned as Tier II capital. Tier II capital of Foreign Subsidiaries comprises of subordinated term debt, General provisions.

Qualitative Disclosures:

State Bank of India has raised Hybrid Tier I Capital and Upper and Lower Tier II Subordinated Debt in the Domestic and International Market. Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of innovative, complex or hybrid capital instruments are as under:

<table>
<tr><th>Type of capital</th><th colspan="5">Main features</th></tr>
<tr><td>Equity</td><td colspan="5">Rs. 634.88 crs</td></tr>
<tr><td rowspan="4">Innovative Perpetual Debt Instruments</td><td>Date of Issue</td><td>Amount (Rs. crs)</td><td>Tenure (months)</td><td>Coupon (% p.a. payable annually)</td><td>Rating</td></tr>
<tr><td>15.02.07</td><td>Rs 2028.80 crs (USD 400 mio)</td><td>Perpetual with a Call Option after 10 yrs 3 mths i.e. on 15.05.17 and step up of 100 bps i.e. 6 months USD LIBOR + 220 bps, if Call Option is not exercised</td><td>6.439% equivalent to Mid swap + 120 bps</td><td>Baa2- Moody’s BB - S & P</td></tr>
<tr><td>26.06.07</td><td>Rs 1141.20 crs (USD 225 mio)</td><td>Perpetual with a Call Option after 10 years i.e. on 26.06.17 and step-up of 100 bps i.e. 6 months USD LIBOR + 237 bps, if Call Option is not exercised</td><td>7.140% equivalent to Mid swap + 137 bps</td><td>Baa2- Moody’s BB - S & P</td></tr>
<tr><td colspan="5">Apart from SBI, the following Associate Banks of SBI have raised Innovative Perpetual Debt Instruments:
SBBJ Rs.200.00 Crs; SBH Rs.350 Crs; SBIn Rs.165 Crs; SBM Rs.160 Crs and SBT Rs.279 Crs.</td></tr>
</table>

Upper Tier II Subordinated Debt	**Type of Instrument**: Unsecured, Redeemable Non-convertible, Upper Tier II Subordinated Bonds in the nature of Promissory Notes. **Special features**: i. No Put Option by the Investors. ii. Call Option by the Bank after 10 years. iii. Step-up Option after 10 years, if Call Option is not exercised by the Bank. iv. Lock-in-clause on payment of periodic interest and even Principal at maturity, if CAR is below the minimum regulatory CAR, prescribed by RBI. v. Not redeemable without the consent of Reserve Bank of India. **Step-up Option**: If the Bank does not exercise Call Option after 10 years, the Bonds carry a step-up-option of 50 bps during the remaining period of 5 years. **Lock-in-Clause**: Bank shall not be liable to pay either periodic interest on principal or even principal at maturity, if CAR of the Bank is below the minimum regulatory CAR prescribed by RBI. However, this will not proscribe the Bank from making periodical interest, as long as the Bank maintains the minimum Regulatory CAR, at the material time.

Date of Issue	**Amount (Rs. crs)**	**Tenure (months)**	**Coupon (% p.a. payable annually)**	**Rating**
05.06.06	2328	180	8.80%	AAA–CRISIL AAA-CARE
06.07.06	500	180	9.00%	AAA-CRISIL
12.09.06	600	180	8.96%	AAA–CRISIL AAA-CARE
13.09.06	615	180	8.97%	AAA–CRISIL AAA-CARE
15.09.06	1500	180	8.98%	AAA–CRISIL
04.10.06	400	180	8.85%	AAA–CRISIL AAA-CARE
16.10.06	1000	180	8.88%	AAA–CRISIL AAA-CARE
17.02.07	1000	180	9.37%	AAA–CRISIL
07.06.07	2523	180	10.20%	AAA–CRISIL AAA-CARE
12.09.07	3500	180	10.10%	AAA–CRISIL AAA-CARE
19.12.08	2500	180	8.90%	AAA–CRISIL AAA-CARE
02.03.09	2000	180	9.15%	AAA–CRISIL AAA-CAR
06.03.09	1000	180	9.15%	AAA–CRISIL AAA-CAR

Apart from SBI, the following Associate Banks of SBI have raised Upper Tier II bonds: SBBJ Rs.450.00 Crs; SBH Rs.500 Crs; SBIn Rs.550 Crs; SBM Rs.640 Crs; SBP Rs.1451.60 Crs and SBT Rs.500 Crs.

