

# Directors' Report

INCLUDING MANAGEMENT DISCUSSION AND ANALYSIS

## I. ECONOMIC BACKDROP AND BANKING ENVIRONMENT

### GLOBAL ECONOMIC SCENARIO

There is a whiff of optimism in the air. The outlook for global growth seems to be turning for the better with the Euro Area Q1 GDP growth at 0.4%, a bright spot in a weak global economy. The International Monetary Fund (IMF) continues to project the global output growth at 3.5% in 2015, which is a marginal improvement over the 3.4% achieved in 2014. While the advanced economies (AE) have shown some improvement, the growth across AE and emerging bloc continues to diverge substantially. Emerging market and developing economies accounted for three-fourths of global growth in 2014 and this trend is unlikely to tilt in favour of AE in near future.

As far as Euro Area was concerned, only the German performance was the big surprise on the downside although the setback was largely on the external front with domestic demand remaining strong. In contrast, Spain, France and Italy's growth accelerated on the back of strong household consumption (albeit helped by energy consumption), defying the negative messages from the persistently weak manufacturing PMIs.

While the Q1 growth data caution against expecting a big growth bounce in the Euro Area, we are confident that the fundamental macro drivers remain in place to lift activity further going forward. Greece though remains a serious concern. However, if the strong growth momentum continues, potential spill overs from a Greek accident on to the rest of Europe may be limited.

Elsewhere 2015 will be the year when global economy will witness a structural break owing to complex forces such as population ageing and declining potential growth;

global shocks, such as lower oil prices and many country or region-specific factors, such as crisis legacies and exchange rate swings triggered by actual and unexpected changes in monetary policies. China's shift to 'new normal' is judged by many as a one such major structural shift, which may have cascading effects across the globe. Over the next five to ten years, the 'new normal' strategy will recalibrate China's domestic economy towards domestic consumption by reducing the share of investments in GDP and correcting the twin surplus in its balance of payments thus altering demand for capital and commodities.

Although full global recovery that is realising pre-crisis levels of growth - have still not been met; normalisation of fiscal and monetary policies continues to be the agenda of Governments across the world. Equally important, there is now a greater realisation among members of global community that balance of economics influence has changed and supporting institutions have not caught up. This realisation was clearly visible when the BRICS announced the formation of New Development Bank and a large number of countries joined the China led of Asia Infrastructure Investment Bank to fill the vacuum unaddressed by existing institutions.

### INDIA'S ECONOMIC SCENARIO

The Indian economy is poised for a gradual recovery. GDP based on new series grew by 7.3% in FY2015 compared to 6.9% in FY2014 and 5.1% in FY2013. Central Statistical Organisation (CSO) introduced a new measure of growth called Gross Value Added (GVA) in line with the international perspective. On GVA basis, economy is expected to grow by 7.5% in FY2015 on the back of robust growth in services (10.5%) and industry (5.6%).



The forecast for deficit monsoon this year is a matter of concern given the fact that unseasonal rains, accompanied by hailstorm and frost during early part of March 2015 in various parts of the country, had adversely impacted Rabi crops. Hence, the country's food-grain production is expected to decline by 3.2% to 257 million tonnes in FY2015 crop year (July to June) from the record 265 million tonnes in FY2014. However, the good news is that rain fall in the initial phase of monsoon was 12% more than normal.

Industrial growth, however, recently gained momentum and grew by 2.8% in FY2015 (4.1% in April 2015), as compared to negative growth of 0.1% in the previous fiscal, still way below its potential level. While mining and manufacturing sub-sector grew in the range of 1-2%, it is the electricity sub-sector which continued to generate some optimism in the industrial scenario, but its buoyancy was inadequate to counter the weakness of other constituent sectors.

Inflation, both Wholesale Price Index (WPI) and Consumer Price Index (CPI), remained modest during the latter part of FY2015. During FY2015, WPI inflation stood at 2.1% (average) compared to 6.0% in the previous fiscal. The sharp contraction in fuel prices contributed to the decline in the WPI. CPI inflation, based on new base, also declined to 6% (from 9.6% in last fiscal).

On the external front, improvement in the current account deficit (CAD) from 1.7% of GDP in FY2014 to 1.3% for FY2015 is a positive sign. Exports for FY2015 declined by 1.23% and settled at US\$310.5 billion, mainly due to sluggish economic recovery among major trade partners. Similarly, imports for FY2015 was US\$447.5 billion as against US\$ 450.2 billion in FY2014, a contraction of 0.59% over the same period last year. Merchandise trade deficit for the year ended 31st March 2015 widened by US\$1.3 billion at US\$137 billion despite the windfall gains from lower crude imports.

Financing the CAD is no more an issue for the economy as the net portfolio capital inflows (FII) in FY2015 has registered a massive growth of 415% over the previous year inflows to reach US\$45.7 billion and net foreign direct investment (FDI) for FY2015 has crossed US\$34.9 billion, 61.2% higher than the net FDI inflow of the corresponding period last year. Net FII and FDI inflow together have crossed US\$80.6 billion in FY2015, highest inflow ever since FY1991. Notably, stable capital flows (portfolio equity and direct investment to total reserves) are now at 15.6%, a 5 year high with import cover of more than 9 months, a 4 year high.

## BANKING ENVIRONMENT

Due to the sluggish economic environment, banking business has been impacted. In the year FY2015 (fortnight ended 20th March, 2015), credit growth of the ASCB stood at 9.00%, compared to FY2014 (21st March, 2014) growth of 13.9%. The sharp deceleration in credit is due to a high base effect, reduced corporate demand for bank loans, finance from other non-bank sources such as QIP and ECB. Meanwhile, deposits growth was at 10.7%, compared to last year's growth of 14.1%. This reduced growth in deposits is due to high base effect, since RBI allowed banks to mobilize deposits through FCNR (B) in September, 2013.

RBI kept the key interest rates unchanged till 15th January, 2015 but thereafter reduced 75 bps three times (25 bps each) to enhance the credit offtake in the system. Further, to ease pressure on liquidity, RBI has slashed SLR by 100 bps to 21.5%. However, as a part of monetary transmission, deposit rate of major banks for more than one year maturity softened from 8.00%-9.25% in FY2014 to 8.00%-8.75% in FY2015, and base rate of major banks remains steady at 10.00%-10.25% throughout the year. To push the retail loans, a number of banks have reduced lending rates in some business segments such as housing, auto loans etc., without reducing the base rate of the Bank. Growth deceleration impinging on corporate profitability and move to system-driven identification of NPAs, the pressure on asset quality of the banks continued, due to a variety of reasons both internal and external.

Broad money (M3) growth remained low during Q3 and Q4 of FY2014. With credit and deposit growth moving broadly in tandem, liquidity conditions in the system remained comfortable throughout, barring transient liquidity mismatches due to frictional factors alluded to earlier.

To provide banking facilities to every household in the country by 26th January, 2015, the Prime Minister launched a nation-wide new programme, namely 'Pradhan Mantri Jan Dhan Yojana' (PMJDY) on 28th August, 2014. This ambitious programme targeted the poor who have no access to financial services, with an objective that easy access to the banking system can materially lift India's economic prosperity. Also the Direct Benefits Transfers (DBTs) will plug the loopholes in the system to stop leakages in PDS, subsidy and other social welfare schemes in the country by centre/states/municipalities etc. The banks have crossed the target of opening 7.5 crores bank accounts by a huge margin opening 12.5 crores accounts in phase I.



In a new development, RBI is likely to issue new bank licenses to "Small Finance Banks (SFB)" and "Payments Banks" during FY2016, which apart from providing an impetus to financial inclusion, is expected to intensify competition in banking sector in the medium term. Further, Government has allowed PSU banks to reduce the Government's stake up to 51%, to meet the capital requirements under Basel III.

## OUTLOOK

India's growth outlook is quite optimistic in the coming years. Various institutions such as IMF and the World Bank are also very confident about India's growth and even according to the IMF, India's growth would outpace China's growth in 2016. Initiatives such as 'Make in India' and 'Pradhan Mantri Jan Dhan Yojna', etc. and the plethora of reform measures taken by the Government have renewed fresh hope and optimism around the Indian economy.

In a recent development, the Indian Meteorological Department's (IMD) forecast of deficit rains have triggered widespread discussions about India's food grain production, agriculture's GDP growth and its contribution to the economy and concerns about food inflation in the current fiscal. Whatever may be the course of Monsoon 2015 going forward, fears of drought are unfounded at this point of time.

There is a great rejuvenated optimism among corporates and industrialists regarding improving investment climate and fast project clearances. On the one hand, the quantum of projects stalled/abandoned has been reduced significantly and on the other hand announcement/commencements of new projects are also increasing.

FY2015 ended with a missed target for exports. Gradual recovery of the major trade partners is expected to ease the concern in the current fiscal. FY2016 CAD is expected to be at 1.5% of GDP. Change in the domestic GDP base and improvement in the external demand sentiment is expected to push the exports further. Declining crude oil, metal and commodity prices in the international market are expected to ease trade deficit.

The much awaited Foreign Trade Policy (FTP) 2015-20 unveiled by Government on 1st April, 2015, provides a framework for increasing exports of goods and services, generation of employment and increasing value addition in the country, in keeping with the "Make in India" vision of Prime Minister. The focus of the new FTP is to support both manufacturing and services sectors, with a special emphasis on improving the 'ease of doing business' by providing a stable and sustainable policy environment for foreign trade in both merchandise and services. However, the new FTP target of a US\$900 billion of goods and services export by 2020 is almost double the present level. To achieve the target, exports need to grow by about 15% in nominal dollar terms every year, roughly at a higher rate than the economy grows. But comparing the target with the actual performance of the sector, it seems to be an achievable one.



# II. FINANCIAL PERFORMANCE

## PROFIT

Domestic economic activity started strengthening in the last quarter of the year. The industrial sector and in particular, manufacturing appears to be regaining momentum. In this backdrop, the financial performance of the Bank during the financial year ended 31st March, 2015, remained satisfactory. The Bank registered a good growth in Operating Profit in the current financial year as compared to previous financial year. The Operating Profit of the Bank for FY2015 was higher at ₹38,913.50 crores, as compared to ₹32,109.24 crores in FY2014, an increase of 21.19%. The Bank posted a Net Profit of ₹13,101.57 crores for FY2015, as compared to ₹10,891.17 crores in FY2014, i.e. an increase of 20.30% in spite of higher provisioning requirement.

## NET INTEREST INCOME

Due to higher growth in the advances and investment portfolios, the gross interest income from global operations rose from ₹1,36,350.80 crores to ₹1,52,397.07 crores during the year registering a growth of 11.77%.

The Net Interest Income of the Bank correspondingly registered a growth of 11.63% from ₹49,282.17 crores in FY2014 to ₹55,015.25 crores in FY2015.

Interest income on advances in India increased from ₹97,674.91 crores in FY2014 to ₹1,07,034.30 crores in FY2015 registering a growth of 9.58%, due to higher volumes. The average yield on advances (based on daily average) in India has also increased from 10.47% in FY2014 to 10.58% in FY2015.

Income from resources deployed in treasury operations in India increased by 14.97% mainly due to higher average resources deployed. The average yield has also increased to 7.98% in FY2015 from 7.65% in FY2014.

Total interest expenses of global operations increased from ₹87,068.63 crores in FY2014 to ₹97,381.82 crores in FY2015. Interest expenses on deposits during FY2015 recorded an increase of 14.11% compared to the previous year. The average cost of deposits (based on daily average) in India has increased from 6.27% in FY2014 to 6.34% in FY2015, whereas the average level of deposits in India grew by 12.67%.

## NON-INTEREST INCOME

Non-interest income increased by 21.68% to ₹22,575.89 crores in FY2015 as against ₹18,552.92 crores in FY2014. During the year, the Bank received an income of ₹677.03 crores (₹496.86 crores in the previous year) by way of dividends from Associate Banks/subsidiaries and joint ventures in India and abroad and ₹3,618.05 crores (₹2,279.41 crores in the previous year) by way of profit on sale of investments.

## OPERATING EXPENSES

There was an increase of 4.59% in the Staff Cost from ₹22,504.28 crores in FY2014 to ₹23,537.07 crores in FY2015. Other Operating Expenses registered an increase of 14.51% mainly due to increase in expenses on rent, taxes, lighting, repairs and maintenance and miscellaneous expenditure.

## PROVISION AND CONTINGENCIES

Major provisions made in FY2015 were as under: ₹17,284.28 crores (net of write-back) for non-performing assets (as against ₹14,223.57 crores in FY2014), ₹2,435.37 crores towards Standard Assets (as against ₹1,260.69 crores in FY2014), ₹6,212.39 crores towards Provision for Tax in FY2015, (as against ₹5,282.71 crores in FY2014). An amount of ₹590.07 crores was written back against provision for depreciation on investments (as against ₹563.25 crores provided towards depreciation on investments in FY2014).

## RESERVES AND SURPLUS

An amount of ₹4,029.08 crores (as against ₹3,339.62 crores in FY2014) has been transferred to Statutory Reserves. An amount of ₹105.50 crores (as against ₹216.75 crores in FY2014) has been transferred to Capital Reserves. An amount of ₹5,889.06 crores (as against ₹4,796.63 crores in FY2014) has been transferred to other Reserves.

## ASSETS

The total assets of the Bank increased by 14.24% from ₹17,92,748.29 crores at the end of March, 2014 to ₹20,48,079.80 crores as at the end of March, 2015. During the period, the loan portfolio increased by 7.46%, from ₹12,09,828.72 crores to ₹13,00,026.39 crores. Investments increased by 24.13% from ₹3,98,799.57 crores to ₹4,95,027.40 crores as at the end of March, 2015. A major portion of the investment was in government securities in the domestic market.

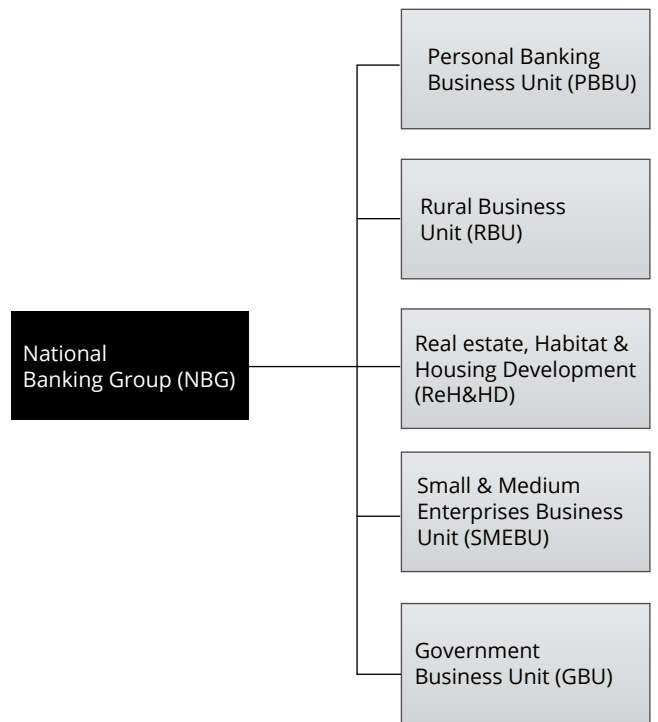
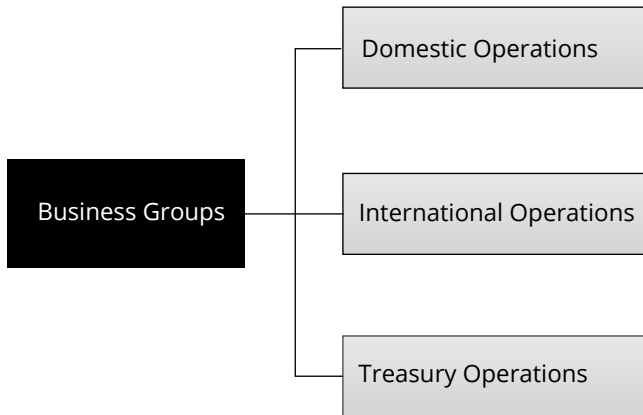
## LIABILITIES

The Bank's aggregate outside liabilities (excluding capital and reserves) rose by 14.64% from ₹16,74,466.04 crores on 31st March, 2014 to ₹19,19,641.57 crores on 31st March, 2015. The increase in liabilities was mainly contributed by increase in deposits and borrowings. The Global deposits rose by 13.08% and stood at ₹15,76,793.25 crores as on 31st March, 2015 against ₹13,94,408.50 crores as on 31st March, 2014. The borrowings increased by 12.02%, from ₹1,83,130.88 crores at the end of March 2014 to ₹2,05,150.29 crores as at the end of March 2015.

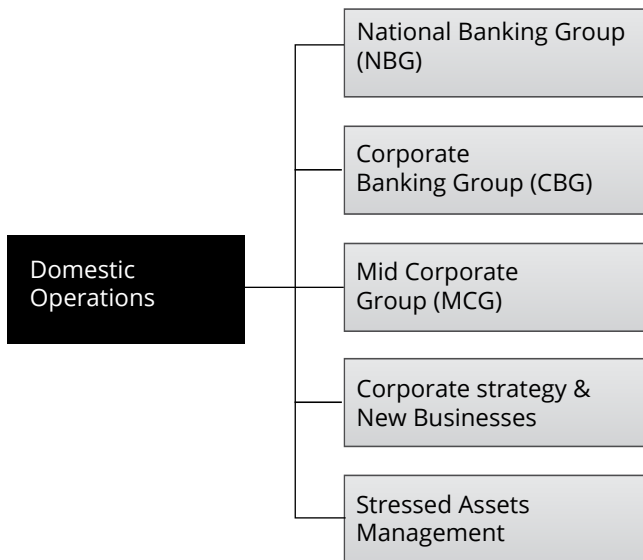


# III. CORE OPERATIONS

## BUSINESS GROUPS



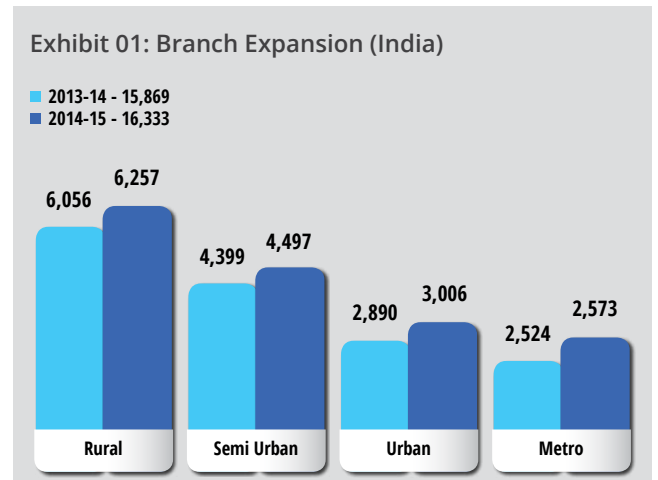
### 1. Domestic Operations



The Group has five strategic Business Units, comprising Personal Banking Business Unit (PBBU), Rural Business Unit (RBU), Real estate Habitat & Housing Development (ReH&HD), Small & Medium Enterprises Business Unit (SMEBU) and Government Business Unit (GBU).

### (A) NATIONAL BANKING GROUP

The National Banking Group (NBG) is the largest Business Vertical of the Bank, anchoring 95.38% of total Domestic Deposits, and 53.88 % of total Domestic Advances, as on 31st March, 2015. NBG is also the largest Business Vertical in terms of Branch Network and Human Resources.

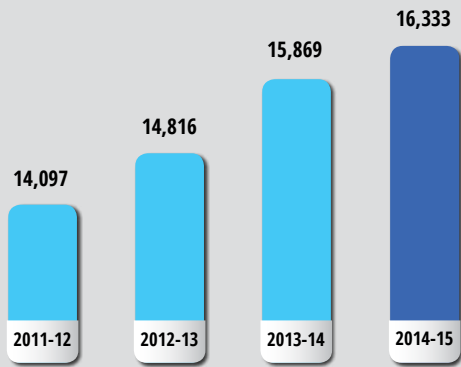




**Our strides towards attaining last mile end customer connect include the following :**

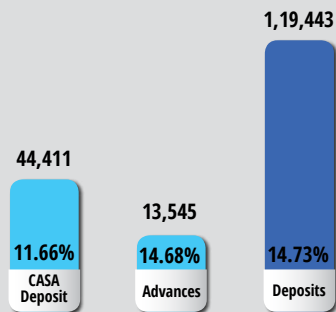
- ▶ Provide our customers the ease and convenience of opening accounts from anywhere through our Online Account opening process. As much as 29% customers (out of 2.03 crores) who opened account with us, preferred this channel.
- ▶ Offer the Personal Accident Insurance in two more variants of ₹10 lakhs and ₹20 lakhs.
- ▶ Welcome our little customers into SBI family through “Pehla Kadam” and “Pehli Udaan” products launched in September, 2014.
- ▶ Another string was added to the bow by making Auto Sweep for Regular SB accounts available through INB.
- ▶ Outstretched our services in bridging the gap by launching the Tab Banking Facility in April, 2014. Customers can now get accounts opened by our officials at a location of their choice.
- ▶ Savings Bank account holders have started being offered Health Insurance.

Exhibit 02: Branches Expansion Trend



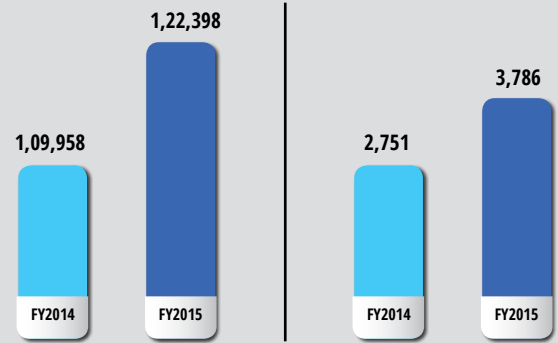
**1. Personal Banking Business Unit (PBBU)**  
**DOMESTIC BUSINESS**

Exhibit 03: Growth in Deposit & Advances FY2015 (₹ in crores)



**NRI BUSINESS**

Exhibit 04: NRI Deposits (₹ in crores)      Exhibit 05: NRI Advances



The Growth in NRI Home Loans stood at ₹877 Crores. We enjoy the patronage of 16 lakhs discerning NRI customers who in turn take pleasure in being served through our 81 specialised and dedicated NRI branches and 100 NRI intensive branches as on March, 2015.

