

a Root Cause Analysis of major areas of complaint and is utilising the findings for product and process improvement. It has also conducted a Customer Satisfaction Survey and a Depositor Satisfaction Survey and is working towards enhancing the customer experience based on the findings. Countrywide E-Town hall meetings at 523 centres were conducted to connect with customers and feedback was collected from the customers on products and processes.

To enhance the level of knowledge of the frontline staff and enhance customer experience, your Bank has introduced a mass knowledge enhancement programme, "Project Utkarsh", for its employees during the year. It has also introduced the "Customer Service Index" for categorizing branches on the basis of the level of customer service, which serves as a motivational factor for branches.

Your Bank is in the process of leveraging the CRM Tool to use analytics and artificial intelligence. SBI believes that these digital tools and technology can completely transform the customer experience in the days to come. It has onboarded two easy to remember 8-digit Contact Centre Toll-Free numbers (18001234 and 18002100) for ease of customers. It has also introduced a simplified IVR Menu (5\*5) for seamless, intuitive navigation to enhance customer experience. Your Bank has introduced six more Registered Mobile Number based services (on a pilot basis in two telecom Circles) from the Contact Centre (a total of 11 services), which have helped the clientele in these testing times.

Your Bank is also driving the PSB Doorstep Banking services, which provide ease of banking to customers. They can avail of several doorstep services, such as Account Statements, Cash withdrawal facility, and Life Certificate submission, among others, through the DSB Services.

#### G. Financial Inclusion and Government Schemes (FI&GS)

During the COVID-19 period, the Kiosk Banking Channel played a very important role in disbursement of government subsidies when movement to bank branches was restricted. Under the 9<sup>th</sup> and 10<sup>th</sup> Instalment of PM Kisan Samman

Nidhi, SBI processed 2.45 crore and 2.50 crore transactions, respectively, as Destination Bank in a single day on 09/08/2021 01/01/2022.

To enhance customer convenience and customer delight, the following new facilities were introduced during the FY 2021-2022:

- Cheque Book request and Stop Cheque request at CSP outlet: Facility to request for issuance of new cheque book and stop cheque request has been enabled at CSP outlet.
- ATM Card Blocking at CSP outlet: The facility of ATM card blocking at the CSP outlet has been enabled, giving customers one more avenue for ATM card blocking.

GOI Social Security Schemes related initiatives: Following initiatives for increasing coverage under social security schemes of GOI were rolled out:

- Revised Enrolment Forms to capture additional information about customers and nominees at CSP outlets.
- Development of a floater screen in the Kiosk channel to prompt uncovered customers to get PMJJBY and PMSBY cover, thus increasing coverage.
- SMS intimation to uncovered DBT/DBTL Beneficiaries for getting enrolled in PMJJBY/PMSBY/APY.

Voice Prompt has been enabled in Kannada, Oriya, Gujarati, Marathi, Bangla and Malayalam in addition to Hindi, English, Tamil and Telegu while performing transactions at CSP outlets. It acts as a risk mitigant for illiterate/semi-literate customers as they can hear the details of the transactions being performed in their accounts.

#### H. Trade Finance (TF)

Your Bank caters to our customers' e2e Trade Finance requirements – both Inland & Cross Border.

**Eximills Enterprise (EE):** EE is the centralised technology platform facilitating Trade Finance transactions, with average daily transactions ranging 15,000 – 16,000.

**EDPMS/IDPMS** reconciliation percentages are 96.88 and 95.41 by the end of FY2022, respectively, which is the best ever achieved.

**Customer Enterprise (CE/ e-Trade):** SBI e-Trade, also known as Customer Enterprise (CE), is a unique digital platform. It is a One-Stop, centralised application, seamlessly integrated with Eximills Enterprise and Core Banking System to satisfy the needs of corporate customers for their Domestic Trade Finance & International Trade Finance.

**Centralised SWIFT Interface Gateway (CSIG):** CSIG is a centralised messaging system for cross border transactions over the SWIFT network. It is an integrated web-enabled messaging software that runs centrally and is accessed by the interface channels and branches, facilitating the electronic exchange of financial and non-financial messages

**Fintra TFS (Trade Finance Solution) Project:** As part of the digitalisation and redesigning of trade finance processes, your Bank is centralising the processing of Trade Finance in two GTFCs (Global Trade Finance Centres) at Kolkata and Hyderabad. The project was pilot launched in November 2021 with the Inland LC module and is expected to be completed by FY 2022-23.

