

Directors' Report

I. ECONOMIC BACKDROP AND BANKING ENVIRONMENT

GLOBAL ECONOMIC SCENARIO

Global economic momentum eased moderately in 2018 with GDP growth estimated at 3.6%, as per IMF. Persistent moderation in China, owing to financial tightening amidst rising shadow banking and local government debt, coupled with continuing trade conflict with the US had a dampening effect on overall emerging market and developing economies' performance.

As far as developed economies were concerned, US economic activity picked up against the backdrop of fiscal stimulus. However, there now seems to be a question mark over the continuation of such momentum. The Euro Area grew less than expected, with uncertainty over Brexit and threat of US tariffs on EU automobiles taking a toll on their manufacturing sector.

BRICS countries were also no exception to this trend. For example, drag on mining, construction and agriculture pulled down economic growth in South Africa to a mere 0.8%. Even economic activity in Brazil remained subdued owing to truck drivers' strike and restrained public and private consumption spending.

Global merchandise trade is also expected to have slowed down markedly to around 3.9% in 2018 from 4.7% in 2017. Furthermore, as per the world trade outlook indicator, which gives the "real time" information on the trajectory of world trade relative to recent trends, the recent level of 96.3 (the lowest since March 2010) indicates that trade growth in coming months will be below long term averages.

Meanwhile, financial conditions tightened moderately in 2018 with monetary normalisation in the advanced economies. The US Fed raised the interest rate four times last year consequent to which capital outflows increased from developing economies. However financial volatility has reduced after the Fed adopted a dovish stance.

Going forward, with waning fiscal stimulus in the US and weaker European economy, global growth slowdown is expected to continue in 2019 with GDP growth of

around 3%. No deal-Brexit, lingering of trade tensions between the US and China and more than expected tightening of global financing conditions remain the key risks to growth prospects.

INDIA'S ECONOMIC SCENARIO

After decelerating sharply from 8.2% in FY2017 to 7.2% in FY18 and then to 7.0% in FY2019, India's GDP growth is expected to grow by 7.2% (RBI projection) in FY2020. Going forward, several factors appear crucial regarding economic growth. First, private consumption is expected to get a fillip from measures such as public spending in rural areas and increase in disposable income of households due to income tax benefits. Second, resolution of stressed assets and decline in the level of nonperforming advances (NPAs) on Bank balance sheets is expected to improve credit flows, which augurs well for economic activity. Third, improving capacity utilisation, tailwinds from lower oil prices and rate cuts are likely to support economic activity. Fourth, projection of 'near normal' monsoon this year with weak El Niño will be helpful for food grains production and subsequently for food inflation.

Nevertheless, a few downside risks also persist, both on the domestic and global fronts: (i) the slowing down of the global economy may impact prospects of India's exports and the risk may get accentuated if trade tensions remain unresolved and (ii) investment has been supported largely by government-led infrastructure spending and there is now a dire need to boost private investment across sectors.

Growth in agriculture and allied activities decelerated in H2 FY2019 on account of a number of factors operating in conjunction viz., the poor performance of the southwest and northeast monsoons, lower water reservoir levels in the eastern and western regions, low prices for farm produce depressed by the supply glut caused by two bumper harvests in succession and the lack of agricultural markets to deal with large excess supplies. As monsoon is projected to be near normal (due to weakening of El Niño), it may have positive impact on agricultural production, going forward.

In the industrial sector, GVA decelerated to 6.4% in H2 FY2019 from 8.1% in H1 and 8.3% a year ago, pulled down by a fall in the growth of manufacturing activity, as subdued demand was reflected in a moderation in sales growth. Activity in the services sector picked up and became broad-based in H2 FY2019, boosted by resilience in construction activity and acceleration in financial, real estate and professional services and public administration, defence and other Services.

Headline CPI inflation has declined sharply since mid-2018, driven by the sustained fall in food inflation, the waning away of the direct impact of house rent allowances for central government employees, and more recently, by a sharp fall in fuel inflation. Owing to that the average CPI inflation for FY2019 stood at 3.43% compared to 3.58% in FY2018.

The outlook for inflation may be impacted by various upside and downside risks. The major upside risks include: geopolitical tensions and supply disruptions in the global crude oil market, volatility in international and domestic financial markets, the risk of a sudden reversal in the prices of volatile perishable food items, fiscal slippages and possibility of below-normal monsoon this year. Among the downside risks are: a sharper than anticipated slowdown in global growth and its softening impact on crude oil and other commodity prices, and the persistence of a food supply glut. For FY2020, we expect average inflation would be less than 4%.

Against the backdrop of slowing global trade and commerce-inhibiting trade tensions, India's merchandise exports (Y-o-Y) grew by 9.1% in FY2019 vis-à-vis 10.0% in FY18. An important feature of India's export basket in recent years has been a shift away from primary and traditional low value-added exports to higher value-added manufacturing and technology-driven items. This shift has imparted a measure of resilience to export demand in a hostile international trading environment. The Current Account Deficit (CAD) increased to 2.6% of GDP during Apr-Dec'18 from 1.8% during Apr-Dec'17 due to widening of the trade deficit on account of higher oil prices. As oil prices started moderating from November'18, the CAD has moved down from 2.9% in Q2 FY2019 to 2.1% in Q3 FY2019.

BANKING ENVIRONMENT

The Indian banking sector has been facing a large overhang of balance sheet stress. In the year 2017-18, the persisting deterioration in asset quality necessitated sharp increase in provisions and for the first time since 1993-94, the banking system as a whole, particularly driven by public sector Banks (PSBs), registered losses.

To manage the crisis, the regulator and supervisor, RBI, has tried for the revival of the banking system by following a three-pronged approach: (i) Through Asset Quality Reviews (AQRs) a fuller recognition of stressed assets is nearing completion and provisioning is being policy-driven; (ii) In consonance, the implementation of a new framework for resolution of stressed assets under the overarching mandate of the Insolvency and Bankruptcy Code (IBC) is speeding up the de-stressing of balance sheets and (iii) the Government has undertaken steps for recapitalisation of the PSBs. Reflecting such resolution efforts, asset quality of the banking sector currently appears to be on course to recovery as the load of impaired assets recedes; the first half-yearly decline in gross NPA ratio since September 2015 and improving Provision Coverage Ratio, being positive signals. Stress test results suggest further improvement in NPA ratio. Notwithstanding the significant costs in lieu of enhanced recognition of asset impairment in PSBs, it appears to have led to a greater discipline in credit assessment, higher sensitivity to market risk and better appreciation of operational risks. Meanwhile, the Insolvency and Bankruptcy Code (IBC) has bridged an important institutional gap to strengthen the much-needed credit discipline. Some of the resolutions, however, are lagging behind the envisaged timelines. A time-bound resolution of impaired assets will go a long way in unclogging the credit pipeline, thus improving the allocative efficiency in the economy.

The shift in credit intermediation from Banks to non-Banks has given the corporate sector a diverse choice of financing instruments. Such market-intermediated credit flows require robust supporting infrastructure in the form of appropriate valuation regime as also informative and responsive credit rating framework. However, the stress in the NBFC sector have underscored the need for greater prudence in risk-taking. While the role of Banks and non-Banks in supporting the growth needs of an emerging economy like India is well recognised, emphasis should continue to be on diligent, prudent and sound risk management practices.

With the sustained efforts, the Bank credit has picked up momentum in 2018-19, after remaining depressed for nearly two years, and grown by 11.96%, its highest level in the last five years, compared to last year growth of 10%. Aggregate deposits grew by 7.58% in 2018-19, compared to 6.2% growth in 2017-18. The incremental credit flows are also getting increasingly broad-based, with services accounting for the highest share as against personal loans a year ago. Credit growth to industry, which has turned positive in November 2017 after more than a year-long contraction, has improved, particularly in respect of Infrastructure, Chemical and Chemical products, Engineering and Petroleum, Coal products and Nuclear fuels. The share of credit to agriculture, however, moderated.

The up-tick in credit growth is likely to be supported by the progress being made under the aegis of the IBC in addressing stress on balance sheets of both corporates and Banks, recapitalisation of PSBs, and a positive outlook on the economy. The prevailing negative credit-to-GDP gap indicates that there is sufficient scope for credit absorption and expansion in Bank lending on a sustained basis.

OUTLOOK

The last financial year was particularly challenging for Banks in India. Operational risk increased and there was considerable market volatility, adversely impacting treasury operations. Although the resolution of stressed assets has reached an advanced stage, counter litigations have elongated the realisation of final leg of resolution process. The consolidation in PSB space has changed the landscape of competition and this process may gather pace in the next financial year.

The cumulative effect of policy decisions over the last five years has been positive in FY2019. Reform measures such as GST, IBC, Roads and Inland waterways etc. have stabilised. There is now a larger appreciation of the fact that there will be greater use of digital technology in every sector of the economy. Report of the Taskforce on Artificial Intelligence talks about the use of advanced data and AI techniques in financial services. The credit growth, which has improved in FY2019 and is supported by accommodative policy stance articulated in the First Bi-monthly monetary policy, will remain robust in this financial year as well.

The external environment continues to be challenging. IMF's latest Financial Stability Report observes that rising financial vulnerabilities point to elevated medium-term risks to financial stability. Accordingly, the trend to reorganise foreign business in light of the emerging challenges and new opportunities such as regional trade agreements will shape the things to come. Your Bank has already taken many initiatives in this direction, such as reorganisation of its UK operations. Close monitoring of risk in all overseas operations will be pursued.

Lastly, the first quarter of current financial year is punctuated by the results of general elections. Once this short-term uncertainty is cleared, the course of policy direction will also be visible. With monetary policy already accommodative, a low inflation coupled with manageable fiscal position, the future outlook of growth is positive. The risks in banking sector is likely to ebb with the resolution of large ticket IBC cases. This will create room for business expansion and structural transformation of Banks.

II. FINANCIAL PERFORMANCE

ASSETS AND LIABILITIES

Total assets of your Bank have increased by 6.55% from ₹34,54,752.00 crore at the end of March 2018 to ₹36,80,914.25 crore as at the end of March 2019. During the period, the loan portfolio increased by 12.97% from ₹19,34,880.19 crore, to ₹21,85,876.92 crore. Investments decreased by 8.86% from ₹10,60,986.71 crore to ₹9,67,021.95 crore as at the end of March 2019. A major portion of the investment was in the domestic market in government securities.

Your Bank's aggregate liabilities (excluding capital and reserves) rose by 6.93% from ₹32,35,623.44 crore as on 31st March 2018 to ₹34,60,000.42 crore as on 31st March 2019. The deposits rose by 7.58% and stood at ₹29,11,386.01 crore as on 31st March 2019 against ₹27,06,343.28 crore as on 31st March 2018. The borrowings also increased by 11.29% from ₹3,62,142.07 crore at the end of March 2018 to ₹4,03,017.12 crore as at the end of March 2019.

NET INTEREST INCOME

Net interest income increased by 18.03% from ₹74,853.72 crore in FY2018 to ₹88,348.87 crore in FY2019. Total interest income increased from ₹2,20,499.31 crore in FY2018 to ₹2,42,868.65 crore in FY2019 registering a growth of 10.14%.

Total interest expenses increased from ₹1,45,645.60 crore in FY2018 to ₹1,54,519.78 crore in FY2019. Interest expenses on deposits during FY2019 recorded an increase of 3.35%, compared to the previous year.

NON INTEREST INCOME AND EXPENSES

Non-interest income decreased by 17.55% to ₹36,774.89 crore in FY2019 as against ₹44,600.69 crore in FY2018. During the year, your Bank received an income of ₹348.01 crore (₹448.52 crore in FY2018) by way of dividends from subsidiaries and joint ventures in India and abroad, and ₹3,146.86 crore (₹13,423.35 crore in FY2018) by way of profit on sale of investments.

OPERATING PROFIT

The Operating Profit of your Bank for FY2019 was at ₹55,436.03 crore as compared to ₹59,510.95 crore in FY2018 (including exceptional item of ₹1,560.55 crore in the FY2018-19 and ₹5,436.17 crore in FY2017-18). Your Bank posted a Net Profit of ₹862.23 crore for FY2019, as compared to Net Loss of ₹6,547.45 crore in FY2018.

PROVISIONS AND CONTINGENCIES

Major provisions made in FY2019:

Provision of ₹54,529.06 crore for non-performing assets (as against ₹70,680.24 crore in FY2018) and a write back of ₹762.09 crore towards Investments Depreciation (as against provision ₹8,087.57 crore in FY2018) was made during the year.

RESERVE AND SURPLUS

An amount of ₹258.67 crore (as against nil in FY2018) was transferred to Statutory Reserves. An amount of ₹379.21 crore (as against ₹3,288.88 crore in FY2018) was transferred to Capital Reserves. An amount of ₹371.84 crore (as against withdrawal of ₹1,165.14 crore in FY2018) was transferred to Investment reserve. An Amount of ₹194.05 crore (as against ₹192.32 crore in FY2018) was transferred from Revaluation Reserve to General Reserve.

PROGRESS ON IMPLEMENTATION OF IND AS

Steering Committee headed by Managing Director (Stressed Assets, Risk & Compliance) has been monitoring implementation of Ind AS in the Bank. Your Bank is already geared up for implementation of Ind AS. However, implementation of Ind AS in Banks has been deferred by RBI until further notice.



Unveiling of the Plaque of Project 'Swachh Belur Math' by Chairman, SBI at Belur, Kolkata Circle.

III. CORE OPERATIONS

1. RETAIL & DIGITAL BANKING GROUP

The Retail and Digital Banking Group is the largest business vertical of your Bank, constituting 97.05% of total Domestic Deposits, and 54.89% of total Domestic Advances, as of 31st March 2019. The Group comprises of eight strategic business units which drive the largest branch network across the country with its vast human resources.

Your Bank's customer base is steadily increasing across the country making Retail Banking the most critical segment of your Bank, both in terms of deposit mobilization, as well as extending customised credit for all basic requirements of Retail customers. Simultaneously, to meet the aspirations of this growing customer base, retail assets are being strategically positioned with a view to occupy a much larger proportion of total advances. Within the retail portfolio, Home and Auto loans are the major contributors. Your Bank continues to be the largest Home Loan provider in the country and the largest dispenser of Education Loans, which demonstrates its unflinching commitment to serve society at large.

The ever-evolving customer preferences, especially of the younger population, are transforming the retail banking landscape. Your Bank is at the forefront in digital banking domain and maintains a steady stream of technology-driven innovations. State Bank of India has a multi-channel delivery model, which allows it to offer its customers a choice to carry out transactions through any channel, at any time and at any place. In FY2019, your Bank has increased its offerings across various channels - digital, mobile, internet, social media, with additions to its branches, ATMs, YONO Cash Points and Customer Service Points. YONO, the banking and lifestyle app of your Bank is steadily strengthening its base, individually.

With a view to enhance its customers' experience, your Bank is making continuous efforts in providing a pleasing ambience within customer service areas, with proper seating arrangements, clean and uncluttered surroundings, along with courteous and smartly attired staff at all its branches.

A. PERSONAL BANKING

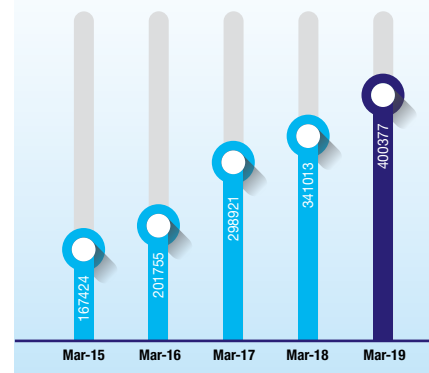
1. Home Loans

As on 31st March 2019, the Home Loan portfolio of your Bank was the largest in the country, with a market share of more than 34.51% amongst All Scheduled Commercial Banks (ASCB). The total Home Loan stood at ₹4,00,377 crore, which was 20.11% of your Bank's domestic advances.

Affordable Housing was a key driver of growth in the overall Housing sector, based on the Government's thrust to bridge the massive Demand-Supply gap of dwelling houses in India, along with the relaxation of the CLSS (Credit Linked Subsidy Scheme) norms under Prime Minister's Awas Yojana (PMAY), covering more beneficiaries, Government has also extended the PMAY MIG Scheme up to 31st March 2020. As of 31st March 2019, State Bank of India has 64.46% of its Home Loan portfolio under Affordable Housing. Your Bank was recognised by the National Housing Board (NHB) as the Best Home Loan provider in the country, under the PMAY MIG category, for FY2017-18.

During FY2019, various initiatives were taken by your Bank to give an additional boost to its Home Loan portfolio, some of which are:

Individual Mortgage Business Level (In Crs)



(March'17 figure includes that of merged Associate Banks too)

- Home Loans on YONO was a significant step towards digitisation and provided the registered YONO customers with 24*7 access to Home Loan needs, such as exploring SBI Home Loan products, calculating eligibility, and getting instant In-principle approval. To meet the personal needs of existing Home Loan customers, Insta Home Top-Up Loan was also introduced on YONO.

SBI

Dreams do come true. Fulfill your dreams with SBI Education Loan.

- Attractive interest rate
- No processing fee
- Repayment up to 15 years
- Tax benefit under section 80(E)
- GOI interest subsidy benefit available as per eligibility

- Sanctioning of Home Loans and Home related products from non-BPR centre branches through centralised Rural Assets Credit Centres (RACCs), and Loan Processing Cells (LPCs), has brought about uniformity in processes and better quality of underwriting, resulting in pan-India growth of quality assets. The overall fresh NPA during FY2019 was below 1% of the total Home Loans portfolio.
- In order to help and support the flood affected people of Kerala, within a month of the calamity, your Bank introduced Home Loan Schemes for Repair and Renovation within the Kerala Circle on softer terms, irrespective of category, gender, LTV ratio and risk score of the customers.
- Your Bank introduced niche products such as 'SBI Smart Home Top-Up' for existing Home loan customers; SBI 'Wealth' for HNI / High-end customers; and Flexible Margin Schemes for real-estate developers.
- Your Bank is leveraging its vast branch network and the strength of its committed staff, with the latest state-of-the-art technology to improve the Home Loan journey of the customer. Namely making it faster, more transparent and easier. Your Bank continues to work towards being the first choice Home Loan provider of customers.

2. Auto Loans

Your Bank is helping with upgrading the living standards of its customers by providing auto loans at competitive rates, and by making owning a car an affordable proposition. The auto loan products of your Bank are available in many variants to suit the requirements of various customer segments viz. - salaried, businessmen, self-employed, professionals, senior citizens, NRIs, agriculturists and existing borrowers, amongst others. Multi-channel sourcing of proposals and quick TAT has made the auto loan products highly popular. This has helped your Bank to increase its penetration in financing cars sold by various manufacturers such as Maruti, Hyundai, TATA Motors, to name a few. The Auto Loan portfolio reached a level of ₹71,884 crore by FY2019, and the market share of Your Bank in Auto Loans rose from 34.97% in FY2018, to 35.45% in FY2019, amongst All Scheduled Commercial Banks (ASCBs). Additionally, State Bank of India plans to start financing high-value super bikes, a new and fast emerging segment.

3. Education Loans

Education is the key prerequisite for creating human capital, as it helps in developing skilled and productive human resources. Loans provided for this purpose contribute to the development of the nation and is a growth driver for any economy. Therefore, the financing of up to ₹10 lakh under Education Loans is considered as Priority Sector Advance. Your Bank takes pride in being the largest Education Loan provider in the country, with a market share of 30%. During FY2019, it helped more than 66,947 meritorious students to realise their dreams by providing financial assistance to the tune of ₹6,635 crore. Out of this, 35% of the loans were extended to girl students. To broaden the scope of Education Loans, book quality business and enhance customer satisfaction, your Bank has taken following steps:

- Shortlisted 158 top-rated, premier and reputed institutions to extend Education Loans under the Scholar Loan scheme at relaxed norms and concessional interest rates.
- Door-step services were extended for sourcing high-value education loan applications for studying abroad at select centres.
- To ensure better tracking of the loan applications and faster sanctioning of loans, your Bank's Loan Origination System was integrated with Vidya Lakshmi Portal (VLP) of the Government of India.

4. Personal Loans

Personal Loan is amongst the most popular products of your Bank, and your Bank is a leader in this market segment. Your Bank was aggressively catering to the needs of salaried class (both government and private), pensioners and self-employed/other customers. During FY2019, your Bank has provided Personal Loans to more than 15 lakh customers, amounting to ₹56,873 crore, while maintaining a market share of around 30%. With a much higher rate of return on parameters such as ROA and RORWA, your Bank's delinquency under this segment is one of the lowest in the industry. The products are delivered through multiple channels such as Branches, Internet Banking and through YONO. Utmost caution in selection of borrowers and careful due diligence has made it possible for your Bank to achieve much lower delinquencies despite aggressive portfolio growth.

Personal Loans for e-Commerce Purchases:

Your Bank provides EMI based loans to pre-selected elite customers for purchase of consumer durable goods worth up to ₹1,00,000 from online shopping portals such as Flipkart and Amazon on a real time basis. Online e-commerce financing under tie-up with Flipkart was launched in May 2018 and with Amazon in October 2018. The portfolio is 19,974 accounts with an outstanding of ₹19 crore as on March 2019.