The key to serving our NRIs is to provide them with more and more digital platforms to conduct their financial dealings with ease, convenience and most importantly conduct them fast. Our focus during the year therefore has been to provide easy, convenient and faster delivery

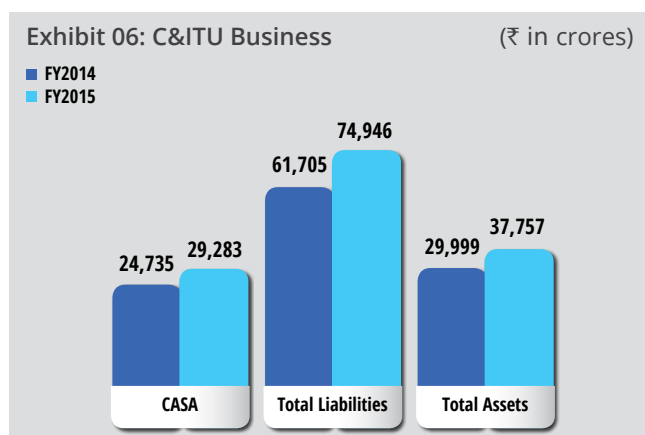


of service by making the delivery process through INB more robust in the following ways:

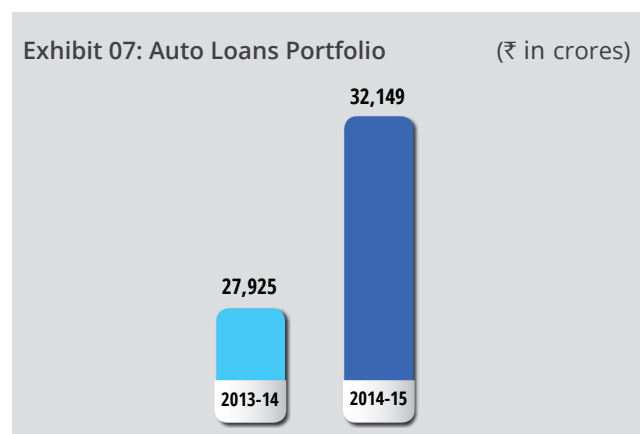
- ▶ In 9 countries, “Instant NRE/NRO account facility” was launched. NRIs in these countries can now get instant delivery of account number and INB PPK.
- ▶ Customers can now self-register themselves for INB facility through online channel.
- ▶ Provision for capturing request for outward remittances and desired disposal of Inward remittances through INB was launched.
- ▶ Oman, Qatar and Kingdom of Saudi Arabia have now been given International Toll Free Number Facility.
- ▶ Launched NRI Family Card- a prepaid card for use in India, mapped to the account of NRI and which can be topped up at anytime from anywhere by the customer through his INB account. It helps in solving payment related needs of relatives in India.
- ▶ Streamlined the Online account opening process for NRI customers.

## CORPORATE AND INSTITUTIONAL TIE-UPS

Employees, from leading MNCs bank with SBI. This is in addition to the Salary Packages for the Defence, Para Military, Railways, Central Government, State Governments and Police. The total Salary Account customer base has grown to 79.05 lakhs during FY2015.



## AUTO LOANS



Through current Car Loan Scheme, Bank offers the best to our customers

- ▶ Car Finance on “On Road Price”
- ▶ Longest payment period of 7 years
- ▶ No prepayment Penalty
- ▶ No foreclosure charges
- ▶ No advance EMI
- ▶ Competitive Interest rates

To make this offering more attractive for customers, an online Car Loan application system has been streamlined pan-India. Our emphasis on “Empowering the Youth” has been brought to the focus through Super Bike Scheme for financing high value super bike loans and SBI Nano Youth Car Loan Scheme for financing Tata Nano cars to young adults. Your Bank has also come up with Loyalty Car Loan Scheme for our existing Housing Loan borrowers.

## EDUCATION LOANS

Education Loan has grown by ₹724 crores during the year. Bank has a total exposure of ₹15,464 crores as on March, 2015.

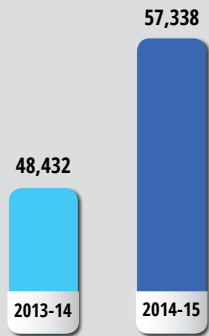
The market share in Education Loans was 24.4% as on 31st March, 2015 amongst all scheduled commercial banks.

## PERSONAL LOANS

Personal Loans, which includes Xpress Credit Unsecured Personal Loans, Loans against Securities, Loan against Properties and Personal Gold Loan, soared high and touched new limits this year.



Exhibit 08: Personal Loans Portfolio (₹ in crores)



We even revamped the application process for Loan against Shares and have become the only bank to offer the end-to-end process online. Post redesign, the user interface has become more user-friendly and the customers do not even have to visit the branch.

Improved pricing, higher loan limit as well as reduced margin now make the Personal Gold Loan a better proposition for customers.

## 2. Rural Business Unit (RBU)

State Bank of India is deeply entrenched in rural banking arena, by covering over 1.11 crore customers under agriculture segment. The local Branch Manager is not only the Banker to the villagers, but is also a friend, philosopher and guide for them. He/She goes beyond the realm of pure banking and call of duty, serving the populace through various Corporate Social Responsibility (CSR) activities also. SBI is at the forefront in highlighting agri issues to the GoI / RBI for resolution.

### a. Agri Business

#### Serving all the credit needs of farmers :

Be it short-term production credit needs or investment credit needs, Bank has plethora of products and continues to roll out innovative schemes like:

**Stree Shakti Tractor Loan scheme :** Mortgage free tractor loan for women as co-borrower with attractive interest rates launched during June, 2014.

**Premium Kisan Gold Card :** Aims at financing Agri Business entrepreneurs engaged in high-tech farming and allied activities. The scheme, launched on a pilot basis in Ahmedabad and Chandigarh Circles, will be rolled out across the Bank in FY2016.

**Financing to Farmer Producer Companies (FPCs) :** To improve credit flow to FPCs, a new Scheme was rolled out in February, 2015 with concessions in rate of interest and relaxation in financial parameters.

#### Corporate Tie-ups :

In order to make agriculture lending more sustainable and to reduce risk in the portfolio, the Bank is focusing on supply chain finance through tie-ups. Forty four Corporate tie-ups were entered in to with agro based companies to cover the entire agri-supply chain.

#### Technology Product :

For ease and operational convenience, KCC Rupay cards were issued to over 9.63 lakhs KCC borrowers upto FY2015. KCC Rupay Cards are enabled on ATMs and PoS machines.

#### Achievements :

Always in the forefront in ensuring national priorities, the Bank surpassed the Agri credit flow target set by GOI during FY2015, as in the past.

Exhibit 09: Flow of Credit to Agriculture trend (₹ in crores)

Year	Target	Disbursement	% Achievement
2011-12	51,000	53,214	104%
2012-13	60,000	63,936	106%
2013-14	73,500	74,970	102%
2014-15	84,500	86,193	102%

#### Hub-and-Spoke Model with Business Correspondent network

The Bank has mapped 75,116 villages to 41,145 rural Customer Service Points (CSPs) for accepting credits in loan accounts from customers residing in remote unbanked areas. These CSPs are linked to a nearby branch which also serves as the support and monitoring point for these CSPs.

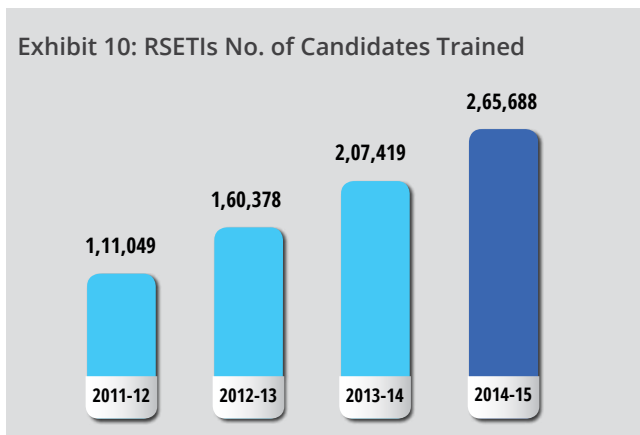
#### Empowering rural youth :

Bank has set up 117 Rural Self Employment Training Institutes (RSETIs) which offer free, unique and intensive short term residential self-employment training programmes with free food and accommodation, designed especially for capacity building / self-employment, empowering rural youth across the country. These RSETIs conducted 10,013 training programmes, trained 2,65,688 candidates and 1,34,317 trainees have been gainfully settled.





Exhibit 10: RSETIs No. of Candidates Trained



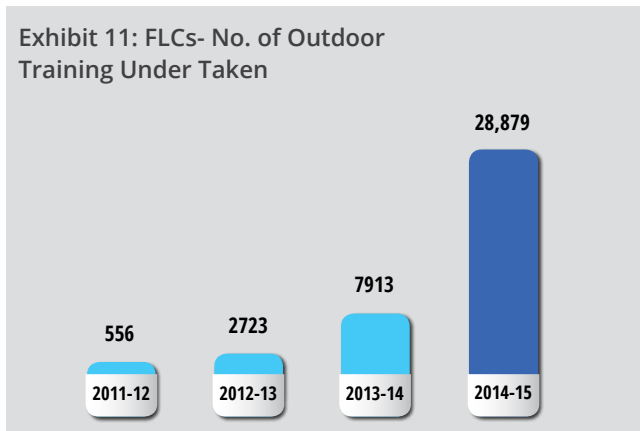
### Training for Debt Recovery Agents (DRAs):

RSETIs have conducted three pilot training programmes for 92 existing Business Correspondents to qualify for Debt Recovery Agents (DRAs) Certification and more CSPs will be trained in the next Financial Year.

## Imparting Financial Literacy

With the main objective of imparting financial literacy and facilitating effective use of financial services by common man, SBI has set up 212 Financial Literacy Centres (FLCs). During the year 2014-15, a total of 20,966 financial literacy camps at villages across the country were conducted by these FLCs.

Exhibit 11: FLCs- No. of Outdoor Training Under Taken



## Regional Rural Banks

The Bank has sponsored, 14 RRBs covering over 155 districts in 15 States with a network of 3869 branches. The Bank's shareholding in 14 RRBs is ₹470 crores. 85 new branches were opened during FY2015. Net profit earned is ₹334 crores.

## Bonding with Farmers

### SBI Ka Apna Gaon Scheme:

The scheme is in force since FY2008 with the objective of total financial inclusion, meeting their credit needs and also to transform the village into a model village by improving the quality of life of the population. The scheme started with a target of one village per region. So far, a total of 1,426 villages have been adopted for their overall development.

List of activities which may be undertaken in adopted villages as community services activity include:

1. Construction of community vermi-compost unit to be maintained either by SHGs or Farmers Clubs – under clean village concept
2. Construction of proper toilets
3. Solar lighting in the villages
4. conducting awareness programmes through melas / exhibitions etc.

### Farmers Club:

New Farmer Clubs were formed for fostering continued relationship with the farming community taking the total number of Farmer Clubs to 10,719.

### b. Financial Inclusion (FI)

State Bank of India has been at the forefront of Financial Inclusion initiatives in the country. The Bank is the pioneer in the Business Correspondent (BC) model, an alternative for providing banking services to cater specially to the urban poor and rural customers, a segment which is still characterized by small value transactions. The BC model with over 57,575 Customer Service Points (CSPs) across the country provides various products and services viz savings, term deposits, micro loans, remittances, loan repayments, micro-pension, etc. The Bank has successfully leveraged technology for Financial Inclusion by introducing Internet based Kiosk Banking, Card based and Cell phone messaging channels.

The success in Pradhan Mantri Jan Dhan Yojna (PMJDY) was another feather in our cap, as we opened 3.3 crores accounts upto 31st March, 2015 and issued 2.97 crores RuPay debit cards to eligible customers, a substantial number from the difficult areas of the country. This is also our investment in the development of the region and in future growth of reshuffled business from this. This is a testimony of our IT capabilities and our commitment to serve the residents across all geographies of the country. The number of BSBD/Small accounts has also grown from 3.53 crores in March 14 to 7.29 crores in



March 2015. The value of transactions handled through Business Correspondents has increased by 73% from ₹22,525 crores in March, 2014 to ₹38,973 crores in March, 2015.



Bank has actively participated in SHG-Bank Credit linkage programme since its inception in 1992. As of 31st March, 2015, the Bank is the market leader in SHG financing with a credit deployment of ₹4,586 crores to 0.39 million SHGs, 91% of which are women SHGs.

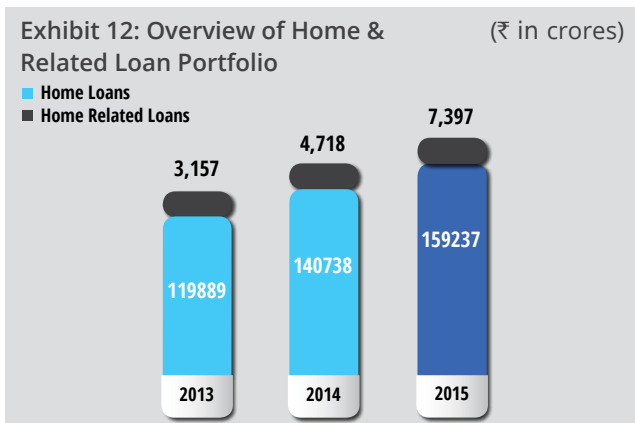
Continued focus on the development of innovative, technology enabled channels for delivering banking services among the rural populace has resulted in the successful launch of several new initiatives like Aadhaar enabled Payment Systems (AEPS), automated e-KYC, IMPS, Micro ATM rollout, SB-OD facility under PMJDY and DBT/DBTL payments. The Bank is also the sole Sponsor Bank for the Direct Benefit Transfer for LPG subsidy (DBTL) and has handled over 29 crores DBTL transactions in a short period of time between 15th November, 2014 to 31st March, 2015.

Though the FI customers so acquired are of small value, with the right technology and BC infrastructure, we anticipate that this business in future will contribute to our bottom line by way of low cost funds, cross selling of social security schemes and DBT handling commission. All these, in the years to come, will usher in a cashless society /ecosystem promising great social benefit.

### 3. Real Estate, Habitat & Housing Development (ReH&HD)

During FY2015, Bank has recorded a growth of ₹21,178 crores in the Home and Home Related Loan product. Out of this, ₹18,499 crores was contributed by Home

Loans. SBI has retained its pole position as the country's largest home loan provider with a market share of 25.24% amongst All Scheduled Commercial Banks (ASCB) in home loans as on March, 2015.



The growth of the Home Loan portfolio during FY2015 has been lower than the growth achieved during FY2014. This has been on account of slower takeoff of Home Loans during Q1 of FY2015. However, a slew of measures undertaken during FY2015 have helped to restore a higher growth rate of the portfolio. About 34% of the total YTD growth during FY2015 has been booked in Q4.

**SBI HOME LOANS**

**Sapna Ho Jaisa Home Loan Vaisa**

Interest Rate 10.10% p.a.

- SBI MAXGAIN**: Overbuilt to save interest and manage liquidity
- SBI HER GHAR**: At reduced interest rates for women
- SBI YUVA**: Get 20% extra loan
- SBI REALTY**: Loan to buy a residential plot
- SBI PRL**: Get a loan pre-approved before selecting a property

For details log on to [www.sbi.co.in](http://www.sbi.co.in) or call 1800 435 3800 & 1800 11 2211 (Toll Free) / 800 3009990



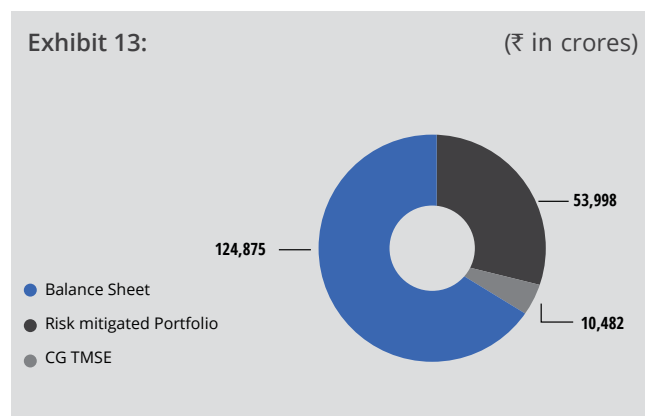
Major initiatives undertaken by Bank to encourage the growth of our Home Loan portfolio are as under:

- ▶ Uniform Interest Rate Structure, irrespective of the loan limit, has been introduced to attract High Net Worth Home Loan customers.
- ▶ Comprehensive review of Home Loan sourcing and delivery processes has been undertaken with a view to remove possible bottlenecks in the delivery process, thus enhancing the overall service quality and customer experience.
- ▶ Leveraging on SB Group synergy by marketing arrangement with SBICAP Securities Limited under the Universal Distribution Network initiative.

#### 4. Small & Medium Enterprise (SME) Business Unit

SME Business Group had a portfolio of nearly ₹1,81,474 crores as of March 31, 2015, equal to 13.59% of the Bank's total advances. The Bank is the pioneer and market leader in financing SMEs, with nearly 9 lakhs SME borrowers.

Within SME Business Group risk-mitigated product portfolio which comprises of Supply Chain Financing, Bill discounting facility, Asset Backed Loan Over Draft against security etc. has grown at the rate of 28.14%. The newly introduced Asset Backed Loan (ABL) has been very popular and portfolio under ABL has grown by ₹6,813 crores within a year from a near zero base. The below mentioned diagram depicts the performance of our risk mitigated portfolio vis-a-vis balance sheet financing and CGTMSE guarantee scheme:



Your Bank has introduced few more risk mitigated products like Fleet Finance Scheme for transport operators, Construction equipment loan for funding of new construction equipments (mining, material handling, earth moving etc.) and started designing cluster specific packages to facilitate competitive offerings to the top quartile customers. Following cluster specific packages were launched during FY2015:

Name of the scheme	Purpose
Cluster Specific Package for Auto Ancillary units	To promote the auto component SMEs through this scheme
Cluster Specific Package for Ceramic Clusters	In coherence with "Swachh Bharat Abhiyan" with the objective of financing ceramic units

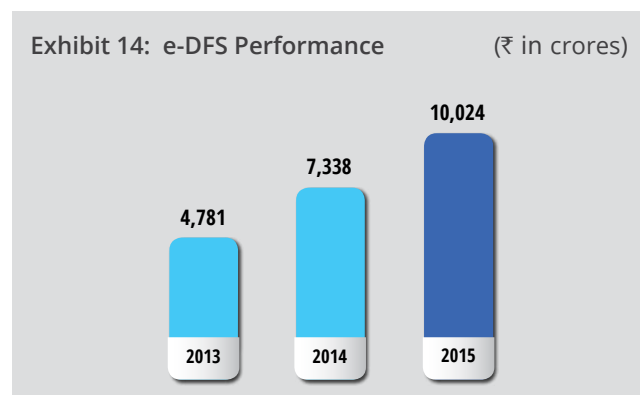
Bank has planned to introduce more and more cluster specific packages during FY2016.

#### SUPPLY CHAIN FINANCE

Leveraging its state-of-art technology, SBI is focusing on further strengthening its relationship with the Corporate World by financing their Supply Chain partners.

The Bank has tied up with 96 Industry majors across all Industry Verticals like Auto, Oil, Steel, Power, Fertilizer, FMCG and Textile under e-DFS. 26 new tie-ups and 4,803 dealers have been added during FY2015 under SCFU.

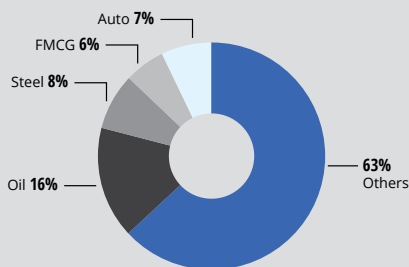
The performance of Supply chain Finance under Electronic Dealers Finance Scheme (e-DFS) has been illustrated as under:



The Bank is focusing on adding more corporate in our e-DFS portfolio covering various sectors like steel, oil, petroleum, textile and garment, FMCG and consumer electronics.

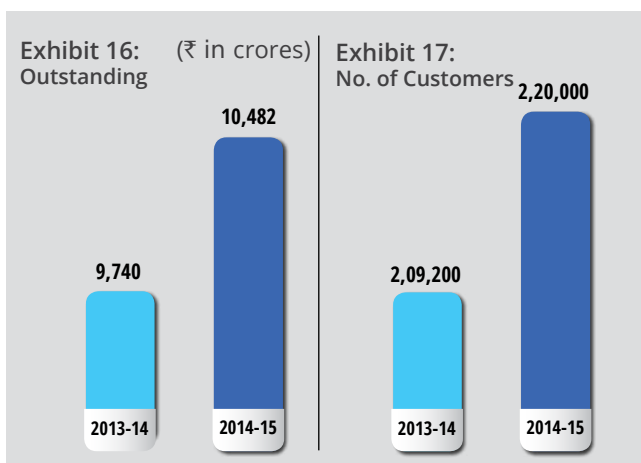


Exhibit 15: Sector wise eDFS exposure



## CREDIT FLOW TO MICRO AND SMALL ENTERPRISES UNDER CGTMSE:

State Bank of India has been pioneer in supporting MSMEs. For Micro and Small (MSE) businesses Bank is extending collateral free lending up to ₹1.00 crore under guarantee from CGTMSE. The performance under this scheme is as under:



SMEBU has focused on revamping delivery model with following enablers:

### Relationship Managers

- ▶ Number crossed 1,000 mark.
- ▶ Even processing of loans from ₹50 Lakhs to ₹1 crore have been brought under Relationship Managers.

### Specialized SME Branches

- ▶ Around 600 specialized SME branches have been located in the areas where there are greater potentials for SME activity.
- ▶ These are centres of excellence for SME loan delivery.