**Three-way Reconciliation Utility for SWIFT Transactions (TRUST):** This application acts as an outward SWIFT message aggregator and reconciliation system having appropriate control frameworks. It does a post-transaction check to ensure that underlying accounting entries exist in the Bank's books of accounts for all outward SWIFT messages sent. It also facilitates the daily independent Concurrent Audit for checking if the SWIFT messages generated from the source applications are reconciled 100% for all financial and non-financial messages.

### 3. Risk management

#### A. Risk Management Overview

Risk Management at your Bank includes risk identification, risk assessment, risk measurement and risk mitigation, with

its main objective being to minimise the negative impact on profitability and capital.

Your Bank is exposed to various risks that are an inherent part of any banking business. The major risks are Credit Risk, Market Risk, Liquidity Risk, and Operational Risk, including IT Risk.

An independent Risk Governance Structure, in line with international best practices, was put in place in the context of separation of duties and ensuring the independence of risk measurement, monitoring and control functions. The various risks across your 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 the operational and business unit levels are also in place.

### 1. Credit Risk Mitigation Measures:

Your Bank has put in place robust credit appraisal and risk management frameworks for identifying, measuring, monitoring, and controlling the risks in credit exposures. The industrial environment is scanned, researched, and analysed in a structured manner by a dedicated team to decide its outlook, Credit Rating threshold based on outlook and probability of default for industry and growth appetite for 38 identified industries and sectors, which constitute close to 73% of your Bank's total advances (excluding retail and agriculture). Events such as a change in Government policies or regulatory guidelines, power shortage, and supply chain issues in these industries are monitored continuously, and special studies for its implications are conducted, which are shared with the business groups to enable them to make informed credit decisions. Considering the increasing climate change risk, impact analysis on emission-intensive industries such as power, hydrocarbon, iron and steel, construction, automobile and coal is conducted to align your Bank's lending strategy towards low-carbon sectors. Furthermore, knowledge sharing sessions are conducted to benefit the operating staff at various levels. Additionally, a monthly and quarterly dashboards covering the top 15 industries are provided to business units detailing the developments in these

critical industries and sectors to keep them updated on the latest information/developments.

Your Bank has an industry concentration Limit Framework to ensure against concentration risk, monitored quarterly. The framework has been made more robust to capture business opportunities arising from Government initiatives like Performance Linked Incentive (PLI) schemes and negative developments, including Environment, Social and Governance (ESG) Risk.

Your Bank uses various Internal Credit Risk Assessment Models and Scorecards for assessing borrower-wise Credit Risk. Models for internal credit ratings of the borrowers were developed in-house. They are reviewed through cycles of comprehensive validation and backtesting frameworks, including external validation/review. Considering the ESG risk, Bank has put in place an Environment, Social and Governance (ESG) rating model, which rates large borrowers on various objective ESG criteria.

Your Bank also has a 'Dynamic Review of Internal Rating' Framework, which facilitates early identification of stress and triggers the appropriate mitigation mechanisms.

Your Bank has a framework for Risk-Adjusted Return on Capital (RAROC), and the Customer level RAROC calculation has also been digitised.

Further, behavioural models for monitoring and scoring retail borrower performance have been developed and hosted on credit risk data mart.

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

RBI has allowed your Bank to participate in the parallel run process for Foundation Internal Ratings Based (FIRB) under the advanced approaches for credit risk. The data under a similar run of FIRB is being submitted to RBI. Models for estimation of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default

(EAD) are hosted in a credit risk data mart for computation of IRB capital.

The Bank carries out a Risk-Return Analysis of critical portfolios at periodical intervals to assess the adequacy of return vis-à-vis the risk associated with the exposures. The Bank has also initiated measures for objective and sustained assessment of evolving risk of corporate exposures. In this regard, Bank has devised a framework for Integrating a Dynamic Review of Internal Rating with Early Warning Signal Triggers and has completed the IT implementation of the framework. The framework is presently being experimented with real-life scenarios, and the Bank proposes a full-fledged roll-out in FY2023.