SBI Debit card holders were empowered to fulfil their shopping needs on POS enabled swipe machines with an EMI facility, given to the pre-selected ones for purchasing consumer durable goods from the approved shops, mall, stores, and show rooms worth up to ₹1 lakh. The facility was launched during the latter part of FY2019.

5. Liability and Investment Products

The overall P-Domestic CASA Deposits of your Bank has grown from ₹8,36,294 crore as on FY2018 to ₹9,16,442 crore as on FY2019, registering a growth of ₹80,148 crore (9.58% annualised). The CASA improved to 48.49% as on FY2019, compared to 48.23% as on FY2018.

6. Corporate and Institutional Tie-ups for Salary Package

Salary Accounts of employees of Corporates, Central/State Government establishments, Defence, Para Military and, Police personnel amongst others, are opened/serviced through Key Accounts Managers (KAMs), who provide personalised service along with a bouquet of products under the Corporate Salary Package (CSP) at the customer's door step. The total Salary Account customer base for FY2019 reached 145.93 lakh accounts, registering a growth of 22% over FY2018.

7. Digital Personal Loan Offerings

While offering products on multiple platforms for portfolio growth with higher profit margins, we have kept in mind the ease of Banking for our Customers, and have implemented following digital products:

- On the YONO Platform, your Bank is providing Pre-Approved Personal Loans (PAPLs) to pre-selected customers through four product lines, viz., Pre-approved Xpress Credits up to ₹5 lakh, Pre-approved Pension loans up to ₹2.5 lakh, Xpress Credit Insta Top-up up to ₹3 lakh, and Pre-Approved Personal Loans (PAPLs) up to ₹2 lakh to CSP and Non-CSP customers.
- Xpress Credit Insta Top-up loans on INB Platform: Top-up loans up to ₹3 lakh are being offered to pre-approved Xpress Credit customers through INB platform.
- Tatkal e-Personal Loan: Loans up to ₹1 lakh are being offered to cater to the needs of pre-selected unserved and under-served non-salaried customers, based on selected parameters. This product was launched in May 2018 and has a portfolio of 27,853 accounts worth ₹122 crore as on March 2019.
- Personal loans were extended against security of Sovereign Gold Bonds of Government of India.
- Missed call and SMS Banking facilities were launched for NRIs, in which customers can get their latest balance and mini statements of their accounts via SMS, just by giving a missed call on a predefined number. This is especially useful for customers who are not using Internet Banking facilities. Customers can also block or restrict ATM card usage through this functionality.
- NRIs can now plan and secure retirement with the National Pension System (NPS) scheme. The product is now available to all SBI NRI customers. They can open and maintain NPS account through their Internet Banking portal as well.
- SBI Wealth, the wealth management initiative of your Bank, which offers a platform to create, preserve and grow wealth, is now available to NRI clientele from Gulf Cooperation Council Countries.

9. Wealth Management Business

Your Bank's Wealth Management Services are now made available at 44 Centres with 121 Wealth Hubs, four e-Wealth Centres and a Global e-Wealth Centre by adding 31 new Centres and 45 new Wealth-Hubs during the year. The Wealth-Hubs are managed by a team of dedicated Relationship Managers and Investment Counsellors who have in-depth knowledge on products and markets, along with Senior Internal Officials for operational roles.

For greater connect and visibility, your Bank re-branded the Wealth Management Business as 'SBI Wealth', which was earlier known as 'SBI EXCLUSiF'.

An open Investment Platform, with a state-of-the-art technology and right selling approach based on Risk Profiling, provides the best possible experience to the Bank's clients by offering exclusivity in its services and benefits.

Your Bank added a new e-Wealth Centre at Kolkata during the year. The e-Wealth Centres, with extended banking hours, are equipped with transaction execution facilities over voice and video calls. With an endeavour to provide a best in class holistic experience to clients, your Bank has launched a new version of 'SBI Wealth Mobile App' enabling investment transactions.



During the year, your Bank posted Relationship Managers (NRI Wealth) at Abu Dhabi, Bahrain and Dubai. NRIs residing in Bahrain, Kuwait, Qatar, Sultanate of Oman and UAE are eligible to be on-boarded as Wealth Clients. They have an option to access Wealth Management Services either through e-Wealth Centres or Wealth Hubs during their visit to India. Your Bank has also opened a state-of-the-art Global e-Wealth Centre at Kochi for extending services to NRIs.

Your Bank has conducted Signature Investment Conclaves addressed by experts from the Financial Industry and Markets on prevalent market conditions and investment opportunities. These Conclaves were well attended by existing and prospective SBI Wealth Clients.

To commemorate the 3rd Anniversary of SBI Wealth, the Bank conducted a Signature Client Engagement Program at Mumbai to build a deeper and valued relationship with Wealth Clients. It released the 2nd edition of the Financial Planning reference publication during the launch of its 100th Wealth Hub at Coimbatore.

Your Bank's Wealth Management Business has shown an exponential growth in terms of client acquisition and Assets Under Management during the financial year. The number of Clients increased from 24,168 in March 2018 to 55,502 in March 2019 and AUM reached ₹30,270 crore against ₹14,284 crore during the period.

8. NRI Business

As on 31st March 2019, your Bank has around 37 lakh NRI Customers, who are being catered to by 93 dedicated NRI branches in India and a well-connected network of foreign offices. We also have correspondent banking relations with 234 global Banks and tie-ups with 55 exchange houses and six Banks (in the Middle-East) to facilitate remittances. The Indian diaspora, spread across the globe, has always reposed immense trust on us. As a result, a quarter of their deposits (within the Indian Banking system) is with us.

Your Bank has launched the following products/services in FY2019 for the benefit of its NRI clientele:

- SBI Tax Savings Scheme for NRIs (NRO Deposits) was introduced in which customers can avail Tax benefits under section 80C of Income Tax Act, 1961 (minimum tenor of deposit is 5 years and tax-relief is available up to ₹1,50,000 per Financial Year).

B. ANYTIME CHANNELS

As on	ATMs	Kiosks	ADWMs	Total
31 st March 2016	42,733	1,231	5,760	49,724
31 st March 2017	42,222	986	6,980	50,188
31 st March 2018*	51,616	#	7,925	59,541
31 st March 2019*	50,757	#	7,658	58,415

Kiosks are scrapped and not in use * Merged

1. ATMs/ ADWMs

Your Bank has one of the largest ATM networks in the world with 58,415 ATMs including Automated Deposit and Withdrawal Machines (ADWMs) as on 31st March 2019. To provide 24x7 cash deposit and withdrawal facilities, it has installed 7,658 ADWMs and CDMs.

Nearly, 36% of the financial transactions of your Bank are routed through ATMs/ADWMs. With a market share of 28.73% (as per RBI Data) in ATM network in India, it transacts 50.81% of the country's total ATM transactions. On an average, over 1.40 crore transactions per day are routed through your Bank's ATM network.

Under the Green initiative and cleanliness drive, your Bank has discontinued printing of transaction slips for 43 types of unsuccessful transactions. It has installed solar panels on around 2,400 ATM sites.

Your Bank has set up over 2,200 e-Corners across the country where customers can avail the entire gamut of services through ATMs, ADWMs, SWAYAMs, Check deposit Kiosk, and online banking kiosk.

To ensure safety of ATMs and customers', coverage under electronic surveillance is being enhanced. Your Bank has covered approximately 13,000 ATMs under e-surveillance as on 31st March 2019, while the next 15,000 ATM sites are slated to commence shortly.

2. SWAYAMs: Barcode based Passbook Printing Kiosks

Your Bank installed around 3,200 SWAYAMs (Barcode based Passbook Printing Kiosks) during FY2019, making the total number of SWAYAMs deployed cross 17,400 units. Using these kiosks, customers can print their own passbooks using barcode technology. Your Bank has also deployed "Through the Wall" SWAYAMs, offering extended working

hours for printing. More than 3.45 crore transactions are recorded at these kiosks per month.

3. Green Channel Counter (GCC)

GCC installed at all retail branches extend services such as cash withdrawal, cash deposit, funds transfer within State Bank of India, balance enquiry, and Mini Statement. On an average 8.20 lakh transactions are being routed through GCC per day.

4. Green Remit Card (GRC)

GRC, especially useful for migrant depositors, is a card through which one can remit money using GCC/CDMs/ADWMs in a specified account of State Bank of India. As a daily average, over 1.50 lakh transactions are being routed through GRC.

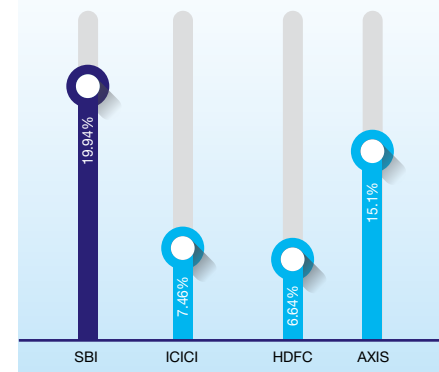
5. Banking on Mobile

YONO Lite - Your Bank's Mobile Banking App for retail customers, YONO Lite, as it is now known offers Intra and Inter Bank funds transfer (NEFT/RTGS/IMPS/UPI amongst others.), opening of fixed deposits, e-MOD Accounts and add / manage beneficiaries etc. Additional value-added services such as Aadhaar Linking, Voice Assisted Banking, e-statement subscription/download, Stop / Revoke cheque instructions, and facility to submit Form 15G/ 15H online for TDS exemption and a host of other features are also available.

SBI Anywhere Corporate - Your Bank's Mobile Banking App for proprietorship firms allows businesses to transfer funds across Banks, open and operate fixed deposit accounts, payment to EPFO, view account statements, schedule transactions, and Recharge/bill payment amongst others. Furthermore, it facilitates large Corporate firms with multiple users and allows business houses to operate

accounts, transfer funds through NEFT/RTGS, make bill payments/supplier payments, authorise e-cheques /e-STDR, open and operate fixed deposit accounts amongst others. With above 141 Lakh registered users, the Mobile Banking channel has processed transactions amounting to ₹2,74,029 crore.

Mobile Banking: Market Share in No. of Transactions (in%)

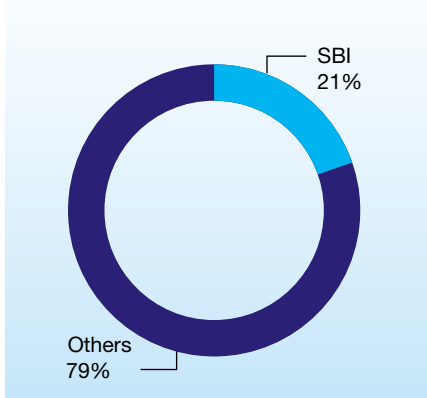


6. SBI Pay (BHIM)

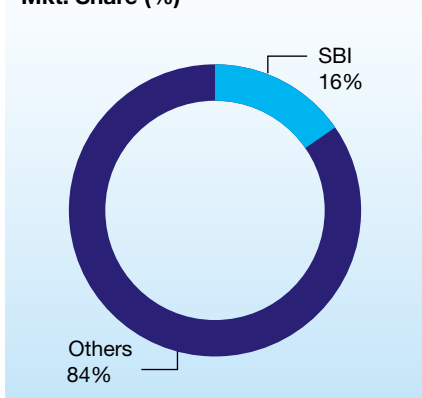
Your Bank's Unified Payments Interface based App is an interoperable offering, which provides the convenience of transferring funds across different Bank accounts using - Virtual Payment Address (VPA), Bank Account Number + IFSC and scanning a QR Code. Over 553 lakh users have registered and are availing UPI services, resulting in more than 129 crore transactions, amounting to more than ₹2.96 lakh crore, processed through the SBI UPI channel during FY2019. Additionally, users have the convenience of making bill payments, travel bookings and ordering food through BHIM SBI Pay making it an all-in-one UPI App. A facility to help donation for a variety of noble causes such as - Clean Ganga Fund and various Chief Minister's Relief Funds, has also been enabled on the app.

Large multinational corporations have implemented digital payments bandwagon to help achieve a Less Cash India. State Bank of India has partnered with Google India to offer UPI services to the users of their App - Google Pay under the UPI Multi-Bank Integration Model. Consequently, over 312 lakh Google Pay users have linked their Bank accounts with their @OKSBI handle till 31st, March 2019.

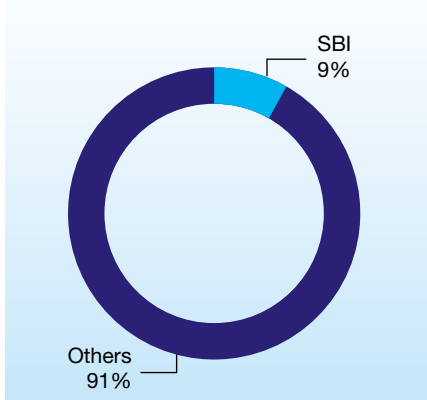
As a Remitting Bank Mkt. Share (%)



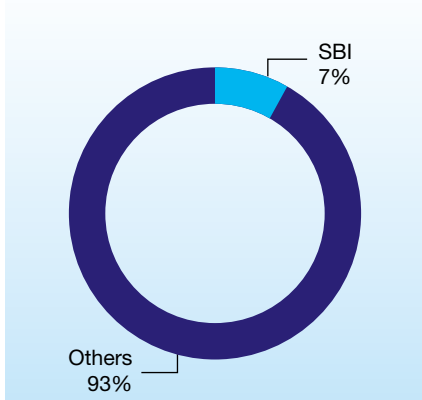
As a Beneficiary Bank Mkt. Share (%)



As Payer PSP Mkt. Share (%)



As a Payee PSP Mkt. Share (%)



- Get advice on and purchase a host of non-banking financial services products such as mutual funds, life and general insurance, credit cards, among others.
- Get the widest variety and lowest prices on beyond banking products, across 89 merchant partners and 21 categories on the platform.
- At the same time, our employees can provide the same services to our customers when they need assisted services. Besides, processes that take up close to 60% of branch activities have been digitised with a view to streamline processes, deliver superior in-branch customer experience and free up capacity for value creating activities.

YONO Impact achieved:

A year since launch, YONO has already generated significant value for the Bank in terms of business growth, new customer on-boarding and customer engagement

YONO has achieved 2 crore downloads and approximately 73.49 lakh registrations till date. Over 10 lakh users login daily.

Significant momentum on new customer on-boarding achieved with approximately 25,000 digital accounts opened per day, which was over 75% of all eligible accounts being opened by the Bank with 30-40% higher balances than regular accounts.

YONO is the fastest growing major channel for personal loans. It has crossed over ₹300 crore of monthly disbursements through a completely paper-less process.

The non-banking financial services product suite, that is, insurance mutual funds, amongst others are achieving all-time highs.

The market place has also been very successful in getting us engagement from our customers. 25% of customers who log in on a monthly basis do so to access the marketplace. For these customers, 45% of the time spent on the app is on the marketplace.

On end-to-end digitisation, we have drastically reduced the TAT for account opening from over 50 minutes to less than 10 minutes and are in process of eliminating the back-office for few key transactions.

SBlеPay - Your Bank’s Payment Aggregator

SBlеPay, started in March 2014, is the first and only Bank based Payment Aggregator in India. In its essence, SBlеPay is a platform for merchants to acquire a Bank agnostic large customer base and provides a bouquet of online payment options to the merchant’s online customers. During last year, SBlеPay has witnessed exceptional growth, as a result of an increase in the number of merchants on-boarded, which rose from 125 in FY2018 to 225 in FY2019. Moreover, your Bank has added four new channels to the bouquet of online payment offerings - NEFT, Prepaid Card, UPI, and SBlеPay-POS and have made direct integration with INB of other Banks such as HDFC, ICICI, Bank of Baroda, amongst others. This has resulted in a 115% YoY growth in number of transactions. The value of the transactions settled has jumped from ₹24,487 crore in FY2018, to ₹38,207 crore in FY2019, leading to an increase in the commission/revenue earned by your Bank. SBlеPay has achieved a revenue of ₹49.68 crore during FY2019, a growth of 54% over FY2018.

7. Digital Banking

The digital payments landscape in India is evolving rapidly and State Bank of India is playing an effective role in building momentum for transforming India through digitalisation of the economy. In sync with the Government of India to create a less-cash economy, your Bank has expanded its digital footprint across the length and breadth of the country.

YONO: YONO, our flagship customer-facing digital Bank caters to various banking, financial services, lifestyle requirements and delivers world class customer experience through distinctive omni-channel and seamless customer journeys. It is also an employee facing platform that enables end-to-end digitisation of regular banking services.

With YONO our customers today can:

- Open an account digitally and do all banking transactions on a mobile app or website.

Various other intangible benefits were achieved through YONO, for example simplified CKYC process, elimination of paper-based application forms, automated customer validations, amongst others.

Awards won by YONO :

- “CSI IT Innovation & Excellence Awards 2018” - Best BFSI for Implementation of Digital Transformation (Dec 2018)
- “ABP News BFSI Award 2018” - Best Bank in Technology Orientation (November 2018).
- “Mobile Banking Initiative of the Year - India” at the Asian Banking and Finance Retail Banking Awards, Singapore (July 2018).
- Indian Express Award 2018 - Enterprise Mobility Category (June 2018).
- ET BFSI Innovation Awards (September 2018).

Performance Highlights of YONO as on 31st Mar 2019 :

- 2 crore + application downloads
- 73.49 lakh Registrations
- App rating on Android is at 3.7 and 2.8 on iOS
- 10 lakh+ daily logins
- 98.31+ lakh Fund Transfers (₹13,413.64 crore) executed
- 2.40+ lakh Fixed Deposits opened
- 13.84+ lakh Bill payments done
- 27.50 lakh+ Digital Savings accounts
- ₹3,800 crore worth disbursements of Digital paperless Pre-Approved Personal Loans to 3.14+ lakh customers, having delinquency rate of less than 0.01 %.
- 89 merchant partners live on the B2C Market Place platform across 21 categories, witnessing approximately 1,37,000 transactions (around ₹60 crore Gross Merchandise Volume), 1.66 crore merchant clicks, and approximately 54,115 IRCTC ticket bookings.
- Mutual Funds Gross Sales worth ₹8,324.79 lakh

- General insurance policies worth ₹981.46 lakh (No: 3,19,936)
- Life Insurance Policies value ₹1,315.47 lakh (renewal) and ₹550.93 lakh (New) achieved on the YONO platform.
- 2.16+ lakh SBI Credit Cards linked; 5.79 lakh card payments worth ₹678 crore done; 1.93 lakh new Card leads generated.
- Online lead generation and issuance of In-principle approval and sanction of Retail Loans for Home Loan (existing customers), approximately 45,475 leads generated, out of which around 9,356 in-principle approval generated (around ₹1,402 crore).
- Innovative product ‘YONO Cash’ - Cardless, paperless withdrawals at ‘YONO cash Points’ (ATM) launched Pan India. The innovative YONO Cash feature provides cardless, fast, convenient, and safe cash withdrawal facility at nearly 19,601 ATMs across the country. The enhanced journey to include the scope of paperless/cardless cash withdrawal at POS terminals, branches, and BC channel under YONO Cash is under development.

Debit Cards: State Bank of India has focused on shifting the usage of Debit Cards by customers from ATMs (for cash withdrawals) to PoS terminals/e-Commerce websites. Highest one day spends at PoS/e-Commerce was achieved with ~₹1,000 crore on Dhanteras.

Additionally, your Bank has launched various innovations and functionalities around Debit Cards such as Contactless Debit Cards, Bharat QR, Samsung Pay, Visa Checkout, and Personalised Image Debit Card “My Card”. Moreover, it has tied up with various institutions such as Mumbai Metro, Chennai Metro, College of Engineering - Pune, IOCL, and others for launching co-branded Debit Cards/ Combo Cards.

These initiatives made State Bank of India a market leader in terms of share in Debit Card spends, which is at a high of 29.89% as on 31st March, 2019. With approximately 29.67 crore actively used Debit Cards as on 31st March, 2019, State Bank of India continues to lead in Debit Card issuance in the country.

State Bank Foreign Travel Cards (FTC):

The State Bank Foreign Travel Card (SBFTC), is a chip based EMV compliant card and is issued on VISA and MasterCard schemes providing safety, security, and convenience to overseas travellers. On VISA it is available as single currency card in 8 currencies - US Dollar, British Pound Sterling, Euro, Canadian Dollar, Australian Dollar, Japanese Yen, Saudi Arab Riyal, and Singapore Dollar. On MasterCard it is available as Multicurrency Card in 7 currencies - US Dollar, British Pound Sterling, Euro, Canadian Dollar, Australian Dollar, Singapore Dollar, and UAE Dirham. Your Bank has also introduced corporate variants of SBFTC to cater to varying needs of corporate customers. Additionally, your Bank is aggressively promoting tie-ups with FFCs (Full Fledged Money Changers).