Lower Tier II Subordinated Debt	**Type of Instrument**: Unsecured, Redeemable Non-convertible, Upper Tier II Subordinated Bonds in the nature of Promissory Notes. **Special features**: i. Plain vanilla Bonds with no special features like put or call option etc. ii. Not redeemable without the consent of Reserve Bank of India.

Date of Issue	Amount (Rs. crs)	Tenure (months)	Coupon (% p.a. payable annually)	Rating
05.12.05	3283	113	7.45%	AAA-CRISIL AAA CARE
09.03.06	200	111	8.15%	LAAA-ICRA AAA CARE
28.03.07	1500	111	9.85%	AAA-CRISIL AAA CARE
31.03.07	225	111	9.80%	LAAA-ICRA AAA CARE
29.12.08	1500	114	8.40%	AAA–CRISIL AAA-CARE
06.03.09	1000	111	8.95%	AAA–CRISIL AAA-CARE

Apart from SBI, the following Associate Banks of SBI have raised Lower Tier II bonds: SBBJ Rs.1000.00 Crs; SBH Rs.1210 Crs; SBIn Rs.450 Crs; SBM Rs.425 Crs; SBP Rs.750 Crs and SBT Rs.820 Crs.

Quantitative Disclosures (Rs in crores)

b) Tier-I Capital	**72406**
• Paid-up Share Capital	635
• Reserves	69517
• Innovative Instruments (only total)	4324
• Other Capital Instruments (only total)	8
• Amt deducted from Tier-I Cap (if any total):	2078
(c) Total Eligible Tier-2 Capital **(Net of deductions)** {Refer (d) and (e) below}	**41708**
(ci) Total Tier-3 Capital (if any)	**0**
(Note: as of now, no Tier-3 capital)	
(d) Debt Capital Instruments eligible for inclusion in Upper Tier-2 Capital	
• Total amount outstanding	23683
• Of which raised during Current Year	5500
• Amount eligible to be reckoned as Capital	23654
(e) Subordinated Debit eligible for inclusion in Lower Tier-2 Capital:	
• Total amount outstanding	12518
• Of which raised during Current Year	2500
• Amount eligible to be reckoned as Capital	12491
(f) Other Items of Tier II Capital if any	**5571**
(f) Other Deductions from Tier II Capital if any	**8**
(g) Total Eligible Capital (net of deductions from Tier I & Tier II Capital) [Should equal Total of (b), (c) and (c.i) minus (f) in any]	**114114**

Notes:

- ✓ In Basel I scenario, the Bank deducts 50% from Tier I Capital and 50% from Tier II Capital, equity investment made in Subsidiaries (where our holding is higher than 50%).
- ✓ Under Basel II scenario, the Bank deducts 50% from Tier I Capital and 50% from Tier II Capital, equity investment made in the financial entities, where investment is more than 30%.

<u>Table DF-3</u>

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.	• 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 growth in Advances, investment in Subsidiaries/Joint Ventures and the impact of Basel II Framework etc. • CAR of the Bank 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 ample options to augment its capital resources by raising Subordinated Debt and Hybrid Instruments, besides Equity, as and when required. • State Bank of India has raised equity through Rights Issue during the FY: 2007-08 and has added an additional Capital Funds (Tier I) of about Rs.16,722 crs to ensure a minimum Tier I capital of 8%. Further, the Bank has raised Equity through ESPS (Employees Stock Purchase Scheme) during FY08-09 aggregating Rs.542 crs. • During FY: 2008-09, State Bank of India has raised Tier II Subordinated Debt of Rs. 8000 Crs (reckoned as Tier II Capital) in 5 tranches. • The Bank has put in place the ICAAP Policy and the same is being reviewed on a yearly basis, which would enable us to maintain Economic Capital, thereby reducing substantial Capital Risk.
Quantitative Disclosures (b) Capital requirements for Credit Risk ▪ Portfolios subject to standardized approach ▪ Securitization exposures	→ Fund Based: Rs.64, 023 crs Nil …………………………………… **Total Rs.64, 023 crs @ 9.00% CAR**