### 2. Market Risk Mitigation Measures

Your Bank's Market Risk Management identifies and measures risks, control measures, monitoring, and reporting systems. Market Risk is managed through a well-defined Board-approved Investment Policy, Trading Policy and Market Risk Management Policy, and Market Risk Limit Policy that caps risk in different trading desks or various securities through trading risk limits/triggers for effective and judicious management of investment funds. These risk measures include Position Limits, Gap Limits, tenor restrictions, and sensitivity limits, namely, PV01, Modified Duration, Value-at-Risk (VaR) Limit, Stop Loss Trigger Level, NOOP, Forex Daylight Limit, LMAT, UMAT and Options Greeks are monitored on an end-of-day basis.

Value at Risk (VaR) is a tool used for monitoring risk in the Bank's Trading Portfolio. The Enterprise-level VaR of your Bank is calculated and backtested daily. The stressed VAR for Market Risk is also computed daily. This is supplemented by a Board-approved Stress Testing Policy and framework that simulates various Market Risk scenarios to measure stress losses and initiate remedial measures.

The Market Risk Capital Charge of your Bank is computed using the Standardised Measurement Method (SMM), applying the regulatory factors.

Your Bank undertakes risk-adjusted performance analysis of its domestic and overseas portfolios. It also analyses the

credit rating migration of non-SLR bonds as a tool for decision making.

Your Bank has initiated suitable measures to ensure a smooth transition from LIBOR to Alternate Reference Rate (ARR). The relevant IT changes, tools for valuation of models like RICS and curves for the pricing for the newly introduced Alternate Reference Rates (ARR) have been incorporated into the system.

The newly introduced Bilateral Netting guidelines have been incorporated into Bank's operating guidelines. Going forward, this may reduce the counterparty exposure amount and capital requirement for Counterparty Credit Risk for the Bank.

Your Bank has a Model Risk Management Framework that enables Bank to assess, measure, monitor and mitigate Model Risk.

### 3. Enterprise Risk Mitigation Measures

Enterprise Risk Management aims to put a comprehensive framework to manage and align risk with strategy at the whole Bank level. It encompasses global

best practices such as establishing a Risk Appetite Framework, Risk Culture Assessment Framework, and Material Risk Assessment.

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

The Risk Appetite Framework incorporates limits for significant risks with monitoring parameters. To promote a strong risk culture in your Bank, a Risk Culture Assessment Framework is being operationalised in a phased manner. As part of the Material Risk Assessment Framework, periodic analysis of risk-based parameters for Credit Risk, Market Risk, Operational Risk and Liquidity Risk, amongst others, is presented to the Enterprise and Group Risk Management Committee (EGRMC) / Executive Committee of the Central Board (ECCB).

Your Bank conducts a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) exercise on a yearly basis with respect to adequacy of Capital under

normal and stressed conditions at solo and group level.

In the ICAAP, besides the Pillar 1 risks, such as Credit Risk, Market Risk and Operational Risk, Pillar 2 Risks, such as Liquidity Risk, Interest Rate Risk in Banking Book (IRRBB), Concentration Risk and others are also assessed, and capital is provided where required. New and emerging risks are identified and discussed in the ICAAP.

Your Bank is committed to reducing the carbon footprint of its operations. Accordingly, the Bank has developed Climate Change Risk Management Policy which will serve as a guidepost in supporting its journey towards a low carbon and climate-resilient future.

Your Bank is committed to addressing climate change concerns by identifying and managing climate-related risks and opportunities. The policy aims to integrate climate-related risk (and opportunity) considerations within day-to-day operations, lending portfolios and overall decision-making.