- ▶ These branches are manned by specially trained personnel whose sole responsibility is to look after SME customers.

### Loan Origination & Loan Life Management Software (Los & Lims)

- ▶ Capturing of pre-sanction process of credit portfolio.
- ▶ Ensuring quality and uniform standards of credit dispensation.
- ▶ Robust record and information retrieval system.

### Vijaypath

- ▶ Revamp of SME credit process and systems for online monitoring of the business leads and performance of relationship managers.
- ▶ Eight focus circles have seen 53% growth in disbursals.
- ▶ SBI won the IBA Banking Technology Awards -2014-15 for Vijaypath tool in SME in February, 2015.

### Recent Developments

**Asset Backed Securitisation:** New product for dealing in assigned /securitised assets i.e. Asset Backed Securitisation (ABS) has been launched during last fiscal.

**New-Tie up with OLA Cabs:** A new tie-up with OLA Cabs was finalised and financing under the same was launched at 5 centres on pilot basis. Under the tie-up, OLA cab operators will be extended credit facility for purchase of new passenger cars for hiring purpose. The repayments of the loan are facilitated by OLA cabs, under the tie-up.

### Sponsoring Co-operative Banks under National Financial Switch (NFS) sub-membership (ASP model):

Provides an excellent opportunity to open Current Accounts of Co-operative Banks spread all over India resulting in accretion of current account deposits. Further, All non-scheduled Co-operative Banks are allowed to maintain their Cash Reserve Ratio by way of current account deposits with SBI.

### Location Specific Schemes for Micro and Small Entrepreneurs:

- ▶ Boutique Finance Scheme (For Kolkata).
- ▶ To develop entrepreneurship among women (homemakers) and also to ensure easy, timely and convenient access to institutional credit.
- ▶ "Nabakalebar Special Scheme" for SME (For Bhubaneswar, Puri and Cuttak).
- ▶ To finance Repair/ Renovation/ Addition/ Alteration of Hotels/ Lodging/Yatri Niwas/ Guest House.



Economy is likely to grow due to positive development plans by Government of India. MSME has been identified as focus area in view of its pivotal role in national economy. As such we anticipate that there is positive outlook for SME business.

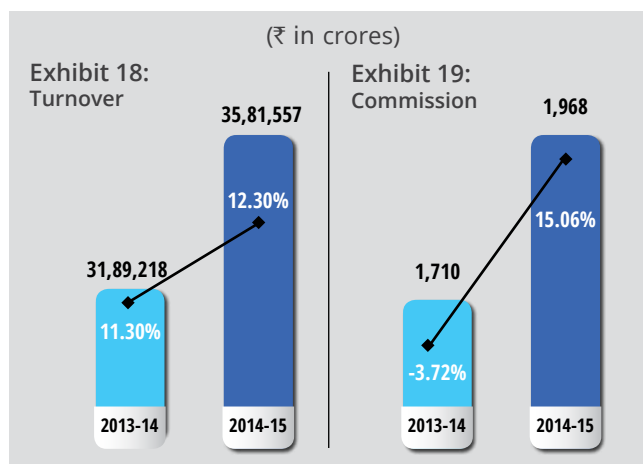
### Following are the catalysts which will accelerate the growth of SMEBU unit:

- ▶ Supply Chain Finance, Commodity Warehouse Receipt finance, Food processing, Bills Finance and Cash credit and Term loan finance for SME units for their regular working capital and project requirements
- ▶ Focused products like Asset Backed Loan, Fleet Finance Scheme, Construction Equipment Loan, Medical Equipment Loan and Cluster Specific Packages
- ▶ New tie ups with e-tailers and other new economy businesses.

## 5. Government Business

Being accredited banker to the major Central Government Ministries/ Departments and most State Governments, Bank continues to retain its position as the market leader in Government Business. In continuation of its service tradition, your bank pioneered in developing customized e-solutions for Government of India and State Governments, thereby facilitating the Central/State Governments to migrate their transactions to the online mode and bringing in more efficiency and transparency in the system. More than 57% of Bank's Government Business has been migrated to e-mode, which has resulted in substantial reduction in average settlement period, as also in reduction in cash transactions.

## PERFORMANCE HIGHLIGHTS



As part of ongoing initiatives, a number of projects were undertaken. Following are some of the new initiatives during the year:

- ▶ Rashtrapati Bhawan museum visit - fee collection facility launched by integrating with SBI ePay, the first and only payment aggregator services by any Bank in India.
- ▶ Partnering in "Clean Ganga Fund" and "Swacchh Bharat", both flagship schemes of the Government for collecting funds/ donations. The Clean Ganga Fund has been integrated with our SBI ePay payment gateway, enabling donations from across the world.
- ▶ e-Tourist Visa facility, launched for 44 countries by Ministry of Home Affairs, was integrated with SBI-ePay, enabling the tourists to pay visa fee online. The facility has been a sounding success.
- ▶ Our Bank enabled fee collection facilities for various prestigious educational institutes/ recruitment boards through our payment gateway.
- ▶ Under Cyber Treasury, 27 e-initiatives projects were completed for migrating various State Government transactions to e-mode.
- ▶ Bank has been administering pension payment to more than 39 lakhs pensioners through its 14 CPPCs. This year more than 2.5 lakhs new pension accounts got added as against 1.90 lakh additions during FY2014.
- ▶ This year, your Bank opened, more than 5 lakh new PPF accounts as against 3 lakhs opened during FY2014. The Bank is now maintaining 51.42 lakhs PPF accounts.

## 6. Marketing and Cross Selling

SBI is the Corporate Distributor of SBI Life, SBI General, SBI Cards, SBI Cap Securities Limited and SBIMF for distributing their products. The Bank also distributes mutual fund products of UTI Mutual Fund, Tata Mutual Fund, Franklin Templeton Mutual Fund and L&T Mutual Fund.

- a. Cross Selling income has increased from ₹234.83 crores in FY2014 to ₹388.28 crores in FY2015, recording a YoY growth of 65.35%.
- b. Income from SBI Life has increased to ₹244.62 crores in comparison to ₹159.51 crores booked during the corresponding period of the last year.
- c. Income from SBIMF has increased from ₹28.12 crores to ₹69.99 crores.
- d. The Bank has sold approximately 1.60 crore Personal Accident Insurance (PAI) policies and 2.69 lakhs Health Insurance policies of SBI General.
- e. Due to marketing efforts State Bank Card and Payment Services Private Limited was able to issue a total of 2.69 lakhs credit cards up to 31st March, 2015 (YOY growth 82.93%).
- f. A total number of 2.68 lakhs demat accounts were opened up to 31st March, 2015 in comparison to 1.20 lakhs accounts opened up to March, 2014.



## 7. Customer Service

Your Bank has launched "SBI Quick" on the 10th January, 2015, a simple and quick way to get balance or mini statement of SB/CA/OD/CC accounts through mobile phone. It involves a one time registration through SMS. Thereafter, the customer can send an SMS or give a missed call on a mobile number to get the balance in the account or a mini statement containing the last 5 transactions. The information is sent by the Bank through an SMS.

The enquiry of mobile number and keyword to be used for various services can be made by sending SMS as HELP to 09223588888. The customer then receives an instant SMS advising the information.

Bank has also published an App 'SBI Quick' for this service on Google Play Store.

### Contact Centre

Bank Contact Centre caters to customers 24x7 through two toll-free helpline numbers 1800 11 2211 and 1800 425 3800 and toll number 08026599990. Currently, it is handling around 4.5 lakhs customer's calls per day, of which over 1 lakh calls are answered by Customer Service Representative and the rest through our Interactive Voice Response System (IVRS). The IVRS is providing following services to the customers:

- ▶ Account Information (Balance info, last five transactions, among others)
- ▶ Debit Card hot-listing and Status of the debit card, ATM PIN re-generation request
- ▶ Information on products and services and lead registration
- ▶ Registration of complaints
- ▶ Pension particulars (Basic Pension, Dearness allowances, status of life certificate, among others)
- ▶ Online trouble shooting for Mobile Banking, Internet Banking and Mobi-cash
- ▶ Status of NEFT/RTGS and SBI Express Remittances

Apart from the above, customers registered for Phone Banking can also avail the following services. Additional services launched during FY2015 are:

- ▶ Funds transfer within SBI accounts
- ▶ Stop payment of cheques
- ▶ Account statements
- ▶ Issue of Fixed Deposits

The Contact Centre has a dedicated toll-free number for queries related to the PMJDY. It also has 19 International Toll-Free numbers servicing 20 countries.

The Contact Centre is also responding to e-mails received on Bank's Corporate email ids [contactcentre@sbi.co.in](mailto:contactcentre@sbi.co.in) and [customercare.homeloans@sbi.co.in](mailto:customercare.homeloans@sbi.co.in).

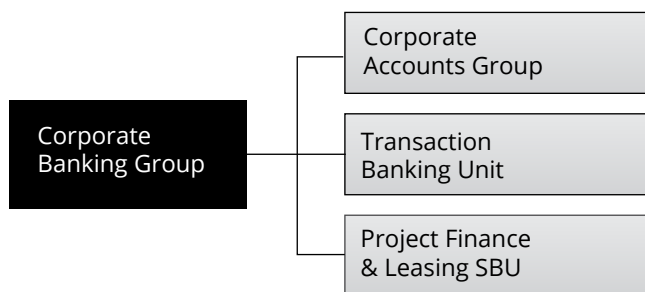
### Serving the people hit by the 'Hudhud' cyclone in Andhra Pradesh

Within hours of striking vast areas of Andhra Pradesh, SBI took great pains to quickly restore normal operations at 209 out of 225 branches and many ATMs affected in the areas of Visakhapatnam, Vijaynagar and Srikakulam districts.

Giving the people the ability to transact or draw cash at times of natural calamity was of the greatest priority for the SBI Group. In a cash driven economy, life without money in hand, could lead to desperation. It was essential to instil immediate normalcy and to ensure that the affected citizens quickly enjoyed the ability to purchase basic things for survival. Besides the quick restoration of operations in branches, the Bank's employees were also involved in clearing the debris in many areas and in the distribution of food packets and blankets to the victims.



## (B) CORPORATE BANKING GROUP



### 1. Corporate Accounts Group (CAG)

CAG is the dedicated vertical handling the “large credit” portfolio of the Bank. CAG has 8 Offices in 6 regional centres viz. Mumbai, Delhi, Chennai, Kolkata, Hyderabad and Ahmedabad. The business model of CAG is centred around the Relationship Management concept and each client is mapped to a Relationship Manager who leads a cross-functional Client Service Team. The Relationship strategy is anchored on delivering integrated and comprehensive financial solutions to clients, through structured products, within a strict Turn-Around-Time. The principal objective of the strategy to make SBI the first choice of top corporates.

**Exhibit 20: Business Performance of CAG**

Facility	₹ in crores)		
	Mar-14	Mar-15	YOY Growth
Fund Based +	4,35,675	4,56,138	5%
Non Based			

While the Fund Based outstandings of CAG constitutes 24% of total credit portfolio of the Bank, CAG also handles about 58% of the domestic forex business of the Bank. During the year, CAG handled several high value deals from top clients, for example NTPC, BSNL, SAIL, GSPC.

During the year, though there was declined in business from oil segment, substantial business was generated from non-oil segment. Around 87% of CAG exposure is to corporates with ratings of Investment Grade and above, and the distribution to sectors is well balanced. Around 47% of CAG’s exposure is to the Infrastructure Sector.

### 2. Transaction Banking Unit (TBU)

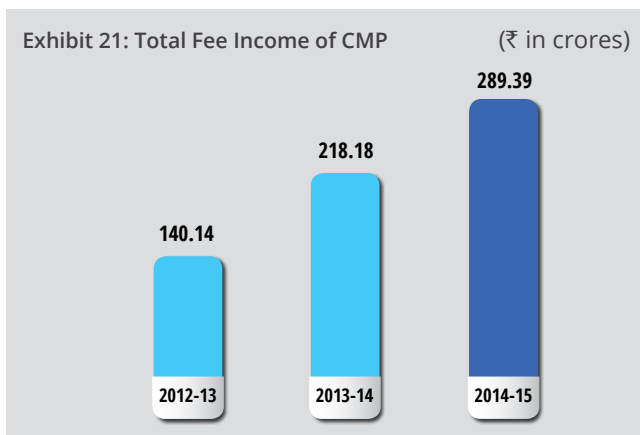
Transaction Banking Unit (TBU) offers a range of products to Corporates, Government Departments and Financial Institutions comprising, inter-alia, Cash Management

Products and Trade Finance and Supply Chain (Dealer/Vendor) Finance. The business of the Unit has clocked significant increase during last three years.

### CASH MANAGEMENT PRODUCT (CMP)

The whole spectrum of Cash Management services, encompassing collections, payments and liquidity management are provided by way of Cheque and Cash collections (including Doorstep Banking), collections for Public Issues (IPO/Bonds), e-Collections, e-payments, management of Post dated Cheques and Mandates, NACH - based debits, and paper instruments such as Dividend Warrants, Refund and Interest Warrants, Multi City Cheques and Inter Office Instruments. While collection facilities are provided through “SBI F.A.S.T.” (Funds Available in Shortest Time) to Corporate customers through a network of around 1,600 authorized branches across the length and breadth of the country by means of a technology driven platform, our entire network of over 16,300 branches is also made available to Large Corporates, Mid-Corporates, SMEs as well as Non-Banking Finance Companies, Mutual Funds and Insurance Companies for collections through certain ‘Premium Products’ such as “Easy Collect”, “Powerjyoti - Pre-upload”, etc. The Bank offers various e-payment products through a secure process of dedicated portals and Host to Host facility. The business has been growing well over last three years.



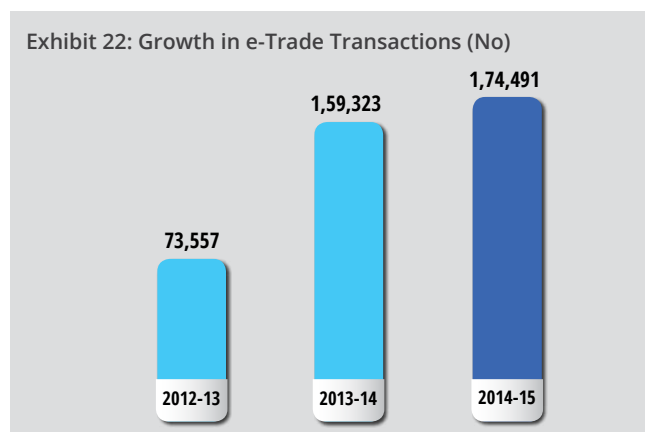


CMP Centre is the “Sole Refund Banker” for Central Board for Direct Taxes (CBDT). CMP Centre has brought about integration of payment systems of Controller General of Defence Accounts, Civil Ministries under UMEA and certain State Governments with the Core Banking Infrastructure of the Bank by providing Centralized e-Payment Solutions (interface), enabling the Government Departments to achieve their objectives under National e-Governance Project (NeGP).

## TRADE FINANCE

### e-Trade SBI

SBI has established an excellent technology and operation infrastructure for its Trade Finance business. e-Trade SBI, a web-based portal, which was launched by our Bank in March 2011, has been undergoing constant improvement to enhance customer comfort and provide the means to customers to access trade finance services with speed and efficiency by enabling them to lodge Letters of Credit, Bank Guarantees and Bills Collection/negotiation requirements online from any corner of the world. As on 31st March, 2015, nearly 1,900 Corporates are registered under e-Trade SBI.



### e-VFS (Electronic Vendor Financing Scheme) & e-DFS (Electronic Dealer Financing Scheme)

Our relationship with the Corporate World has been further strengthened by financing their Supply Chain Partners through the above two products which are fully automated, secured and robust. They are designed to ensure efficient management of working capital cycle, sustained growth and profitability of business partners. As on 31st March, 2015, over 130 Industry Majors (IMs) with nearly 2,000 vendors and more than 7,900 dealers across the country have been migrated to the electronic e-VFS/e-DFS platform, a growth of 98% and 157% respectively.

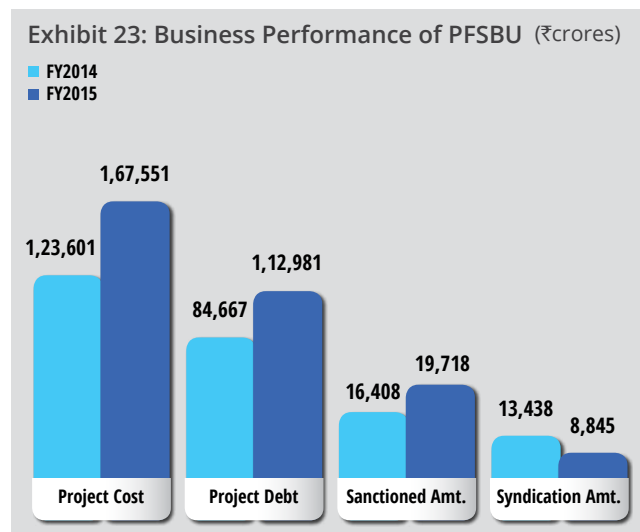
## FINANCIAL INSTITUTIONS BUSINESS UNIT (FIBU)

Financial Institutions Business Unit, is a dedicated vertical created for capturing potential business opportunities from financial institutions viz. Banks, Mutual Funds, Insurance Companies, Brokerage firms and NBFCs.

In addition to facilitating their Cash Management by making available various Collection and Payment products, the facility of “Intra-day limit” was also introduced for Mutual Funds during FY2015.

Capital Market Branch (CMB), a specialized branch is functional at Mumbai to cater to the Capital Market business clients and Brokers. During FY2015, for the fourth consecutive year, CMB has been awarded as one of the top 3 performers in ‘Primary Market Segment – Debt Public - Banks FY2014 by Bombay Stock Exchange (BSE).

## 3. Project Finance & Leasing SBU (PFSBU)





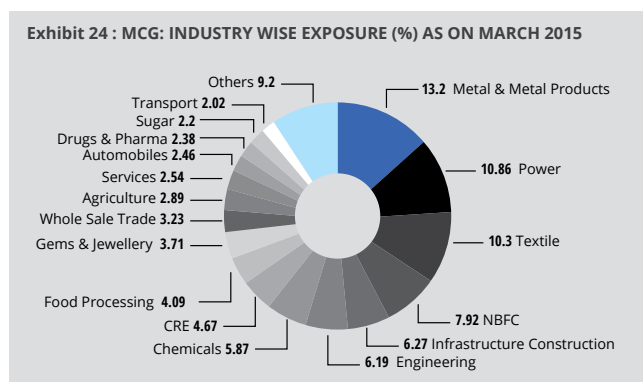
PFSBU deals with the appraisal and arrangement of funds for large projects in infrastructure sectors like power, telecom, roads, ports, airports, as also other non-infrastructure projects in sectors like metals, cements, oil & gas, among others, with certain threshold on minimum project cost. In order to strengthen the policy and regulatory framework for financing infrastructure, inputs are also provided to various ministries of Government of India, Planning Commission and RBI.

As on 31st March, 2015, the portfolio of infrastructure projects under implementation and control with PFSBU involves Power projects with aggregate capacity of 50,566 MW; Telecom Projects serving more than 190 million subscribers; Road projects covering more than 5,000 kms; new Ports to handle 45 MTPA multi-purpose cargo and 1.2 million TeU of container capacity; Metro Project in Hyderabad besides a host of projects in steel, cement, Urban Infra, etc. During FY2015, a total of ₹12,090 crores (₹9,691 crores in FY2014) were disbursed to these projects.

From the perspective of environment sustainability, the Bank has also been laying emphasis on the renewable sector in power generation and loans aggregating ₹770 crores have been sanctioned to 4 projects in wind and solar sectors.

### (C) MID CORPORATE GROUP (MCG)

The 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, and has 57 branches as on 31st March, 2015.



Mid Corporates in India have been most severely affected by the downturn in the economy. To tackle this issue, the Group has strengthened the process of appraisal, sanctions, follow-ups and supervision. Further, sale of ₹8,747 crores of stressed accounts was made during the year.

In addition to the monthly Review Meetings, MCG has followed the approach of having periodical structured interactions, essentially serving as brain-storming sessions, among the key functionaries in the Group, for a better understanding of the portfolio handled by the Group - as also the attendant complexities and trends. The exchange of ideas and views in these interactions, between the top executives and the operating officials on the ground, has been useful in our 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).

Yield on Advances improved by 25 basis points during the FY2015 (from 9.71 % to 9.96%) and overheads have also been reduced by 13% (YoY).

### (D) CORPORATE STRATEGY & NEW BUSINESSES (CS&NB)

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

To meet the emerging challenges and to keep the Bank ahead in the race, during the last financial year your bank, has initiated a slew of measures to enhance customer delight.

#### Focus areas:

- Digital Banking foray to provide banking services under sub-brand sbiINTOUCH.
- Enhancing the offering of our Mobile Banking Services.
- Scaling up of Merchant Acquisitions and facilitating transactions through innovative measures.
- Onboarding of more banks and merchants to strengthen the aggregator business.
- Enhancing customer experience in the card domain.
- Enhanced in-branch customer experience.





“sbiINTOUCH” at Delhi was launched by Hon’able Finance Minister, Government of India, Shri Arun Jaitley

### Digital Banking Project: “sbiINTOUCH”

To provide the banking services to Gen-Y and Smart Affluent, your bank initiated Digital Transition of service delivery in right earnest. Right from account opening (including enablement for transacting through alternate channels like Internet Banking and Mobile Banking and instant issuance of personalised debit cards) Remote Expert advisory, banking products and services delivery including products and services of SBI subsidiaries viz. Life Insurance, General Insurance, Mutual Funds and credit cards, e-Trade through SBI Cap Securities. The resultant product helped to enhance customer experience, provide seamless and fulfilling banking services through simplification of products and services and thus helped the Bank with a launching pad to get into higher orbit of digital service delivery in the coming days.