(c) Capital requirements for Market Risk (* Standardized Duration Approach) ▪ Interest Rate Risk (Including Derivatives) ▪ Foreign Exchange Risk (Including gold) ▪ Equity Risk	→ Rs.2, 041.71 crs → Rs. 109.93 crs → Rs.1, 615.29 crs ……………………….. **Rs 3, 766.93 crs @ 9.00% CAR**
(d) Capital requirements for Operational Risk: • Basic Indicator Approach	→ Rs.4, 972 crs …………………………………..… **Rs. 4, 972 crs @ 9.00% CAR**

(e) Total and Tier I capital ratio:

- For the top consolidated group; and
- For significant bank subsidiaries (stand alone)

CAPITAL ADEQUACY RATIO AS ON 31.03.2009

	Tier I (%)	**Total (%)**
State Bank of India	**9.38**	**14.25**
SBI Group	**9.03**	**14.17**
State Bank of Bikaner & Jaipur	**8.46**	**14.52**
State Bank of Hyderabad	**7.14**	**11.53**
State Bank of Indore	**7.91**	**13.46**
State Bank of Mysore	**7.37**	**13.38**
State Bank of Patiala	**6.94**	**12.60**
State Bank of Travancore	**8.59**	**14.03**
SBICI Bank Ltd.	**21.24**	**21.24**
SBI International (Maritius) Ltd.	**16.30**	**16.46**
State Bank of India (Canada)	**24.78**	**24.78**
State Bank of India (California)	**12.92**	**14.61**
Commercial Bank of India LLC Moscow	**48.71**	**48.71**
PT Bank Indo Monex, Indonesia	**40.17**	**41.42**

Table DF-4

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.

'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 in place a Credit Risk Management Policy which is reviewed from time to time. 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 Guidelines.

Credit Risk Management encompasses identification, assessment, measurement, monitoring and control of the credit 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 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 includes setting up exposure limits to achieve a well-diversified portfolio across dimensions such as companies, group companies, industries, collateral type, and geography. 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.

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, managing of problem loans, credit monitoring, etc.

Table DF-4: Credit Risk - Quantitative Disclosures Data as on 31.03.2009

General Disclosures:		Amount in Rs. Crores		
Quantitative Disclosures		Fund Based	Non Fund Based	Total
b	Total Gross Credit Risk Exposures	**759520.45**	**233152.02**	**992672.47**
c	Geographic Distribution of Exposures : FB / NFB			
	i- Overseas	93696.27	9392.41	**103088.68**
	ii- Domestic	665824.18	223759.61	**889583.79**
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 f (i to v)			18916.70
	i. Substandard			9451.50
	ii. Doubtful 1			3766.53
	iii. Doubtful 2			2745.12
	iv. Doubtful 3			1084.81
	v. Loss			1868.74
g	Net NPAs			11167.59
h	NPA Ratios			
	i) Gross NPAs to gross advances			1.91%
	ii) Net NPAs to net advances			1.13%
i	Movement of NPAs (Gross)			
	i) Opening balance			15546.56
	ii) Additions			13238.47
	iii) Reductions			9868.33
	iv) Closing balance			18916.70
j	Movement of Provisions for NPAs			
	i) Opening balance			6468.93
	ii) Provisions made during the period			5354.64
	iii) Write-off			4051.02
	iv) Write-back of excess provisions			23.44
	v) Closing balance			7749.11
k	Amount of Non-Performing Investments			947.74
l	Amount of Provisions held for Non-Performing Investments			731.58
m	Movement of Provisions for Depreciation on Investments			
	Opening balance			1269.91
	Provisions made during the period			1988.62
	Write-off			107.71
	Write-back of excess provisions			920.74
	Closing balance			2230.08