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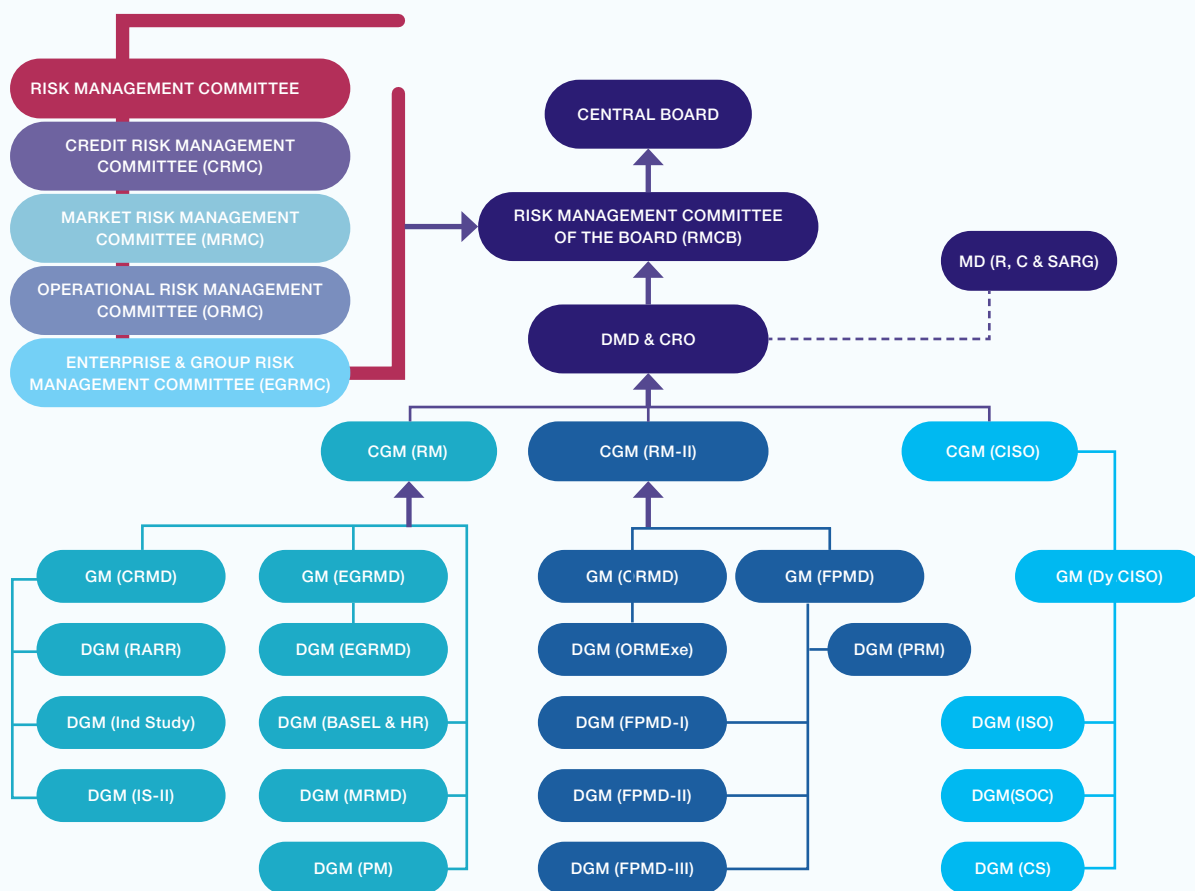
<https://cybercrime.gov.in>

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**1930**

75 Azadi Ka Amrit Mahotsav

Overall Integrated Risk Governance Structure at the Bank:



**4. Group Risk Mitigation Measures:**

Group Risk Management aims to establish standardised risk management processes in group entities. Policies relating to Group Risk Management, Group Liquidity and Contingency Funding Plan (CFP), maintaining arm’s length requirements for intra group transactions and exposures are in place. Regular monitoring of the consolidated prudential exposures and group risk components is implemented. All group entities where SBI has 20% or more stake and management control, including non-banking entities, carry out the ICAAP exercise. A Group ICAAP Policy is in place to ensure uniformity.

**5. Basel Implementation:**

The RBI guidelines on Basel III capital regulations have been implemented. Your Bank is adequately capitalised as per

current requirements, including maintaining the required level of Capital Conservation Buffer (CCB). Your Bank is identified as D-SIB by the regulator, and it is necessary to keep additional Common Equity Tier 1 (CET1) of 0.60% of RWAs from 1<sup>st</sup> April 2019.

**B. Internal Control**

Internal Audit (IA) in your Bank is an independent activity and has sufficient standing and authority within your Bank. The IA Department, headed by a Deputy Managing Director, works under the guidance and supervision of the Audit Committee of the Board. Your Bank’s IA function works in close coordination with the Risk Management and Compliance Department to evaluate the effectiveness of controls, and assess compliance with controls and adherence to internal

processes and procedures. The IA function undertakes a comprehensive risk-based audit of the operating units of your Bank, in line with regulatory guidelines relating to Risk-Based Supervision.

Keeping pace with rapid digitalisation in your Bank, the IA function has initiated technological interventions for providing enhanced efficiency and effectiveness through system driven and analytics-based audits.