The first set of 7 Digital Banking Outlets (DBOs), under the sub-brand “sbiINTOUCH” was launched on 1st July, 2014. To start with, the DBOs have been opened in New Delhi, Mumbai, Kolkata, Chennai, Ahmedabad and Bengaluru.

“sbiINTOUCH” Outlets are equipped with state-of-the-art devices/kiosks and opened in Shopping Malls where the Target Group (TG) of Gen Y and Smart Affluent frequent. Customers transact on a self-serving mode, however, both onsite and remote expert assistance through hi definition video conference are available. These Outlets provide a consistent experience over a multitude of channels and comprise transaction processing stations (self-service zone), information and interaction stations, advisory rooms and event area to attract the TG to the shop.

The Digital Banking Project helped to generate significant business and the momentum is picking up.

#### Product & Services on offer at “sbiINTOUCH” outlets:

- ▶ Facility to open accounts with instant issuance of personalised Debit card
- ▶ Interactive machines for cash deposits/ withdrawals, fund transfer, enquiries, etc.
- ▶ Interactive screens aggregating information on educational institutions, upcoming housing projects, automobile/car dealers/models/price along with the eligible Bank loan
- ▶ Hi-Definition Video conferencing to talk to experts based on service request
- ▶ Social Media Interactions
- ▶ Online Servicing of Requests/ leads
- ▶ Cross Selling : Products/services of SBI Subsidiaries
  - SBI Life/General Insurance, Mutual Funds, Credit Cards, etc.
  - e-Trade through SBI Caps Securities
  - Analytics and Predictive Analytics

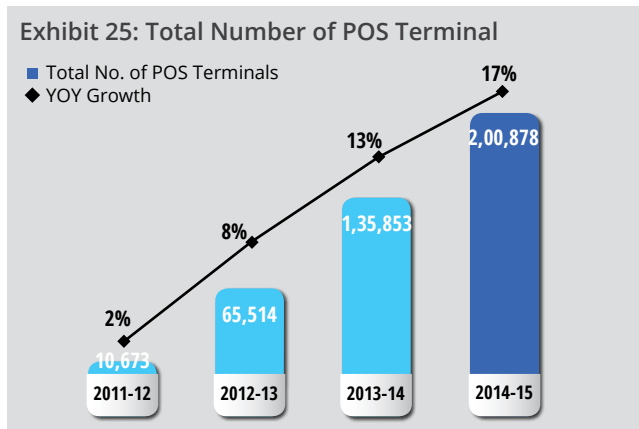


## Mobile Banking Service

Our Bank continues to be the market leader with a market share of 46% in the number of Mobile Banking transactions. Introduction of retail internet banking based mobile banking application “State Bank Anywhere” entrenched its position in the Mobile Banking space and is growing by leaps and bounds. During FY2015, 7.71 crores transactions worth ₹11,662 crores were executed through the Mobile Banking Channel. The resultant income registered a YOY growth of 170%. The transaction cost continued to remain low, keeping in tune with the industry standards.

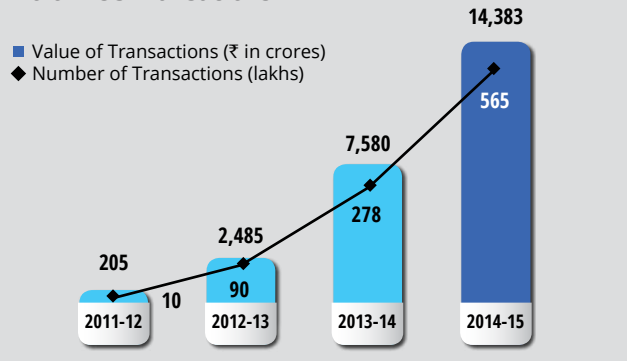
## Merchant Acquiring Business (MAB)

The Merchant Acquiring Business Vertical aims to create a comprehensive electronic infrastructure in the country, to accept payment through Cards, increase visibility and other benefits to the Bank through merchant relationship. Your Bank is already the largest player amongst Public Sector Banks with more than 2 lakhs terminals in the market with a YOY growth of 104% in number of transactions during FY2015. We are among the top 4 Acquirers in India. The Bank has entered into corporate tie-ups with many prominent players, including top educational institutions and hospitals as we continue to tap the huge potential available in the market. During the year the Bank has launched Mobile POS on PAN-India basis.



Bank has also activated more than 1.05 lac POS terminals (Cash@PoS) for cash dispensation of up to ₹1,000 by the merchants to card holders. In the current financial year 1,12,194 off-us Cash@PoS transactions have been done on our PoS terminals.

**Exhibit 26: Value of POS Transactions**  
No of POS Transactions



## STATE BANK AGGREGATOR SERVICE (SBlePay)

The payment aggregator service “SBlePay” has more than 40 Banks as its partners and now offers a full range of services to facilitate e-commerce / m-commerce transactions. SBlePay has also acquired the security certifications PA-DSS and ISO27001:2013.

Major Central state Government Merchants enabled by SBlePay for providing the payment services include;

- ▶ E-Visa Project of Government of India.
- ▶ Contributions to National Mission for Clean Ganga.
- ▶ C2G initiatives of State Governments.
- ▶ Educational institutions.

SBlePay has processed 1,05,953 e-Tourist Visa (valued at US\$65,46,766) under the Online Visa facility launched by the Ministry of External Affairs for 43 countries, on 27th November, 2014. During the corresponding period last year (December 2013 to March 2014) around 10,000 Tourist visas were issued. Issuance of e-Tourist Visa has led to an increase of 95,953 tourists showing a growth of 1055% during the four months ending March, 2015. In the backdrop of such enthusiastic response, the facility is being extended to more and more countries.

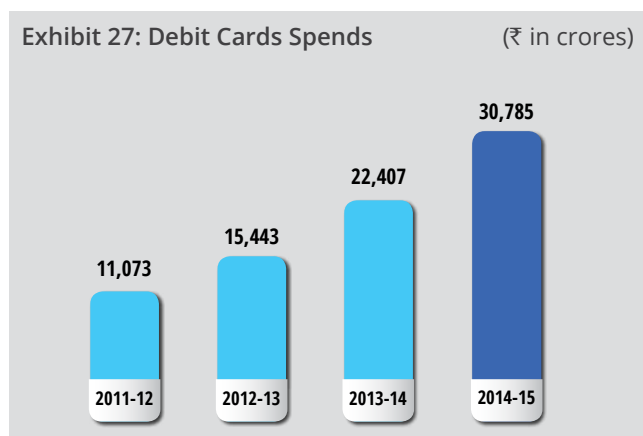
The growing e-Commerce market and the initiatives of the Government of India on e- Governance is being captured by SBlePay being the only Bank based aggregator service in the country.

## DEBIT CARDS:

State Bank Group continues to lead Debit Card issuance in the country with over 20.59 crores Debit Cards as on 31st March 2015. The Bank in its efforts to move towards a cash-less economy, has been actively promoting Debit



Card usage at Point of Sale/e-Commerce by running various promotional and cashback campaigns to promote its usage. As a result, Debit Card spends over “point of Sale” and “e-commerce” of State Bank Group crossed ₹30,000 crores for the FY2015, an increase of 38.80%, which resulted in topping the market share of 25% of total Debit Card spends in the industry, as depicted in graph hereunder:



### PREPAID CARD

Your Bank has a wide range of prepaid cards to cover entire spectrum of cashless transactions with a range of products including popular Rupee Prepaid Card viz. Gift Card, General Purpose Prepaid Card like eZ-Pay Card and Foreign Travel Card catering to various payment needs of the customers.

### FOREIGN TRAVEL CARD

During the FY2015, Multi-Currency Foreign Travel Card in four currencies (viz. USD, GBP, EURO and SGD) was introduced on MasterCard platform. Foreign Travel Card (FTC), a chip based EMV Card, is available in eight currencies, US Dollar(USD), Great Britain Pound (GBP), Euro, Canadian Dollar (CAD), Australian Dollar (AUD), Japanese Yen (JPY), Saudi Riyal (SAR) and Singapore Dollar (SGD), providing safety, security and convenience to overseas travelers on VISA platform. Corporate variants of FTC have been introduced to cater to the needs of employees of Corporates travelling overseas. Sales for FY2015 registered a YOY growth of 41.89%.

### eZ- PAY CARD

eZ- Pay Cards are aligned with most of the social schemes of State and Central Governments in addition to salary payments by Corporate entities have been issued to millions of beneficiaries for their convenience and use.

### GIFT CARD

Gift Cards remain a preferred option to consumers to gift the “Freedom of Choice” to their loved ones. Customers can purchase Gift Cards online. State Bank Achiever Card, a re-loadable corporate incentive Card with a validity of 10-years for disbursement of incentives/awards has been rolled out during January, 2014.

### SMART PAYOUT CARD

The Smart Payout Card, a Rupee Prepaid, reloadable Card, was launched during FY2014, targeting low income group population such as blue collar workers/contract labourers etc. This Card can also be issued as an “Add-on Card” to the existing Saving Bank customers.

### SBI SMART CHANGE

The Card is an RFID based contactless Smart Card. The Card is a perfect alternative to problems associated with small notes/coins. No KYC documents are required for issuance as it is a closed loop Card. The Card is similar to the contactless Metro Cards, which can be issued instantly and are ready for use. The card has been launched in association with Delhi Mother Dairy and Amul as a co-branded card for use at their milk/ safal booths. The Card can be topped up as and when required from the Mother Dairy/Amul outlets. The same product was rolled out inside the Rashtrapati Bhavan complex.

### SWAYAM : BARCODE BASED PASSBOOK PRINTING KIOSKS

Bank has launched SWAYAM, Barcode based Passbook printer in November, 2014 aiming to roll out 2,500 passbook printing kiosks. Using these kiosks, customers can print their passbooks on their own. More than 1500 such Kiosks have been rolled out as on 31st March, 2015 recording more than 2,50,000 transactions on a daily basis. During the short span of 4 months, more than 1 crore passbook printing transactions were performed through SWAYAM.

### GREEN REMIT CARD (GRC)

GRC, a remittance card, was introduced on 2nd January, 2012 mainly to enable the large number of third-party walk-in cash deposit transactions at branches. They are routed through Green Channel Counter and Cash Deposit Machines, thereby reducing the turnaround time for such transactions. A cardholder can swipe the card at GCC or in CDM and remit cash to the beneficiary whose account number is mapped in the card. Once the transaction is complete, both the remitter and beneficiary get confirmation through SMS on their mobile phone.



## GREEN CHANNEL COUNTER (GCC)

Green Channel Counter (GCC) is a card based transaction processing device (TPD) available at branch counters. Customers enter their transaction details through the device and authenticate themselves using their debit card + PIN. No voucher needs to be filled by the customer and customer saves on time and experiences paperless banking.

The Green Channel Counter facility is made available in all retail branches. On an average, the daily transactions routed through GCC are more than 5.22 lakhs. During FY2015, 12.84 crores transactions and 20% of eligible transactions in Core Banking System were routed through Green Channel Counters. For further improving the customer experience, standalone GCC was provided at more than 3,000 Branches which resulted in enhancing customer convenience and reducing transaction time at the counters.

## SELF SERVICE KIOSKS (SSKs)

Self Service Kiosk is a debit card based non-cash transaction kiosk. Twenty different financial and non-financial transactions are available at SSKs including passbook printing, utility bill payments, cheque book requests etc.

As on 31st March, 2015, SSKs, enabling customers to perform various financial and non-financial transactions have been installed in 1364 Branches. On an average, SSKs are recording more than 55,000 transactions on a daily basis.

## E. STRESSED ASSETS MANAGEMENT

### 1. Overview

A depressed macro-economic environment in recent past has triggered slippages across all sectors and today, resolution of NPAs is the single largest challenge before all banks.

Stress on the assets of Indian banking sector has continued unabated for some time due to various reasons, namely,

- ▶ Continued recessionary trends
- ▶ Stalled / Delayed Infrastructure projects
- ▶ Mining related issues – availability of coal
- ▶ Stress in sectors like power, iron and steel, exports etc.,
- ▶ Textile sector reeling under pressure due to a combination of factors like increase in prices of cotton, slow down / cancellation of exports, poor price realisation etc.

- ▶ Stress in Aviation Sector
- ▶ Delay in realisation of receivables
- ▶ Delays in resolution of NPAs through legal proceedings

As part of focus on NPAs, Stressed Assets Management Group (SAMG) continues to work as a dedicated and specialised vertical, headed by a Deputy Managing Director, created specially to efficiently resolve high value NPAs. With five Regional Offices, each headed by a General Manager and two Chief General Managers overseeing the entire effort, SAMG has turned into a centre of excellence in the NPA resolution effort of the Bank. Effective 1st April, 2014, SAMG as a logical extension took over 42 Stressed Assets Resolution branches from National Banking Group, to extend its expertise for the resolution of high value retail NPAs, taking total number to 17 SAM and 42 SAR branches across the country. Currently, SAMG covers 23.4% and 62.60% of the Bank's Non Performing Assets (NPAs) and Advances under Collection Account (AUCA) respectively. The recovery efforts of SAMG are supplemented by efforts put in by front-line operating staff across all verticals and branches of the Bank across the country. The CSPs are also being trained for acting as Banks recovery agents for extended coverage.

Exhibit 28: NPA Management Performance

	(₹ in crores)			
	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Gross NPAs	39,676	51,189	61,605	56,725
Gross NPA%	4.44	4.75	4.95	4.25%
Net NPA%	1.82	2.10	2.57	2.12%
Fresh Slippages	24,712	31,993	41,516	29,444
Cash Recoveries/ Up-gradations	9,618	14,885	17,924	13,011
Write Offs	744	5,594	13,176	21,313
Recoveries in Written Off Accounts	962	1,066	1,543	2,318

However, while making all out efforts for reducing the NPAs, the bank often faces certain impediments in the legal process, which delay recovery. The Bank has approached the concerned authorities at appropriate level for ironing out those impediments. Despite these constraints, all actions initiated for resolution are constantly followed up and strategies are periodically reviewed for expeditious resolution of NPAs and the Bank is fully geared to meet the asset quality challenges of FY2016 when near-term pressure is expected to ease.



## RESTRUCTURING OF ASSETS

Corporate Debt Restructuring of assets is being done only in cases that are technically feasible and economically viable and where the promoter's commitment to the project is ensured. Such cases are restructured only after conducting techno-economic viability (TEV) study. Further, restructuring is done also as per the guidelines put in place by RBI. Restructuring has attained prominence in recent years due to global slowdown, sluggish growth in the domestic market and the down-turn in industry. Moreover, restructuring of viable units enables the Bank to recover funds locked with the borrower, aids continued functioning of the industry and helps in keeping manpower gainfully employed.

## CONTROLLING NPAs

The Bank has endeavoured to contain the increase in NPAs, the strategies for resolution are being constantly reviewed and revisited. Suitable measures for prevention of NPAs by timely identification and diagnosis of problems of irregular accounts, tracking and reviewing Special Mention Accounts, account wise monitoring etc have been put in place. The Bank has adopted a two fold strategy for controlling fresh accretion and resolution of existing NPAs.

## CONTROLLING FRESH ACCRETION TO NPAs

- ▶ Early diagnosis of the problems and analysis of the reasons for irregularity, with appropriate strategies for time bound action to prevent slippage as NPA.
- ▶ Industry wise exposure limits have been set to minimize risk.
- ▶ Loan portfolio is monitored on an ongoing basis.
- ▶ Account tracking Centres have been set up to prevent accounts slipping into NPA category.
- ▶ A system of Tele-calling/ personal contact/ SMS alert/ sending notices etc is being followed on default of overdue installments / irregularity in accounts.

## IMPROVING RESOLUTION OF NPAs

- ▶ In cases where soft recovery measures do not fructify, legal action is being initiated.
- ▶ Filing suits in Debt Recovery Tribunals and other Courts for recovery of dues.
- ▶ Nodal officers monitor DRT Cases and liaise closely with DRT officials. Lawyers' meets are conducted and the performance of advocates is constantly monitored to expedite DRT process.

- ▶ Action under SARFAESI Act is taken promptly to recover the dues by sale of secured assets.
- ▶ Identifying Companies and promoters as Wilful Defaulters and arranging for display of their names on the websites of Credit Information Companies such as CIBIL. These names are also reported to RBI.
- ▶ Credit cum Recovery camps are being organised.
- ▶ Involving Business Correspondents, Business Facilitators and Self Help Groups in recovery of Agricultural NPAs., Lok Adalat / Bank Adalat are arranged.
- ▶ Review of NPAs at various levels is done at regular intervals.
- ▶ BIFR cases are closely followed up.
- ▶ E-auction has been introduced for better price realisation.
- ▶ Sale to ARCs is also explored in select cases
- ▶ Identifying and engaging with strategic investors for takeover of stressed assets.
- ▶ Entering into One-Time Settlements with borrowers.
- ▶ Using Resolution Agents to take possession of properties mortgaged to the Bank and arranging for their auction.
- ▶ Considering Debt Asset swaps in some cases.
- ▶ Engaging investigation agencies to trace out unencumbered assets of promoters and guarantors and obtaining attachment before judgement over these properties.
- ▶ Publishing photographs of defaulters in newspapers where warranted.
- ▶ Persuading Large Corporate borrowers under stress to sell non-core assets, dilute their shareholding and bring in strategic investors thus reducing debt and improving viability.
- ▶ The Bank organised a "Mega Auction" in Q4 of FY2015, where over 250 properties were put to auction under SARFAESI Act on the same day. The properties put up for auction are located across the length and breadth of the country.
- ▶ SAMG is also setting up a centralised repository of all fixed assets / properties charged to the Bank, wherein, pictures with description and walk through videos of all securities are available. Going forward, we plan to make the portal available in the public domain for preview of securities by ARCs and other interested buyers.



- ▶ Properties available for auctions are also showcased in “Property Mall”, wherein, space is taken in shopping malls in the prominent locations, to display pictures/videos of properties being put up for auction.

## INITIATIVES TAKEN TO CLAMP DOWN ON NPAs

Early Warning Signal (EWS): As part of its proactive management of stressed assets to contain and control NPAs, we are in the process of introducing a system which would generate Early Warning Signals in the form of actionable alerts that would help the Bank to identify assets at the incipient stage of stress and facilitate their early resolution. The objective is to tackle problem loans well before they turn SMAs.

AT@M: The web based Assets Tracking and Monitoring (AT@M) software enables all stake holders to have a single point of view along with granular drill down up to account level. It covers monitoring of SMAs as well as Sub Standard accounts.

The Bank also tied up with GE Capital for proactively making calls to stressed accounts (SMAs) in Retail segment and Real Estate sector, to prevent slippages.

SBI has Assets Tracking Centres at Circle level to track and monitor probable NPA accounts (SMAs) in SME and Agriculture segments, for making calls on the customers and follow up for recovery.

Tele-calling to borrowers/guarantors has been introduced at Stressed Assets Resolution Branches to help in their recovery efforts. In order to simplify and add technology in the work flow of the call centres, a web based portal has been put in place, to efficiently monitor the call centre process.

The Bank has formed various committees to periodically review stressed assets and suggest resolution and turn around strategies.

## 2. Asset Quality Improvement Measures for P-Segment

PBBU Assets quality has improved during FY2015. To strengthen the assets quality, following strategies have been adopted:

- ▶ SMS sent to borrowers before and after EMI due date

- ▶ Soft recovery entrusted to specialised teams
- ▶ A campaign for Auto Loan recovery “Aar Ya Par Paisa Ya Car” launched
- ▶ Updation of defaulters’ details in Credit Information Companies’ database being followed up
- ▶ Auctioning of defaulters’ assets hypothecated/pledged with the Bank
- ▶ Portfolio Health Check and Skip Tracing for Auto Loan, Education Loan and Xpress Credit carried out

## 3. Asset Quality Improvement Measures for Agriculture Loans

- ▶ Several initiatives and innovative campaigns rolled out for arresting slippages and quick resolution of NPAs resulted in reducing the Agri NPA level to below 31st March, 2014. The initiatives adopted are:
- ▶ ‘R1U2 Campaign’ (Recover One & Upgrade Two) - launched to target NPA accounts, which pulled standard accounts to NPA under Single CIF Multiple accounts norm. The Campaign resulted in reduction of NPAs to the tune of ₹214 crores.
- ▶ “Project Zero Campaign” launched to drive renewal of NPA KCC/ACC accounts. The campaign is driven by SMS based daily monitoring of renewal / closure. Under the campaign, 2.81 lakhs KCC/ACC accounts renewed / closed upto 31st March, 2015.
- ▶ SBI has renewed the National level tie-up with Shriram Automal India Limited to support branches in auction of seized tractors to reduce agri NPAs.
- ▶ Gold loan auctions carried out on fixed dates each month to drive NIL NPA position in Agri Gold Loan.

## 4. Asset Quality Improvement Measures for Corporate Accounts

The asset quality of CAG remained well under control, with the gross NPAs at 0.44 % of total advances.

Every effort is made to improve the asset quality through regular engagement with promoters of weak and stressed accounts. All high value stressed accounts and D rated borrowers are kept under special watch of General Manager for reduction in exposure. The sale to Asset Reconstruction Companies (ARCs) is examined in all eligible stressed accounts. These efforts have led to decline in retained NPA of Mid Corporates from 17,250 crores as on March 2014 to 14,775 crores as on March, 2015.



# International Operations

## International Banking Group (IBG)





# International Banking Network of 191 Offices in 36 Countries



## 2. INTERNATIONAL OPERATIONS International Banking Group (IBG)

International Operations of the Bank is guided by the overarching principle of supporting global Indian corporates and Indian diaspora spread across geographies. In addition, the Bank also targets the local populace in line with its vision to become a truly International Bank. To this end, the Bank has a separate Business Unit – International Banking Group (IBG) headed by Managing Director & Group Executive (CB) and supported by Deputy Managing Director & Group Executive (IB).

### GLOBAL PRESENCE

The number of foreign offices of the Bank at 191 is spread across 36 countries. Diversity in operating structures is a cornerstone of the Bank's expansion activity in different markets. During FY2015, the Bank has opened a new Representative Office in Myanmar and Indian Visa Application Receiving Centre at Dhanmondi, Bangladesh.