FASTags: Your Bank has issued more than six lakh SBI FASTags to customers. Consequently, Toll transactions through SBI FASTags have crossed a mark of 216 lakh with a total transaction amount of over ₹395 crore as on 31st March, 2019. State Bank of India has put onboard, State Road Transport Corporations in Uttar Pradesh, Punjab, Uttarakhand, Odisha, Tamil Nadu, Karnataka, and West Bengal for FASTag services.

Metro and Transit Projects: Your Bank has implemented a first- of-its-kind end to end ticketing solution for the Noida Metro Project using the National Common Mobility Card (NCMC) specifications based RuPay Prepaid Card. State Bank of India has also been awarded the Hyderabad and Nagpur metro project for implementation of Open Loop Automatic Fare Collection System based on the NCMC card specifications, the work of which is under way.

Smart City: Your Bank has a dedicated team to capture the payment eco-system in the 100 identified Smart-Cities in India. The plan is to foray into the transit solution/ integrated ticketing solution for ‘One City One Card’, which is a payment initiative for the Smart Cities.

Cash@PoS: To reach out and facilitate maximum number of people looking for convenient cash withdrawal, State Bank of India, provides facilities of cash through ‘Cash@POS’ initiative. Debit card holders of State Bank of India and all other Banks can withdraw cash from PoS machines installed by your Bank across various merchant locations. As per the RBI guidelines customer can withdraw ₹1000 in Tier I and Tier II cities whereas ₹2000 can be withdrawn in Tier 3 to Tier 6 cities

per day per card. Presently, your Bank is not charging any fee. State Bank of India has a total of 5.75 lakh PoS machines of which 4.78 lakh PoS machines are enabled to dispense cash to the customers of your Bank and the Banks who have enabled this facility for their customers.

Merchant Acquisition: The digital payments landscape in India is evolving at a rapid rate and your Bank is playing an effective role in building momentum for transforming India through digitalisation of the economy. In sync with the focus of the Government of India to create a less-cash economy, your Bank has expanded digital payment acceptance infrastructure across the length and breadth of the country. During the year, your Bank introduced a multi option payment acceptance device named MOPAD facilitating payments via cards, Bharat QR, UPI, and SBI Buddy (e-wallet) on a PoS terminal. In addition, your Bank continued to expand digital footprint across the country and deployed 5.75 lakh PoS terminals, 4.19 lakh Bharat QR code and on-boarded 6.31 lakh merchants on BHIM-Aadhaar-SBI. In total, the number of merchant payment acceptance touch points crossed 27.91 lakh as on 31st March 2019. Your Bank has acquired nearly 54 crore transactions during FY2019 with 24% increase on Y-o-Y basis. In addition to offering basic acquiring services, your Bank is also providing other services such as:

- NFC acceptance on PoS terminals
- DCC-Dynamic Currency Conversion
- EMI
- Cash@POS
- Acceptance of AMEX, DINERS, DFS, JCB, and UPI

Your Bank continued the efforts to onboard merchants from premium segments like OMCs, retail chains, life style stores, and holiday resorts apart from consolidating the existing business. Your Bank has tied up with major Corporates and with Government departments to migrate their operations from cash to digital mode. This involve customisation and integration of its systems with those of corporate and Government departments to ensure seamless flow of digital transactions. Some of the notable integrations are with Indian Railways, SOUTHCO (Odisha), APDCL (Assam Power Distribution Co. Limited), Goa - GBSS project (Government of GOA), Cyber Treasury (Govt of Madhya Pradesh), IGR (Inspector General of Registrar) Pune, Noida, and Nagpur

Metro. Your Bank has also initiated the development of acceptance infrastructure for NCMC (National Common Mobility Card) on our PoS terminals to push the government initiative of 'One Nation One Card'.

State Bank of India has transferred merchant acquiring business to its subsidiary SBI Payment Services Private Limited (SBIPSP) and has subsequently inducted Hitachi Payment Services Private Limited, a domain player as a JV Partner with minority shareholding. This will enable SBIPSP to offer innovative technology driven products in digital payment acceptance system, which will boost Digital India Initiative and offer improved merchant experience.



Hon'ble Prime Minister launched National Common Mobility Card (NCMC) on March 6, 2019 at Ahmedabad, in the presence of Chairman, SBI.



CAR LOAN

Upgrade your life!

- Low interest rate
- Low processing fee
- No pre-payment penalty

8. Customer Value Enhancement

Your Bank is the Corporate Agent of SBI Life Insurance Co. Limited and SBI General Insurance Co. Limited and has Distribution Agreement with SBI Mutual Fund, SBI Cards & Payment Services Private Limited and SBI Cap Securities Limited for distributing their products. Your Bank also distributes mutual fund products of UTI Mutual Fund, Tata Mutual Fund, Franklin Templeton Mutual Fund, L&T Mutual Fund, ICICI Mutual Fund, and HDFC Mutual Fund. In addition, all branches are authorised for opening pension accounts under National Pension System.

Performance Highlights: (Commission on Cross Selling)

J Vs	ACTUALS	
	YTD March 2018 (₹in crore)	YTD March 2019 (₹in crore)
SBI LIFE	714.75	951.90
SBI MF	560.51	503.00
SBI GENERAL	212.57	270.86
SBI CARDS	135.83	190.69
SSL	5.14	6.70
NPS	2.44	4.11
TOTAL	1631.24	1927.26

INITIATIVES AND SUCCESSES**SBI LIFE**

- Digital sale has gone up from 22% to 92% in FY2019.
- Number of Specified Person for Life insurance has increased to 54,317 as on March 19 as against 46,180 in March 18 (Increase of 17.6%)

SBI MF

- SBI has become India's No.1 Bank distributor in terms of AUM (more than ₹72,000 crore).
- SBI continues to be the market leader in terms of Live SIP numbers (more than 22 lakh) and SIP Book Value as on March 19.

SBI GENERAL

- Number of Specified Person for General Insurance has increased to 22,034 as on March 19 as against 20,646 in March 18 (Increase of 6.72%)

SBI CARD

- No of cards issued through Banca Channel crossed 15 lakh in FY2019.
- Cards sourced from Banca Channel has increased from 45% in FY2018 to 55% of total cards issued by SBI Card in FY2019.

SSL/NPS

- Bank continues to maintain its dominance in mobilising maximum number of NPS accounts this year as well.
- Bank was qualified as Top Performing Point of Presence (POP) under various campaigns observed by PFRDA.
- Bank has shown a significant growth in income earned by sourcing Demat accounts and by opening NPS accounts.

9. Internet Banking and e-Commerce

State Bank of India continues to grow and lead the digital banking space propelled by the enhanced outreach of 'Onlinesbi' across all customer segments. The channel has expanded its footprint with over 129.23 lakh new user additions during the first nine months showing a marked increase over the last year's reach (see Table).

With introduction of new features and several add-ons provided in 'Onlinesbi' to enhance customer comfort and experience, the platform handled transaction volume exceeding 162 crore with transaction value of nearly 127.78 lakh crore, recording a quantum jump over the last year (see Table). This reflects on the growing customer confidence on our offerings and deliverables.

Key Performance Indicators	2017-18	2018-19
New User Registration (₹in lakh)	94.63	129.23
Transaction Volume (₹in crore)	156.56	162.06
Transaction Value (₹in crore)	95,07,340	127,77,976

Key Enablers:

- Green Password has been launched during the year to enhance customers' ease in joining our digital platform with a hassle-free self-registration process. This is set to expand the INB coverage among existing and new customers.
- Launch of Virtual Account Number (VAN), a customised collection tool for big corporates with its unique alphanumeric code that masks the account details of the corporates from the remitter, is another big milestone reached during the year.
- Facility for the **non-INB customers** to update their email ID in CBS records by accessing the option '**Register / Update your E-Mail ID**' under the tab '**Useful Links**'.

- One of the key enablers provided to customers is the facility, which enables them to reply to transaction alerts received through SMS and email for instant reporting of unauthorised transactions.
- Mobile registration was made mandatory to facilitate receipt of SMS alerts by customers.
- Online download of Form 16 A is now made available through OnlineSBI.

C. SMALL AND MEDIUM ENTERPRISES

Your Bank is pioneer and market leader in SME financing. With over ten lakh customers, the SME portfolio of ₹2,88,583 crore, as on 31st March 2019 accounts for nearly 12.58% of your Bank's total advances. State Bank of India has always held SMEs as an important segment, considering the role being played by them in the Indian economy in terms of their contribution to manufacturing output, exports and employment generation. Being committed to providing Simple and Innovative Financial Solutions, your Bank's approach in driving SME growth rests on the following three pillars:

- Customer Convenience,
- Risk Mitigation,
- Technology based digital offerings and process improvements

1. Customer Convenience

With a view to build and sustain the momentum for transforming India, your Bank has created the highest units of touch points in terms of branches and other modes. With a view to enhance ease of business for the Small and Medium Enterprises, State Bank of India modified its existing delivery model of Small and Medium Enterprises Centre (SMEC) and created Asset Management Teams (AMTs) to maintain end to end relationship with the customers for micro loans up to ₹50 lakh. The SMECs have also been strengthened in terms of manpower, which has resulted in improvement in the service.

2. Digital offerings:

Your Bank is leveraging technology in every aspect of the value proposition from sourcing business, designing products, streamlining process, improving delivery to monitoring. Furthermore, it has taken several initiatives to build SME portfolio in a risk mitigated manner and has implemented significant changes in (i) Product suite, (ii) Process (iii) Delivery.

Loan Life-Cycle Management

Lead Management System (LMS): Your Bank is hosting an online loan application and tracking facility for MSME borrowers on the Corporate Website www.sbi.co.in. It is an internet-based Credit Proposal Tracking System called Lead Management System (LMS), which allows customers to apply for a loan online and receive an acknowledgement in the form of application reference number.

Customer Relationship Management (CRM): Leads sourced are tracked and monitored for delivery through this system.

Loan Origination Software (LOS-SME) and Loan Life Cycle Management System (LLMS): With a view to adopt the uniform standards of credit dispensation for ensuring quality and preserving corporate memory, loans are processed through LOS and LLMS for small and high value loans respectively.

Contactless Lending Platform

State Bank of India is one of the members of SIDBI led PSB consortium and your Bank's path-breaking initiative, psbloanin59minutes.com, provides easy access for loans to SMEs registered on GST platform and filing income tax. On this Contactless Lending Platform (CLP), in-principle sanction of loans up to ₹1 crore is processed. 8,377 in-principle sanctions were generated through CLP by FY2019, amounting to ₹3,250 lakh.

Project Vivek

Project Vivek heralded a paradigm shift in your Bank's appraisal system from traditional Balance Sheet based funding, to a more objective appraisal system of leveraging cash flow and other information sources. It is a promising initiative launched by State Bank of India to implement a new Credit Underwriting Engine (CUE) for the SME segment, thereby bringing objectivity in better risk assessment. Moreover, it reduces Turn Around Time (TAT) resulting in better customer experience. By FY2019, a total of 34,477 proposals were

processed under Project Vivek. Further, during the year, technical enhancements were done in the project to improve the underwriting process.

SBI and QCI sign MoU on Zero Defect Zero Effect (ZED) Certification for MSMEs: State Bank of India becomes the first Bank to sign a Memorandum of Understanding (MoU) with Quality Council of India on the Zero Defect Zero Effect (ZED) Certification Scheme of Ministry of Micro, Small and Medium Enterprises, Government of India.

As part of this MoU with QCI, your Bank has decided to offer concessions in Pricing/processing charges for MSMEs having better ZED ratings. State Bank of India is also considering incorporating ZED rating as a parameter in its Bank's internal rating system.

Briefly, this MoU will pave way for a collaborative arrangement on implementation of ZED on a nation-wide scale on specific activities aimed for the benefit of MSMEs. Both your Bank and QCI will define a strategic framework to take forward the vision of Hon'ble Prime Minister for making our MSMEs adopt Zero Defect and Zero Effect practices.

The ZED Certification Scheme of Ministry of MSME is aimed at enhancing the global competitiveness of Indian MSMEs on

quality and environment aspects in their systems and processes. It is a continual improvement and rating scheme involving handholding and certification of MSMEs with financial support from the Government of India. Ministry of MSME has nominated QCI as the National Monitoring and Implementing Unit (NMIU) of this Scheme.

So far more than 20,000 MSMEs have registered for ZED and many State Governments are already incorporating ZED in their Industrial Policies.

Trade Receivables Discounting System (TReDS)

State Bank of India was the first among all PSBs to register as a financier during the year on the TReDS platform RXIL and M1xchange, set up to provide finance to MSMEs. With this we now have our presence on all the 3 TReDS platforms in the country. Your Bank was actively participating in the online biddings on the platform and was offering very competitive rates for the benefit of MSMEs. Your Bank rediscounted bills worth ₹72.51 crore, which were discounted by SBI Global Factors Limited on the 3 TReDS platforms.





State Bank of India was awarded 'Best MSME Bank Award-Large Bank' by CIMSME.



MOU with KIA Motors India Private Limited (KMIPL), to finance dealers of KIA Motors under Electronic Dealer Financing Scheme (e-DFS) in the gracious presence of MD (R&DB).

3. Business Partnerships/ Tie-ups

Your Bank is expanding its portfolio of Warehouse Receipt Finance and Supply Chain Finance through Business partnerships/Tie-ups with Collateral Managers and Industry Majors.

Warehouse Receipt Finance:

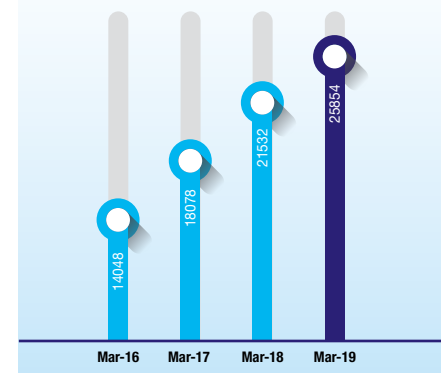
Your Bank has introduced Warehouse Receipt Financing scheme (WHR) to extend finance to traders/owners of goods/manufacturers for processing, provided against Warehouse Receipts issued by Collateral Managers having a tie-up with State Bank of India. Further, WHR issued by Central Warehousing Corporation (CWC) and State Warehousing Corporation (SWC) would also be eligible for WHR finance. The WHR portfolio as on 31st March, 2019 stands at ₹6,111 crore.

Supply Chain Finance:

Leveraging state-of-the-art technology and branch network, your Bank has emerged as a major player in Supply Chain Finance by strengthening its relationship with the corporate world.

During the fiscal year, State Bank of India entered into 61 new e-DFS (Electronic Dealer Finance Scheme) and four new e-VFS (Electronic Vendor Finance Scheme) tie-ups covering 351 Industrial Majors, 25,921 of their dealers and 16,572 vendors. The number of oil dealers (Petrol Pumps) on e-DFS crossed 14,806 during the last fiscal.

There was 20.07% Y-O-Y growth in e-DFS portfolio.



4. Risk Mitigation:

Your Bank has increasingly been shifting its focus towards Risk Mitigated Products, which include Asset Backed Loans, Overdraft against Bank Deposits/ Government Securities, Bills Discounting facility, and CGTMSE/CGFMU covered loans, amongst others.

Pradhan Mantri Mudra Yojana:

In line with the initiatives of the Government of India, your Bank has laid considerable emphasis on extending credit facilities to eligible units under different variants of Pradhan Mantri Mudra Yojana and has disbursed ₹33,612 crore for FY2019 under PMMY, against a target of ₹33,550 crore.

Credit Flow to Micro and Small Enterprises under CGTMSE:

State Bank of India was a pioneer in supporting MSMEs and Micro and Small business, by extending collateral free lending up to ₹2 crore under guarantee of CGTMSE. Your Bank has a portfolio of ₹7,830 crore under CGTMSE as on 31st March, 2019.

D. RURAL BANKING

1. Agri Business

Credit support for agriculture and allied activities gained greater momentum during this year, although the external environment was marred by farm distress and the effects of debt waivers announced by various State Governments. In line with the past trends, the credit flow to agriculture set by the Government for FY2019 was surpassed by your Bank.

FLOW OF CREDIT TO AGRICULTURE			
YEAR	TARGET	DISBURSEMENT	% ACHIEVEMENT
FY2016	89,781	1,02,423	114%
FY2017	95,168	1,25,270	132%
FY2018	1,05,741	1,66,819	158%
FY2019	1,16,315	1,56,385	134%



World Soil Testing Day 05.12.2018 ADB Jaora, Distt. Ratlam (Bhopal).

Your Bank has launched nine products for Dairy, Fisheries, Poultry, Sheep rearing, Goat rearing, Piggery, Bee-keeping, Sericulture, and Mushroom Cultivation wherein loans with a limit up to ₹10 lakh are being sanctioned without obtaining any collateral security under the Mudra scheme with liberalised terms, as allied agricultural activities are means of increasing farmers' income.

During the year, the Agri portfolio growth was ahead of the YTD ASCB trends. The YTD growth in total Agri advances, as on 31st March, 2019 is ₹14,430 crore. The comparative growth in overall Agri Advances portfolio is as under:

Year	Total Agri Advances	YoY Growth Amount	(₹in crore)
			YoY Growth %
FY2019	2,02,681	14,430	7.67%
FY2018	1,88,251	(3014)	(1.58%)

Your Bank has witnessed an impressive pickup under Risk Mitigated loans such as Gold Loan, ABAL (Asset Backed Agri Loan) and Portfolio Purchases from MFIs, resulting in an increase in the share of Risk-mitigated loans from 27.6% in FY2018, to 30.3% in FY2019 at a whole Bank level. In Portfolio Purchases from MFIs under Direct Assignments, a total of 29 proposals worth ₹9,555 crore were sanctioned during FY2019.

A new product designed to meet the general-purpose needs of farmers against the collateral of property, called the Asset Backed Agri Loan (ABAL), picked up momentum during the year with a growth of about 142%, albeit on a lower base. This product was readily accepted by customers because of the flexibility it offers.

Your Bank is de-risking its Agri portfolio and supporting farmers at the same time by tying up with local and national level Agri Corporates, wherein the supply chain will ensure cash flows for timely renewal of loan and better incomes for the farmers. Additionally, it is lending under a Cluster-based approach to tap opportunities revolving around areas and centres, which have traditionally been known for shrimp farming, dairy, poultry and, higher value horticulture crops such as pineapple and mango.

Micro credit (SHGs Bank Linkage):

Your Bank has the highest market share in SHG loans outstanding, among all Banks with outstanding loans of ₹13,444 crore to 6.09 lakh SHGs as on 31st March, 2019 including more than 50 lakh women members.

Deendayal Antyodaya Yojana: National Rural Livelihood - Mission (DAY-NRLM):

Since inception of DAY-NRLM on 1st April, 2013, your Bank has financed 14,25,670 SHGs under Bank-SHG Linkage and disbursed ₹23,939 crore.

State Bank of India has won the National Award for highest SHG Bank linkages for the year 2018, instituted by Ministry of Rural Development, New Delhi on 11th May, 2018. Your Bank's market share of loans under National Rural Livelihood Mission among PSB is 25.42% as on 31st March, 2019.

Other Initiatives

Recognising the contribution of rural India to the nation's economic growth, your Bank is striving to meet the financial needs of the rural segment through various new channels and services. To create focused attention on the importance of soil health card and advocating for sustainable management of soil resources aimed at enhanced Agri production, State Bank of India has observed World Soil Testing Day on 5th December, 2018 across the country at selected branches by inviting Agriculture Scientists and farmers at field level. The programme was themed "Be the Solution to soil pollution" to encourage Organic Farming.

As widely reported, the Agriculture sector saw developments with a few States announcing waiver of farm loans in response to demands made by the farmers.

Your Bank announced Rinn Samadhan:2018-19 scheme, covering farm sector loans and achieved the set internal targets.

Keeping in view the large number of customers served by your Bank, it organised mass contact programmes on five occasions during the year. Under this initiative, all Rural and Semi-urban branches held informal meetings with farmers to improve customer connect and spread awareness about your Bank's and Government's schemes. As estimated, at least 14 lakh farmers attended these meets.

Other remarkable initiatives taken during the year included issuance of 72 lakh KCC-ATM-RuPay Cards to Kisan Credit Card (KCC) borrowers for ease and operational convenience. KCC RuPay Cards work seamlessly with ATMs and PoS machines, enabling farmers to purchase their day-to-day farm requirements on 24x7 basis.

State Bank of India, organised Kisan Mela at nearly 14,000 rural and semi-urban branches across the country. It is an initiative by your Bank to connect with farmer customers, resolve their grievances, and educate them about their rights and your Bank's initiatives.

As part of Kisan Mela, your Bank also offers KCC farmers an enhancement of 10% to their credit limit on renewing the account. In addition to this, State Bank of India has taken this initiative to reach out to the farmers to educate about the benefits of renewing KCC account to get maximum benefits of interest subvention from Government and coverage under Pradhan Mantri Fasal Bima Yojana. Your Bank has also made farmers aware about the benefits of timely renewal of KCC account and usage of KCC Rupay Card for transactional convenience.