**Few key initiatives include the following:**

- Web-based, online Risk Focused Internal Audit (RFIA) for assessing compliance with controls at a granular level
- Analytics-based, continuous assessment of compliable controls

through remote evaluation of enormous data

- System-driven, analytics-based offsite monitoring of transactions
- Concurrent Audit of business units to ensure contemporaneous scrutiny of compliances
- Early review of sanctions to assess the quality of loans of ₹1 crore and above
- Online self-audit by branches for self-assessment by branches and vetting by controllers

As part of RFIA, IA Department conducts various audits, viz. Credit Audit, Information Systems Audit, Cyber Security Audit, Home Office Audit (Audit of foreign offices), Concurrent Audit, FEMA Audit, Audit of Outsourced Activities of your Bank, Expenditure Audit and Compliance Audit.

Your Bank has created a new department viz., "Corporate Centre Audit (CCA) Department" at Internal Audit Department (IAD) w.e.f. 01.04.2019 to strengthen the overview of the Audit of its aggregate risk assessment processes. In addition, it undertakes various audits, such as Thematic Audit, Validation Audit, Veracity Check in compliance of the RBI Directions & Regulatory guidelines, and other requirements emanating from various Business Units and departments at Corporate Centre. The CCA Department is also engaged in the validation of RBI-Tranche-III-DCTs (Data Collection Tranches), Risk Assessment Report (RAR) and Risk Mitigation Plan (RMP) observations.

**Branch Audit:** The IA Department undertakes a comprehensive risk-based audit of the operating units of your Bank, in line with regulatory guidelines relating to Risk-Based Supervision. The domestic branches are broadly segregated into four groups (Group I Special, Group I, Group II and Group III) based on business profile and advances exposures. Your Bank has initiated a system driven process for identifying branches for Audit, whereby analytical algorithms are deployed to identify units displaying significantly different behavioural patterns. This enables your Bank to step in with a

prioritised audit to identify the causative factors at these outlier branches and flag the underlying problem areas for early intervention. During FY2022, the IA Department has completed RFIA of 10,614 units of Domestic Branches & Central Processing Centres (CPCs) as of 31<sup>st</sup> March 2022. Further, Evidence-Based Compliance Testing (EBCT) was completed in 3,260 branches identified under Trigger Based Audit (TBA).

**Credit Audit:** Credit Audit is an integral part of the 'Risk Focused Internal Audit' system. It aims to identify risks inherent to the businesses of the counterparty and measure the effectiveness of the control systems for monitoring inherent risks. It also suggests remedial measures for controlling credit risks for the high-value loan portfolios. 'Credit Audit Division' (CAD) provides assurance to the 'Management' and the 'Board' on the quality of the Bank's credit portfolio. It recommends corrective actions for improving credit quality, administration, and skills for the staff handling large advances with exposures of above ₹20 crores annually.

**Early Review of Sanction:** A review of all eligible sanctioned proposals with total domestic credit exposure of above ₹1 crore (exposure of US\$ 1mio & above for IBG) is carried out under 'Early Review of Sanctions' (ERS). ERS captures the critical risks in sanctioned proposals at an early stage and apprises the Business Units of such critical risks for mitigation thereof. ERS facilitates in improving the quality of sourcing, pre-sanction and sanction processes. ERS activity is centralised, and proposals are reviewed by in-house officers/Chartered Accountants. The entire ERS process is system driven and done through the Loan Lifecycle Management Solution (LLMS).

**FEMA Audit:** The branches that are authorised to deal (Authorised Dealers) in Foreign Currency transactions, including Trade Finance Centralised Processing Cells - TFPCs, are subjected to FEMA audit. All branches in CAG/CCG/TFPCs and "A" & "B" category branches not linked to TFPCs are audited once a year. Around 20% of branches linked to TFPC are also audited along with the linked

TFPC, depending on the risk perception volume of Forex operations of the linked branches. 452 such branches and units were subjected to FEMA Audit as of 31<sup>st</sup> March 2022.

**Information Systems Audit, Cyber Security Audit, Information Systems Concurrent Audit and Audit of IT Outsourced Activities:**

Your Bank's branches are subjected to Information System audits ("IS Audits") to assess the IT-related risks as part of the RFIA of the branch(es). IS Audit of Centralised IT / Corporate Centre establishments is also carried out by a team of qualified officials, including IS auditors appointed through lateral recruitment.

During the FY2022, the following exercises were carried out up to 31<sup>st</sup> March 2022:

- Information Systems Audit of 116 Auditee Units
- Cyber Security Audit has been conducted in Q4 for FY2022 as per the Cyber Security Policy of your Bank.
- Information Systems Concurrent Audit of 23 GITC Departments of your Bank every month.
- Audit of 419 IT Outsourced Activities.