**Exhibit 29: Break-up of Foreign Offices (No.)**

	FY2014	New Offices opened during the year	FY2015
Branches /Sub-Offices / Other Offices	68	1	69
Subsidiaries / JV	(7)	0	(7)
Offices of Subsidiaries/JV	110	0	110
Representative Offices	8	1(1)*	8
Associates / Managed exchange Cos /Investments	4	0	4
<b>Total</b>	<b>190</b>	<b>2(1)</b>	<b>191</b>

\* Luanda Rep Office in Angola was closed and Yangon Rep Office in Myanmar was opened.

The Group has dedicated verticals in Credit and NPA management, Compliance, Risk, Treasury, Human Resources, Operations, General Banking, and Strategy to support the extensive international operations of the Bank. IBG supports its major stakeholders through its business functions as detailed below:

### CORPORATES Merchant Banking

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

### Highlights

- ▶ Premier Mandated Lead Arranger and Book Runner during the FY2015.
- ▶ 10 Syndications aggregating US\$7.057 billion.
- ▶ 15 Bilateral Loans aggregating US\$2.563 billion to Indian corporates on a bilateral basis.

### Treasury Management

In addition to supporting the global liquidity, liability management framework and investment portfolio of the Bank, Treasury Management Group also undertakes foreign exchange and hedge transactions for corporates. In April, 2014, the Bank successfully priced a Rule 144A/Reg S US\$1.25 billion multi-tranche Bond issue. Apart from bonds, some of the other sources of liquidity at Foreign Offices were:

- a. Long Term bilateral loans from multilateral agencies like Korea Exim Bank, EIB, KfW IPEX Bank
- b. Medium Term bilateral loans from Correspondent Banks.
- c. Medium term Syndicated Loans
- d. Reciprocal Lines.
- e. Repo arrangement
- f. Lines against Bankers' Acceptance

### Highlights

- ▶ Investment Portfolio at US\$4487 Million
- ▶ Interest Income from Investment - US\$160 Million
- ▶ Divestment Income - US\$36 Million
- ▶ Investment provisions written-back - US\$94 Million

### Back Office Centralisation Project

During FY2015, the Back Office Centralisation Project was initiated to enable migration of the Back Office (BO) functions across foreign offices to Global Markets Unit Kolkata. Till 31st March, 2015, 10 foreign offices had shifted their BO functions.

### INDIVIDUAL CUSTOMERS

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





## Global Link Services (GLS)

Global Link Services (GLS), a specialised outfit, caters to centralised processing of Export Bills collection, Cheque collection and online inward remittance transaction. Tie-ups with 30 exchange companies and seven banks in the Middle-East Countries for routing remittances through the Bank have substantially contributed to the inward remittances business. During FY2015, your Bank launched a new online instant remittance product 'Russia to India Flash' for remittances from Russia to India.

### Highlights

- ▶ Export Bills Handled (on behalf of Domestic Branches) - 70,012
- ▶ Foreign Currency Cheques Collected - 47,116
- ▶ Online Inward Remittance - 89,02,307

## FINANCIAL INSTITUTIONS

The Group also facilitates linkages of the Whole Bank with international stakeholders such as Correspondent Banks, Foreign Regulators, International Chambers of Commerce, etc. As such, there is considerable synergy between IBG and other Business Verticals such as Mid Corporate Group, Corporate Banking Group and Global Markets etc.

## Highlights

- ▶ Correspondent banking relationships with 346 reputed International Banks across 88 countries
- ▶ 1,617 Relationship Management Application (RMA) arrangements with Society for Worldwide Interbank Financial Telecommunication (SWIFT)
- ▶ Master Risk Participation Agreements (MRPAs) entered into with 32 banks with aggregate funded and non-funded exposure of over US\$4 billion.

## REGULATORS

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

The Bank has adopted an Independent Risk Governance Structure covering domestic and international operations. A country Risk Management Policy in tune with RBI guidelines is in place. Country-wise and Bank-wise exposure limits are monitored and reviewed on regular basis. Trends of credit risk, operational risk and market risk in respect of overseas operations are monitored, analysed and reported periodically to top management and central risk management departments of the Bank.

## EMPLOYEES

The Bank ensures employee satisfaction through continuous engagements with senior management, improving productivity and retention. Further, the Bank encourages communication and awareness in its multi-cultural and multi-ethnic workplaces abroad.

## SOCIAL SECTOR

The Bank engages in several corporate social responsibility projects in many countries of its presence. The Bank also sponsors local and Indian festivals as also cultural programme to increase its visibility and enhance soft power of India as well its Indian brand.

Nepal SBI Bank Limited, a subsidiary of State Bank of India was the only Bank to restore total banking services at its branches within only 5 days after the disastrous earthquake in Nepal. Mobile Currency Exchange counters were opened at Kathmandu airport to assist travellers evacuated from the disaster zone. In addition to swift response in mobilizing services to normalize the financial system, the Bank also extensively engaged in humanitarian efforts.



Exhibit 30: Business performance of Foreign Offices  
(In US\$Billion)

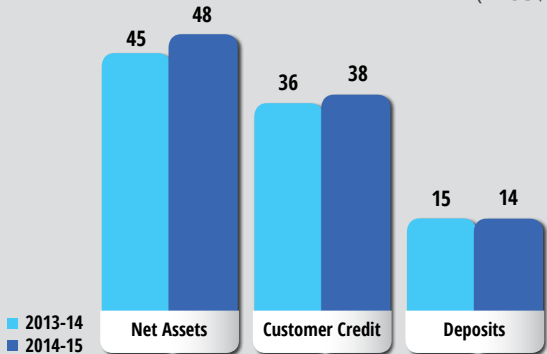


Exhibit 31: 10yr G-Sec Yield (%)



### SBI & JBIC Sign Export Credit Line Agreement

In September, 2014, SBI and Japan Bank for International Cooperation (JBIC) signed a loan agreement to set up an export credit line. The loan is co-financed with the Bank of Tokyo-Mitsubishi UFJ Ltd (BTMU) which brings the total co-financing amount to JPY 13.5 billion and US\$21 million approximately. This credit line will be utilised by Meja Urja Nigam Private Limited (MUNPL) to finance the procurement of steam turbine generator equipments from Japanese Company and its subsidiary in India to construct a super critical pressure coal-fired power plant (660MWx2 units) in Meja, Uttar Pradesh. MUNPL is a joint venture equally invested by NTPC Ltd and UP Rajya Vidyut Utpadan Nigam Limited.

FY2015 has been a favourable year for the Indian debt and equity markets as fall in CPI inflation (adjusted for new series) from 8.24% in March 2014 to 5.17% in March 2015 and formation of a stable government helped improve sentiment, boosting FII inflows. RBI reduced its benchmark repo rate by 50 basis points to 7.5% and cut SLR from 23% to 21.5%.

## 3. TREASURY OPERATIONS

Global Markets Group, which manages the Bank's treasury, has given a stellar performance this year with a 21% increase in net interest income, 85% jump in profit on sale of investments and a 33 bps improvement in yield on a portfolio of close to ₹4.9 Lakhs crores. The Group has maintained the pre-eminent position of the Bank in providing foreign exchange / hedging products to customers, portfolio management services to retirement funds and in maintenance of CRR.

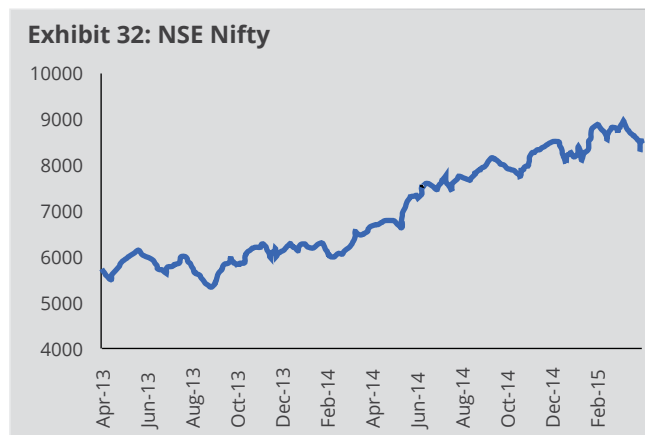


Bond yields fell by more than 100 basis points during the year, while equity markets rallied by more than 25%. Your Bank has seized this opportunity to book record profits of ₹3,428 crores through sale of investments, exceeding our FY2014 profit by 85%. Interest income has also gone up by 15%, while interest expenses are down 36% through



better fund management, resulting in an almost 21% increase in Net Interest Income of Global Markets. In CRR management, your Bank again outperformed its peers by 195 basis points, resulting in interest-cost saving of around ₹85 crores.

In the equity markets, profits increased 132% YOY as we expanded the universe of securities, and increased the size of trading portfolio to benefit from the favourable market conditions.



Global Markets provides foreign exchange solutions to the customers for managing their currency flows and hedging risks through options, swaps, forwards and bullion services. Our treasury marketing outfits complement this through frequent interactions with customers to provide them with inputs about market developments and suggesting products to suit their requirements. The Group also manages FCNR(B) corpus of the Bank and provides funds for FCNR(B) loans and Export Finance in foreign currency like PCFC/EBR for customers in India.

Profits from forex and derivatives increased by around 9% to ₹1,600 crores (unaudited) this year, despite reduced volumes due to declining oil prices.

To streamline our global forex operations, including 191 overseas offices in 36 countries and 675 domestic branches, an integrated Global Back-Office has been set up in Kolkata. In addition, we have significantly improved reconciliation of transactions in our Nostro accounts with foreign branches/correspondents through implementation of Transaction Life-Cycle Management (TLM) reconciliation software.

We have also rolled out an internally designed and developed web based outward remittance product called “FX-Out” which will be accessible at all branches to facilitate transfer of funds upto ₹10 lakhs to overseas centres.

We continue to explore opportunities in the area of Private Equity (PE) and Venture Capital Fund (VCF) Investments. During FY2015, five new VCF investments amounting to ₹495 crores were committed to.

The JV set up with Macquarie and IFC in 2008, to manage a US\$ 1.2 billion India-focused PE fund, has invested approximately 96% of its total capital commitments. The Oman India Joint Investment Fund (OIJIF), set up in 2010, has completed its investments for Fund 1 worth US\$ 100 million. The partners have decided to launch Fund 2 with a corpus of US\$ 300 million. Further, the social infrastructure focused VCF, the Neev Fund, with a target fund size of ₹660 crores was operationalised jointly with DFID (UK) and SBICAP Ventures Limited.

Portfolio Management Services increased its AUM by 13.65% YOY to over ₹3,15,000 crores in FY2015. It has consistently outperformed private sector peers in generating returns for the Employees Provident Fund Organisation (EPFO) funds, and was ranked by CRISIL as the best fund manager for EPFO for the third year in a row.

To retain its pre-eminent position in the specialized domain, Global Markets continuously invests in skill development of dealers through training sessions conducted by industry experts and short courses in prestigious institutions like IIMs and NIBM.



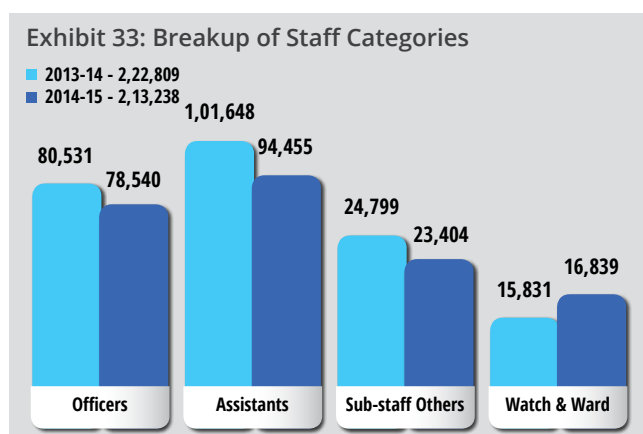
# IV. Support and Control Operations

## 1. HUMAN RESOURCES

The Bank believes that Human Resources Management is an important facet of organization's effectiveness. Aligned with the best practices of a caring and responsible employer, and befitting its status of 'first among the equals' in the banking industry, our Bank has been making constant endeavour to improve the functioning of HR as a strategic business partner by nurturing its loyal and dedicated employees who have made significant and lasting contributions towards achieving the Bank's goals on an upward scale, on year to year basis.

Towards this end, the Bank has taken important measures to meet the business challenges, which include, recruiting young and qualified candidates in large numbers; improving the working /service conditions of the employees representing a wide diversity of group / interests; re-skilling them through training interventions, workshops, seminars, video-conferencing; assisting in the career development of the employees by providing for a scientific and objective approach to measure their performance; incentivising the top performers; putting in place an organised structure for skill / capability building in critical positions and by implementing various measures for talent retention. All these have contributed in a big way to generate a highly satisfying working environment wherein the employees feel happy, engaged and enthusiastic about their work and take positive action to further the Bank's business interests and reputation.

### OUR STRENGTH:



In keeping with the Management tradition of being proactive in employee engagement which is critical for the Bank to sustain growth with profit, the current leadership has taken it to greater heights by taking important initiatives as detailed below during FY2015.

### INITIATIVES :

Project 'Saksham'- Career Development System (CDS) and Manpower Planning -- The rapidly changing business environment, competition from the Public / Private Sector Banks and ever increasing expectations from the young and demanding customers have put high onus and responsibility on the Bank for higher productivity and customer service. To meet these challenges, your Bank is recruiting young and qualified candidates in large numbers, changing the products and processes. In order to keep the employees empowered and motivated at all levels, a Career Development System (CDS), known as 'Saksham' has been launched with the objective of scientific and objective approach for performance measurement and resource planning at all levels in the Bank. The new Career Development System provides for very high levels of transparency and is designed to provide an opportunity for a systematic, dynamic and progressive career planning to the individual. The revised CDS is intended to be an effective tool for promotion, incentives and rewards.

Scientific resource / manpower planning would ensure that each of our units is adequately staffed to match the workload and business potential, result in improvement in staff productivity and to rationalize and merge roles and redistribution of staff to meet branch expansion requirements.

Talent Management and Career Option - As a part of talent management and to support the talent retention process, necessary course of action was initiated in areas covering, grooming of young officers in basic banking during the initial phase of their career, capability building /re-skilling through training intervention, seminar, workshop, completion of mandatory assignments during the early stages, identification of officers for job specialization, posting in critical positions/specialized areas, viz., Credit, Forex operations, Marketing for a certain period. Movement across verticals in the specialized area is also contemplated.





**Campus Recruitment** - In order to further strengthen the human resource pipeline and to meet the skill gap requirements of the Bank in specialized areas, 190 young 'B' school graduates of 2015 batch belonging to top 'B' schools were recruited as Management Trainees.

## EMPLOYEE ENGAGEMENT :

**Performance Linked Incentive Scheme** - In order to keep the employees focused and motivated for a higher level of productivity and profitability, an IT enabled 'One Umbrella' Performance Linked Incentive Scheme has been implemented by the Bank in modification of the earlier incentive scheme, covering both core and non-core business. The incentive amount payable is linked to the category of the positions vis-à-vis level of performance.

**SBI Aspirations** - "SBI Aspirations" a social media forum, has been put in place for a two-way interaction whereby employees of the Bank can share their ideas, enhance their knowledge, find the solutions of the critical problems and express their views freely. With a view to facilitating employees endeavour in enhancing brand value and image of the Bank among the public, a code of conduct has been drawn up for the employees to follow while communicating in social media in a more responsible and ethical way within the framework of their Service Rules / Service Conditions.

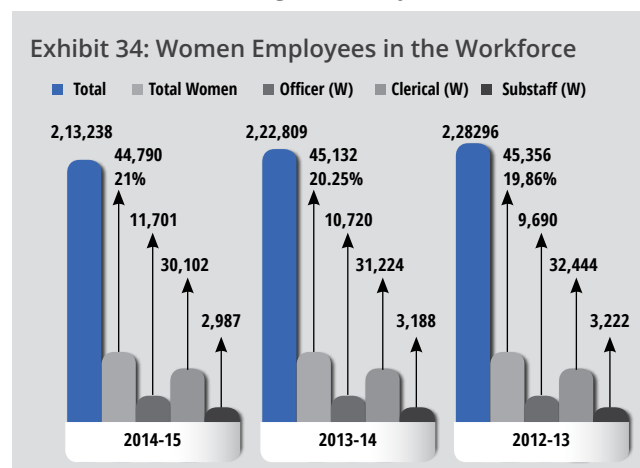
**Sabbatical Leave** - Taking a holistic view of employee requirements, provision of sabbatical leave with enlarged facilities has been introduced for women and Single Men (with children and / or Aged parents) employees of the Bank.

**SBI Pinkathon** - It turned out to be the biggest Bank sponsored all-women run event in six cities across India, with the specific purpose of getting more and more women to adopt a fitter lifestyle for themselves and their families and to spread awareness about breast cancer and other issues that put women's lives at risk. The employee interest in the events stood a testimonial of their awareness and contribution to the socially relevant issues.

**Improvement in employee productivity** - The large-scale recruitment of Gen-next employees in the Officers as well as in the Assistant grade over the last 4 / 5 years has not only brought about a far-reaching attitudinal change among staff in their customer interface and services across the branches, it has also become a catalyst in enhancing / improving the productivity and efficiency of the employees, thereby resulting in increased growth in business and profitability for the Bank. The business per employee (BPE) has increased from ₹704 lakhs to ₹1,234 lakhs during the period from FY2011 to FY2015. The profit per employee (PPE) also increased from ₹3.85 lakhs in FY2011 to ₹6.02 lakhs in FY2015, which is indicative of the improved performance trend of the Bank.

## Women Employees in the Total Workforce:

At present, the number of women employees in the total workforce of the Bank is 44,790 which constitutes 21% of the total staff strength. The composition of women employees in different cadres during the last 3 years is as under:



## Exhibit 35: SC / ST / PWD Representation in employment:

Category	Total	SC	ST	PWD
Officers	78,540	14,833 (18.88%)	5,566 (7.08%)	664 (0.84%)
Assistants	94,455	15,800 (16.72%)	8,370 (8.86%)	1,794 (1.89%)
Sub-staff	40,243	10,810 (26.86%)	2,804 (6.96%)	234 (0.58%)
<b>Total</b>	<b>2,13,238</b>	<b>41,443 (19.43%)</b>	<b>16,740 (7.85%)</b>	<b>2,692 (1.26%)</b>



Bank provides reservation to Scheduled Castes, Scheduled Tribes & Persons with Disabilities (PWDs) as per GOI directives. In order to deal with issues relating to reservation policy and effectively redress the grievances of the SC / ST employees, Liaison Officers have been designated at all Local Head Offices of the Bank as also at the Corporate Centre at Mumbai.

## STATUS ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE :

The Bank has a zero tolerance towards sexual harassment at workplaces and has put in place appropriate mechanism for prevention and redressal of complaints of sexual harassment at workplaces so as to ensure that women work with dignity and without fear. Complaints of Sexual Harassment of Women filed & disposed off during FY2015

Total No. of cases filed	Total No. cases disposed off
14	10

## AWARDS AND ACCOLADES:

- ▶ Bank was honoured with the 'Randstad Award' for encouraging best practices in building the 'Employer Brand'.
- ▶ 'Brand of the year' in banking in India was awarded to the Bank at the World Branding Awards that took place in Paris, France on March 25th, 2015.

## 2. STRATEGIC TRAINING UNIT (STU)

In a quest for becoming an organization which is a great place to work, your Bank has been quietly revolutionizing its training system. While the Bank continues a planned, proactive process for individual growth and organizational effectiveness, new techniques, trainers and methodologies are being imported from all corners of the globe to establish a virtuous circle of teach/learn/teach/learn to enhance quality, transform employees into knowledge workers so that they can carry these towards creating customer delight. A strong, robust infrastructure of Learning Centres encompassing the latest developments in technology, benchmarked with the best learning practices worldwide, including e-learning, is being developed to meet the challenges of tomorrow.

Our training system functions under the overall supervision and guidance of the STU of the bank and the training apparatus at present consists of five Apex Training Institutes (ATIs) and 47 Learning Centres. The sixth ATI, styled 'State Bank Institute of Management', is being set up at Rajarhat, New Town, Kolkata.

## INCLUSION OF VISUALLY IMPAIRED (VI) AND HEARING IMPAIRED (HI) EMPLOYEES

Inclusion is a National goal. Including differently abled citizens is a great part of it. Our Bank has 611 VI and 253 HI Employees and we are constantly innovating ways to train and equip them with skills to ensure that they become better contributors. We partner with NGOs as part of this process, and welcome ideas and suggestions. Let's take an example of Mr. Chellam, one of our employees.

Mr. Chellam is working as Grahak Mitra in our Sivakasi Main Branch. After undergoing an extensive training programme at State Bank Learning Centre his proficiency has gone up and he now prints more than 300 passbooks a day and answers customer queries. He also serves customers by linking their UID (Aadhar) number to their Bank accounts and updating their phone in their customer profile. There are many other such colleagues, who have been empowered to serve our customers better.

## FINANCIAL LITERACY CENTRES (FLCs)

Financial Literacy Centre at Rashtrapati Bhawan, New Delhi has been inaugurated on 11th December 2014 the birthday of our First Citizen. The target group for Financial Literacy is Domestic Help, labourers and school going children between 10-18 years of age, etc. They are explained basic essentials like managing income, savings and investments, main features of Prime Minister's Jana Dhan Yojana, Jeevan Jyoti Bima Yojana and Suraksha Bima Yojana and basic banking like Savings Bank Accounts, Recurring Deposits, Fixed Deposits as such. What is tried is to empower the ordinary citizen, who feels a little intimidated when he steps into a public office, like a bank, through experience and learning in a congenial atmosphere, at our bank dummy banking branches. This initiative will be rolled out countrywide.

## PRINCIPLES THAT DRIVE LEARNING ACTIVITIES:

- ▶ During FY2015, training made mandatory for all employees.
- ▶ A culture of self-learning in the organisation, which be more cost effective and convenient in the long run, being promoted.
- ▶ A convenient e-learning platform to drive efficient e-learning.
- ▶ Training programmes aligned with current corporate priorities of the Business Units.
- ▶ A Mass Communication Programme for sharing and communicating corporate concerns conducted across the Bank.
- ▶ Constant upgrades of our training content and delivery learning to be at par with global best practices being tried.