Table- A : Industry Type Distribution of Exposures as on 31.03.2009

Amount in Rs. Crores

CODE	INDUSTRY	FUND BASED [Outstanding- (O/s)]			NON-FUND BASED(O/s)
		Standard	NPA	Total	
1	Coal	1235.92	8.75	1244.67	1509.18
2	Mining	11243.65	82.15	11325.80	1504.87
3	Iron & Steel	22301.76	737.47	23039.23	15120.84
4	Metal Products	2729.77	184.83	2914.60	2618.79
5	All Engineering	14465.95	470.26	14936.21	17629.67
51	**Of which** Electronics	4590.18	342.04	4932.22	2039.23
6	Electricity	10024.98	1638.01	11662.99	6441.95
7	Cotton Textiles	20221.98	450.16	20672.14	2703.77
8	Jute Textiles	490.30	14.39	504.69	48.96
9	Other Textiles	18364.12	284.79	18648.91	1179.54
10	Sugar	7303.06	17.72	7320.78	489.11
11	Tea	482.61	102.72	585.33	67.07
12	Food Processing	13460.22	436.11	13896.33	797.37
13	Vegetable Oils & Vanaspati	4083.96	113.09	4197.05	1139.61
14	Tobacco / Tobacco Products	661.60	6.73	668.33	31.78
15	Paper / Paper Products	4550.32	182.14	4732.46	720.88
16	Rubber / Rubber Products	3139.35	62.90	3202.25	526.62
17	Chemicals / Dyes / Paints etc.	23435.78	428.00	23863.78	4974.99
171	**Of which** Fertilizers	6078.09	61.69	6139.78	2572.71
172	**Of which** Petrochemicals	2009.83	58.67	2068.50	1203.30
173	**Of which** Drugs & Pharmaceuticals	8801.36	120.60	8921.96	882.73
18	Cement	5104.96	31.88	5136.84	709.04
19	Leather & Leather Products	2257.94	31.45	2289.39	336.85
20	Gems & Jewellery	11849.93	230.06	12079.99	722.01
21	Construction	16088.98	487.74	16576.72	5284.34
22	Petroleum	23271.80	19.01	23290.81	20654.45
23	Automobiles & Trucks	8836.31	109.05	8945.36	406.22
24	Computer Software	20860.44	21.86	20882.30	455.36
25	Infrastructure	35817.17	341.45	36158.62	9934.63
251	**Of which** Power	15162.09	90.72	15252.81	1494.08
252	**Of which** Telecommunication	12235.18	122.04	12357.22	2614.26
253	**Of which** Roads & Ports	10108.64	71.41	10180.05	5610.00
26	Other Industries	112132.93	1597.95	113730.88	86942.30
27	NBFCs & Trading	130678.06	2363.45	133041.51	12133.63
28	Res. Adv to bal. Gross Advances	215509.90	8462.58	223972.48	38068.19
	Total	**740603.75**	**18916.70**	**759520.45**	**233152.02**

Table- B

DF-4 (e) SBI (CONSOLIDATED) Residual contractual maturity breakdown of assets as on 31.03.2009

(Rupees in Crores)

		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**	5363.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5363.36
2	**Balances with RBI**	16230.72	388.64	1369.74	2212.81	2620.91	12944.83	9706.07	23111.70	68585.42
3	**Balances with other Banks**	23186.51	1904.45	5549.05	575.46	2026.14	1236.76	1686.51	13488.21	49653.09
4	**Investments**	23987.47	5613.52	27530.61	12193.11	13184.98	45140.81	71641.78	162693.15	361985.43
5	**Advances**	97969.41	11991.55	49144.30	38788.28	38698.20	326116.28	71203.83	116446.74	750358.59
6	**Fixed Assets**	17.90	0.00	0.00	0.00	0.00	3.30	2.38	5117.10	5140.68
7	**Other Assets**	22006.29	4079.60	1341.42	5546.43	8590.74	5832.37	395.92	4659.64	52452.41
	TOTAL	**188761.66**	**23977.76**	**84935.12**	**59316.09**	**65120.97**	**391274.35**	**154636.49**	**325516.54**	**1293538.98**