**Foreign Offices Audit:** Foreign Offices are subjected to Home Office Audit in addition to Internal Audit conducted locally at the respective centres by reputed Internal Audit Firms and Local Based Officers under the oversight of the Internal Audit Department. Home Office Audit due at 34 Foreign Offices and Management Audit due at 4 Representative Offices, 5 Subsidiaries and 5 Regional / Country Head Offices during FY 2021-22, are deferred to FY 2022-23 due to restrictions imposed on account of COVID-19 pandemic. However, these offices were subjected to Internal Audit by reputed Internal Audit Firms as per approved periodicity.

**Concurrent Audit System (CAS):**

Concurrent Audit System in your Bank covers advances and other risk exposures as prescribed by the Regulatory Authority. Branches are categorised as Extremely High Risk; Very High Risk; High Risk; Medium Risk; and Low Risk based on the Risk Categorisation model developed by the Bank according to the instructions

from RBI. All Extremely High Risk, Very High Risk and High-Risk branches are covered under Concurrent Audit. Concurrent Auditors are also placed at all Centralised Processing Centres to ensure monitoring of transactions contemporaneous with their occurrence. Concurrent Auditors also cover Currency Chest Branches, Treasury Operations, and other Special Outfits. Your Bank has covered 3,137 Branches / Auditee Units under Concurrent Audit during FY 2021-22 as of 31<sup>st</sup> March 2022 by deploying 1,814 Chartered Accountant Firms, 467 Retired experienced Bank Officers and 28 Regular Officers.

**Offsite Transaction Monitoring System (OTMS):** For the purpose of monitoring the transactions offsite, alerts are generated and flagged to the business units for corrective actions. Presently, there are 61 scenarios embedded in the system against which the transactions are scrubbed at regular intervals, wherein inconsistent transactions are flagged by the system for affirmation of the related compliances. The scenarios are periodically reviewed and enlarged, depending upon the need and specific triggers.

**Legal Audit:** Legal Audit in your Bank covers scrutiny of the loans and security-related documents of loans amounting to ₹5 crore and above. The legal Audit is a control function, carried out through a panel of advocates, and 10% of such accounts are examined by the internal auditors on a sample basis to ensure that there are no shortcomings in the documents or creation of security in favour of your Bank. The legal Audit Process was automated in Loan Life Cycle Management System (LLMS) w.e.f. 01.07.2021. As of 31<sup>st</sup> March 2022, a Legal audit was carried out for 14,907 accounts.

**Audit of Non-IT Outsourced Activities:** Your Bank recognises the need of service providers engaged by your Bank to be as compliant with the legal and regulatory requirements as your Bank itself. Therefore, the Audit of Outsourced activities is conducted at regular intervals to assure that adequate systems and procedures are in place to mitigate legal, financial, and reputational risks arising from the outsourced activities.

Audit of outsourced activities in your Bank covers audits of vendors (Non-IT) engaged in providing ATM services, Corporate Business Correspondents (BC), Individual Business Correspondents (BCs) and Customer Service Points (CSPs), Recovery and Resolution agents, Cash Management Services, Cheque Book Printing, Collateral Management, Marketing of Loan proposals, Registrar and Transfer Agents, Document Archival Centre, and Cash Efficiency Project amongst others. During FY2022, your Bank has completed the Audit of 36,196 CSPs as per the audit plan for FY2022. With respect to other outsourced activities (other than CSPs) audit of 639 vendors has been completed as of 31<sup>st</sup> March 2022.

**RFIA of Corporate Centre Departments:** CC Audit Department assesses the aggregate risk and maintains oversight of risk residing at the macro level. The risk assessment covers inherent risks, control risks, residual risks and gaps in governance and oversight. It also assesses the degree of compliance with regulatory and statutory requirements. Audit reports provide a fair and reasonable assurance to the Top Management and Board, on the direction and trend of aggregate risk in your Bank.

**Management Audit:** The core function of Management Audit is to assess the effectiveness of control and governance process at the apex level in accomplishing overall corporate objectives. Management Audit covers Circle's Local Head Offices, Regional Rural Banks sponsored by your Bank and select Corporate Centre departments. In its endeavour to enhance the effectiveness of Management Audit, in the current financial year 2021-22, your Bank has reviewed the audit process by redefining rating methodologies, risk weightages and parameters used for Management Audit.