## NEW INITIATIVES TAKEN:

- ▶ **Mandatory Learning and Weightage in AARF:** The Bank has made a system of mandatory learning, consisting of role based e-Lessons, Study Courses, On-line courses, from reputed international Business schools among others, compulsory for assistants and officers.
- ▶ **Approving certification courses for self-learning:** With a view to improving knowledge levels in the organisation, new external study courses are being promoted under Staff Reward and Recognition Scheme and staff encouraged to under take these courses.
- ▶ **SBI Aspirations:** With the spirit of enhancing learning and sharing in the Bank, the Bank has started learning communities for selected roles. The role holders are encouraged to participate and share their experiences within these communities as and when they participate in training programmes. The Bank has introduced ideation blogs in the STU community.
- ▶ **SMS Alerts:** To keep our staff updated on all relevant matters on a real time basis, suitable text messages on current banking issues are being sent to employees on a daily basis.
- ▶ **Training Needs Assessment:** As a first step towards Knowledge/Skill mapping, an exercise for bridging training gaps and honing skills was conducted across the Bank, covering 2,12,704 employees
- ▶ **Aarohan:** 'Aarohan - Aim.. Aspire.. Achieve..': For enhancing quality and professionalism in all our endeavours, the "Aarohan" training was implemented covering 2,08,019 employees.

- ▶ **Quizzing Culture in Bank:** To encourage curiosity in our employees and also provide a platform to showcase their knowledge, STU conducted online quiz competitions across the Bank along with Mega Quiz Competition.
- ▶ **Mentoring of Newly Appointed Officers:** The system of mentoring of newly appointed officials has always been in existence in the bank. In order to facilitate integration of Probationary Officers and Trainee Officers, the Bank introduced a formal system of mentoring by senior officials.
- ▶ **Research Advisory Committee:** A Research Advisory Committee was formed to improve the quality of Research Work carried out by our Faculty and Research Officers and to make it more useful to the Bank.
- ▶ **Cyber Security Workshop:** This workshop was designed for all Banks to participate in and was conducted in association with Truth Labs and Microsoft. The discussion on how cyber criminals can compromise our systems including wi-fi routers and other equipment to defraud victims and underscored the importance of ethical hackers to help protect our technology environment.

## HIGHLIGHTS:

- ▶ Revamped onboarding and induction training of new recruits, with mentoring programme.
- ▶ Supporting architecture for training in specialised skills, including risk, marketing etc., with external training partners and in-house e-lessons and 44 Harvard Manage Mentor e-modules.
- ▶ Leveraging of social media for knowledge updation among Staff members.



- ▶ Mass communication programme called 'Aarohan' with a coverage of 2,08,019 employees with further engagement with 536 in-house e-lessons, 345 Mobile Nuggets and 350 e-capsules.
- ▶ Mandatory e-lessons for POs/TOs/Officials opting for CAG/MCG/SAMG assignments/Newly Recruited Assistants.
- ▶ 'Gyanodaya' - the e-learning portal is now extended to all Associate Banks.
- ▶ Case Studies, Research Projects and e-publications are available on the portal under 'e-library'.
- ▶ Exciting business simulation games used for behavioural learning

### 3. RISK MANAGEMENT AND INTERNAL CONTROLS

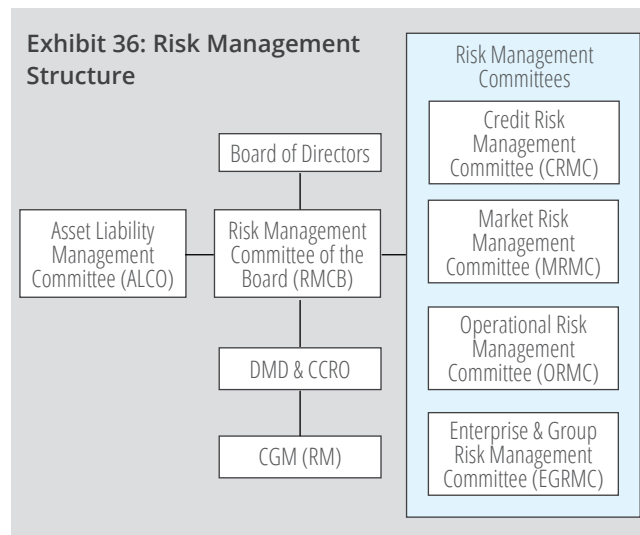
#### (A) RISK MANAGEMENT

The 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. The Bank has policies and procedures in place to measure, assess, monitor and manage these risks systematically across all its portfolios. The Bank is amongst the leaders to undertake implementation of the Advanced Approaches under Credit, Market and Operational risk. The 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 the Bank is adequately capitalized 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.

### RISK MANAGEMENT STRUCTURE



#### NEW INITIATIVES IN RISK MANAGEMENT:

- ▶ Your Bank has started the Dynamic Credit rating review of borrowal accounts to capture deterioration in credit quality promptly and to initiate corrective action and facilitate correct pricing of risk.
- ▶ An Early Warning Control System (EWCS) is being put in place to put in place a system driven, parameterized, quantified, trigger based monitoring system of credit exposures.
- ▶ Your bank has developed behavior model for monitoring and scoring the retail borrower performance. The coverage of behavior model is gradually being expanded to cover entire retail related basket of products.
- ▶ Coverage of Loan Originating system/Loan Lifecycle Management system (LOS/LLMS) is being steadily augmented to cover the entire credit portfolio.
- ▶ In order to focus on capital conservation and maximisation of return on capital, your Bank has introduced Risk Based Budgeting (RBB) . As a measure to quantify the reduction in risk we will be introducing levers to assess improvement periodically, based on Credit Risk Weighted Assets (CRWAs). Achievement of the budgeted advances levels will be subject to achievements under the specified levers.
- ▶ The VaR and Stressed VaR for market risk are computed on a daily basis. Enterprise VaR is also back-tested daily.



- ▶ The Operational Risk Management project is in advanced stage with collation of internal loss data, external loss data, RCSA phase IV and Scenario analysis phase II under process.
- ▶ Group Risk is measured through Contagion Risk, Concentration Risk, Strategic Risk and Reputation Risk Indices.
- ▶ Risk culture is being embedded through training of staff at all levels through e-learning lessons.
- ▶ The Bank is implementing the Risk Adjusted Return on Capital (RAROC) framework in FY 2015-16.
- ▶ The Risk Appetite statements for the Enterprise and Group are being re-looked and formalised.

## 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 strong credit appraisal and risk assessment practices in place for identification, measurement, monitoring and control of the credit risk exposures. The Bank uses internal Credit Risk Assessment Models and score cards for assessing credit risk under different exposure segments. Internal ratings of the Bank are subject to comprehensive rating validation framework.
- ▶ Credit Risk Management Department studies 37 industries covering sectors, such as Telecom, Power, Coal, Aviation, NBFC, Textile, Iron and Steel covering approximately 85% of the Banks' credit exposures. The detailed study covers market factors, potential and Portfolio Quality Index (PQI) based on which Industry-wise limits are set for taking bank-wide exposures.
- ▶ RBI has allowed the 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) have been developed internally. The Bank has procured Credit Risk Management System (CRMS) for computation of IRB capital.

- ▶ The monitoring of Prudential Exposure norms for Single and Group borrowers, Substantial Exposure Norms and unsecured Exposures is being done regularly.
- ▶ Bank regularly conducts Stress Test on its Credit portfolio. Stress Scenarios are regularly updated in line with RBI guidelines, Industry best practices and changes in macro economic variables.

## MARKET RISK

Market Risk is the possibility of loss a Bank may suffer on account of changes in values of its trading portfolio, due to change in market variables, such as exchange rates, interest rates and equity price, among others.

## MITIGATION MEASURES

- ▶ The Bank's market risk management consists of identification and measurement of risks, control measures, monitoring and reporting systems.
- ▶ Board approved policies for Market Risk Management, Trading in Foreign Exchange, Derivatives, Interest Rate Securities, Equities, Mutual Fund and Limit Management Framework among others are in place.
- ▶ Market risks are controlled through various risk limits, such as Net Overnight Open Position, Modified Duration, Stop Loss, Management Action Trigger, Cut Loss Trigger, Concentration and Exposure Limits.
- ▶ The 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). The 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 for monitoring risk in the Bank's trading portfolio. The VaR methodology is supplemented by conducting quarterly stress tests of the trading portfolio.

## 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

- ▶ The main objectives of the Bank's Operational Risk Management are to continuously review systems and control mechanisms, create awareness of operational risk throughout the Bank, assign risk ownership, align risk management activities with business strategy and ensure compliance with regulatory requirements, which are the key elements of the Bank's Operational Risk Management Policy.
- ▶ The Bank had submitted its application to RBI to migrate to the Advanced Measurement Approach (AMA) for Operational risk.
- ▶ Important policies, manuals and framework documents in line with RBI guidelines on Operational Risk Management Framework (ORMF) for migration to AMA are in place.
- ▶ For FY2015, Bank had assigned capital for Operational risk as per Basic Indicator Approach (BIA). Capital for AMA for FY2015 has also been arrived at as part of Bank's project to migrate to AMA.

## ENTERPRISE RISK

Enterprise Risk Management Project aims to put in place a comprehensive framework to manage various risks. It encompasses Global best practices like Risk Appetite, Risk Aggregation and Risk-based Performance Management System.

## MITIGATION MEASURES

- ▶ As part of the Bank's Risk Management Project to transform role of Risk into a Strategic function, aligned with Business Objectives, Bank has initiated the Enterprise Risk Management (ERM) module. Board approved ERM Policy delineates the roles and responsibilities of various Committees / Functionaries to manage risks.
- ▶ The Bank has a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) Policy. The Pillar 2 risks, such as Liquidity Risk, Interest Rate Risk in Banking Book (IRRBB), Concentration Risk etc, and overall Risk Management practices as well as adequacy of Capital under both normal and stressed conditions are assessed as per the Policy.

## 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, Arms Length and Intra Group Transactions & Exposures are in place.
- ▶ Exposure limits for Large Borrower Exposure and Capital Market Exposure as per RBI have been adopted for the Group. In addition, limits for Unsecured Exposures, Real Estate and Intra-Group Exposures have been set by the Bank.
- ▶ 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 Group Risk Management Committee/Risk Management Committee of the Board.
- ▶ 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, including Non-banking entities, carry out the ICAAP exercise and a Group ICAAP Policy is in place to ensure uniformity.

## INFORMATION SECURITY RISK

Information Security risk seeks to establish stringent information security structure to prevent data loss and threats.

## MITIGATION MEASURES

- ▶ Bank has put in place robust and agile Information Security framework in line with Business Strategy as also ever emerging cyber threats.
  - The Information Security Policy and Standards benchmarked against Global Standards and are reviewed annually.
  - The application setups undergo security reviews before launching as also are reviewed periodically.
- ▶ Bank's SOC is one of the largest in the Global Banking sector as it covers all 20,000+ strong network of Bank's offices (Domestic and Foreign) and Associate Banks. The SOC has the following attributes:
  - Capability of handling 60,000 Events Per Second (EPS) which is scalable up to 5 Lakhs EPS
  - Operates on 24x7x365 days basis for Real-time monitoring of security events across the enterprise and thus provides Secure Banking platform to the customers.



- Visibility over the security threats from within and outside the Bank and improves Incident Reporting and Management.
- ▶ Regular security drills and employee awareness programmes are conducted to ensure security and increase awareness. Disaster Recovery Drills are conducted regularly as part of the implementation of the Business Continuity Management System (BCMS). Bank has achieved following International Accreditations for various critical IT setup –
  - ISO 27001 for Information Security Management System (ISMS)
  - ISO 22301 for Business Continuity Management System (BCMS)

## **(B) INTERNAL CONTROLS**

The Bank has in-built internal control systems with well-defined responsibilities at each level. It conducts internal audit through its Inspection & Management Audit Department. Audit Committee of the Board (ACB) exercises supervision and control over the functioning of the I & MA Department. The inspection system plays an important and critical role in identification, control and management of risks through the internal audit function, which is regarded as one of the most important components of Risk Management Process. The Bank carries out mainly two streams of audits – Risk Focused Internal Audit (RFIA) and Management Audit, covering different facets of Internal Audit requirement. The Bank's accounting units are subjected to RFIA. The Bank's Management Audit covers administrative offices and examines policies and procedures, besides quality of execution thereof.

Besides, the department conducts Credit Audit, Information Systems Audit (Centralised IT establishments & Branches), Home Office Audit (audit of foreign offices) and Expenditure Audit (at administrative offices) and oversees policy and implementation of Concurrent Audit (domestic and foreign offices) and Circle Audit. To verify the level of rectification of irregularities by branches, audit of compliance at select branches is also undertaken. During FY2015, 9,889 domestic branches/BPR entities were audited under the Risk Focused Internal Audit.

### **RISK FOCUSED INTERNAL CONTROL AUDIT**

The I&MA Department undertakes a critical review of the entire operations of audited units through RFIA an adjunct to Risk Based Supervision as per RBI directives. The domestic branches have been broadly segregated into three groups (Group I, II & III) on the basis of business

profile and risk exposures. While audit of Group I branches is administrated by the Central Audit Unit (CAU) headed by a General Manager, audit of branches in Group II and III category and Business Process Re-engineering (BPR) entities are conducted by 13 Zonal Inspection Offices, each of which is headed by a General Manager.

### **MANAGEMENT AUDIT**

Management Audit encompasses Audit of Corporate Centre establishments / Local Head Offices / Apex Training Institutions, Associate Banks and Regional Rural Banks (RRB) sponsored by the Bank. To enhance the effectiveness of Management Audit, periodicity has been reduced from the existing once in three years to two years. 46 establishments / administrative offices were audited under Management Audit during FY2015.

### **CREDIT AUDIT**

Credit Audit aims at achieving continuous improvement in the quality of Commercial Credit portfolio of the Bank by critically examining individual large commercial loans with exposures of ₹10 crores and above annually. The Credit Audit System also provides feedback to the business unit by way of warning signals about the quality of advance portfolio in the unit and suggests remedial measures. Credit Audit also carries out a off-Site review (Loan Review Mechanism) of all the pre-sanction and sanction process of all individual advances above ₹5 crores within 6 months of sanction / enhancement / renewal. During FY2015, 9,129 accounts were subjected to on-site Credit Audit.

### **INFORMATION SYSTEM AUDIT**

All Branches are being subjected to Information System (IS) Audit to assess the IT related risks as part of RFIA of the branch. IS Audit of centralised IT establishments is carried out by a team of qualified officials/ outside experts. During FY2015, IS audit of 38 centralised IT establishments were completed.

### **FOREIGN OFFICE AUDIT**

During FY2015, Home Office Audit was carried out at 48 branches, Management Audit at one Representative office / Country Head Offices and two Subsidiaries / Joint Ventures.

### **CONCURRENT AUDIT SYSTEM**

Concurrent Audit System is essentially a control process, integral to the establishment of sound internal accounting functions, effective controls and overseeing of operations on a continuous basis. Concurrent Audit System is reviewed on an on-going basis in accordance with RBI directives, so as to cover the Bank's Advances



and other risk exposures as prescribed by the regulatory authority. I&MA department prescribes the processes, guidelines and formats for the conduct of concurrent audit at branches and BPR entities. During the year, Concurrent Audit System has been revamped, along with the introduction of a web-based solution, with external auditors appointed as Concurrent Auditors at a few centres.

### CIRCLE AUDIT

Circle Audit, which is a delegated audit, covers low-risk areas, and is conducted between two RFIs. This enables an auditee unit to be better prepared for the RFI. In FY2015, 10,671 units were audited by the Circle Audit Department.

### EARLY SANCTION REVIEW [ESR]

ESR mechanism introduced in audit system since September, 2014 to review sanctions of more than ₹1 crore up to ₹5 crores. The objectives of ESR are:

- ▶ To capture the critical risks in the proposals sanctioned, at an early stage and apprise the Controllers of such risks for mitigation thereof at the earliest.
- ▶ Improve the quality of pre-sanction process / sanctions in respect of exposures falling in this category.
- ▶ Improve the quality of sourcing of loan proposals.
- ▶ During FY2015, 4,339 accounts have been reviewed under ESR.

### OFF-SITE TRANSACTION MONITORING SYSTEM (OTMS)

Exception data generated by Data Warehouse (DW) based on requirements submitted by Offsite Monitoring Centre (OMC) at I&MA Hyderabad. OTMS, a web based solution has been introduced to capture deviations and take corrective actions. Presently 11 types of deviations are being monitored and will be reviewed as per requirements.

### LEGAL AUDIT

Legal Audit was rolled out in all the Business Verticals in June, 2014 to cover all loan and Mortgage related documents pertaining to accounts with aggregate exposure of ₹5.00 crores and above. As on 31st March, 2015 Legal Audit has been commenced in 8,976 eligible accounts and already completed in 3,310 accounts.

## 4. INFORMATION TECHNOLOGY

### A. CORE BANKING PROJECT

CBS environment has been benchmarked to support one billion accounts, over 250 million transactions in a day, and delivering a throughput of over 17,000 transactions per second. Biometric authentication as a second-factor authentication has been implemented in branches for all CBS users. The process for the systematic and proactive risk identification, assessment, measurement, monitoring and mitigation of various risks in the IT vertical has been initiated.

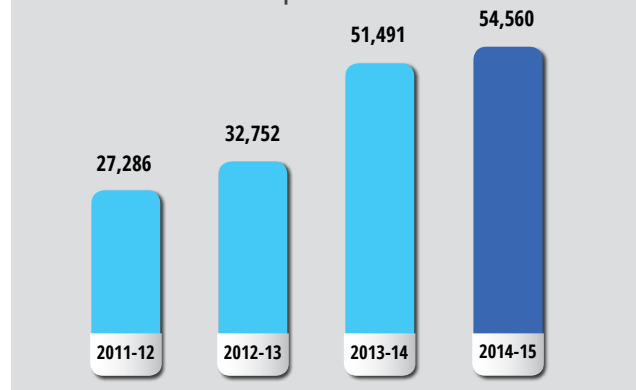
Exhibit 37: Alternate Channels Growth

As on	ATMs	Kiosks Cash Deposit (MFK+SSK) Machines (CDMs)	Total (Numbers)	
31.03.2013	25,247	2,196	698	28,141
31.03.2014	40,768	2,583	1,516	44,867
31st March, 2015	42,454	2,595	1,849	46,898

### ATMs

State Bank of India, along with its Associate Banks has one of the largest ATM networks in the world with more than 54 thousands ATMs including Kiosks and Cash Deposit Machines as on 31st March, 2015. The ATM Base 24 Switch has recently been upgraded to handle close to 50,000 ATMs, in addition of Electra Switch.

Exhibit 38: No. of Group ATMs



The objective is to strengthen ATM facilities across every nook and corner of this vast country and enhance customer convenience. During FY2015, SBI has installed 1,686 ATMs. The total number of ATMs (standalone) now stands at 46,898 as on 31st March, 2015 (Includes ATM+Kiosks+CDM). Population group wise, the Bank has 50:50 coverage of Metro/Urban and Semi-Urban/Rural population groups.



With a 29.84% market share, of India's ATM population, SBI's ATM network transacts 49.65% of the country's total ATM transactions. On an average, over 99.96 lakhs transactions per day are routed through our ATM network. Our ATM network is one of the busiest in the country with average hit rate of more than 185 transactions per day per ATM. State Bank Group has a Debit Card base (standalone 16.07 crores) of 20.59 crores.

On an average, the volume of cash that our ATMs dispense is ₹2731 crores a day and 8.33 million transactions a day. On any given day, each of our ATMs dispense ₹5.88 lacs a day and serve 185 transactions.

More than 4,000+ ATMs (during FY2015) have been enabled as Talking ATMs for Visually Impaired Customers during FY2015, which took the total Talking ATM strength to 8,600+ as on 31st March, 2015. Every new machine added comes with this feature ab initio.

Care for the physically challenged is our priority too. 2,414 of our ATMs have ramps to facilitate easy access for the physically challenged. Wherever possible, ramps and/or side railings are provided.

Over 950 of our ATMs are on solar power and the count keeps growing. ATM user-safety is our concern too. Apart from physical care taker arrangements, 2,488 ATMs have been brought under electronic surveillance during the year. The total number of e-corners installed in the Bank has crossed the 500 mark with more than 200 being installed in FY2015.

## CASH DEPOSIT MACHINES (CDMs)

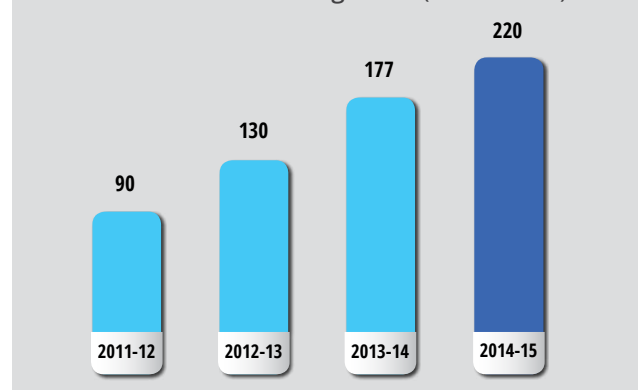
SBI is aggressive in rolling out CDMs for cash deposit by customers at these machines. As 31st March, 2015, the number of CDMs installed was 1,849 These CDMs are available to the customer 24 x 7 for their convenience.

## B. INB & E-COMMERCE

### INTERNET BANKING

The Bank's online banking platform **onlinesbi.com** provides robust and customer friendly net banking services to its retail and corporate customers, including PSUs and Government Agencies. This cost-effective channel has enabled more than 86 crores transactions during FY2015, achieving 39% growth over the previous year. Our robust Retail Internet Banking (RINB) platform has also been optimised for visually impaired customers.