Furthermore, your Bank will sensitise farmers on various Agri-products of your Bank like Asset Backed Agri-loan, Mudra Loan and loans on other allied Agri activities.

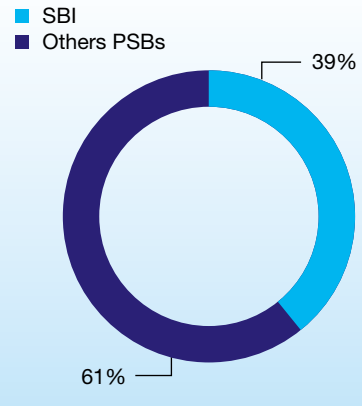
2. Financial Inclusion (FI):

Your Bank realises the role it must play as the largest Bank in the country in practicing and promoting FI activities. The spread of digital banking channels and expansion of Business Correspondents (BC) network is giving your Bank the impetus to further grow its FI activities. Thus, to achieve inclusive development and growth, your Bank has worked out strategies and leveraged technology to expand financial services to the door steps of the unbanked with the purpose of bringing them under the ambit of formal banking system.

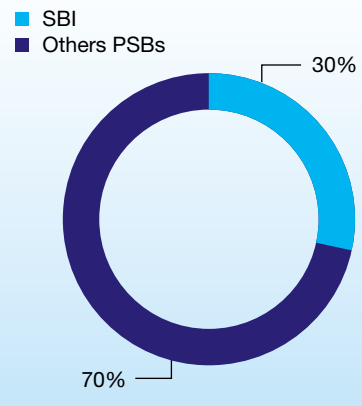
Your Bank has 57,467 operating BCs and 22,010 branches across the country to offer banking services. The BC channel, which provides customers in unbanked areas an access to various banking products and services while reducing footfalls in the branches, has recorded 39.75 crore transactions amounting to ₹1,73,381 crore in FY2019, translating to around 15 lakh transactions per day.

Under the flagship Pradhan Mantri Jan Dhan Yojana (PMJDY) of Government of India, State Bank of India has paved the way for universal financial access by being a pioneer in implementing the programme. Your Bank has opened 10.97 crore accounts by FY2019 and issued 9.20 crore RuPay debit cards to the eligible customers. These initiatives taken under financial inclusion as part of key economic policy agenda of the Government over the last decade, has ensured access to Bank accounts for the excluded persons.

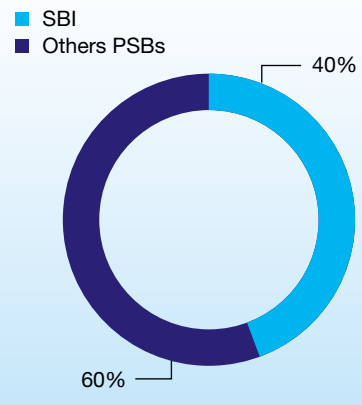
No. of PMJDY Accounts



Deposits Accounts (PMJDY)



No of Rupay cards issued (PMJDY)



To fulfil the needs of Social Security measures, low cost Micro insurance products (PMJJBY, PMSBY) and pension schemes (APY) are provided to the unorganised sector in a big way, covering around 3 crore customers.

Imparting Financial Literacy

With the objective of imparting financial literacy and facilitating effective use of financial services, your Bank has set up around 338 Financial Literacy Centres (FLCs) across the country. During FY2019, a total of 29,450 financial literacy camps were conducted by these FLCs across the country. As a part of the pilot project implemented by RBI, your Bank has set up 15 centres for Financial Literacy at Block level, five each in the state of Maharashtra, Chhattisgarh and Telangana in association with NGOs identified by RBI.

State Bank of India hosted a panel discussion on 'India-China: Financial Inclusion - Experiences and Challenges'. The discussion was attended by a high-level delegation from China, which included Mr. Li Wei, President, Development Research Centre, PRC, and Minister. Furthermore, it was centred around the initiatives taken by the Indian and Chinese governments towards financial inclusion, the experiences and the challenges thereto.

Rural Self Employment Training Institutes (RSETIs) play an important role in skill development by imparting comprehensive quality training programme to rural youth. Additionally, it facilitates them in setting up micro enterprises. Your Bank has set up 151 RSETIs spread across 27 States and one Union Territory.

RSETIs have trained over 96,999 rural youth in FY2019. Over 70% of the candidates trained are women and 92% of the candidates trained belong to non-general categories (SC/ST/OBC/ Minorities). More than seven lakh candidates were trained by SBI-RSETIs since 2012 of which 69% were settled, in gainful vocation.

E. NBFC ALLIANCES

Reserve Bank of India has issued guidelines on co-origination of loans with Banks and NBFCs. Based on the guidelines, your Bank has created a new department 'NBFC Alliances' in the month of October, 2018. The main objective of the Department is to partner with Non-Banking Finance Companies and Micro Financial Institutions across the country in Co-origination of loans for creation of assets under priority sector.

To achieve this objective, your Bank has formulated a detailed policy approved by The Central Board. Additionally, the NBFC Alliances Department focuses on engaging NBFC/MFIs (other than NBFC-ND-SI) as Business Associates to achieve a growth in Priority Sector Advances. Moreover, the Department also facilitates portfolio purchase and securitisation of loan portfolio with respective Business Units, viz., ABU, SMEBU, REHBU and PBBU.

Your Bank has stepped up the target for purchase of good quality portfolio of assets from NBFCs, as it believes that there is good opportunity to expand its loan portfolio at attractive rates. Your Bank is looking for opportunities both in priority and non-priority sectors. Your Bank had initially planned for a growth of ₹15,000 crore through portfolio purchase during the current year, which is now being enhanced.

F. OTHER NEW BUSINESS INITIATIVES


1. Special Projects

IFSC Banking Unit at GIFT SEZ: The Chairman, inaugurated your Bank's IFSC Unit (IBU) at International Financial Services Centre (IFSC) located at the GIFT-SEZ, Gandhinagar, Gujarat. Many developed countries have financial hubs, which have evolved over a period as International Financial Centres (IFC). These centres provide suitable regulatory regimes and create a business environment to attract talent and capital. Successful IFCs are places where business is conducted between organisations from all over the world using latest financial technologies and products.

While the 100% tax concession available till 2020 and 50% for the next 5 years till 2025 are surely an attraction, they are not the only reason why your Bank has set up an Office in IFSC. The proceeds of ECBs (External Commercial Borrowings) which were hitherto being parked at high cost jurisdictions like London, New York, Singapore and Hong Kong, are now being parked at IFSC GIFT City, to optimise on the cost.

Initiatives for pilgrims at Kumbh Mela:

With an aim to provide banking services to millions of pilgrims and visitors at the Kumbh Mela, State Bank of India undertook various initiatives. For the 50-day Prayagraj Kumbh Mela, your Bank provided all the necessary assistance to the devotees in the form of two 14-hours working State Bank of India branches, four ATMs, three mobile ATMs as well as a forex counter.



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WE VALUE YOUR BUSINESS THE WAY YOU VALUE YOUR CUSTOMERS.

Everything your business needs under one account.

- Easy cash handling
- Cost-effective solutions
- Convenience

2. Strategy

Following the best global practice, your Bank has created the position of Chief Strategy Officer (CSO) during 2018-19 with the objective of defining journey towards realising Mission Statement of your Bank and transforming vision of Top Management into reality. The position of CSO in your Bank will help in establishing robust strategy framework for enhancing value. The CSO's role also aims for strategic synergy amongst all verticals for enhancing value for Customers, Shareholders and Employees.

The CSO addresses both the business and operational strategy of your Bank. The key areas for CSO organisation have been envisaged as below:

Data Analytics - With support of a core effective group of Analytics professionals, CSO's role is to churn the Bank's own data as well as external data to prepare long term insights and actions. The CSO and his team also assist the senior management with quick analytics for decision making.

Market Research, Benchmarking and Competition - The CSO undertakes market research and analysis of the key products, processes and service lines of the competitors on a continuous basis vis-a-vis our products. This includes service delivery to formulate responsive and creative strategies, mostly in collaboration with the leaders of our Business Units and Field Operations.

Key Project Monitoring - CSO work as a bridge between Top Management and Business Unit owners and Field Managers to keep key strategic projects on track and ensure their speedy and timely implementation.

Few of the projects taken up by CSO for comprehensive improvement of Market Share in major cities of the country include

- Strategic Tie-up for enhancing the Brand value
- Marketing and Branding of YONO
- Realising group synergy

Another strategic initiative taken up by CSO is for Branch Transformation and Re-Imagining of Branch Experience. The objective of the project is to decongest the branches, re-design the desks and transform the branches from being transaction oriented to business oriented and improve service delivery. Besides, several initiatives have been taken up for de-cluttering of branches and uniform branch layout for overall improvement in customer experience.

G. GOVERNMENT BUSINESS

Your Bank has traditionally been the banker of choice to the Government and is the accredited Banker to the major Central Government Ministries and Departments. Being the market leader in Government Business (with a market share of more than 80% in Government commission), your Bank is at the forefront in the development of e-Solutions for both Central and State Governments. This has facilitated their transition to the online mode, resulting in greater efficiency and transparency. Your Bank is an active stakeholder in the Government's latest initiatives namely, Government e-Marketplace, and is continuously engaged in developing customised technology solutions such as e-Tendering, e-BG, e-Trade, amongst others, to keep pace with the Government's digital initiatives.

	(₹in crore)	
Particulars	FY2017-18	FY2018-19
Turnover	55,61,295	57,47,997
Commission	3,409	3,974

With a view to facilitate e-Governance, digitisation and bringing in more efficiency and transparency, the following initiatives were implemented during the year:

1. GeM (Govt. e-Marketplace)

State Bank of India is the pioneer amongst Banks for financial integration of payments to suppliers for procurement of common goods and services through GeM portal. Five State GeM Pool Accounts were opened at Uttar Pradesh, Tamil Nadu, Himachal Pradesh, Puducherry, and Gujarat. GeM Pool Accounts of more than 70 Autonomous bodies were opened.

2. e-Tendering

Your Bank has implemented the e-Tendering solution for various departments of Maharashtra, Punjab, Kerala, UP, and Assam State Government.

3. PMJAY-Ayushman Bharat

Settlement accounts under the scheme were successfully opened in nine States/UTs viz Uttar Pradesh, Maharashtra, West Bengal, Assam, Puducherry, Sikkim, Nagaland, Tripura, and Andaman and Nicobar Islands.

4. Indian Railways

State Bank of India has completed integration for collection of Application fee for recruitment in Railway Protection Force through SB MOPS. MOU with Northern Railways for Cash Pickup through our empanelled agencies was executed in FY2019 covering a Total of nine Railway Zones out of 16.

5. Direct Benefit Transfer (DBT)

State Bank of India is the sole Banker for processing Direct Benefit Transfer of LPG subsidy (DBTL). Total number of transactions and amount processed in FY2019 are as following:

	(₹in crore)	
Particulars	No. of transactions (crore)	Amount (₹in crore)
DBTL	128.95	36,653
DBT (others)	33.06	2,07,526

6. Auction of items gifted to Honourable Prime Minister

Your Bank has made its services available for collection of proceeds from the auction of items gifted to Honourable Prime Minister at the National Gallery of Modern Arts, New Delhi. The event was executed by the Ministry of Culture.

7. National Testing Agency

Successful Payment Gateway integration with National Testing Agency for collection of examination fees.

8. CBSE

SBMOPS was integrated with CBSE platform for fee collection of CBSE affiliated schools.

9. Pension Payments

State Bank of India has been administering pension payment to 55.57 lakh pensioners through its 16 CPPCs making disbursement of total pension amount of more than ₹1,56,835 crore. During FY2019 2.79 lakh new pension accounts and eight Autonomous Bodies were on boarded for Pension payments. A number of pensioner connect programmes were conducted across the country.

10. Small Savings Schemes

State Bank of India services more than 75.79 lakh PPF and 14.79 lakh SSA accounts making it the highest among all the authorised Banks. Additionally, 5.78 lakh PPF accounts and 3.16 lakh SSA accounts were added during this FY.

11. Other

Your Bank was accorded an approval for opening 33 Accounts for Enforcement Directorate under Ministry of Finance. Your Bank was chosen as an Aggregator Bank for collection of tax and non-tax revenue of the Government of West Bengal. Workshops were conducted across the country for training the personnel of Implementing Agencies.

12. Awards

Your Bank was awarded First Prize for opening the largest Number of Sukanya Samridhi Accounts amongst all Banks (Pan India). The award was given at National Savings Institute, New Delhi on 30th October, 2018 to celebrate "World Thrift Day".

H. TRANSACTION BANKING UNIT

Your Bank's Transaction Banking Unit (TBU) leverages technology to provide comprehensive solutions for bulk transaction requirement of clients, facilitating their efficient funds management along with other value-added services such as customised MIS, integration with Corporate ERP and dedicated single point Client Support Cell. Transaction Banking services not only facilitate your Bank to maintain close relationship with clients, but also to assess their other Banking requirements such as Credit, Fund Management and Cross Selling.

Your Bank offers a wide range of TBU products and services to Corporate, Government Departments, Financial Institutions and SME Clients. While Corporate and Government clients continue to be the key focus segment, Bank is also marketing among existing clients as well as start-ups in SME sector.

Keeping in line with market trends, your Bank is continuously updating/evolving the bouquet of TBU products/services offered to clients to match the competitors' products/services.

- TBU Fee Income increased by 48.50% from ₹893.66 crore in FY2018 to ₹1,327.08 crore in FY2019. A 30% plus annual growth has been consistently achieved in fee income during the last few years.
- TBU Float Income increased by 81.15% from ₹356.69 crore in FY2018 to ₹646.15 crore in FY2019.
- Turnover registered a Y-o-Y increase of 78.39% with transactions amounting to ₹38,08,314 crore in FY2019 over ₹21,34,867 crore in FY2018.
- Your Bank was recognised as "The Best Transaction Bank in India" by The Asian Banker for the second time in a row in 2018.

2. GLOBAL BANKING

The Wholesale Banking Business in your Bank focuses on servicing Corporate clients through customised financial solutions such as working capital finance, export finance, trade transactions and foreign currency loans. It comprises of several teams focused on specific areas such as specialisation of product offerings, acquiring new business and generating new income streams with continuous focus on profitability and risk mitigation.

A. CORPORATE ACCOUNTS GROUP

The Corporate Accounts Group (CAG) is a dedicated vertical handling the "large credit portfolio" of your Bank through 4 offices in 3 Centres viz., Mumbai with two branches and one each in Delhi and Chennai. CAG now is a super specialised set-up handling 29 top rated Business Group accounts and 66 Non-group accounts to ensure that the quality of service for these prioritised relationships is maintained as the best in the class.



Mundra UMPP, Coastal Gujarat Power, financed by CAG, Mumbai.

The business model of CAG is anchored on the Relationship Management Concept wherein each client group is mapped to a Relationship Manager who leads across -functional Client Service Team. The Account Management Teams (AMTs) work on a central strategy of delivering integrated and comprehensive financial solutions to the clients, through structured products, within a strict Turn-Around-Time. The principal objective of the strategy is to make your Bank the first choice of top corporates.

To firmly align with the changing Banking landscape, in June 2018, your Bank undertook a major revamp of Corporate Credit dispensation Structure making it a future ready set-up to drive sustainable growth. Core objectives of this holistic revamp were, strengthening credit risk management function, leveraging analytics, making a paradigm shift of focus in business from 'Fund to Fee' and Originate to Distribute (O-t-D) so as to improve Bank's overall wallet share in Corporate Banking Business. In addition to credit relationship, Bank is now actively looking at customer 360 requirements especially in credit light sectors viz - Pharma, FMCG, IT, Auto etc. through its newly established Credit Light Group (CLG) set within the CAG set up.

A Specialised Group, FIG (Financial and Institutional Group) to address credit and transactional banking needs of Insurance Companies, Brokering Firms, Banks (Private and Foreign) and Mutual Funds has also been created within CAG. Both the newly created groups have taken

off and have started contributing to the Bank's business growth.

Banking technology is revolutionising the way customers engage with their finances. Convenience, speed and flexibility are no longer considered attractive add-ons, but have become a standard expectation of the rapidly changing customer-Bank relationship. Towards this end, your Bank is investing continuously in building technological capabilities to become more agile towards customers' needs. We are currently offering cutting edge technology products to our Corporate customers and are using the latest CRM application for customer management.

Overall, the Corporate Accounts unit has reoriented itself to focus on the highest priority and quality individual and group relationships with differentiated coverage.

The total post revamped outstanding loans to clients in the Corporate Accounts unit stood at ₹2.33 lakh crore and ₹1.68 lakh crore in respect of fund-based and non-fund-based products as on 31st March 2018 and the corresponding fund based and non-fund based outstanding are ₹4.07 lakh crore and ₹1.75 lakh crore as on 31st March 2019 respectively.

Corporate Account Group has been a partner in the industrial growth of the country, especially in creation and development of critical infrastructure viz Roads and Highways, Ports, Power, Telecom, Petrochemicals etc. and your Bank wishes to continue its contribution to Nation's growth as hitherto.

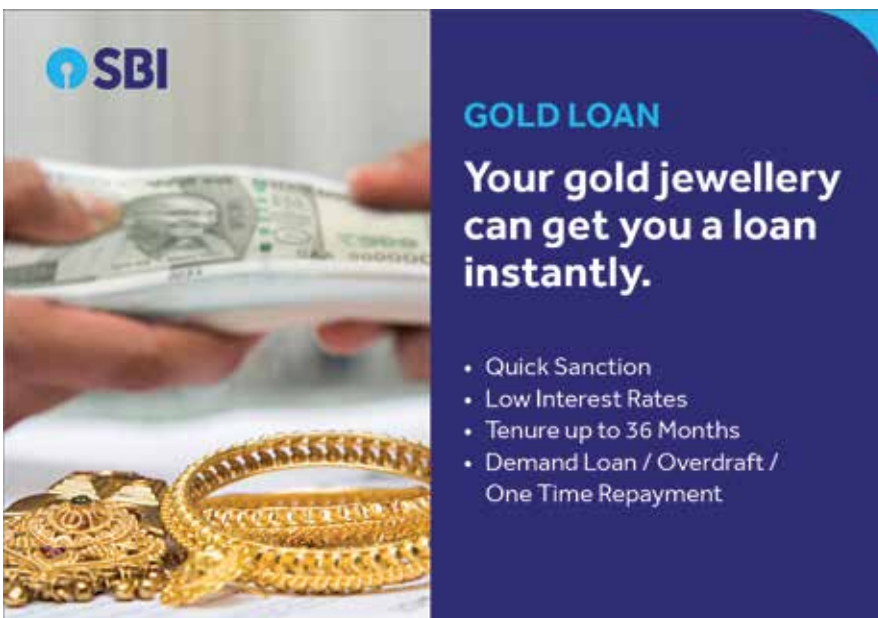
B. TREASURY OPERATIONS

The Global Markets Unit (GMU) performs the Treasury Operations of your Bank with the objective of managing its liquidity in compliance with regulatory requirements, mitigating related risks like liquidity risk, market risk and operational risk. GMU deploys the surplus funds in various investment options based on economic research and scenario analysis and optimises risk and returns. The investment book under Global Markets stood at ₹9,26,651 crore at FY2019 as against ₹10,26,438 crore as on FY2018. It also provides Foreign Exchange services and hedging instruments to customers across the country.

(i) INTEREST RATE MOVEMENTS & SLR AND NON-SLR PORTFOLIO OF THE BANK

GMU is responsible for managing regulatory requirements such as your Bank's SLR/CRR management, maintaining HQLAs for LCR, amongst others. As interest rate markets saw wild movements during the year, RBI increased the overnight repo rates twice during the year, on 7th June 2018 and 2nd August 2018. After low CPI prints and easing of crude price, RBI reduced the Repo Rate in its Sixth Bi-Monthly Monetary Policy dated 07th February 2019 along with change in stance from Calibrated Tightening to Neutral. The repo rate stands at 6.25% post February 2019 policy and has further been reduced to 6% on 4th April 2019. US Federal Reserve was also on a hiking spree by increasing the Fed Target rates four times during the calendar year 2018. With the last rate hike in December 2018, the Fed rate now stands at 2.50% as on 31st March 2019.

On the domestic front, the movement of Interest rates was volatile. The benchmark 10Y security (7.17 CG-Sec 2028), which was trading at 7.40% at the beginning of FY2019 touched a peak of 8.18% on 11th September, 2018 before touching a low of 7.22% on 19th December, 2018. Excess supply in State Development Loans, depreciation in domestic currency, increase in crude prices made the year a roller coaster ride for yields. Due to this volatility, your Bank made provisions on investments.



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GOLD LOAN

Your gold jewellery can get you a loan instantly.