### C. Compliance Risk Management

Regulatory and Statutory compliances are being accorded the highest priority. Your Bank has, over the years, developed necessary tools to track compliance risks and ensure timely remediation. Compliance Policy and Group Compliance Policy are reviewed annually to meet the Regulators' expectations.

Compliance Risk Management Committee comprising Senior Executives from business verticals and support functions, maintains oversight on all compliance-related issues. The Committee meets regularly and extends necessary guidance to all the internal stakeholders to ensure regulatory compliance. The Compliance function also reviews all products and policies to ensure adherence to Regulatory guidelines.

To take the compliance culture up to the grassroots level, regular workshops and interactions are held across the Bank. Compliance testing is also broad-based by involving Regional Offices pan India for their assessment and timely remediation of risks arising out of non-compliance.

To exhibit its zero-tolerance to non-compliance, your Bank has introduced metrics to check the compliance level at branches to monitor and counsel the non-compliant branches and reward the compliant ones. Bank has also initiated steps to meet the regulatory expectations on Data Protection.

### D. KYC / AML-CFT Measures

Your Bank has been taking comprehensive steps to implement KYC norms/ guidelines across the Bank. Bank has a Board approved Policy on Know Your Customer (KYC) Standards, Anti-Money Laundering (AML) and Combating of Financing of Terrorism (CFT) Measures, in line with the extant RBI Master Direction on KYC.

The Policy incorporates Bank's approach to KYC, AML and CFT issues. The Policy contains your Bank's framework for Customer Acceptance, Risk Management, Customer Identification and Monitoring of Transactions. Bank has taken steps to implement the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as amended from time to time.

Your Bank has been carrying out the 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take adequate measures to mitigate its money laundering and terrorist financing risk for

clients, countries or geographic areas, products, services, transactions, or delivery channels, etc.

Your Bank has put in place a robust system containing a combination of manual and system enabled methodology to ensure KYC compliance. No account is opened in an anonymous or fictitious/benami name or where the Branch/Business unit cannot apply appropriate Customer Due Diligence (CDD) measures. Bank does not open accounts for transacting in or settling transactions of virtual currencies. However, while implementing the Policy, Bank takes care that it does not result in denial of banking services to those financially or socially disadvantaged.

Your Bank has launched a Video KYC facility to facilitate contactless customer onboarding. New customers can open fully functional accounts using this process without visiting any Branch.

AML CFT Deptt of the Bank ensures ongoing due diligence through transaction monitoring. Bank follows a risk-based approach wherein Customers are categorized as low, medium and high risk based on the assessment and risk perception. Bank takes care of filing obligatory reports to Financial Intelligence Unit-India (FIU-IND). Timely notifications are also filed on priority in cases of accounts suspected of having terrorist links.

Your Bank conducts special Audits on KYC to ensure compliance with KYC/AML/CFT matters.

Several initiatives are put in place to bring greater awareness amongst the staff. Training personnel in KYC/AML/CFT areas is an ongoing process in our Bank. Employee training programmes are regularly conducted to adequately train staff in KYC/AML/CFT matters.

AML-CFT Day is being observed on 2<sup>nd</sup> November every year wherein pledge is taken on that day at all branches/processing centres and Administrative Offices. Similarly, 1<sup>st</sup> August is observed as KYC Compliance and Fraud Prevention Day.

### E. Insurance

Your Bank is procuring insurance policies, covering your Bank's assets and other risks. Insurance coverage includes cash and valuables, Properties of the Bank, Fraudulent transactions under Debit Card/ Electronic banking, Cyber Risk, amongst others.

### F. Premises

SBI has always incorporated environmental management practices in its functioning as a responsible corporate. Your Bank has initiated varied initiatives with an intent and commitment to a greener world, much in alignment with national priorities.

We are happy to share that we have achieved a milestone for getting green building ratings of IGBC to our nine

prestigious buildings during this financial year, making it a total of 18.

We are also happy to shift our Corporate Office, State Bank Bhavan, to 100% Green Energy, through which we can offset around 52 tonnes of Carbon Dioxide every year. This is one step toward our future goal to become Carbon Neutral by 2030.

## 4. Official Language

### Leveraging technology in rendering Banking Services in Hindi and other Indian Languages

SBI is committed to propagating the use of the Official Language in the Bank through multiple channels set up by the Bank. Your Bank has taken innovative steps to propagate the use of Official Language in

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