Table DF-5

Credit Risk

Disclosures for Portfolios subject to Standardised Approach
Qualitative Disclosures
▪ **Names of Credit Rating Agencies used, plus reasons for any changes** As per the RBI Guidelines, the Bank has identified CARE, CRISIL, ICRA and FITCH India (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 capital calculation.
▪ **Types of exposures for which each Agency is used** (i) For Exposures with a contractual maturity of less than or equal to one year (except Cash Credit, Overdraft and other Revolving Credits), Short-term Ratings given by approved Rating Agencies is used. (ii) For Domestic Cash Credit, Overdraft and other Revolving Credits (irrespective of the period) and for Term Loan exposures of over 1 year, Long Term Ratings is used. (iii) For Overseas Exposures, irrespective of the contractual maturity, Long Term Ratings given by approved Rating Agencies is used.
▪ **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 : • If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures, any other unrated exposure on the same counter-party is assigned the same Risk Weight, if the exposure ranks *pari passu* or junior to the rated exposure in all respects. • In cases where the borrower-constituent/counter-party has issued a debt (which is not a borrowing from the Bank), the rating given to that debt is applied to the Bank's unrated exposures, if the Bank's exposure ranks *pari passu* 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 rated debt.

Table DF-5 : Credit Risk: Disclosures for Portfolios subject to Standardised Approach	
Quantitative Disclosures as on 31.03.2009	**(Amount in Rupee Crores)**
(b) For exposure amounts after risk mitigation subject to the Standardised Approach, amount of a bank's outstandings (rated and unrated) in each risk bucket as well as those that are deducted	Below 100% RW : Rs. 621590.56 100% RW : Rs. 304530.27 More than 100% : Rs. 60168.89 Deducted : Rs. 6382.75 -------------- Total Rs. **992672.47**

Table DF-6

Credit Risk

Credit Risk Mitigation: Disclosures for Standardised Approach

Qualitative Disclosures

- **Policies and Processes for Collateral Valuation and Management**

A Credit Risk Mitigation and Collateral Management Policy, addressing the Bank's approach towards the credit risk mitigants used for capital calculation is in place.

The objective of this Policy is to enable classification and valuation of credit risk mitigants in a manner that allows regulatory capital adjustment to reflect them.

The Policy adopts the Comprehensive Approach, which allows full offset of collateral (after appropriate haircuts), wherever applicable against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. The following issues are addressed in the Policy :

(i) Classification of credit risk mitigants

(ii) Acceptable credit risk mitigants

(iii) Documentation and legal process requirements for credit risk-mitigants

(iv) Valuation of collateral

(v) Custody of collateral

(vi) Insurance

(vii) Monitoring of credit risk mitigants

- **Description of the main types of Collateral taken by the Bank**

The following Collaterals are usually recognised as Credit Risk Mitigants under the Standardised Approach :

- Cash or Cash equivalent (Bank Deposits/NSCs/KVP/LIC Policy, etc.)
- Gold
- Securities issued by Central / State Governments
- Debt Securities rated BBB- or better/ PR3/P3/F3/A3 for Short-Term Debt Instruments

- **Main types of Guarantor Counterparty and their creditworthiness**

The Bank accepts the following entities as eligible guarantors, in line with RBI Guidelines :

- Sovereign, Sovereign entities [including Bank for International Settlements (BIS), International Monetary Fund (IMF), European Central Bank and European Community as well as Multilateral Development Banks, Export Credit & Guarantee Corporation (ECGC) and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)], Public Sector Enterprises (PSEs), Banks and Primary Dealers with a lower risk weight than the Counterparty.

- Other guarantors having an external rating of AA or better. In case the guarantor is a parent company, affiliate or subsidiary, they should enjoy a risk weight lower than the obligor for the guarantee to be recognised by the Bank. The rating of the guarantor should be an entity rating which has factored in all the liabilities and commitments (including guarantees) of the entity.

Information about (Market or Credit) risk concentrations within the mitigation taken:

The Bank has a well-dispersed portfolio of assets which are secured by various types of collaterals, such as:-

- Eligible financial collaterals listed above
- Guarantees by sovereigns and well-rated corporates,
- Fixed assets and current assets of the counterparty.

Table DF-6 : Credit Risk Mitigation: Disclosures for Standardised Approach
Quantitative Disclosures: Status as on 31.03.2009 (Amount in Rupee Crores)
(b) For disclosed Credit Risk Portfolio under Standardised Approach, the total exposure that is covered by eligible financial collateral, after the application of haircuts: **Rs. 112650.38**

Table DF-7

Securitisation: Disclosures for Standardised Approach

As on 31.03.2009

Qualitative Disclosures

- Bank's objective in relation to Securitisation activity is to achieve improvements in leverage ratios, asset performance & quality and to achieve desirable investment & maturity characteristics
- Loss on sale on transfer of assets to Special Purpose Vehicle (SPV) shall be recognised upfront.
- Profit on sale of the securitised assets shall be amortised over the life of the Pass Through Certificates (PTCs) assets issued or to be issued by SPV.