Exhibit 39: Internet Banking Users (No. in lakhs)



The Corporate Internet Banking (CINB) is well suited to Small, Medium and Large Corporates. It has also been immensely successful in establishing traction with Government Treasury & Accounts Departments as well. Online collection of fees/funds for Institutions, Corporates and Government Departments is being facilitated through Multi Option Payment System (MOPS), StateBankCollect and merchant-acquisition through independent aggregators. Internet based solutions also cater to the e-Tendering, e-Auction and bulk payments related requirements of the Government/PSUs/Large and Medium Corporates.

During FY2015, the Bank has continued to be a major player in the e-Commerce space in the country. Through over 20,000 merchant tie-ups, direct or through State Bank Collect or through e-Commerce aggregators, the Bank has facilitated more than 72 crores e-Commerce transactions during the year. Some of the new features in Net Banking launched in FY2015 are:

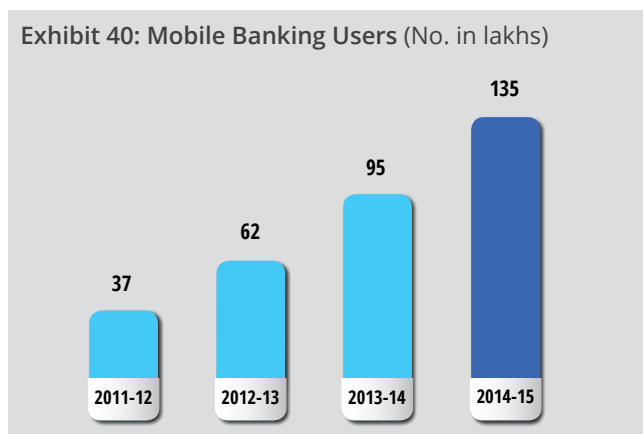
- ▶ Facility to register/inquire/cancel nomination through internet banking.
- ▶ Linking of Aadhaar Number and LPG customer ID.
- ▶ IRCTC – Quick Pay for quick booking of IRCTC tickets.
- ▶ Online resetting of login password by using ATM card credentials.
- ▶ Generation of Form 15G/H.
- ▶ ATM Card holder can set daily transaction limit, channel type (ATM or POS or CNP) & usage type (domestic or international) through INB.
- ▶ In State Bank Anywhere mobile app for smart phones, Quick Transfer of small amounts can be done without beneficiary registration, using QR Code or account details.



- ▶ To prevent frauds perpetrated through fake/altered cheques, CINB provides facility to Corporates to upload particulars of cheques issued by them. This will be used for data validation during cheque payment.
- ▶ Loan against shares/facility has been launched to leverage the customer's investments in shares for loans to meet unforeseen expenses. Customers can apply online for loans up to 20 lakhs against their shares.
- ▶ Facility has been provided to view details of units held with SBI Mutual fund through Internet banking.
- ▶ NRI customers can raise a request for disposal of inward/outward funds in their account through Internet Banking, instead of sending letters/email to the branches.

## MOBILE BANKING

The Bank is the market leader for mobile banking services in India. The Bank's mobile banking service, State Bank Freedom, offers low cost, round-the-clock, real time banking services focused on convenience and security.



Depending on the mode of access, mobile banking facilities include account balance enquiries, mini-statements, check book requests, trading account enquiries, fund transfer within the Bank and to other banks in India, mobile credit top-ups, railways and air ticket reservations, payment of bills, payment of life insurance premiums as well as inter-bank mobile payment services. The Bank has also introduced a prepaid stored value account called Mobicash.

## TAB BANKING

The Bank has launched Tab Banking services for opening Saving Bank A/C, giving in-principle sanction of housing loan & auto loan and for recording PSS (Pre-Sanction Survey) of SME Loans. Staff will complete all account opening formalities by using tab, including taking photograph, uploading of KYC documents. The account opening details will be loaded in CBS platform and account number will be advised to customer. On the same line, Housing Loan / Auto Loan sales team visit the customer's place, staff capture the KYC details, particulars of income and deductions and details of proposed property on the tab. Based on data furnished and cost of project, applicant will be advised on approx. housing loan amount and the EMI amount.

## IT - FOREIGN OFFICES

IT-FO provides round-the-clock round-the-year IT support to 153 Foreign Offices (FOs) of the Bank in 26 countries. These FOs use Finacle Core Banking application along with a host of add-on/surround applications like Finacle Treasury, ACE Pelican, SWIFT Connect, AMLOK, FNR etc. to meet all the regulatory requirements besides providing high class customer experience.

To provide a better and robust IT platform, currently all these FOs are being migrated to an upgraded improved version of Finacle Core Banking application. FOs in 17 countries have already migrated as on 31st March, 2015; the remaining FOs in 9 countries are to be migrated by August, 2015.

A number of major projects have been taken up for implementation viz. e-Trade, INB, Mobile Banking, Supply Chain Finance, Loan Origination/Management System, observance of Foreign Account Tax Compliance Act(FATCA) etc. which will go a long way towards further enhancing & reinforcing our foreign operations.

## ENTERPRISE DATA WAREHOUSE

### (1) Integration of Domestic and Overseas Exposure

With a view to have MIS for single view of exposure (fund/non-fund based credit, Non-SLR investment and derivative exposure), EDWP has integrated domestic and overseas credit exposure on individual borrower as well as group for both domestic and overseas operations (both on and off balance sheet for credit risk management). This is to be updated at monthly intervals. Under the project, integration has been done for customers of all 18,200+ domestic branches and 180+ overseas branches. The exposure can be viewed across various dimensions like Borrower Constituent, Retail /Corporate, Asset Class, Facilities, etc. Written off and restructured accounts of individual customer as well as group customers has also been taken into account under the project.





## (2) Customer One View (COV)

With large customer base and wide variety of products, Bank faced challenges in Customer Relation Management, Customer Service and came up with a solution named Customer One View (COV). The COV aims to provide 360 degree view of retail and corporate customers. It helps Bank to understand customer profile and serve accordingly. To meet this objective, DWP gathers data from various sources of Bank as well as from different subsidiaries and then process (massage/scrub) it to produce information nuggets on Customer portfolio/profitability/Risk grade/Next Best Product etc.

## (3) COV Integration with CBS

COV is integrated with CBS to enable frontline staff to meet customer expectation by offering next best product and tap cross selling business opportunities by leveraging core strength of Data Warehouse Data repository & advanced analytics. Salient features are as under-

- ▶ Web services deployed at CBS & DWP end
- ▶ New menu button "COV" has been introduced in CBS B@ncslink.
- ▶ Customer portfolio and Next Best Product available on a click to Teller.
- ▶ Acceptance/Rejection of the offer is recorded.

## PAYMENT SYSTEM GROUP (PRE-PAID CARDS)

Prepaid cards are issued in both INR and Foreign Currency. Different variants of INR Prepaid cards such as Ez Pay cards; Gift cards; Smart Payout cards; Quick Pay Cards; Imprest Cards; Achiever Cards; etc are issued to individual & corporate customers. State Bank Foreign Travel Cards are available in eight foreign currencies namely the Japanese yen, the Canadian dollar, the Australian dollar, the Saudi riyal, the Singapore dollar, the U.S. dollar, the Euro and the British pound, providing safety, security and convenience to overseas travellers. In FY2015, we have issued 24,555 Foreign Travel cards and approximately 231,000 INR prepaid cards.

## NETWORKING

State Bank Connect is the Bank's secure and robust principal connectivity platform and is the backbone of its overall technology infrastructure. The State Bank Connect primary point-to-point links have recently been migrated to Multi Protocol Level Switch (MPLS) architecture for ensuring higher uptime and dynamic upgrade of bandwidth. The Bank and its Associate Banks are dependent on State Bank Connect to support business-critical applications such as the Bank's core banking application, trade finance software, ATMs, payment systems, cash management software, corporate email and internet portals

## CORPORATE WEB AND MAIL SERVICES

Internal Social Media "SBI Aspirations" a collaboration platform designed to empower the Bank's employees to be more innovative, productive, and knowledgeable and to generate new ideas was launched on 1st July, 2013. It is a platform that empowers employees to develop, nurture and remain in contact with network of other colleagues, sharing knowledge, ask queries using forum and discuss new creative ideas within communities.

With a view to popularise the SBI Aspirations platform, we have introduced a number of initiatives like The Best Blog contest, quizzes, creation of new communities, Photo-vote contest etc., Further the platform was integrated with Knowledge Helpline & HR portals. The Best Blog Contest generated a lot of buzz amongst employees and encouraged people to start participating on this platform. The photo-vote contest #InOneYear saw a total of 444 people joining this contest community and 450 people adding a profile photo to their profile. The photo-vote contest was also successful in getting 349 photos uploaded and 3446 likes in total.

The platform was made available to all the foreign office employees and also for the local based officials in Foreign office.

## EXTERNAL SOCIAL MEDIA

Bank has marked its presence on External Social Media sites like Facebook, Twitter and YouTube for listening to and engaging with the young generation customers. We have achieved great response to our pages on these social media portals.



## **(1) YouTube**

Our YouTube channel which was launched on 23rd January, 2014, is the leading YouTube channel amongst all Indian banks in terms of subscriber base. We have uploaded more than 120 videos on our YouTube channel. Currently it has over 6,500 subscribers; way ahead of other bank channels which have had their presence on YouTube for over 4 to 5 years. Also our channel has garnered around 3.50 lakhs views implying the fact that the digital audience is liking our content.

## **(2) Facebook**

Our Facebook Page was launched on 7th November, 2013. Our Facebook Page reached its 1 million fans milestone within 15 months of its launch and in just another 2.5 months we crossed the 2 million Fans mark. We are ahead of Kotak Mahindra Bank, Citibank, IDBI Bank and YES Bank, all of whom have been on this social networking site for at least 4 to 5 years.

During the course of this year we had taken a number of initiatives to engage with audiences on this social platform. We have conducted various quizzes and contest on the themes like FIFA World Cup, Savings Mantra, Photo-vote contests etc.

## **(3) Twitter**

Our Twitter handle was launched on 4th April, 2014. Today we have more than 1.30 lakh followers of our handle. Our Twitter handle crossed the 1 Lakh followers mark in March, 2015; within 11 months of its launch and it is the second highest followed handle amongst all Indian Banks, who have been on Twitter for over 3 or 4 years, such as ICICI Bank, HDFC Bank, Axis Bank, IDBI Bank & Kotak Mahindra Bank. Our Handle was certified as a Verified Handle by Twitter within 10 months, while some other bank handles with more than 4 years of presence are yet to get Verified Status. We have conducted various quizzes and contests on Twitter promoting our products and services. We have also extended the use of hashtags (#) to gain more visibility

We also are in talks about launching our official pages on other networking sites like GooglePlus and LinkedIn. Also we are evaluating how Social Media can be leveraged for business productivity by targeted advertising of our products and services.

## **DIGITAL BANKING**

With an objective of becoming the pioneer in “Next Generation Banking with a difference” and enhancing the value proposition for our Retail Customers, 7 Digital Banking Outlets (DBOs) under the sub-brand “sbilNTOUCH” have been opened during the year.

## **DEVELOPMENT CHANNEL**

### **(1) ATM Card Limit/Channel/Usage Modifications Through INB**

A facility has been provided to State Bank Group customers in Internet Banking for modifying the daily limits (ATM, POS/PG) of ATM Card, disabling/enabling of channel (ATM, POS, PG), disabling/enabling of usage (domestic, international).

### **(2) Cardless Deposit**

This facility is available for walk-in depositors of the bank to deposit money in any account maintained with us. Deposit menu will be invoked by touching the CDM screen. The walk-in customers will simply enter his/ her own mobile number, beneficiary mobile number and key-in the beneficiary account number. Once accepted, cash will be scanned, counted and verified, Beneficiary will receive SMS on his registered mobile number on successful cash deposit.

Transactions are limited to ₹49,900 or maximum of 200 pieces of notes. The facility is currently available across 1,763 CDMs.

### **(3) State Bank Anywhere**

The latest initiative from the Bank comes to users in the form of a mobile smart phone application. The application State Bank Anywhere is now available on Android, iOS, Windows, and Blackberry platforms. The behemoth internet banking offering of State Bank of India has been bundled to provide a complete suite of banking services to the users conveniently on the move through this innovation.

Features like mPassbook, on line issue of e-TDR, e-STDR, e-RD, Quick transfer using QR code through IMPS without beneficiary registration, RTGS funds transfer, credit card (VISA) transfers, Aadhar seeding to bank accounts have been provided.



In addition host of regular banking services such as balance enquiry, mini statement, cheque book requests, funds transfer in self and third party accounts, IMPS transfers, NEFT, transfers within SBI group, mobile top up and DTH recharge, Profile setting, refer a friend, feedback have been provided.

CINB module of the Banks Internet banking is being provided separate Application named as State Bank anywhere-Saral.

To reach a wider audience segment, Hindi version of State Bank Anywhere in the name "State Bank Kahin Bhi" has also been launched. The Hindi version will make the usage of mobile banking more easy and comfortable for a larger number of customers.

### **SBI FINDER:**

To facilitate users to easily find SBI ATMs, CDMs, Branches and E-corners in an area within the specified radius, a customer convenience smart phone application "SBI Finder" has been developed and rolled out on Android and iOS platforms. It provides directions to reach the SBI ATMs, CDMs, Branches and E-corners located within a specified radius of customer's current location using GPS.

### **SBI HOLIDAY CALENDAR:**

With a view to display Bank's holidays in different States / Circles of the Bank, SBI Holiday Calendar customer convenience application for smart phone on Android and iOS platforms is available.

### **CORE DEVELOPMENT**

Key developments during FY2015 were:

#### ***Integration of e-KYC with account opening in CBS:***

The Aadhar based attributes are verified from UIDAI database and certified for this purpose. This development will help the customers in opening their accounts with our Bank without having to produce physical copies of their identification documents to the Bank branch.

#### ***New screen provided to branches to enter the details for LPG-ID registration in CBS:***

This has been done to facilitate the customers who do not have Aadhar numbers. They can still link their account to the LPG\_ID for the purposes of availing the subsidy.

#### ***Automatic seeding of Aadhar number to newly opened accounts under Financial Inclusion:***

In all those accounts which are opened on the basis of Aadhar card / details submitted by the customer, the Aadhar number will be automatically linked to the account thus opened.

#### ***RBI's KYC Compliance:***

Notices were generated and sent to all the KYC non-compliant customers in March, 2015, as specified by RBI.

#### ***Updation of correct Mobile Numbers:***

Functionality developed to notify the teller about missing or invalid mobile number for a customer whenever his account is transacted in CBS application to enable him/her to capture / correct the same. This will help the branches to update the CBS data with the latest mobile number of the customer, as the mobile number is required for sending various types of SMS's to the customers.



## TECHNOLOGY AWARDS

### Exhibit 41: List of Awards received during FY2015

Award	Category	Received in
SAP Ace Award	Best Run Pay Roll	August, 2014
IDRBT Awards 2014	Best Bank Award for Use of Technology for Financial Inclusion	October, 2014
	Best Bank Award for Electronic Payment Systems	October, 2014
Finnoviti 2015 Award	Analytics at SBI	January, 2015
	Performance Planning & Budgeting at SBI	January, 2015
Global Finance	Best Trade Finance Bank 2015 - India	January 2015
CSI Excellence in IT Awards 2014. (Special Mention Award)	Banking Financial Services & Insurance	February, 2015
IBA Banking Technology Awards 2015	Best Technology Bank of the Year	February, 2015
	Best Use of Data	
	Best use of technology to enhance customer experience-shared with Union Bank of India	
	Best use of digital and channels technology	
	Best use of technology for leveraging technology in Training & Human resources, e-learning initiatives	
	Best Payment initiatives - Runner up	
CIBIL Award 2014-15	Data Quality	March, 2015

## 5. BUSINESS PROCESS RE-ENGINEERING

During FY2015, SBI has made several improvements to its Business Processes as an on-going exercise for meeting the highest principles of excellence. These include the following:

- ▶ Productivity benchmarks for various processing centres
- ▶ Rightsizing of Networks and Zones for creating a structure that is more enabling & efficient.

- ▶ Cost Control, under Project Stationery Management, is being implemented by reducing and rationalising registers/ forms & introduction outsourcing model for stationery management.
- ▶ PPOs have been digitised for easy access, efficiency & productivity of the operating staff.
- ▶ Centralisation of cheque book printing is being implemented to reduce printing cost.

## 6. VIGILANCE

The essential function of the Bank's Vigilance Administration is not only to check the non-compliance of systems and procedures and initiating suitable disciplinary action against serious transgressions, but also to devise and implement various preventive measures by reviewing the systems and processes to ensure higher effectiveness and least vulnerability.

The concept of vigilance as an investigative process and an exercise for punitive action has over time evolved to that of 'Vigilance for Corporate Growth', the emphasis getting shifted from punitive vigilance to 'Preventive and Proactive Vigilance' through an active participation of all concerned. Some of the Bank's important preventive measures comprise the following:

- ▶ Preventive Vigilance Committee (PVC) Meetings are being held at the branches and the BPR outfits at quarterly intervals.
- ▶ Under Whistle Blower Scheme, our staff members are expected to advise appropriate authorities about irregular and unethical practices, if any, being indulged in by colleagues and even seniors.
- ▶ Suomoto investigations are conducted at fraud and complaint prone branches. The primary aim of such investigations is to find out non-adherence to the systems and procedures by the branch, which may lead to perpetration of fraud in future. Suitable corrective measures are initiated to stop irregular practices, if any, brought out in the report.

During FY2015, 1,109 cases of officers were taken up for examination under the vigilance category, compared to 1,024 cases during the previous financial year, and closed 1,126 cases in FY2015 in comparison to 1,063 cases closed during FY2014



## 7. OFFICIAL LANGUAGE

The Bank made unprecedented efforts in the area of implementation of Official Language Policy and launched Mobile banking application in Hindi named 'STATE BANK KAHIN BHI' during the fiscal year for their customers. This has the facility for making all type of banking transactions in Hindi on mobile phone. Within 6 months of its introduction almost 15 lakhs users have downloaded this app and got a rating on an average of 4.4 out of 5.

All the ATMs of the bank have the option of all the major regional languages, official language Hindi and English. Thus the customers can make transactions in their language of choice.

During FY2015, SBI launched a new corporate website in Hindi and all other websites of the bank including Corporate and internet banking websites in Hindi are being updated at regular intervals. This is another initiative of SBI in widening and strengthening its relationship with customers.

Bank's Security Manual and RTI Manual are brought out in Hindi also. A compilation of training material in Hindi named 'Hindi Prashikshanavali' has been brought out during the fiscal year to help staff members use Hindi in their day to day operations.

Notable progress has been made in the work of bringing Bank's HRMS portal on Hindi platform in a phased manner. Standard E-mails emanating from HRMS department for more than 2,00,000 employees of the Bank every month have been started in bilingual i.e. Hindi and English.

### AWARDS:

- ▶ Indira Gandhi Rajbhasha Shield 2014 (Honorable President of India Shri Pranab Mukherjee has given the shield on 14th September, 2014 at Vigyan Bhavan, New Delhi),
- ▶ RBI Hindi Journal Shield (Received from Governor, RBI, Dr. Raghuram G. Rajan), and
- ▶ Best Bank Town Level Official Language Implementation Committee award which was given to our Lucknow, Siliguri and Thiruvananthapuram town committees by Honourable Governors of respective states.

## 8. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Responsiveness to the needs of the society and responsibility to meet those needs is ingrained in the ethos of our Bank. CSR is not an isolated practice or initiative for the Bank but runs through its entire business paradigm. Our CSR activity touches the lives of millions of poor and needy across the length and breadth of the country. CSR is embedded in many of our business initiatives and has been practised in State Bank of India since 1973, under Community Services Banking covering various social, environmental and welfare activities. The Bank has a comprehensive Corporate Social Responsibility (CSR) Policy, approved by the Executive Committee of the Central Board in August 2011 and earmarks 1% of the previous year's net profit as CSR spend budget for the year. The CSR budget for the FY2015 was ₹109 crores. Against this budget, the actual CSR spend was ₹115.80 Crores during FY2015.

### FOCUS AREAS OF OUR CSR ACTIVITIES ARE:

- ▶ Supporting education.
- ▶ Supporting healthcare.
- ▶ Supporting sanitation.
- ▶ Livelihood creation.
- ▶ Assistance during natural calamities like floods/droughts etc.

### CATEGORY WISE CLASSIFICATION:

#### Exhibit 42: Category wise Classification

Category	Amount (₹ in crores)
Supporting Healthcare	28.56
Supporting Education	41.20
Sanitation	13.64
Vocational training/Livelihood	24.24
Others	4.16
Natural calamities	4.00
<b>Total</b>	<b>115.80</b>



## SUPPORTING EDUCATION

Technology is a vital part of the modern education. To support school education especially in the schools for the under privileged children, Bank has provided large number of computers across the country during FY2015 at a spend ₹7.21 crores.

Infrastructure support by way of furniture, scientific instruments and other educational accessories and donation of large number of school buses/vans for the benefit of physically/visually challenged children and children belonging to economically weaker section of society have been provided by all our Circles.

## SUPPORTING HEALTHCARE

To help in delivering quality healthcare, particularly to those belonging to underprivileged and economically weaker sections of the society and also to respond to the need of quick shifting of critical patients to hospitals, Bank has donated 79 ambulances and medical vans in rural and semi urban centres of various States and Union Territories. Further, Bank has donated various medical equipment to Eye Hospitals, Blood Banks and Cancer Hospitals. Major spend under healthcare was assigned to cancer detection & prevention.

## SUPPORTING SANITATION

Participating in the National endeavour of Swachh Bharat Mission, Bank has supported reputed NGOs for construction of toilets in needy schools especially girls schools under 'Swachh Vidyalaya Campaign'. During 2014-15, Bank has donated ₹13.64 crores for construction of 435 toilets in 398 schools in nine districts.

## LIVELIHOOD CREATION

For skill building of the rural youth, Bank has provided infrastructure support of ₹21 crores to 24 Rural Self Employment Training Institutes (RSETIs). At present 117 RSETIs are being run by the Bank, which is the highest number of RSETIs established by any Bank in the country. RSETIs of the Bank are rendering yeoman service in skilling the rural youth under CSR.