- Quick Sanction
- Low Interest Rates
- Tenure up to 36 Months
- Demand Loan / Overdraft / One Time Repayment

By the beginning of Q2 FY2019, the system liquidity turned negative, which got aggravated due to the NBFC crisis in the month of September 2018. The liquidity shortfall prompted RBI to conduct Open Market Operations (OMO) to improve the system liquidity. The OMO helped to reduce the excess SLR holding of Banks and alleviated the supply pressures. This resulted in easing of 10-year G-Sec yield.

During the year, with the credit growth outstripping the deposit growth, your Bank's SLR portfolio was brought down in a calibrated manner to generate liquidity. However, in view of the elevated yield levels, your Bank increased the Corporate Bond portfolio as a measure of improving the overall portfolio yield. Net Interest Income stood at ₹88,349 crore as against ₹74,854 crore for FY2018. Profit on sale of investments is at ₹1,023 crore against ₹12,303 crore for FY2018.

(ii) EQUITY MARKETS

The equity markets touched its all-time high levels in FY2019. Post default by IL&FS and on NBFC liquidity concerns, market saw sharp correction in the Benchmark indices. However, market rallied sharply towards the end of the financial year due to strong inflows from FII and Nifty ended with 14.93% gains in FY2019. The outcome of General elections, Fed Policy actions, expectation of Global economic slowdown and the increasing tension on trade war is expected to keep volatility on the higher side. Your Bank has managed its equity portfolio following a strategy of actively rebalancing the portfolio based on key events, global and domestic market conditions, quarterly earnings of the companies and, their future outlook. In addition to the secondary market, your Bank continues to profitably invest in IPOs to improve the return on the portfolio.

(iii) FOREX MARKETS

The GMU handles the foreign exchange business of your Bank, providing solutions to customers for managing their currency flows and hedging risks through options, swaps and forwards, in addition to providing liquidity to markets. Your Bank is a dominant player in Rupee Spot and Rupee Forward markets and has a sufficiently high market share in customer foreign exchange flows. Your Bank is the leader in providing liquidity in CCIL Fx Clear platform. The volume generated in Currency Futures puts your Bank in the bracket of top three client Banks of exchange houses.

GMU manages the FCNR (B) deposit corpus of your Bank and provides FCNR (B) loans and Pre and Post shipment Export Finance in foreign currency to its customers. Your Bank also provides funding support to Bank's Foreign Operations whenever required. On technological front, your Bank keeps pace with the best currently in vogue.

Treasury Marketing Group (TMG) is the customer engagement arm of Global Markets and plays a pivotal role in marketing of Treasury Products to Institutional and Corporate clients of your Bank. Treasury Marketing Units located across the country are the face of Global Markets to the customers. They interact with the customers daily, identify their needs, and coordinate with other business units for pricing, product structuring and delivery.

Foreign Investments and Institutional Treasury sales desk is part of TMG. It is responsible for mobilising treasury business from Foreign Portfolio Investors (FPI)/Foreign Direct Investment (FDI) clients and financial institutions.

Private Equity/Venture Capital Fund

The JV setup with Macquarie and IFC in 2008, to manage the US\$ 1.2 billion India-focused PE fund, is currently in the exit phase and has successfully exited from two road assets during FY2019.

The Oman India Joint Investment Fund (OIJIF), a JV set up in 2010 in partnership with State General Reserve Fund of Oman, has completed its investments for Fund-I of US\$ 100 million. Fund-I has made two full exits and one partial exit. On the other hand, Fund-II with a target corpus of US\$300 million launched in 2017 has raised commitments of US\$ 230 million and has deployed ₹450 crore across three assets. Fund-II continues to assess various investment opportunities.

During FY2019, your Bank made partial divestment from its strategic investment in National Stock Exchange. Additionally, it made investment commitments in its Alternative Investment Funds portfolio across investment themes such as Special Situations Funds, funds focused on investing in mid-market growth stage companies and technology.

Portfolio Management Services (PMS)

The Bank is the largest retirement benefit fund manager in the country with an impeccable track record. The total AUM as on 31st March 2019 is ₹5,08,230 crore. Major clients include Employees' Provident Fund Organisation, SBI Retirement Benefit Funds, Coal Mines Provident Fund Organisation, Kendriya Vidyalaya Sanghathan Employees' Provident Fund and Seamen's Provident Fund Organisation. The Bank also assists its RRBs in managing their SLR Portfolio. However, the PMS activity of the Bank is being closed by 31st March 2019, as per RBI's directives.

C. INTERNATIONAL OPERATIONS



18

Branches
USA (3)
Bahamas (1)

Subsidiaries
California (7)
Canada (6)

Rep Office
USA (1)

Branches/Offices
Belgium (1)
Germany (1)
France (1)
UK (2)

Subsidiary
Russia (1)
UK (12)

Rep office
Turkey (1)

1

Rep Office
Brazil (1)

Branches/Offices
S Africa (3)

Subsidiary
Mauritius (15)
Botswana (1)

Investment
Nigeria (1)



19

135

14

20

1

Branches/Sub Offices

- China (2)
- S. Korea (1)
- Japan (2)
- India (1)
- Maldives (4)
- Sri Lanka (5)
- Bangladesh (12)
- Myanmar (1)
- Singapore (7)
- Hong Kong (1)

Subsidiary

- Indonesia (11)
- Nepal (86)

Joint Venture

- Bhutan (1)

Rep Office

- Philippines (1)

Branches/Offices

- Bahrain (3)
- S. Arabia (1)
- UAE (2)
- Oman (1)
- Israel (1)

Rep Office

- Iran (1)
- UAE (2)

Exchange Co.

- Oman (2)
- Dubai (1)

Branch

- Australia (1)

Global Presence

International Operations of your Bank were guided by the overarching principle of supporting global Indian corporates and Indian diaspora spread across the geographies. However, the focus of State Bank of India has slowly shifted from its reliance on the India based business to claim its place in the overseas local markets, in line with its vision to become a truly International Bank. Consequently, it has a separate Business Unit - International Banking Group (IBG) headed by the Managing Director (GB&S)

The breakup of overseas offices of our Bank:

	Overseas Offices as on 31.03.2018	Offices opened during last 12 months	Offices closed during last 12 months	Overseas Offices as on 31.03.2019	Total Overseas Business Volume
Branches /Sub-Offices / Other Offices	73	1	17*	57	USD 57,499 mio
Subsidiaries	(8)	(1)		(9)	
Offices of Subsidiaries	122	21	3	140	
Representative Offices	7		1	6	
JV/ Associates / Managed exchange Cos /Investments	5			5	Net Profit USD 499.31 mio
TOTAL	207	22	21	208	

*12 Branches shifted to SBI UK Limited (Subsidiary)

During FY2019, your Bank has endeavoured to consolidate and strengthen its overseas operations in line with the Public-Sector Banks Reforms Agenda envisaged by the Department of Financial Services, Government of India, in order to achieve capital conservation, cost efficiencies, and to build synergies in overseas markets. As a result, your Bank has rationalised its overseas operations by closing two Sub-offices- Laudium and Capetown in South Africa, one branch in Jaffna, Sri Lanka, one Representative office in Cairo, Egypt and consolidated its India Visa Application Centres (IVACs) in Bangladesh by merging three IVACs at Shyamoli (Previously Dhanmondi), Uttara and Dhaka at Jamuna Park. In the overseas subsidiary-SBI Indonesia Limited, two Sub-branches Jatinegra, Kebonjeruk were merged with

and supported by the Deputy Managing Director (IBG) for its overseas operations.

Your Bank's first global footprint was with the branch of Bank of Madras in Colombo, Sri Lanka in July, 1864 (First amongst Indian Banks). With a presence across all time zones through 208 offices in 34 countries, State Bank of India has gradually spread its wings across the globe and has become a pioneer of International Banking among the Indian PSBs. These offices are being managed by the IBG.

Jakarta Main branch and one Sub-branch Buah Batu was merged with Bandung branch. During this period, a Remittance Centre was started in Singapore to facilitate remittances for expat blue collar workers. Further, in line with our growth strategy in SAARC region, Nepal SBI Bank Limited, a subsidiary of State Bank of India has opened ten offices. Furthermore, twelve retail branches of UK were carved out from your Bank's UK operations to form the overseas Subsidiary- State Bank of India (UK) Limited.

Year after year, your Bank is consistently creating value for investors by generating good returns and profits. The International Banking arm has consistently been a major contributor in profit, even during the recent troubled times.

The IBG has contributed immensely in transforming the industry landscape of the country by positioning itself in the growth trajectory of the economy with its specialised verticals offering their expertise and services on various fronts, thus playing its part in building the momentum for a transforming India in tandem with the following other drivers:

1. Credit Contribution: Business Driver

Your Bank has facilitated Indian corporates in their growth strategy including Green Field ventures by arranging debt in Foreign Currency by way of External Commercial Borrowings through syndicated deals in conjunction with other Indian and Foreign Banks, and through bilateral arrangements. As a recognition of its exemplary efforts, your Bank was chosen as the "Syndicated Loan House of the Year" - India by APLMA (Asia Pacific Loan Market Association).

State Bank of India has sanctioned Foreign Currency loans to the tune of USD 12.91 billion to Indian corporates and USD 10.36 billion loans to overseas entities. Your Bank has also funded a top Indian pharmaceutical company for its overseas acquisition during the year. In the field of Energy, your Bank was active in funding Oil Marketing companies for their working capital requirement after recent Special Dispensation, which has significant strategic importance to India, both in terms of augmenting India's Energy Security amid unstable Crude and Forex prices. In the field of Power, your Bank has always been the leader in providing the External Commercial Borrowings to power sector companies and NBFCs engaged in on-lending to power sector. Presently, your Bank offers a wide range of products and services to exporters and importers through an extensive, well equipped branch network that operates domestically and internationally.

2. Retail and Remittances Strategy

Your Bank was a "window to India" for NRIs residing in different parts of the world through its specialised retail and remittances products. As IT infrastructure is the bedrock for improving customer offerings in Retail and remittances segment, a detailed IT strategy was put in place for implementation of IT enablers. The highlights of the year are:

- Remittance business strategy was re-imagined by focusing on developing various area specific payment and remittance corridors, such as Gulf to Nepal and Gulf to Sri Lanka.
- SBI Rupee Express, which provides real time, convenient, reliable, and cost saving remittance system to expatriates for remittance to India, was launched in SBI Indonesia (SBI Subsidiary).
- Remittance through UPI launched in Singapore
- ATM Card Hot listing and ATM Card requests through Internet Banking (FEBA) installed in 11 identified territories.
- CRM Solution is successfully launched in 13 identified countries.
- Remittance from USA to India through Transfast Remittance LLC, USA was launched.

3. Global Payments and Services

Global Payments and Services (GP&S), a unit of your Bank, facilitates online inward remittances from overseas locations to India, Foreign Currency Cheque collection, Opening and Maintenance of Vostro Accounts, Asian Clearing Union (ACU) Transactions, and Bank for Foreign Economic Affairs (BFEA) of USSR section. The highlights of the year are:

- Tie-up with 55 Exchange Companies, and six Banks and one Money Service Business for channelising inward rupee remittances from overseas to India
- Compliance framework strengthened for enhanced post transaction monitoring through an application called AMLOCK, related to remittances.

4. Trade Finance

State Bank of India provides a slew of Trade Finance products and services to exporters and importers through an extensive, well equipped branch network that operates in all time zones in India and abroad. The business is monitored through a focused Department, Global Trade Department (GTD) in IBG. Trade Finance forms a significant part of the International Asset portfolio. State Bank of India being one of the top global Banks, provides low cost trade finance to Indian corporates for their imports.

To support Trade Credit for imports to India, your Bank has introduced a new product namely - Non-LC Reimbursement Finance (NLR) to cater import financing for Bank's domestic branch customers and also, through its another product called SBLC backed Buyers Credit, your Bank renders its trade finance service to importer customers of other Indian Banks.

State Bank of India has recently been awarded as "The Best Trade Finance Provider (India) -2019" for the eighth consecutive year by Global Finance Magazine and as the "Best Trade Finance Bank in South Asia - 2018" by Global Trade Review.

5. International Banking-Domestic (IBD)

IB-Domestic department at IBG of your Bank, serves as a single point of contact for the Domestic Offices and Foreign Offices in areas related to Trade Finance and International Banking on domestic front. A Centralised Co-ordination Cell for processing Inward Foreign Bank Guarantee (CCC-FBG) had been set up under the ownership of IB-Domestic to provide a single stop solution for Correspondent Banks/ Foreign Offices seeking Foreign Bank Guarantees based on their counter Guarantees. Recently, Outward Foreign Bank Guarantee cell has started functioning under CCC-FBG, with a view to further provide momentum to Inward Foreign Bank Guarantee business.

In order to provide momentum to Domestic Trade activity and to address the regulatory concerns as well as to keep in line with the market forces, IB-Domestic is vigorously involved in introducing latest technological tools and product innovations. Moreover, IBD is coordinating and liaising with trade bodies and ICC subgroups for developing relations and strengthening ties. It contributes immensely in synergising Forex business flows from Domestic Offices to Foreign Offices / Foreign Correspondent Banks and trade community by acting as a robust link between them and addressing regulatory gaps.

6. Overseas Treasury Management

Treasury Management Group at IBG of the State Bank of India, known for managing the liquidity, dealing room operations and investments of foreign offices, has priced your Bank's inaugural USD denominated public green bond for USD 650 million under MTN Program in

September, 2018 and Standalone Reg-S/144A USD issuance for USD 1250 million in January, 2019. The green bond was the first public USD bond issued by an Indian public sector Bank in the fiscal year for which your Bank has received "Green Bond Pioneer Award" for being the largest new emerging markets Certified Climate Bond issuer of 2018 by Climate Bond Initiative. These issues were listed on the Singapore Exchange Securities Trading Limited (Singapore SGX) and the India International Exchange (India INX). Nimble footed transactions were executed in a narrow window during a period of currency and rate market volatility. The successful issuances demonstrate a strong investor base, which the Bank has created for itself in offshore capital markets, allowing it to efficiently raise funds from world's leading fixed income investors, even during the periods of heightened currency and rates volatility.

Investment book of IBG currently stands at USD 6.80 billion, holding investments in high rated and liquid scrips, which provide stable interest income for IBG with low/medium risk. The Treasury Management group monitors Dealing Rooms at major centres, to facilitate Money Market, Forex and Derivative functions at Foreign offices. Currently there are four major dealing rooms at London, New York, Hong Kong and Bahrain, which work on a hub and spoke model to help smaller Foreign Offices in their operations. Dealing room operations also provide hedging solutions to the balance sheet in optimum manner.

7. Overseas IT Initiatives

Your Bank continues to leverage technology solutions to automate processes, enhance customer experience and manage risk. The initiatives undertaken at our overseas offices include:

1. YONO (You Only Need One), one of the most ambitious and secure digital offerings of your Bank, is being extended to overseas offices during FY2020.
2. Online Account Opening Facility is being extended to customers at overseas offices.
3. Additional functionalities were introduced in Finacle E-Banking Application (FEBA) for a better digital banking experience to the customers.

4. Implementation of a new Anti-Money Laundering solution (FICO Tonbeller) to efficiently counter money-laundering risks and events through online screening of transactions / SWIFT messages, customer on-boarding, risk scoring, and transaction monitoring.
5. Enhancing the security of ATM/Debit Cards by introducing additional card management functionalities in the online banking platform (FEBA viz., Hot listing of Cards, New Card Activation, New Card Request, Green PIN, Limit change).
6. SWIFT Operational Controls were strengthened in tune with regulatory guidelines by implementing Straight Through Processing between Core Banking System and SWIFT messaging system and enforcing user restrictions.
7. Technology Risk Management initiatives included upgradation of Networking Equipment, implementation of Standardised Information Security and Incident Management Framework Plans for FY2020.
8. The websites of overseas offices were standardised to provide a uniform look and feel for a better user experience.
9. Leveraged Data Analytics for Product Innovation and Marketing, Fraud Risk Management, Regulatory Reporting, Early Warning Signal for Loans, and Transaction Monitoring.

8. Financial Institutions Group - Correspondent Relations

The Group, on one hand, enables linkages of your Bank with international stakeholders viz. Correspondent Banks, Foreign Government Agencies and Developmental Financial Institutions, International Chamber of Commerce amongst others, and on the other hand, facilitates synergy between IBG and other Business Verticals such as Corporate Accounts Group, Commercial Clients Group and Global Markets amongst others. The key highlights during FY2019 were:

- Focused on creating valuable relationships globally by collaboration with Financial Institutions for delivering better value to our stakeholders in the value chain. Furthermore, your Bank maintains relationship with 235 Banks in 57 countries and periodically reviews its relationship based on your Bank's internal policies, local country guidelines and sanction terms. There has been an increased focus for FI Business by leveraging the relationship with Major Global and Regional Banks.
- Actively engaged with IT Innovation teams of the Bank for bringing in technological advances in the correspondent Banking landscape and also by partnering with major Global Banks.
- Product focus areas include Trade Finance, Credit, Treasury, Debt Capital Markets, Forex Business, Transaction Banking, Remittances, and Currency Clearing.
- Representative offices of SBI in Dubai, Abu Dhabi, Istanbul, Sao Paulo, Tehran, Manila, and Washington are engaged in marketing activities for assets and liabilities support for your Bank's Foreign Offices from Financial Institutions and extending support to the local corporates and NRIs.
- Your Bank has always been an integral part of the growth strategy of the Indian economy and is on the forefront in stimulating growth and facilitating opportunities for building momentum towards a transforming India.

3. COMMERCIAL CLIENTS GROUP (CCG)

A. COMMERCIAL CLIENTS

The Corporate Credit Structure and System in your Bank was revamped to set-up, a future ready organisation to manage the risks and sustain growth. There was a reorientation of CAG to focus on the highest priority and quality individual and group relationships with differentiated coverage. The CCG is formed for consolidation of select corporate client accounts across CAG, MCG and NBG verticals based on a criterion decided by your Bank. This includes rationalisation of the remaining CAG branches and existing MCG branches into 47 CCG branches. The CCG vertical is headed by a MD and supported by a DMD, five CGMs and other functionaries.

CGMs in the CCG are assigned as the group relationship owners in order to improve the quality of coverage and enable an integrated view on exposure, earnings amongst others, across the entire group. Your Bank has set up experienced team of 'Structuring Specialists' to support deal structuring for large proposals across lending, bonds, International Banking, and Structured / Mezzanine Finance.

The Non- food domestic advances level in CCG at the end of FY2019 was at ₹4,00,766 crore registering a YoY growth of 3.93 %. The Yield on Advances in CCG has improved from 7.50% as on Mar'18 to 8.68% as on March 2019 recording a growth of 118 bps. During the same period, business per employee has gone



5th SBI Banking & Economics Conclave held on 3rd July 2018.

up from ₹121.73 crore as on March 2018 to ₹146.72 crore as on March 2019. Profit per employee has improved from ₹1.98 crore as on March 2018 to ₹3.99 crore as on March 2019. Cost to Income Ratio has declined by 295 bps during the year going down from 9.25% as on March 2018 to 6.30 % as on March 2019. On the recovery front, CCG was successful in recovering ₹1,364 crore in Advance Under Collection Account under IBC / NCLT mechanism during the said period.

The group continues to provide a robust platform to its customers for Trade Finance and Forex business.

CCG is at a very advanced stage of launching YONO for Corporates. This is going to provide a very user-friendly digital platform for Corporates for transaction banking as well as Trade Finance Business.

B. PROJECT FINANCE AND LEASING

In contrast to the challenges faced by PFSBU during the previous year, which saw stressed accounts becoming NPA, particularly on Thermal Power, Road sector, Telecom among other sectors, this fiscal year 2019 started with a cautious optimism based on learnings from the past experiences. Policy for funding Renewable, City Gas Distribution and

Hybrid Annuity Model in Road sector were framed to mitigate the risks involved. The sectors, which showed signs of revival were Roads, Oil and Gas, Renewable Power, Cement, Fertiliser amongst others. The stressed accounts mainly comprising of Thermal Power, Road sector accounts have been transferred to SARG for resolution. Experienced officials are being recruited from different industries to provide Structuring Solutions to our clients. Chartered Accountants are being employed by your Bank to plug income leakages to boost fee income.

Your Bank's Special Business Unit known as Project Finance and Structuring (PFSBU) deals with the appraisal and arrangement of funds for large projects in infrastructure and other sectors such as Power, Roads, Ports, Railways, Airports, amongst others. It also covers other non-infrastructure projects in sectors viz. Metals, Fertilisers, Cements, Oil and Gas amongst others, with certain threshold on minimum Project Cost. PFSBU also provides support to other verticals for vetting their large ticket term loan proposals. In order to strengthen the policy and regulatory framework for financing infrastructure, inputs are provided to various Ministries of Government of India and the RBI with respect to lenders views on new policies, Model Concession Agreements and broader issues being faced in infrastructure finance.

Project Finance and Structuring Business Performance:

	(₹in crore)		
	FY2017	FY2018	FY2019
Project Cost	83,434	81,701	1,99,317
Project Debt	51,227	58,754	1,33,115
Sanctioned Amount	26,557	19,835	51,351
Syndication Amount	5,809	11,937	31,191



Gas Based Power Plant at Dahej SEZ, Bharuch, Gujarat.