Quantitative Disclosures

As there are no securitization exposures, no quantitative disclosures are being made.

Table DF- 8

Market Risk in Trading Book

Disclosures for banks using the Standardised Duration Approach

as on 31.03.2009

Qualitative disclosures:

1) The following portfolios are covered by the **Standardised Duration** approach for calculation of Market Risk:

   - Securities held under the Held for Trading (HFT) and Available for Sale (AFS) categories.
   - Derivatives entered into for hedging HFT and AFS securities and Derivatives entered into for Trading.

2) Market Risk Management Department (MRMD)/Mid-Office have been put in place based on the approval accorded by the respective Boards of Banks and other subsidiaries for the Risk Management Structure. Market risk units are responsible for identification, assessment, monitoring and reporting of Market Risk in Treasury operations.

3) Board approved Trading policies and Investment Policies with defined Market Risk management parameters for each asset class are in place. Risk monitoring is an ongoing process with the position reported to the Top management and the Risk Management Committee of the Board at stipulated intervals.

4) Risk Management and reporting is based on parameters such as a Modified Duration, Price Value of Basis Point (PVBP), Maximum permissible Exposures, Net Open Position limits, Gap limits, Value at Risk (VaR) etc, in line with the global best practices.

5) Respective Foreign Offices are responsible for risk monitoring of their investment portfolio as per the local regulatory requirements. Stop loss limit for individual investments and exposure limits for certain portfolios have been prescribed.

6) Risk Profiles are analysed and their effectiveness is monitored on an ongoing basis.

7) Forex open position limits (Daylight/Overnight), Deal wise cut-loss limits, Stop loss limit, Profit/Loss in respect of Cross Currency trading are properly monitored and exception reporting is regularly carried out.

Quantitative disclosures:

Minimum Regulatory Capital requirements for market risk as on ***31.03.2009*** is as under: (Rs in crores)

• Interest rate risk (Including Derivatives)	:	2,041.71
• Equity position risk	:	1,615.29
• Foreign exchange risk (Including Gold)	:	109.93
Total	:	**3,766.93**

Table DF – 9

Operational Risk

Status as on 31.03.2009
A. The structure and organization of Operational Risk Management function • The Operational Risk Management Department is functioning in SBI as well as each of the Associate Banks as part of the Integrated Risk Governance Structure under the control of respective Chief Risk Officer.
B. Policies for control and mitigation of Operational Risk • Operational Risk Management Policy, seeking to establish explicit and consistent Operational Risk Management Framework for systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the Operational Risks is in place. • Policy on Business Continuity Planning (BCP) is in place. • Policy on Know Your Customer (KYC) Standards and Anti Money Laundering (AML) Measures is in place. • Policy on Fraud Risk Management is in place.

C. Strategies and Processes –

The following measures are being used by the Bank to control and mitigate Operational Risks:

- Bank has issued "Book of Instructions", which contain detailed procedural guidelines for processing various banking transactions. Amendments and modifications to these guidelines are implemented through circulars sent to all the offices. Guidelines and instructions are also propagated through Job Cards, E-Circulars, Training Programs, etc.
- Bank has issued necessary instructions to all offices regarding Delegation of Financial powers, which details sanctioning powers of various levels of Officials for different types of financial transactions
- All branches of State Bank of India as well as Associate Banks have been brought under Core Banking System (CBS).
- The process of building a comprehensive database of losses due to Operational Risks has been initiated, to facilitate better risk management.
- Training of Staff - Inputs on Operational Risk are included as a part of Risk Management modules in the training programs conducted for various categories of staff at Bank's Apex Training Institutes and Learning Centers.
- Insurance – Bank has obtained Insurance cover for most of the potential operational risks.
- Internal Auditors are responsible for the examination and evaluation of the adequacy and effectiveness of the control systems and the functioning of specific control procedures. They also conduct review of the systems established to ensure compliance with legal and regulatory requirements, codes of conduct and the implementation of policies and procedures.
- Risk and Control Self Assessment (RCSA) process is being rolled out in domestic branches and Centralised Processing Cells (CPCs) for identification, assessment, control and mitigation of Operational Risks in the Bank.
- Detailed assessment of significant Operational Risks is conducted by Focus Groups consisting of Senior Officials at Controlling Offices. These Groups also suggest control and mitigation measures for implementation across the Bank.