## SBI YOUTH FOR INDIA

SBI Youth for India is a unique Indian rural fellowship Programme initiated, funded and managed by State Bank of India (SBI) in partnership with reputed NGOs of the country. It provides a framework for India's bright young minds to join hands with rural communities,

empathizes with their struggles and connects with their aspirations. The selected fellows, mostly from the urban areas and from some of the top institutes/corporates work with experienced NGOs on challenging grass root development projects.

## ASSISTANCE DURING NATURAL CALAMITIES

Your Bank has always been at the forefront to help the States affected by natural calamities. During the FY2015, the Bank has lent its helping hand to the States of Jammu & Kashmir and Andhra Pradesh with a donation to the Chief Minister's Relief Fund of the respective States to provide succour to the people affected by flood/cyclone.

## HONOURS AND AWARDS: SCALING NEW HEIGHTS OF ACCOLADE FOR CSR

CSR activities of the Bank during the year FY2015 have received wide attention and appreciation. This year witnessed the highest number of awards (25 awards) for the Bank which includes its CSR achievements.

### THE COVETED AWARDS INCLUDE:

- ▶ Golden Peacock Award for Sustainability, London.
- ▶ Golden Peacock Award for Corporate Social Responsibility, Mumbai
- ▶ Indo- American Chamber of Commerce Best Bank Award, Mumbai
- ▶ Global Finance Magazine, New York ' Best Emerging Markets Bank in Asia Pacific 2015' Award
- ▶ World Branding Forum, London 'Brand of The Year Award'
- ▶ BFSI ' Environmental Award, Singapore
- ▶ CMO Asia Award for Best CSR Practices, Mumbai
- ▶ Business World Magazine 'Socially Responsible Bank' Award, Mumbai.
- ▶ Golden Globe Tigers Awards for CSR best Practices & Innovations in CSR. - Kuala Lumpur.

## GREEN INITIATIVE

State Bank of India, in its constant endeavour to enhance the sustainability of the environment and cutting down on consumption of paper, has encouraged our shareholders to receive the Bank's Annual Report in electronic form (eAR). In order to incentivize the switch over to electronic mode by the shareholders, it was decided by the bank to contribute a nominal sum to a charitable cause for each annual report sent to shareholders.



In recognition of the support and acceptance of eAR by shareholders in FY2014, the Bank has contributed ₹3.09 crores, representing ₹100/- for each eAR, to the SBI Children's Welfare Fund, which is dedicated towards improving the lives of underprivileged and downtrodden children.

The Bank has also taken proactive steps to reduce the direct impact of its operations on the environment. From recycling programs to energy conservation in offices and branches, the Bank is working to reduce its operational footprints on the environment. Some of the measures introduced are:

- ▶ Wind based power projects commissioned and the power generated from these projects power Bank's branches/offices in the States of Maharashtra, Gujarat and Tamil Nadu.
- ▶ Installed Solar ATMs, introduced Green Channel Banking (Paperless Banking)
- ▶ Initiated a pilot project to determine the Carbon footprint levels, which will help in determining the Bank's resource consumption pattern and enable the Bank to take effective steps to implement various measures for sustainable usage in a cost effective way.

- ▶ The Bank has put in place SMART i.e. Specific, Measurable, Achievable, Realistic and Time bound Green Banking Goals, some of which have obtained star rating at all Local Head Office premises from Bureau of Energy Efficiency. Construction of 'Green' buildings, waste water treatment plants, programs to sensitize staff on energy savings are some of the other initiative taken.
- ▶ The recycling plant housed at the basement of the SBI Bhavan converts the waste generated to compost which is used at State Bank Bhavan and State Bank residential quarters.
- ▶ Over 54,000 SBI group ATMs and Cash Deposit machines (CDMs) ensure reduced consumption of paper at Branches.
- ▶ Committed to financing of renewal energy projects (solar) to the tune of 75,000 crores over the next 5 years in view of GOI target for generation of 10,000 MW from renewable energy by 2019 subject to viability/feasibility and other laid down criteria pertaining to financing such projects.
- ▶ Tree plantation drive undertaken during monsoons across all Circles and more than 450,000 trees planted during last three years.
- ▶ Rainwater Harvesting Projects have been implemented in a number of Bank's Buildings across the country.



Donation of "Ventilator for Newly Born Babies" to Sasoon Hospital, Pune



Donation of Medical Van to 'Leprosy Mission Trust India' New Delhi.



# V. Associates and Subsidiaries

As a part of mission to provide the entire gamut of financial services across India, the State Bank Group, with a network of 22,887 branches (including 6,554 branches of five Associate Banks), in addition to banking services, the Group, through its various subsidiaries, provides a whole range of financial services, including Life Insurance, Merchant Banking, Trustee Business, Mutual Funds, Credit Card, Factoring, Security trading, Pension Fund Management, Custodial Services, General Insurance (Non Life Insurance) and Primary Dealership in the Money Market.

## Associate Banks

The five Associate Banks of SBI had a Market share of 5.22% in deposits and 5.66 % in advances approximately as on 31st March 2015. Associate Banks together have 8,561 number of ATMs, which are shared by entire State Bank Group.

Exhibit 43: The performance highlights of the Associate Banks as on 31st March, 2015

(₹ In crores)

S. No	Name of the Bank	SBI Share of ownership	Total Assets %	Agg. Deposits	Total Adv.	Op. Profit	Net Profit	CD Ratio	CAR %	Gross NPA %	Net NPA %	Return on Equity %	
		Investment	%										
1	State Bank of Bikaner & Jaipur	676.12	75.07	102302	83237	71153	2104	777	85.48	11.57	4.14	2.54	12.92
2	State Bank of Hyderabad	367.55	100.00	154503	131194	108753	2914	1317	82.89	11.26	4.58	2.24	13.73
3	State Bank of Mysore	628.63	90.00	79469	65058	53296	1331	409	81.92	11.42	4.00	2.16	9.40
4	State Bank of Patiala	1659.10	100.00	116709	91987	80648	1599	362	87.67	12.06	5.41	3.88	5.41
5	State Bank of Travancore	505.85	78.91	105595	90328	69907	1372	336	77.39	10.89	3.37	2.04	6.65

## Awards and Accolades

- ▶ State Bank of Bikaner & Jaipur was awarded the “Social Banking Excellence Award: 2014: Public Sector Banks Category” by ASSOCHAM.
- ▶ State Bank of Hyderabad Bank has received “Best Bank (Public Sector) Award instituted by ABP News.
- ▶ State Bank of Mysore was awarded Best Bank Award for Tech Savvy – by Chamber of Indian Micro, Small & Medium Enterprises, New Delhi
- ▶ State Bank of Patiala has received “ Best Bank Award For New Initiative- Runner Up” from Chamber of Indian Micro Small and Medium Enterprises (CIMSME) New Delhi.

## Subsidiaries

Exhibit 44: Non Banking Subsidiaries

(₹ in crores)

S. No	Name of the Subsidiary Company	Ownership (StateBank interest)/crores	% of Ownership	Net Profit (Losses) for the FY2015
1	SBI Capital Markets Limited (Consolidated)	58.03	100	334.10
2	SBI DFHI Limited	139.15	63.78 *	92.55
3	SBI Mutual Fund Trustee Company Private Limited	0.10	100	0.94
4	SBI Global Factors Limited	137.79	86.18	(46.23)
5	SBI Pension Funds Private Limited	18.00	60*	1.99

\* Group holding of SBI Pension is 100% (SBI MF and SBI Capital 20% each) and SBI DFHI 72.17% (ABs 5.27% and SBI Capital 3.12%).





Exhibit 45: Non Banking Subsidiaries: Joint Ventures

(₹ in crores)

S. No	Name of the Subsidiary Company	Ownership(StateBank interest)/crores	% of Ownership	Net Profit (Losses) for the FY2015
1	SBI Funds Management Private Limited	31.50	63	163.43
2	SBI Cards & Payment Services Private Limited	471.00	60	266.70
3	SBI Life Insurance Company Limited	740.00	74	820.04
4	SBI-SG Global Securities Services Private Limited	52.00	65	5.69
5	SBI General Insurance Company Limited	150.22	74	(105.33)
6	GE Capital Business Process Mgt. Services Private Limited	10.80	40	31.03

## A. SBICAPITAL MARKETS LIMITED (SBICAP)

SBICAP is India's leading investment bank, offering financial advisory services to varied client base across three product groups – Infrastructure, Non- Infrastructure and Capital Markets (equity and Debt). These services include Project Advisory, Loan Syndication, M&A, Private Equity and Restructuring Advisory.

On a standalone basis, SBICAP posted a PBT of ₹507.90 crores during the FY2015 as against ₹388.89 crores during the FY2014 and a PAT of ₹338 crores in FY2015 against ₹265.47 crores in FY2014.

SBICAP and its 5 subsidiaries together, posted a PBT of ₹509.59 crores during the FY2015 as against ₹389.65 crores during the FY2014 and PAT of ₹334.10 crores during FY2015 as against ₹262.37 crores in FY2014.

SBICAP declared 430% dividend in FY2015 against ₹260% in FY2014.

As a leader in its space, SBICAP has attained recognition in the form of some of the most prestigious awards in the industry namely,

### Awards:

- ▶ IFR Asia Regional Awards High Yield Bond - Tata Steel's US\$1.5 billion dual -tranche senior notes.
- ▶ Asiamoney - Regional Capital Markets Awards - Best High Yield Bond- Tata Steel \$ 1.5 billion dual tranche senior bond.

### Rankings:

- ▶ No.1 Mandated Lead Arranger in Asia-Pac Ex-Japan Loans League Tables 2014, with Market share of 8.4% as per Bloomberg.

- ▶ No.1 Book Runner Asia-Pac ex-Japan Loans - market share 12.5% as per Bloomberg.
- ▶ No.1 India Loans Mandated Arranger (INR)- Markets Share 75.5% as per Bloomberg.
- ▶ In the India Loans MLA Tables SBI tops the list with market share of 57.3% as per Bloomberg.
- ▶ No.1 Book Runner Asia Pacific & Japan with market share of 14.6% as per PFI Thomson Reuters League table.
- ▶ Ranked No.1 MLA with 7.2% market share in the Dealogic Global Project Finance League Laos rankings 2014.
- ▶ No.1 MLA Asia Pacific Project Finance Loans (19.6%) as per Dealogic.
- ▶ No.1 Asian Project Finance Loans with 28.9% market share as per Dealogic.

## 1. SBICAP Securities Limited (SSL)

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

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 7.80 lakhs clients in March, 2015. The Company has booked gross revenue of ₹114.01 crores during FY2015 as against ₹79.02 crores in FY2014.

SSL was awarded appreciation certificates from National Stock Exchange of India for being a Top Performing Member in "Gold ETF mobilization" and "New Client Enrollment".



## 2. SBICAPS 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 sponsor the "Neev Fund" to be managed by SBICAP Ventures Limited SVL will act as the Asset Management Company.

The Funds 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).

## 3. SBICAP (UK) LIMITED (SUL)

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

## 4. SBICAP (SINGAPORE) LIMITED (SSGL)

SSGL, a wholly owned subsidiary of SBI Capital Markets Limited, which commenced business with effect from December 2012. Company has posted Net Profit of ₹7.51 crores during FY2015 as against Net loss of ₹ 2.81 crores during FY2014.

## 5. SBICAP TRUSTEE CO. LIMITED (STCL)

SBICAP Trustee Co Ltd (STCL), a wholly owned subsidiary of SBI Capital Markets Limited, which commenced security trustee business with effect from 1st August 2008, has posted Net Profit of ₹11.16 crores during FY2015 as against ₹8.81 crores during FY2014. It has made available a facility for online creation of will.

## B. SBI DFHI LIMITED (SBI DFHI)

SBI DFHI Ltd 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 ₹92.55 crores in FY2015 as against ₹60.70 crores in FY2014.

The market share of SBI DFHI was 3.03% amongst all market participants and 16.18% amongst Standalone PDs as on March, 2015.

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

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

SBICPSL is 3rd largest in the industry in terms of Cards in force with 15% market share with a base of 31.58 lakhs as at March, 2015 as compared to 15% market share with a base of 28.58 lakhs as at March, 2014. Company has 11.2% market share in terms of spends in FY2015 against 11% in FY2014.

The company's net profit during the year FY2015 is ₹266.70 Crores. Company has wiped out its accumulated losses and declared dividend in FY2015. SBI Card launched SytleUP Card, a new Co-branded Card in partnership with Fashion at Big Bazaar (A Future Group Enterprise) in December, 2014 and Mumbai Metro Card in March, 2015. SBI Cards has been awarded Gold in the category "Credit Cards" in the Readers Digest Trusted Brand Survey 2015.

## D. SBI LIFE INSURANCE COMPANY LIMITED (SBILIFE)

SBI Life Insurance Company Limited is a Joint Venture between State Bank of India and BNP Paribas Cardif in which SBI holds 74% stake. SBI Life has a unique multi-distribution model comprising Bancassurance, Retail Agency, Alternate, Group Corporate and Online Channels for distribution of insurance products.

Market share in New Business Premium (NBP) among all private players as on March, 2015 is 15.9%. SBI Life recorded 10.81% YOY increase in PAT to ₹820 crores in FY2015 against ₹740 crores in FY2014. The 'Assets under Management' of SBI Life recorded a YOY growth of 21.99% to reach ₹71,339 crores as on 31st March 2015. The company has been ranked No. 1 in the industry in (NBP) during FY2015 among all Private Insurance players.



Leveraging wider reach achieved through its 750 branch network, SBI Life has systematically brought large rural areas under insurance. The company has sold 22% of total policies in this segment in FY2015. A total of 65,745 lives covered by the company are from the underprivileged social sector. The Company has been substantially exceeding the minimum social and rural regulatory norms.

In FY2015, SBI Life reinforced its outreach initiatives in the realm of child welfare, across different parts of the country, in line with its approved CSR goals. The company has extended its support to nurture not only the educational aspirations of the children but also providing for their physical well-being. Significant measures have been taken to aid the provision of better infrastructure and healthcare facilities to remote areas of the country to ensure that all sections of the society gets an equal opportunity to sustain them in a healthy environment.

### Awards and recognitions

- ▶ Best Training Provider of the Year.
- ▶ Best Practice in Learning Transfer for Improving Business Bottom Line.
- ▶ Plaque for commended Annual Report from Institute of Chartered Accountants of India (ICAI) for Excellence in Financial Reporting, 2013 -2014.
- ▶ 3 Awards at World HRD Congress 2015.
- ▶ Award for Excellence in HR through Technology .
- ▶ Award for Best HR Strategy in line with business .
- ▶ Award for Managing Health at work .
- ▶ FINNOVITI - Digital Innovation Award for Connect Life.
- ▶ Inspiring Work Place Award 2014 in BFSI.
- ▶ 'Platinum Award for Excellence in Life Insurance' by Skoch Financial Inclusion and Deepening Awards 2014.
- ▶ Indian Insurance Awards 2014 for 'Non-Urban Coverage-Life Insurance'.
- ▶ Best Life Insurance Company Award by Asia Banking, Financial Services and Insurance Excellence 2014.
- ▶ The Most Admired Life Insurance Company and the Best Life Insurance Company in the Private Sector, in the BFSI 2014 Awards.
- ▶ Most Trusted Private Life Insurance Brand by The Economic Times, Brand Equity and Nielsen Survey for four consecutive years.
- ▶ Golden Peacock National Training Award, 2014.

- ▶ Innovation Awards by BNP Paribas Cardif for 'Online Recruitment Solutions' and for 'Creating New Markets using existing products: QROPS'.

These awards are a testimony to SBI Life's quality and commitment towards customer centricity and professional excellence

While the focus at SBI Life during FY2014 was to revamp entire product portfolio to comply to revised IRDAI regulations; in FY2015, it shifted back to designing specific products to cater to the changing market requirements. To fill these gaps and to provide products as per customer needs, SBI Life introduced various products such as: SBI Life - Guaranteed Savings Plan, a guaranteed income plan; SBI Life - Smart Income Protect, life insurance savings plan with regular cash inflows;; SBI Life - Smart Champ Insurance, a child insurance plan and SBI Life - Suraksha Plus, a group term insurance plan.

### E. SBI FUNDS MANAGEMENT PRIVATE LIMITED (SBIFMPL)

SBIFMPL, the Asset Management Company of SBI Mutual Fund, is the 6th largest Fund House in terms of Average "Assets Under Management" and a leading player in the market with over 4 million investors.

SBIFMPL posted a PAT of ₹163.43 crores in FY2015 as against ₹155.57 crores earned during FY2014.

The average "Assets Under Management" (AUM) of the company during the quarter ended March, 2015 stood at ₹72,942 crores with market share of 6.30%.

The Company has a fully owned foreign subsidiary namely SBI Funds Management (International) Private Limited, which is based at Mauritius and manages Off-shore Fund. SBI Funds Management (International) Private Limited is a 100% subsidiary of SBIFMPL.

### F. SBI GLOBAL FACTORS LIMITED (SBIGFL)

SBIGFL is a leading provider of factoring services for domestic and international trade. SBI group holds 86.18 % share in the Company. 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.



Notwithstanding challenges in growing top line and improving asset quality in the prevailing economic slowdown, the Company registered an operating profit of ₹49.78 crores during FY2015.

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

## **G. SBI PENSION FUNDS PRIVATE LIMITED (SBIPF)**

SBIPF is one of the three Pension Fund Managers (PFM) appointed by Pension Fund Regulatory & Development Authority (PFRDA) for management of Pension Funds under the National Pension System (NPS) for Central Government (except Armed Forces) and State Government employees.

SBIPF, a wholly owned subsidiary of the State Bank Group, commenced its operations from April, 2008. The total "Assets Under Management" of the company as on 31st March, 2015 were ₹31,407 crores (YOY growth of 69 %) against ₹18,624 crores in FY2014.

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 73 %, while in the Government sector it was 35 %. The company maintained its number 1 rank in both Private Sector and Government Sector.

## **H. SBI GENERAL INSURANCE COMPANY LIMITED (SBIGIC)**

SBIGIC is a joint venture between State Bank of India and IAG Australia in which SBI holds 74% stake. The company's strong focus is on disciplined pricing, fair and transparent claims management practices.

The cornerstone of the company's growth aspiration will be focussed on the banca channel whilst selectively developing alternate channels and products that meet our business objectives.

Gross Written Premium (GWP) stood at ₹1580 crores for FY2015. Company recorded 33% growth in GWP YOY against an industry growth of 9%.

Overall market share among all insurance companies (including Govt companies) increased from 1.5% to 1.9% and in 3.5% to 4.1% among private players.

Improved in market ranking – overall to 13th from 18th in FY 2014 and to 8th in FY2015 from 12th among the private players.

SBIGIC occupies 2nd position in "Personal Accident" at an overall industry level and 2nd position in Fire among Private Insurers.

### **Awards and recognitions**

- ▶ Winner - iCMG (inter Company Marketing Group) Excellence Award for Enterprise Architecture in 2014.
- ▶ Runner-up – IAIDQ Data Quality Asia Pacific Award 2014.
- ▶ iAAA rating from ICRA for claim paying ability.

## **I. SBI SG GLOBAL SECURITIES SERVICES PRIVATE LIMITED (SBISG)**

SBISG, a joint venture between State Bank of India and Societe Generale, was set up to offer high quality custody and fund administration services to complete the bouquet of financial services on offer by a financial conglomerate.

SBISG commenced commercial operations in Custody in May 2010 and Fund Accounting Services in Sept 2010.

Company's Net profits in ₹5.69 crores in FY2015 as against ₹0.21 crore in FY2014.

The Assets Under Custody as on 31st March, 2015 rose to ₹169,587 crores as against ₹1,15,701 crores on 31st March 2014, while the Assets Under Administration were at ₹79,090 crores in FY2015 as against ₹62,901 crores in FY2014.



## 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 the Bank as on the 31st March 2015, and of the profit and loss of the 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 the 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 the 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.

## Acknowledgement

During the year, Shri Hemant G. Contractor and Shri S. Vishvanathan, Managing Directors, retired on attaining superannuation on 30th April, 2014. Shri Deepak I. Amin nominated u/s 19(d) by the Government has resigned from the Board w.e.f. 8th May, 2014. Sarvashri S. Vankatachalam, D. Sundaram, Parthasarathy Iyengar and Thomas Mathew retired from the Board w.e.f. 24th June, 2014 consequent upon completion of their term. Shri G. S. Sandhu retired from the Board w.e.f. 10th November, 2014. Shri J. B. Mohapatra retired from the Board w.e.f. 21st November, 2014 consequent upon completion of his term. Shri A. Krishna Kumar, Managing Director, retired from the board w.e.f. 30th November, 2014 consequent upon superannuation.

Shri Sanjiv Malhotra, Shri M. D. Mallya, Shri Sunil Mehta and Shri Deepak I. Amin were elected as Shareholder Directors under section 19(c) w.e.f. 26th June, 2014. Shri B. Sriram and Shri V. G. Kannan were appointed as Managing Directors under section 19(b) w.e.f. 17th July, 2014 on the Board. Dr. Hasmukh Adhia was nominated as Director under section 19(e) on the Board w.e.f. 11th November, 2014.

The Directors place on record their appreciation of the contributions made by the respective outgoing Directors, namely, Shri Hemant G. Contractor, Shri S. Vishvanathan, Shri S. Venkatachalam, Shri D. Sundaram, Shri Parthasarathy Iyengar, Shri Thomas Mathew, Shri J. B. Mohapatra, Shri G. S. Sandhu and Shri A. Krishna Kumar, to the deliberations of the Board. The Directors welcome the new Directors Shri Sanjiv Malhotra, Shri M. D. Mallya, Shri Sunil Mehta, Shri Deepak I. Amin, Shri B. Sriram, Shri V. G. Kannan and Dr. Hasmukh Adhia 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 of the dedicated and committed team of employees of the Bank.

For and on behalf of the  
Central Board of Directors

Date: 22nd May 2015

Chairman