4. STRESSED ASSETS MANAGEMENT

1. Over the last few years, there has been a significant rise in the Gross Non-Performing Assets (GNPA) in the Banking Industry. However, in the first half of FY2019, the GNPA of the SCBs declined, which can be attributed to the following factors:
 - i. Resolution of a few high value NPA accounts from the 1st and 2nd RBI list of accounts referred to NCLT under IBC, 2016.
 - ii. A revival in economic growth conditions of India in FY2018, leading to control in fresh slippages.
 - iii. Favourable outlook of steel sector, which was under stress over past few years. Mainly driven by increase in demand, consumption and simultaneous imposition of anti-dumping safeguard duties as well as minimum import prices, the sector has yielded some good recoveries in NPA.
 - iv. Strengthening of due diligence, credit appraisal and loan monitoring systems in the Banking industry.
 - v. Significant improvement in the Ease of Doing Business ranking for India at 77th position from 130th rank due to two successive jumps i.e., 30 positions in 2017 rankings and 23 positions in 2018. It reflects the adoption of global best practices in business reforms.
 - vi. Stabilisation after facing short term impacts of demonetisation and implementation of GST.
 - vii. Greater interest evinced by ARCs and NBFCs in purchase of impaired/ stressed assets backed by foreign investments.

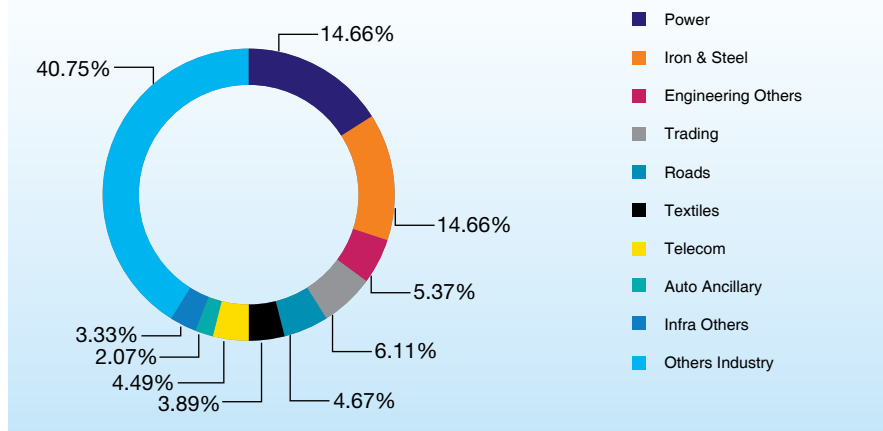
2. According to the Financial Stability Report of RBI for December 2018, in a sign of possible recovery from the impaired asset load, the asset quality of Banks showed an improvement with the Gross Non-Performing Assets (GNPA) ratio of SCBs declining from 11.5% in March, 2018 to 10.8% in September, 2018. Further, the resilience of the Indian banking system against macroeconomic shocks was tested through macro stress tests. The results of macro tests suggest that the GNPA of all SCBs may come down from 10.8% in September, 2018 to 10.3% by March, 2019. Moreover, sensitivity analysis conducted to study the resilience of SCBs with respect to credit, interest rate, equity prices and liquidity risks predicts that a severe credit shock is likely to impact the capital adequacy and profitability of a significant number of Banks, mostly PSBs.
3. The movement of NPAs in the Banking industry and recovery in Written-off accounts during the last four years are furnished below:

	(₹in crore)			
	FY2016	FY2017*	FY2018	FY2019
Gross NPA	98,173	1,77,866	2,23,427	1,72,750
Gross NPA%	6.50%	9.11%	10.91%	7.53%
Net NPA%	3.81%	5.19%	5.73%	3.01%
Fresh Slippages + Increase in O/s	64,198	1,15,932	1,00,287	39,740
Cash Recoveries / Up-gradations	6,987	32,283	14,530	31,512
Write-Offs	15,763	27,757	40,196	58,905
Recoveries in AUCA	2,859	3,963	5,333	8,345
PCR	60.69%	61.53%	66.17%	78.73%

*After Merger

Industry wise distribution of the NPA portfolio is represented as under:

Industry wise NPA

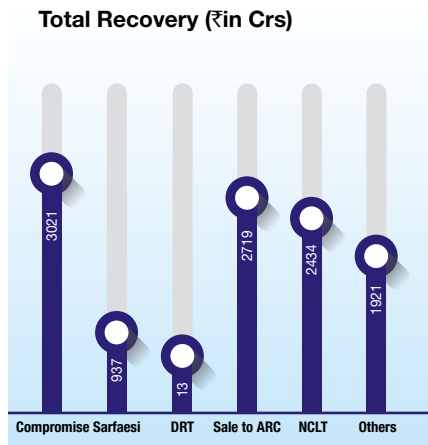


4. The Government of India in its Reforms Agenda for Responsive and Responsible PSBs has directed creation of a Stressed Assets Management Vertical (SAMV). Your Bank takes immense pride for being a pioneer in establishing a dedicated vertical almost decade and a half back by establishing Stressed Assets Management Group (SAMG) during FY2005. In order to focus towards resolution of stressed accounts, SAMG was renamed as Stressed Assets Resolution Group (SARG), which continues to work as a specialised vertical for efficient resolution of high value NPAs. The structure of SARG has been revamped to give focussed approach for resolution of stressed assets across various sectors. At present, the vertical is headed by a Deputy Managing Director and three Chief General Managers overseeing the specialised sector, AMTs functioning under the leadership of seven General Managers. SARG has turned into a centre of excellence in resolution of NPA and stressed assets. As on March 2019, SARG has 20 Stressed Assets Management Branches (SAMBs) and 56 Stressed Assets Recovery Branches (SARBs) across the country, covering 70.62% and 83.71% of your Bank's Non-Performing Assets (NPAs) and Advances under Collection Account (AUCA) respectively.

5. Besides initiating hard recovery measures, SARG introduced certain innovative methods and gave first mover advantage to your Bank in areas such as arranging Mega e-Auction of large number of properties on Pan-India basis, identification of un-encumbered properties of the borrowers / guarantors and arranging for attachment of properties before judgement. The cases referred to NCLT for resolution are monitored at a specialised cell at SARG. A total of 442 cases have been referred to NCLT, out of which 350 cases were admitted. Furthermore, 18 cases have been resolved including a few high value cases from the 1st list of 12 accounts.

6. A significant portion of the recovery in SARG comes from Compromise and Sale of Assets to ARCs. The vertical also implements special OTS schemes (Non-discretionary and Non-discriminatory) from time to time, giving the borrowers a one-time opportunity to settle their dues. A team is set up to look after the sale of Assets to Asset Reconstruction Companies (ARCs) on Cash and Security Receipts (SR) basis.

The recovery in NPA and AUCA accounts in SARG through various modes is represented below:



7. Today, SARG stands as one of the most important verticals of your Bank, when the GNPA of your Bank has already peaked and is on course of a downward journey. Though the credit growth is picking up steadily and performance of treasury operations is dependent on market rates, the importance of NPA resolution/ recovery by SARG is significant as it directly impacts your Bank's performance. Resolution of stressed assets by SARG presents the following latent income generating avenues for your Bank:

- i. Cash recovery in NPAs and AUCA;
- ii. Up-gradation of accounts;
- iii. Reduction in loan loss provisions;
- iv. Reduced capital requirement;

All the above stated avenues directly contribute to your Bank's bottom-line. Further, they improve overall asset quality, laying foundation for credit off-take and indirectly contribute towards generation of interest income.

8. Enactment of Insolvency and Bankruptcy Code (IBC) 2016 for resolution of Stressed/NPA assets has provided Banks with a time bound, transparent and effective mechanism to tackle stressed assets. It has led to an efficient price discovery and transparent resolution of accounts resulting in unlocking maximum value in the assets charged to your Bank. A significant portion of recoveries in FY2019 have come through this route. Some of the large accounts from 1st and 2nd list of accounts referred to NCLT directed by RBI have been resolved and a few more are expected with resolution plans already in place. This has helped in strengthening your Bank's balance sheet and provides the opportunity to deploy the realised funds into income yielding assets.



Chairman's visit to Darjeeling Branch in Kolkata Circle.

IV. SUPPORT AND CONTROL OPERATIONS

1. HUMAN RESOURCES AND TRAINING

A. HUMAN RESOURCES

- Your Bank has been maintaining its leadership position in the banking industry by leveraging its core strengths. The Human Resources of your Bank has been a strategic partner while performing the role of a catalyst in implementing the various business strategies. This has been made possible with the workforce channelising and harnessing their optimum potential and profoundly impacting the value generation in the desired direction. Your Bank's Human Resources has aligned the policy, processes, and systems towards creating enablers for achieving your Bank's 'Vision' with set 'Values'.

Category	31.03.2018	31.03.2019
Officers	1,07,077	1,08,113
Associates	1,10,348	1,05,440
Subordinate staff and Others	46,616	43,699
Total	2,64,041	2,57,252

1. Vision, Mission and Values

- Your Bank has been continuously engaged in providing ethical awareness in the organisation as a cultural premise. Your Bank has come out with a Code of Ethics synchronised around normative commitments to its stakeholder's viz. values of STEPS (Service, Transparency, Ethics, Politeness and Sustainability) with the purpose of articulating your Bank's new Vision, Mission and Values Statement. Your Bank believes that ethics is a perpetual process of infusing excellence in its operational fabric and will go on making consistent endeavours to shape the moral sensibilities of the rank and file of the organisation.

2. HR Function Revamp

- Your Bank has undertaken initiatives in HR Automation to streamline the Human Resource processes. Furthermore, your Bank has taken steps towards centralisation of Human Resources for seamless process execution, uniform

- Many initiatives have been undertaken during the year in the Human Resources space in the areas of automation and streamlining of systems and processes, design and redesign of value proposition that each intervention brings to the fore, to increase efficiency and create a pleasant environment at the work place. There has been a paradigm shift in the approach of handling the increasing aspirations of the Bank's changed workforce demographics with more Millennial and Generation Z joining.
- The summarised HR Profile of the Bank as on 31.03.2019 is as under:

implementation, and better control and quality of key HR functions under seven project streams- Introduction of Organisational Structure in HRMS, data cleaning, bringing Employee Payments on HRMS, efficiency enablers for seamless flow of HR operations in HRMS, creating an interface between relevant employee information with HRMS, automating HR process through HRMS, and meaningful and timely HR related MIS.

3. Productivity Enhancement Initiatives

- Your Bank adopts an objective and data driven model for Manpower Planning to ensure optimal utilisation of Human Resources. Around 12 out of 82 work drivers of the model based on Time and Motion study have been modified for Manpower Planning for the year 2019-20. In addition to this, manpower requests from various units are now being validated based on a footfall study undertaken by the Analytics department.

- The promotion and transfer process have been streamlined and shall be completed in the first quarter of the Financial Year. This will give required assurance and stability to the branches and other units to actively focus on business activities during the major part of the year.
- The Career Development System (CDS) has stabilised and has brought greater transparency, inclusiveness, accountability, and effectiveness in the performance management. The current CDS system is data backed, where targets are set partnering with the business units and constant evaluation of performance has been made possible. Additionally, the CDS system has become robust by operating through its five functional levers- 'Strategic alignment', 'Stakeholder Commitment', 'SMART goals', 'At least one role per employee', and 'Constant Evaluation'.
- An employee opinion survey on CDS was held during the year to understand the perception, reach, acceptance, familiarity, and expectations of the employees and modifications were implemented based on the feedback. Moreover, it helped to bring refinement and transparency to the system. A structured feedback mechanism, as a part of the performance evaluation, has been introduced in your Bank to develop and drive a cultural change.
- Conscious efforts were made to bring more employees under Budgetary/ Measurable roles. As on date, more than 95% of the total roles in CDS system are budgetary/measurable. In case of non-measurable roles, KRAs have been made objective in nature. Furthermore, your Bank's goals and corporate concerns are built on parameters of the Competency mapping framework. Additionally, competency mapping parameters were revised to align them with the organisational goals by finalising 15 parameters for DGM grade and above and 10 parameters for the AGM grade.
- Your Bank has formulated a policy on Succession Planning for the Senior Leadership positions to ensure smooth transition at the critical executive level positions. Under this, the eligible executives in the rank of GM and DGM were

evaluated and identified as potential successors for one or more critical profiles. In addition to this, identified potential successors are provided with individual development and training plans. Likewise, the framework ensures that your Bank has a necessary talent pipeline for smooth transition.

4. Recruitment

- Your Bank has streamlined the recruitment process with the implementation of a regular recruitment calendar and by leveraging Information Technology. During FY2019, around 2003 Probationary Officers and 7954 Junior Associates were recruited.
- Your Bank is actively recruiting specialised talent on lateral and contractual basis in the areas of Wealth Management, Information Technology, Information Security, Risk, Credit among others, in order to meet the demands of the fast-changing business landscape.
- Specialised recruitments have been done where requisite skills are not available and skills development may take time especially in the fields of Marketing, Information Technology, Credit and Risk, Human Resources, Analytics, Wealth Management etc. Moreover, domain experts have been hired for the required competitive edge. 692 specialists have been hired during FY2019.
- HR specialists in the domains - manpower planning, recruitment, and internal communication have been recruited to enhance HR Management skills.

5. Employee Engagement Initiatives

- Employee engagement is critical to organisational success. It has been a constant endeavour of your Bank to reduce the pain points and ensure pleasant employee experience during their journey with State Bank of India.
- To streamline the on-boarding process of new recruits, your Bank has introduced an 'On boarding portal'. Consequently, it will improve employee experience as they will not be required to provide information and documents multiple times. Also, this will enable the HR functionaries to access information of new joiners onboarding on real time basis.
- **'Sanjeevani'**: State Bank of India's HR helpline introduced in your Bank offers speedy resolutions within three days of lodging a complaint and has addressed over 20,000 queries and grievances. Additionally, your Bank has engaged with the services of trained Counsellors at Sanjeevani. With this, the employees may contact the Counsellors to share their issues and concerns, which will help in easing stress, coping with work and societal pressures, and enable them to perceive the issue in a better way.
- Your Bank launched during the year Employee Engagement Survey "Abhivyakti", which is among the largest such surveys held. The objective of "Abhivyakti" was to identify the factors that actually drive employees to perform their best and also the ones that limit their performance. The survey

drew participation of nearly 95% of the employees covered. The survey results have provided one with comprehensive information regarding opinions of our employees on our performance, culture, relationships, processes and policies and also on how we go about our work. The survey report and its findings have been analysed by your Bank under various parameters, in appropriate contexts and engagement scorecards have been worked out across various employee groups. Employees of your Bank share a high sense of pride and belongingness with the Bank. It is reassuring to note that most of our employees are aware of the long term vision and values of the Bank. The feedback received from the survey will be utilized in redesigning the established policies and to implement key changes in order to increase the efficiency, output, involvement, dedication and productivity of the employees.

6. Gender Diversity

- Gender Sensitivity and Inclusiveness have always been the corner stone of your Bank's HR policy. Women represent 24.34% of the total work force. Moreover, women employees are spread across geographies and different levels of hierarchy. In addition to this, more than 2,600 branches are at present headed by women officers.
- Your Bank has a Zero Tolerance Policy towards sexual harassment at workplace and has put in place an appropriate mechanism for prevention as well as redressal of complaints of sexual harassment.



Chairman, SBI, along with senior management of SBI and heads of other PSBs at the Corporate Governance Workshop organised by State Bank Institute of Leadership, Kolkata.

7. Reservations and Equal Opportunity

- Your Bank meticulously follows the Government of India directives on Reservation Policy for SC/ST/OBC/PWD. Your Bank has representation of SC, ST, OBCs and differently-abled persons among all the cadres of its work force. Moreover, your Bank has implemented reservation applicable to 'Economically Weaker Sections' in direct recruitment w.e.f. 1st February, 2019 in terms of the Government of India guidelines.

Representation as on 31.03.2019

S. No.	Cadre	Total	Out of Which			
			SCs	STs	OBCs	DAPs *
1	Officers	108113	19103	8712	20092	1868
2	Clerks	105440	17479	8843	25776	2239
3	Sub-staff	43699	10967	2747	10173	272
	TOTAL	257252	47549	20302	56041	4379

* Differently Abled Person

- Your Bank has introduced "Equal Opportunity Policy" in terms of 'Rights of Persons with Disabilities Act, 2016'. Your Bank takes special care in providing basic amenities, assistive devices, and other infrastructure to enable employees with disabilities to effectively discharge their duties.
- A dedicated online portal for pensioners was also introduced during the year with the purpose of information sharing.
- The 'Sanjeevani' helpline has also been extended to cover Bank pensioners from the 2nd quarter of FY2019.

8. Industrial Relations and Staff Welfare

- Your Bank has a harmonious relationship with the Staff and Officers' Federations. Your Bank has been continuously emphasising on good and healthy work environment, mutual respect and empathy at work place and a good work-life balance to foster a healthy and happy workforce.
- Your Bank has taken several transformative initiatives during the year in the area of Staff Welfare. These initiatives are crucial to ensure that your Bank remains in the forefront of the banking sector in India and our employees are equipped to meet the challenges of tomorrow.

9. Care for Retired Employees

- Well-being of its retired employees continues to be important to your Bank and several initiatives were taken during the year for the benefit of the retirees. Membership to Retired Employees Medical Benefit Scheme (REMBS), which was closed a few years ago, was reintroduced.

B. STRATEGIC TRAINING UNIT

The Bank has always promoted a high-performance culture originated in ethically and financially sound business practices. The quality and competence of the workforce is most critical for sustainable results, hence over the years, it has developed an effective training system which translates your Bank's vision into actionable plans by amplifying the strengths, bridging the skill gaps and unleashing the potential of the employees. The training system with a classroom training capacity of 4,200 people per day, caters to the multifaceted skill development needs of more than a quarter million multi-generational, culturally diverse workforce every year.

State Bank of India has an extensive training infrastructure comprising of six top-notch Apex Training Institutes (ATIs) and 50 State Bank Institutes of Learning and Development (SBILDs). This is further augmented by experiential, tech-enabled online content, Gamification Apps, Power talks by eminent experts and Mass communication interventions for honing the expertise of your Bank's people capital.

TRANSFORMING BY RE-SKILLING

With the understanding that in a constantly changing world old ways won't open new doors, the constant endeavour of the training system is to innovate to overcome the challenges of an increasingly volatile financial ecosystem, rapid digital disruption, changing customer demographics, and growing competition. Several initiatives have always been conceptualised with the objective of re-skilling employees to make them future ready and relevant in the fast-changing business environment.

1. Radical change in Training System Structure:

- This year, profound changes were implemented in the training system - the ATIs were repositioned as caches of high quality specialty training in areas of Credit, International Banking, Risk, Marketing, Rural Banking, IT, Leadership, and Human Resources amongst others and turned into umbrella institutes for the SBILDs with hand-picked Advisory Councils comprising of top Bank officials and eminent educationists/ experts from various fields were instituted to mentor each ATI. Experienced Bankers with a passion and flair for teaching with requisite domain expertise were posted at the ATIs & SBILDs. 95% officers of your Bank attended at least 1 institutional training. Training capacity utilization was more than 100%
- State Bank Institute of Leadership (SBIL), Kolkata:** The Bank's flagship ATI is a fully operational leading institute for training senior executives in the BFSI sector in India and neighbouring countries and is positioning itself as a centre of global excellence for research and training in BFSI sector. In addition to various Leadership Development Programmes for in-house participants, several paid programmes pertaining to BFSI sector were launched in association with State Bank of India's Knowledge Partners. All AGMs, DGMs and GMs were exposed to high end customized leadership trainings at State Bank Institute of Leadership, Kolkata

2. Complete Redesign of the Training Content

- **Benchmarking competency:** Around 47 critical roles were identified in your Bank, which require precise skills to enable holistic customer service, create a digital mindset, and reduce operational and other risks. Hence for each role, mandatory in-house certification courses and comprehensive role manuals were developed and implemented. This is over and above the external certifications mandated by RBI.

- **Linking Knowledge to Performance:** With the end-goal of exemplary customer service, all employees, from Award staff to DMD level, must obtain internal/external/edX certifications within stipulated time frame. In FY 18-19, 93% of our Top Executives which includes Deputy General Manager and above completed their mandatory learnings.

Certifications were linked to performance appraisal and for officials up to AGM grade for promotion eligibility. 97% Officers completed their role relevant certifications.

- **Identify, Engage & Develop the talent of POs/TOs/ Millenials:** The Bank has completely revamped the training process for Probationary and Trainee Officers, wherein a fair and holistic evaluation is an ongoing process, which incorporates immediate feedback. Effectively, the one-time confirmation test at the end of probation was replaced with a continuous assessment mechanism. 6114 POs/TOs of subsequent concurrent batches have been groomed under the new policy.