D. The scope and nature of Risk Reporting and Measurement Systems –

- A system of prompt submission of reports on Frauds is in place in the Bank. A comprehensive system of Preventive Vigilance has been established in all the business units of the Group.
- For 31.03.2009, Basic Indicator Approach with capital charge of 15% of average gross income for previous 3 years is adopted for Operational Risk.

Table DF-10

Interest Rate Risk in the Banking Book (IRRBB)

Qualitative Disclosures

Interest Rate Risk:

Interest rate risk refers to fluctuations in Bank's Net Interest Income and the value of its assets and liabilities arising from internal and external factors. Internal factors include the composition of the Bank's assets and liabilities, quality, maturity, interest rate and re-pricing period of deposits, borrowings, loans and investments. External factors cover general economic conditions. Rising or falling interest rates impact the Bank depending on Balance Sheet positioning. Interest rate risk is prevalent on both the asset as well as the liability sides of the Bank's Balance Sheet.

The Asset - Liability Management Committee (ALCO) which is responsible for evolving appropriate systems and procedures for ongoing identification and analysis of Balance Sheet risks and laying down parameters for efficient management of these risks through Asset Liability Management Policy of the Bank. ALCO, therefore, periodically monitors and controls the risks and returns, funding and deployment, setting Bank's lending and deposit rates, and directing the investment activities of the Bank. ALCO also develops the market risk strategy by clearly articulating the acceptable levels of exposure to specific risk types (i.e. interest rate, liquidity etc). The Risk Management Committee of the Board of Directors (RMCB) oversees the implementation of the system for ALM and review its functioning periodically and provide direction. It reviews various decisions taken by Asset - Liability Management Committee (ALCO) for managing market risk.

1.1 Interest rate risk exposure is measured with Interest Rate Gap analysis, Simulation, Duration and Value-at-Risk (VaR). RBI has stipulated monitoring of interest rate risk at monthly intervals through a Statement of Interest Rate Sensitivity (Repricing Gaps) to be prepared as the last Reporting Friday of each month. Accordingly, ALCO reviews Interest Rate Sensitivity statement on monthly basis.

1.2 Interest rate risk in the Fixed Income portfolio of Bank's investments is managed through Duration analysis. Bank also carries out Duration Gap analysis (on quarterly basis) to estimate the impact of change in interest rates on economic value of bank's assets and liabilities and thus arrive at changes in Market Value of Equity (MVE).

1.3 The following prudential limits have been fixed for monitoring of various interest risks:

Changes on account of Interest rate volatility	**Maximum Impact (as % of capital and reserve)**
Changes in Net Interest Income (with 1% change in interest rates for both assets and liabilities)	**5%**
Change in Market value of Equity (with 1% change in interest rates for assets and liabilities)	**20%**

1.4 The prudential limit aims to restrict the overall adverse impact on account of market risk to the extent of 20% of capital and reserves, while part of the remaining capital and reserves serves as cushion for credit and operational risk.

1.5 **Duration Gap:** The impact of interest rate changes on the Market Value of Equity is monitored through Duration Gap analysis by recognising the changes in the value of assets and liabilities by a given change in the market interest rate. The change in value of equity (including reserves) with 1% parallel shift in interest rates for both assets and liabilities needs to be estimated. Maximum limit up to which the value of the equity (including reserves) will get affected with 1% change in interest rates to be restricted to 20% of capital and reserves.

Quantitative Disclosures

Earnings at Risk (EaR)

(Rs.in Crore)

Assets	**Liabilities**	**Impact on NII**
Lending rate / yield on investment **increase** by **100 bps**.	Term Deposit / Borrowing Cost **increases** by **100 bps**.	**2516.56**

Market Value of Equity (MVE)

As at March 2009	**Amount in Rs. crores**
Impact on Market Value of Equity (MVE)	**1137.73**