4579 promotees to officer scale across the country were also imparted a uniform 3 week training at SBILDs

- **External Training to Junior Associates-Developing a Digital Mindset:** Today's young staff can do much more than manning counters. In order to make them future ready and train them in soft skills, digital banking and marketing of products apart from general banking, your Bank has provided special training to nearly 7000 newly recruited Junior Associates.

- **Cross-Functional Readiness and Managerial Effectiveness of our Leaders:** Personalised Managerial & Leadership development Plan - IDPs, were devised for TEG Officials under the "Competency Assessment and 360degree Feedback Mechanism" for 1142 Top Executives of DGM and above grades with course correction being carried out with the aid of reference literature and training interventions.

- **Approach on External Training to all TEG Leaders:** Senior Functionaries in the grade of Deputy General Manager and above need to be exposed to high end/ focused external trainings to internalise and adopt the latest concepts, thoughts and best practices to effectively steer the organisation because their management views, approach and ethos have a significant impact on your Bank. Consequently, an approach was instituted for a planned and systematic external training intervention for these officials.

- **Inclusion with Acceptance-Training to Persons with Disabilities(PwD) employees:** your Bank imparts specialised need based training to differently abled employees. An Inclusion Centre at STU operates to facilitate resolution of issues and address new requirements of differently abled staff members. At the instance of the Inclusion Centre, special pre-promotion training for your Bank's PwD employees was introduced from FY2018-19.

3. Progressive Training Techniques

- **Non-conventional training techniques:** A Gamification App-"Play2Learn" was soft launched to supplement the traditional learning tools for better experience and enhanced retention.

- **Leveraging digital technologies:** A real time help portal 'ask SBI' was launched with a document repository of over 23,000 to serve as a one-stop knowledge source for all employees whereby they can access help documents related to operational instructions / guidelines at their workstation. More than 4 lakh queries were originated within 2 weeks of its operationalization.

- **Developing a High impact learning culture through self-learning:** Our in-house developed e-learning courseware is platform agnostic and can be accessed through intra and internet for convenient and efficient learning. your Bank has a repertoire of 807 e-lessons, 480 e-capsules and 739 mobile nuggets besides case studies, Research Projects and e-publications.

- **Power Talks- Developing a Global Mindset:** As part of "facing outward" initiatives for employees, State Bank of India continues to organise Power Talks by eminent personalities for its workforce. These are broadcast to Circles and are made accessible on the intranet for future reference.

- **Reducing logistical challenges, expense and workplace disruption:** Rather than imparting role-based training in classrooms, employees go through the in-house developed role manuals available on the intranet before nominating themselves for short doubt-clearing workshops and examination at the Training Institutes. 6498 such workshops were organised in FY 2018-19. Case study and Group discussion pedagogy was adopted for classroom training.

4. Revenue Generation from surplus classroom capacity

Spare capacity at ATIs and SBILDs, freed up due to a shift to a new pedagogy and non-traditional teaching techniques is being used for revenue generation by designing and marketing of BFSI sector specific paid programmes. The Bank has also licensed use of its Learning Management System and e-content to select external organisations.

5. Contribution to Nation Building

- **Responsible Corporate Entity:** Various Conclaves and Workshops such as HR Heads Conclave on Re-Vitalising our Human Capital and PSB Heads workshop on Corporate Governance and Media Management was organised at SBIL, Kolkata to initiate discussions on these key issues within the industry.

- **Thought Leader in Executive Education:** A workshop on “Navigating Disruption and Managing Innovation in the New Economy” aimed at bringing together the established players and young professionals with disruptive ideas on a common platform for exchange of ideas and gaining perspective, was organised by your Bank in collaboration with Wharton University. It was attended by top Corporate clients and young professionals and entrepreneurs.

6. R&D

- **PDRFs:** The Bank has recruited Post-Doctoral Research Fellows (PDRFs) for innovative and high-end research activities relevant to the BFSI sector. Moreover, they will present papers in National / International conferences and publish their research work in leading international publications to establish State Bank of India's footprint in the domain of BFSI research.
- **Operational Research at ATIs & SBILDS:** In order to create an environment for conducting research studies in a focused and meaningful manner, Business Units (BUs) were made Project Owners for practical, operational research work on Banking conducted at the Institutes.

7. Employee Engagement Programme- Nayi Disha:

Your Bank launched “Nayi Disha” an employee engagement program with the objective of imparting the significance of staying agile & relevant, adopting a growth mindset, managing challenges, inculcating the Bank's values STEPS to improve customer centricity and brand image. 2.40 lakh employees were covered in 90 days under the Nayi Disha Phase-I, themed as “Vision 2030” and all employees will again be taken through the future phases of this programme which has been designed as an ongoing intervention.

8. Awards & Accolades:

The Bank has a training culture of over 90 years and it associates with the best institutions and industry experts, both in India and overseas for designing and imparting in-depth training. As a result, the Bank's training programmes have achieved widespread acceptability and credibility that is acknowledged world-over through accolades namely, the Business World Award for “Excellence in Learning & Development”.

9. Developments

State Bank of India entered in a Memorandum of understanding (MoU) with National Banking Institute (NBI), Kathmandu (Nepal) to establish a mutually beneficial strategic alliance for development of NBI's human resources in the areas of education, training and research.

Your Bank is all set to offer its academic expertise and training infrastructure to train personnel of NBI. To this end, SBI will share its available infrastructure, administrative facilities, expertise and experience in terms of Faculty and Research & Development (R&D) in organizing press conferences, seminars, workshops, study and group discussions to help research scholars and members of faculty undertake project work and conduct various studies.

2. INFORMATION TECHNOLOGY

A. LOAN LIFECYCLE MANAGEMENT SYSTEM

Through LLMS, an in house developed application, the entire life cycle of the credit process has been automated. Besides improving efficiency and reducing TAT of processing of the loan proposals, LLMS aims at standardising the credit process as per the extant instructions, with a view to managing risk, enhancing user experience and providing useful MIS for better decision making.

B. FINANCIAL INCLUSION AND GOVERNMENT SCHEMES:

Being the Banker to the Nation, your Bank is in the forefront in serving the customers hitherto left out of formal financial system. Following are the latest developments in the direction of FI:

- Customer Service Points (CSPs) are now offering Banking Services (Enquiry, Deposit and Withdrawal) to FI Customers at their Door Step, by using Portable Hand Held Devices.
- Mobile Number seeding facility has been made available to the FI Customer account through the FI Kiosks.
- Additional Fields have been added in Kiosk for capturing CSP details to effectively monitor functioning of CSPs.
- Aadhaar Authentication for PMJJBY, PMSBY, APY and Green Pin Services have been enabled during the year.

C. MERCHANT ACQUIRING BUSINESS (MAB)

A new subsidiary of your Bank, SBI Payment System Private Limited. (SBIPSPL) came into existence on 29th September 2018 in order to tap the growing market opportunities. However, MAB IT-Operations shall continue to perform all the operations (like funds settlement,



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handing chargeback, disputes etc.) that it was performing hitherto, on behalf of SBIPSP. With 5,75,358 terminals, your Bank ranks 2nd in the country as on 31st March, 2019.

D. SPECIAL PROJECTS

Your Bank is working on special projects to bring better banking experience to its customer. Few of the projects are mentioned as under:

- **sbiINTOUCH:** Advanced KIOSKs facilitating instant account opening and Debit Card Printing to provide better user experience.
- **Wealth Management Solution:** 'SBI wealth' for PREMIUM customers offering a complete range of Financial Products. The new SBI Wealth Transactional Mobile App enables the use of Wealth Management services anytime/ anywhere.
- **CKYC:** CKYC Application launched as per Government of India guidelines, to upload the KYC documents to the CERSAI site and therein generate the CKYC number, which are provided to the customers.
- **OFSAA:** OFSAA enables to measure and meet risk adjusted performance objectives and facilitates risk-based decision making with greater transparency and efficiency.
- **CMLS:** Centralised Litigation Management System application has been installed with centralised database of all the legal cases by and against the Bank.
- **ETC FASTag:** application facilitates issue of FASTag for vehicles, making the process faster and more efficient at Toll Plazas.
- **GST:** Tax and Compliance Engine facilitates timely filing of GSTR Returns to meet statutory compliance.
- **Pension Seva:** Your Bank serves approximately 55 lakh pensioners across the country. The new portal 'Pension Seva' facilitates services like pension slip, arrear calculation sheet, Form 16 download among others.

Furthermore, major events of your Bank are telecasted live to the customers through your Bank's corporate website, which caters to the customers and has about 1.50 lakh hits per day.

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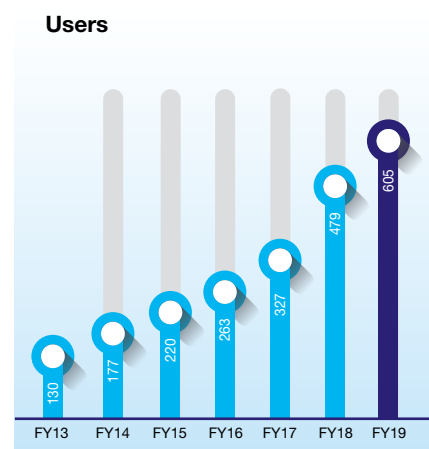
E. ATM

During the year, ATM and Switch department got PCI-DSS certification, which will ensure adherence to global standards in enhancing security of card data and related environment. Your Bank stands in premier position with 50.95 cr. Debit cards issued to the customers, out of which 29.67 cr. cards are used actively. A unique facility 'YONO-Cash' has been made available to our esteemed customers for card-less cash withdrawal through ATM using YONO app. Your Bank is the first Bank to test NCMC (National Common Mobility Card) an initiative of GOI, successfully on 04.03.2019 at Delhi Metro, which was launched by Honourable Prime Minister of India, Shri Narendra Modi.

F. INTERNET BANKING

Internet Banking continues to provide seamless online experience, offering diverse Banking services to 581.76 lakh Retails Users and 23.12 lakh Corporate Users. Many new services like Real Time Demand Loan for e-Commerce transactions, UPI Payment Integration for SB Collect, Sovereign Gold Bond subscription for Joint Account holders, facility to download Form 16A, and Partial MOD breaking facility have been added to RINB portal during the year. Recurring deposit facility for SARAL Users, uploading of financial statements by Corporate customer, Virtual Account Number (VAN) based collection are now being provided through CINB. Over 9,939 merchants have been on-boarded during the year to fuel the e-Commerce eco system.

Internet Banking Users (in lakh)



G. EPAY AND PAYMENT GATEWAY

Your Bank provides indigenous, unique, PCIDSS certified secured ePay platform for facilitating seamless e-Commerce transactions between business, merchants, customers and financial institutions, for various kinds of payment modes. It offers large number of payment options to customers to enable them to pay to the partner Merchant and simultaneously provides platform for Merchants to acquire Bank agnostic large customer base. The platform is provided through our Payment Aggregator (SBlePay) and Payment Gateway (SBIPG) applications by integrating with thousands of Merchants on the one end and large number of Payment Channels like Banks, Wallets and Cards at the other end. Payment Gateway also processes all debit/credit card transactions of SB Collect and SBI-MOPS.

H. OPERATIONS AND PAYMENT SYSTEM GROUP

Your Bank continues to hold Numero Uno position in NEFT outward remittances with 53.03 crore transactions with over 17% market share. In RTGS, 1.72 crore outward transaction were effected, implying market share of over 13 %.

I. DATA WAREHOUSE AND ANALYSIS

Your Bank has a database, which is a single trusted source of structured data that enables reporting for enhanced business decision support across the Bank. The database acts as a downstream for various applications like Business Intelligence, Analytics, YONO, CRM, OFSAA and many more. Additionally, it also plays an important role in complying with regulatory reporting requirement like CRILC, RBS TRANCHE amongst others.

The database is used for analysis of lead generation, risk mitigation and improving operational efficiency. Additionally, predictive analysis is also done to detect fraud prone branches and also to find delinquencies prone accounts. Also, analytics is used to generate lead for pre-approved personal loan (PAPL) in YONO.

J. CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

CRM Project, launched in August 2016, now stands fully implemented in your Bank. It focuses on providing solutions for integrated management of Sales, Services and Marketing activities of our customer by providing their 360-degree view. Various functionalities covering Lead Management Modules for different BU's, Customer Analytics, Reports and Dashboards, Contact Centre operations amongst others helps in creating corporate memory for effective and productive customer engagement.

Additionally, processes were earmarked for digitisation in the near future. With this structural transformation to the digital age/banking, your Bank is in the process of leveraging the CRM tool to use analytics and intelligence. Your Bank believes that these digital tools and technology can completely transform the distribution reach of its services and the customer experience in general.

K. AWARDS WON

Awards received by your Bank during the year (IT related):

Name of the award	Category
The Asian Banker Financial Technology Innovation Awards 2018	Won 1. Best Enterprise Governance Risk and Compliance Initiative, Application or Programme (O&TS for merger) 2. Best Lending Initiative, Application or Programme-(LLMS) 3. The Best Leadership award to DMD & CIO 4. The Risk Data and Analytics Technology Implementation of the Year(OFASSA)
Asian Banking and Finance Retail Banking Awards Intelligent Enterprise Award 2018	Won -Mobile Banking initiative of the year-YONO Won in following two categories 1. Enterprise Mobility-YONO, 2. Enterprise application -Merger, AI-SIA,SIVA, ARTCEF
IDC (International Data Corporation)	Won-NEWS from O&TS under Digital Disruptor category
CIO 100 (International Data Group)	CIO 100 (for 4 project-YONO,SIA,SIVA,ARTCEF)
ASSOCHAM (The Associated Chambers of Commerce and Industry of India) PMI India Awards 2018	Innovative Solutions for Regulatory Compliances- Merger of eAB's with State Bank of India from (O& TS dept) Project-CBS Merger of e-Associate Banks and eBMB (O&TS)
The Economic Times BFSI Innotrube Summit and Awards, 2018	Best Innovation under BFSI -Won (YONO,ARTCEF,SIVA,SIA)
ABP News present BFSI Award 2018	Won-Best Bank in Technology Orientation -YONO project
CSI award-IT Innovation & Excellence Awards (2018)	Won- Best BFSI in terms of Implementations of cognitive technologies. For-i. YONO ii. Block chain iii. Email segregation
Finnoviti Award 2019	Most Innovative project-YONO
IBA Award (14 th Banking Technology Awards 2017-18)	1. The Best Technology Bank of the Year-Winner (Large Bank) 2. The Best Financial Inclusion Initiatives (Runner up) 3. The Most Innovative Project using Technology-SIVA

L. CUSTOMER SERVICE

Your Bank has put in place a robust online Complaint Management System (CMS) where customers can lodge their complaints/feedback/suggestion online through the website www.sbi.co.in. In addition to this, your Bank's Contact Centres are functioning 24*7*365 in different geographical areas taking care of customers in Hindi, English and 10 major regional languages. For educating customers on various products of electronic banking channels, tech learning centres were established. Moreover, your Bank has accepted the revised code of BCSBI in letter and spirit for achieving excellence in customer service. Your Bank has introduced a system of collecting feedback of customers in its complaint resolution mechanism to improve the Grievance Redressal procedure.

Several outreach programmes such as Customer Awareness meets, Staff Townhall meetings and Customer meets were conducted during the year. In addition to this, Customer Service Surveys were organised during the year, the results of which are being utilised, for improving and enhancing customer experience.

Your Bank is extending a service through which customers can block his/her State Bank of India ATM debit card, RINB credentials by forwarding the transactional SMS or email received from the Bank on his/her registered email with Bank on designated number 9223008333 / email ID registered with the Bank. Consequently, the system will immediately block the Debit card/RINB credentials if the customer reports an unauthorised transaction.

M. INNOVATION IN IT INFRASTRUCTURE

- During the Financial Year, your Bank commissioned its first, advanced 'TIER- 3', Data Centre at a safe seismic zone in Hyderabad, with a capacity to host around 1000 racks. The Data Centre is designed with Green Building Design concept and is equipped with nine layers of security.
- Your Bank's branches are equipped with 2 Mbps and 4 Mbps internet connections. Additionally, National Optic fibre Network (NOFN) connectivity will be implemented at 768 branches to improve rural banking.
- Network Access Control (NAC), has been implemented for protection from Cyber Attacks in addition to existing services like Anti-Virus, AD among others. NAC prevents access to the network by unauthorised and non-compliant endpoints or devices.
- IT Service Management (ITSM) processes have been implemented to manage IT infrastructure.

N. INNOVATION UNLOCKS NEW VALUES

- State Bank Intelligent Voice Assistant (SIVA) is transactional and FAQ Voice Bot powered by emerging technologies including Machine Learning and Natural Language Processing. The objective is to provide voice-based simple alternate banking channel for routine banking needs.
- YONO Cash will enable card less cash withdrawals (with transaction limits) from ATMs anywhere in the country.
- AI based email segregation for Complaint Resolution, which understands and identifies customer's queries and directs them to the targeted desk, using Machine Learning and Natural Language processing, is in progress.
- GPS technology enabled Mobile app to provide location based CSP Inspection.
- Customer Feedback analytics to get instant feedback on service quality at the customer home branch.

- Branch Darpan: Web based dashboard for branches and controllers for Brand Building and Customer Service
- Centralised Database for Prepaid Payment Instruments

O. PROFITABILITY REAPED THROUGH EFFICIENCY

- **SBI WORKSPACE** - Enterprise Mobility Management (EMM): This solution facilitates work from anywhere, anytime enhancing employee productivity and efficiency.
- **OFFICE 365:** Enables employees to access the Bank's email and other services like OneDrive, Skype for Business, Teams, Forms among others from anywhere using mobile devices while reducing the dependency on office desktop.
- **In house Centre of Excellence for LINUX:** IT Departments to resolve LINUX related issues thereby reducing dependency on vendor support system.
- **SME Gyan and Assist on mobile for customer onboarding helps:** The operating functionaries, Branch Heads of SME Intensive Branches, and SMEC staff can keep abreast of current Bank Policies, products, services, and schemes.

P. COLLABORATION OF SBI AND JIO

Post operationalisation of Jio Payments Bank (a 70:30 JV between RIL and SBI) Jio and SBI are deepening their partnership to bring next generation bilateral frictionless experience with exclusive digital Banking, Payments and Commerce journeys for their customers.

Jio and SBI are entering into a digital partnership aimed to increase SBI's digital customer base multi-fold. SBI YONO is a revolutionary omni channel platform offering digital banking, commerce and financial superstore services to customers. YONO's digital banking features and solutions will be enabled through the MyJio platform for a seamless, integrated and superior customer experience. MyJio, one of India's largest over-the-top (OTT) mobile applications will now bring in financial services capabilities of SBI and Jio Payments Bank.

Jio and SBI customers will benefit from Jio Prime, a consumer engagement and commerce platform from Reliance. Jio Prime will offer exclusive deals from

Reliance Retail, Jio, partner brands and merchants. In addition, with an integration between SBI Rewardz (existing loyalty program from SBI) and Jio Prime, customers of SBI will be offered additional loyalty reward earning opportunities as well as broader redemption within Reliance, Jio and other online and physical partner ecosystems.

Your Bank will be engaging Jio as one of its preferred partners for designing and providing network and connectivity solutions. Jio's highest quality network in urban and rural regions will allow SBI to launch customer centric services such as video banking and other on-demand services. Additionally, Jio Phones will be available on special offers for your Bank's customers.

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 to minimise 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, which also includes IT risk.

Your Bank is committed towards creating an environment of increased risk awareness at all levels. It also aims at constantly upgrading the appropriate security measures, including cyber security measures, to ensure avoidance or mitigation of various risks. Moreover, it is equipped with a Disaster Recovery/ Business Continuity Plan across all its branches and offices, to render uninterrupted services, in the event of any possible business disruption.

Your Bank has policies and procedures in place to measure, assess, monitor, and manage these risks systematically across all its portfolios, which makes it amongst the leaders to undertake implementation of the Advanced Approaches under Credit, Market and Operational risk. Aiming to adopt global best practices, State Bank of India has also undertaken the Enterprise and Group Risk Management Projects, which are being implemented with support from external consultants.

RBI Guidelines on Basel III Capital Regulations were implemented, and your Bank is adequately capitalised as per the current requirements under Basel III. An independent Risk Governance Structure, in

line with international best practices, was 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 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 Operational unit and Business unit level are also in place.

1. 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 put in strong credit appraisal and risk management frameworks in place for identification, measurement, monitoring and control of the risks in credit exposures. Industrial environment is scanned, researched and analysed in a structured manner by a dedicated team for deciding its outlook and growth appetite for each of the identified 39 industries/sectors, which constitute about 71% of your Bank's total domestic outstanding (excluding Retail and Agri). Risks in these sectors are monitored continuously and wherever warranted, the industries concerned are reviewed immediately. Impact of events such as the rise in Crude oil prices, policy initiatives taken by the Government in respect of Telecom and Power sectors, impact of increase in production of sugar vis-à-vis reduction in price on the industry, impact analysis on awarding of Road projects by NHAI, Gems and Jewellery to name a few, were analysed and appropriate responses to these situations were strategised by your Bank to mitigate possible risks. Exposure to sensitive/ stressed sectors such as Real Estate/Telecom are being reviewed at half-yearly intervals. Sectors such as Power, Telecom, Iron and Steel, Textiles, which are going through a challenging phase, are watched continuously and analysis of new developments are shared with the business groups to enable them to make informed credit decisions. Knowledge sharing sessions are conducted for the benefit of the operating staff at various levels.

Credit rating thresholds for each industry are decided based on the outlook. 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 back testing frameworks.

It has adopted an IT platform for credit appraisal processes through a Loan Origination Software/Loan Lifecycle Management system (LOS/LLMS). Models developed by your Bank are hosted on these platforms, which are interfaced with CIBIL and RBI defaulters' lists.

Risk Adjusted Return on Capital (RAROC) framework is in place. The Customer level RAROC calculation has also been digitised. Further, behavioural models for monitoring and scoring the retail borrower performance were developed and hosted on Credit Risk Data Mart. Your Bank has procured the ORACLE "OFSAA" platform for the Credit Risk Management System and the implementation of the system is being done in phases.

State Bank of India has put improved mechanism in place to manage Credit Concentration Risk, by way of risk sensitive Internal Prudential Exposure Limits framework for single as well as group borrowers. These limits are fixed based on the internal risk rating of the borrower.

This framework is one step ahead of the regulatory prescription of Prudential Exposure norms, which is 'one size fits all' in nature. These exposure norms are monitored regularly at a defined periodicity.

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.

Your Bank undertakes specific analytical studies to identify trends in movement of NPAs, quarterly review of loan sanction, time-to-default etc., in order to keep track of quality of asset portfolio on regular basis.

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 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) are hosted in Credit Risk Data mart for computation of IRB capital.

A new role of Portfolio management was created under Risk Management Department. Credit Portfolio Management function will focus on both, profitability and risk view while performing portfolio management activities. Key functions comprise portfolio risk appetite and target definition, portfolio packaging, risk assessment and review, and portfolio optimisation, amongst others.

2. Market Risk

Market Risk is the possibility of loss that your Bank may suffer on account of change in value of its trading portfolio, on account of market variables such as exchange rate, interest rate and equity price, amongst others.

Mitigation Measures

Your Bank's market risk management consists of identification and measurement of risks, control measures, monitoring, and reporting systems.

Market risks are controlled through various risk limits, such as Net Overnight Open Position, Modified Duration, PV01, Stop Loss, Upper Management Action Trigger, Lower Management Action Trigger, Concentration, and Exposure Limits.

Value at Risk (VaR) is a tool used for monitoring risk in the Bank's trading portfolio. Enterprise level VaR of your Bank is calculated daily and back tested daily. The Stressed VaR for market risk is also computed daily. The VaR methodology is supplemented by conducting quarterly stress tests of the trading portfolio.

Your 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).

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.

3. 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

Key elements of your Bank's Operational Risk Management Policy, among others, include ongoing review of systems and controls, creation of awareness of operational risk throughout your Bank, timely incident reporting, enhancing operational risk awareness through RAW (Risk Awareness Workshop), improving early warning information through implementation of Key Indicators (comprising of Key Risk Indicators (KRIs), Key Control Indicators (KCIs) and Key Process Indicators (KPI), the resolution of risk issues by effectively tracking and follow-up of outcomes of assessment, assigning risk ownership, aligning risk management activities with business strategy. Your Bank has a detailed Business Continuity Plan (BCP) in place for ensuring continuity of operations at the branches and Offices during disruptions. BCP enabled us to ensure minimum business disruption during the natural disasters such as floods in Kerala and Cyclone in Tamil Nadu, which occurred during the year.

All these components ensure better capital management and improve quality of Bank's services, products, and processes besides ensuring compliance with regulatory requirements.

For FY2019, your Bank on a stand-alone basis, had assigned capital for Operational Risk as per Basic Indicator Approach (BIA).

Your Bank observes Risk Awareness Day on 1st September every year. As part of Risk Sensitisation, an online Quiz contest was conducted for Staff across your Bank. Further, risk culture is being embedded through training to staff at all levels through e-learning lessons.

4. Enterprise Risk

Enterprise Risk Management aims to put in place a comprehensive framework to manage and align risk with strategy at the whole Bank level. It encompasses global best practices such as Risk Appetite, Material Risk Assessment and Risk Aggregation, amongst others.

Mitigation Measures

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.

With an objective of maintaining a sound risk profile, your Bank has developed a Risk Appetite Framework incorporating limits for major risk metrics. For promotion of a strong risk culture in your Bank, Risk Culture Framework is being operationalised in a phased manner.

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. 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 if required. New and emerging risks are identified and discussed in the ICAAP.

5. 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, Group Liquidity and Contingency Funding Plan (CFP), Arm's Length and Intra Group Transactions and Exposures are in place.

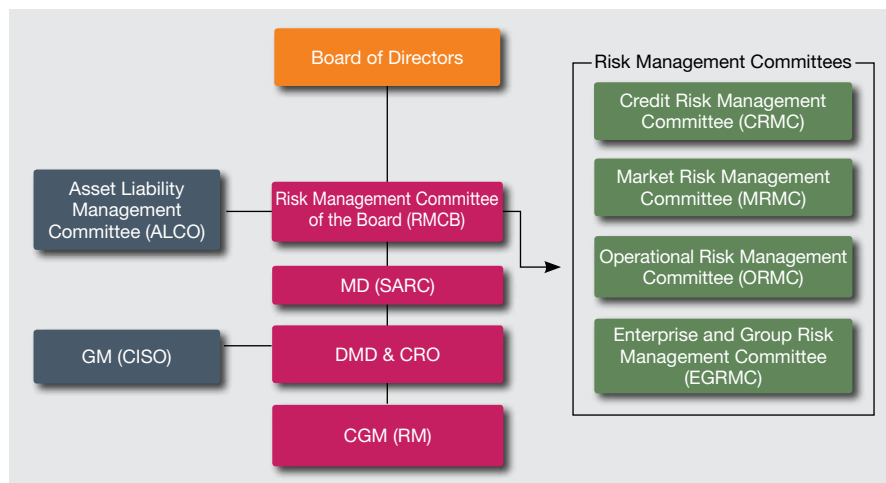
Monitoring of consolidated Prudential Exposures and Group Risk components is being done regularly. A quarterly analysis of risk-based parameters for Credit Risk, Market Risk, Operational Risk and Liquidity Risk, amongst others, is presented to the Enterprise and Group Risk Management Committee (EGRMC)/ Risk Management Committee of the Board (RMCB).

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 where SBI has 20% or more stake and management control, including Non-banking entities, carry out the ICAAP exercise and a Group ICAAP Policy is in place to ensure uniformity.

6. Basel Implementation

Your Bank is identified as D-SIB by the Regulator and is required to keep additional Common Equity Tier 1 (CET1) of 0.60% of RWAs applicable from 1st April, 2016 in a phased manner and it will become fully effective from 1st April, 2019. Additionally, it has also started maintaining Capital Conservation Buffer (CCB) in a phased manner and will reach 2.5% by 31st March, 2020.

Risk Management Structure:



B. INTERNAL CONTROL

Internal Audit (IA) in your Bank is independent of the audited activities 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 co-ordination with the Risk Management and Compliance Departments to evaluate effectiveness of controls, 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.

Some 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 compliant controls through remote evaluation of big data.
- System driven; analytics based off-site monitoring of transactions.
- Concurrent Audit of business units to ensure contemporaneous scrutiny of compliances.
- Early review of sanctions to assess quality of loans of ₹1 crore & 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. In addition to this, it undertakes Management Audit of business verticals to assess their strategic effectiveness and special audits as per the directions of the Audit Committee or the regulators.

Branch Audit

IA Department undertakes critical review of the operations of auditee units through RFIA, an adjunct to Risk Based Supervision, as per RBI directives. The domestic branches are broadly segregated into three groups (Group I, II and III) based on business profile and advances exposures. Your Bank has initiated a system driven process for identification of 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 FY2019, IA Department has audited around 13,850 domestic branches and BPR entities under the RFIA.

Credit Audit

Credit Audit aims at achieving continuous improvement in the quality of commercial credit portfolio of your Bank, through critically examining individual large commercial loans with exposures of above ₹20 crore annually. During the year, your Bank has revamped the Credit Audit process with an introduction of Offsite Independent Credit Risk Assessment for large value loan accounts. Furthermore, capability of audit was enhanced through lateral recruitment of Chartered Accountants for credit audit.

The Credit Audit system provides feedback to the business units, about the quality of advance portfolio in the unit and suggests remedial measures.

Early Review of Sanction

Individual accounts with credit exposure of ₹1 crore & above are subjected to an off-site early review mechanism (Early Review of Sanction) of the pre-sanction processes. The reviews are carried out within three to four weeks of sanction /enhancement/ renewal to identify the deficiencies, if any, in the credit underwriting process at an early stage and initiate remedial measures. The ERS system was integrated with loan processing software for seamless, real time flow of sanction proposal to the ERS reviewers for online review.

FEMA Audit

The Branches that are authorised to deal (Authorised Dealers) in Foreign currency transaction, including Trade Finance Centralised Processing Cells-TFCPC

are subjected to FEMA audit. Branches with high credit exposures as well as the centralised trade finance processing centres are subjected to audit under FEMA at least once every year. Other AD branches are audited as per their risk profile within a maximum period of 21 months. During FY2019, around 411 auditee units were covered under FEMA Audit.

Information System and Cyber Security Audit

State Bank of India's branches are subjected to Information System audits ("IS audits") to assess the IT-related risks as part of RFIA of the branch(es). IS audit of centralised IT establishments is also carried out by a team of qualified officials, which includes IS auditors appointed through lateral recruitment. During the period from 1st April, 2018 to 31st March, 2019, IS audits of 48 centralised IT establishments were completed. In addition, a cyber-security audit of your Bank is also executed annually, as per the cyber security policy of your Bank.

Foreign Offices Audit

During FY2019, Foreign Office Audit was carried out at 19 Foreign Offices and Management Audit was conducted at five Subsidiaries, three Representative Offices and six Country Head/Regional Head Offices.

Concurrent Audit System

Concurrent Audit System in your Bank covers advances and other risk exposures as prescribed by the regulatory authority. Additionally, it was revamped by recruiting qualified personnel and placing additional resources at the Central Processing Cells to identify and rectify shortcomings in underwriting and controls at a very early stage of the client relationship.

Off-Site Transaction Monitoring System (OTMS)

OTMS in your Bank is a web-based solution, which generates scenario-based alerts for monitoring transactions at branches across the whole Bank and flags them to the business units for corrective actions. Presently, there are 55 types of scenarios embedded in the system against which the transactions are scrubbed at regular periods, 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 certain triggers.

Legal Audit

Legal Audit in your Bank covers scrutiny of the loan and security related documents of loans amounting to ₹5 crore and above. Legal audit is a control function, carried out through a panel of advocates in addition to the scrutiny by the in-house team of internal auditors, to ensure that there are no shortcomings in the documents or creation of security in favour of your Bank. Legal Audit was carried out for 11,602 accounts during FY2019.

Audit of Outsourced Activities

Your Bank recognises the need of service providers engaged with your Bank to be as compliant with the legal and regulatory requirements as your Bank itself. Audit of Outsourced activities is therefore conducted at regular intervals to gain a reasonable assurance that adequate systems and procedures are in place to mitigate legal, financial and reputational risks that may arise on account of the outsourced activities.

Audit of outsourced activities in your Bank covers audits of vendors engaged in providing ATM services, Corporate Business Correspondents (BC), Individual BCs and CSP, Recovery and Resolution agents, Cash Management Services, Door step Banking, Cheque Book Printing, IT related Services, Registrar and Transfer Agents amongst others.

Your Bank has engaged the services of more than 57,000 individual BCs and CSPs under financial inclusion plan, of which 28,245 units were audited by FY2019.

Management Audit

Management Audit covers business verticals, Administrative Offices/ Departments and examines the strategy, processes and risk management practices. It encompasses Corporate Centre establishments/Circle Local Head Offices and Regional Rural Banks (RRB) sponsored by your Bank. During FY2019, 42 establishments/administrative offices were audited under Management Audit.

C. COMPLIANCE RISK MANAGEMENT

Your Bank operates on the principle of 'zero tolerance' to regulatory non-compliance and has taken initiatives to strengthen compliance function, which is amongst the top most priorities of your Bank.

D. KYC / AML-CFT MEASURES:

In order to mitigate risks arising out of non-compliance of KYC norms, AML/CFT guidelines, your Bank has put in place an approved Board and transparent Know Your Customer (KYC) Policy incorporating your Bank's framework for customer acceptance, customer identification, monitoring of transactions, Customer Risk categorisation, and reporting of transactions to Financial Intelligence Unit India (FIU-IND). The policy was updated and subsequent changes, as notified by RBI, are being circulated through e-Circular for Branches/ Offices for ensuring meticulous compliance of the same by the operating functionaries. Your Bank has put in place a robust system containing a combination of manual and system enabled methodology to ensure KYC compliance in your Bank.

Your Bank has allotted Uniform Customer Identification Code (UCIC) to the individual customers as per RBI guidelines. Periodical updating of KYC is undertaken as per RBI guidelines.

Your Bank has taken several initiatives to bring greater awareness amongst its staff about KYC and AML/CFT compliances. AML-CFT Day is being observed on 2nd November every year wherein pledge is taken on that day at all branches/processing centres and Administrative Offices. Similarly, 1st August is observed as KYC Compliance and Fraud Prevention Day.

E. INSURANCE:

State Bank of India has set up an Insurance Cell for your Bank's assets and other risks in order to reduce requirement of capital under Advance Measurement Approach (AMA) of Basel-II framework. Additionally, insurance policy to cover cyber risks for US\$ 100 million is being taken. RBI's instructions on limiting customer's liability on Debit Card and Electronic Banking Transactions are being complied with. Likewise, for covering the risk/cost of your Bank, insurance cover for Debit card/Electronic Banking Transactions is being taken.

F. PREMISES

Safekeeping of Title Deeds of all the properties of State Bank of India has been centralised. Accordingly, Original Title deeds have been kept with SBICAP Trustee Co. Limited for safekeeping and digitalised form shall be available with the Bank.

Monetisation of unused non-banking assets worth ₹407 crore have been identified for sale from different circles, out of which assets worth ₹17.33 crore have been monetised during the current financial year 2018-19.

4. OFFICIAL LANGUAGE

Your Bank has taken innovative steps to propagate the use of official language in reaching out to customers and has earned many laurels for the organisation.

Leveraging technology in rendering Banking Services in Hindi and other Indian languages

Your Bank is committed to render banking services in Hindi and other Indian languages. With a view to build and sustain the momentum, your Bank's focus is on leveraging technology to deliver the product and services. Additionally, to boost digital inclusion, content in Hindi and other Indian languages is being delivered through ATMs, SMSs, Contact Centre communications among others. Moreover, State Bank Intelligent Assistant (SIA) has been installed to answer standard queries on products and services and responding to frequently asked questions. SIA is a multilingual chatbot, which can respond in 14 languages in speech or text. This has helped in understanding the local needs and bringing more customers to our fold.

Delegation to World Hindi Conference

11th World Hindi Conference was held from 18th to 20th August, 2018 at Mauritius. Your Bank sent a delegation in which the members organised an exhibition with the support of your Bank's subsidiary State Bank of Mauritius. The theme of the exhibition was "Vishwa Mein Hindi Pahunchai, Yug Yug Jio SBI". Furthermore, your Bank's products, services, and publications depicting your Bank's contribution in popularising Hindi around the globe were showcased in the exhibition.

Hindi Fortnight at national level and World Hindi Day at international level

To popularise the use of Hindi among the staff members of your Bank in India and abroad, a Hindi Fortnight was organised from 14th to 29th September 2018 at national level and at international level. Additionally, 10th January, 2019 was observed as World Hindi Day during which different Hindi programs and competitions were organised. Furthermore, the circles, departments, and staff including foreigners who make maximum use of Hindi in the official work, during the year, were awarded.

Hindi House Magazine PRAYAS bagged GOI Rajbhasha Kirti Prize and best Hindi journal award from RBI

Rajbhasha Kirti Award 2017-18 for SBI 'PRAYAS' Magazine: State Bank of India bagged first prize under Government of India Rajbhasha Kirti Awards 2017-18 for its Quarterly Hindi house magazine PRAYAS. Honourable Vice President of India Shri M. Venkaiah Naidu conferred the award to SBI Chairman Shri Rajnish Kumar on 14th September 2018 at Plenary Hall, Vigyan Bhawan, New Delhi.

On this occasion Honourable Union Minister for Home Shri Rajnath Singh and Ministers of State for Home Affairs Shri Hansraj Gangaram Ahir and Shri Kiren Rijiju also graced the occasion.



Rajbhasha Kirti Award 2017-18 for SBI 'PRAYAS' Magazine : Honourable Vice-President of India conferred the award to SBI Chairman on 14th September 2018 at Vigyan Bhawan, New Delhi.

Publications

Your Bank released the prestigious Hindi book 'Rajbhasha Karyanvayan: Anubhav Evam Uplabdhyaan' under aegis of Department of Financial Services, Ministry of Finance, Government of India. The book was released by Dr. Bhushan Kumar Sinha, Joint Secretary (Financial Inclusion), Government of India on 6th July, 2018 at Patna.

Your Bank has also launched out Security Manual, Customer Information Compilation, ATM Manual, RFP, LOS Documents, Ethics Code and a handbook on Digital Banking in Hindi for the use of our operating staff.

Ashirwad Rajbhasha Gaurav Award

Dr. Satya Narayan Jatia, Vice-Chairman, Committee of Parliament on Official Language awarded 1st prize to your Bank for the best implementation of O.L. Policy on behalf of renowned literary - social - cultural organisation Ashirwad. He also honoured our GM (O.L. & C.S.) with prestigious 'Rajbhasha Gaurav Award'. Moreover, our Hindi house magazine 'Prayas' was awarded with 'Best Magazine'.

SBI TOLICS

Town Official Language Implementation Committees chaired by your Bank at Bhubaneswar and Hyderabad centres got 1st and 2nd prizes respectively in Rajbhasha Kirti Awards from Honourable Vice President of India. Also, Town Official Language Implementation Committee, Siliguri won 3rd prize by the Regional Implementation Office (East), Kolkata.



Chairman with the Permanent Representative of India to United Nations Mr. Syed Akbaruddin at United Nations Headquarters in New York.

5. MARKETING AND COMMUNICATION

The Marketing and Communications (M&C) Department is responsible for your Bank's initiatives towards branding, product marketing and corporate communications. With the objective of optimising its efforts in promoting the products and services by adopting contemporary marketing approach and to give impetus to the digital initiatives to connect with the youth, the M&C Department's key responsibilities include developing and implementing integrated marketing strategies to address business challenges of different divisions of your Bank including Indian and overseas operations. This department comprises of domain skilled professionals and specialists drawn from various relevant fields - media, marketing communications, digital marketing, advertising, and public relations.

The focus of this year for your Bank's M&C team was to promote its flagship product YONO. For this, your Bank undertook initiatives to make the customers aware of YONO and its unique features. During the year, the team also devised various marketing initiatives for YONO such as the YONO Shopping Festival (YSF), a first of its kind shopping festival ever organised by any Bank across the country. Your Bank conducted its maiden thought leadership event on fintech called 'Infinite'. One of the major marketing initiatives, which your Bank launched was the YONO 20Under20 concept. This was one of the biggest external events conducted and appreciated, where your Bank honoured 20 (10 Male + 10 Female) extra ordinary achievers in 10 different fields. Your Bank has also conducted a 17-city quiz called "Numero Yono".

The Department has further strengthened its process on integrating marketing efforts across all Business Units and has set up a suitable process for starting any marketing campaign. Apart from YONO, the M&C team launched major marketing campaigns for products such as Home Loans, Wealth Management, NRI Services, amongst others. The Department also initiated an integrated approach to drive consideration for the range of retail loan products. Different media vehicles were used for all these campaigns.

The M&C team was instrumental in changing the brand identity of the Wealth Management Services from Exclusif to SBI Wealth. The team worked on organising Green Marathon, which was conducted in six cities last year and this year it was taken to 15 cities, Bhubaneswar, Trivandrum, Bhopal, Jaipur, Kolkata, Lucknow, Patna, Guwahati, to name a few in the current financial year to accentuate your Bank's commitment to sustainability.

Going forward, along with the other marketing initiatives, your Bank plans to further promote its flagship product YONO. The thrust of the department is to stay ahead of the competition and develop brand "State Bank of India" into a more vibrant and competitive brand.

6. VIGILANCE MECHANISM

At your Bank, there are three aspects to the vigilance function - Preventive, Punitive and Participative. Vigilance Awareness Week was observed from 29th October to 3rd November 2018, with the theme "Eradicate Corruption - Build a New India". As a part of observance of Vigilance Awareness Week, "Integrity Pledge" was administered to the staff and public at large. Further, State Bank of India as a Corporate has organised Gram Sabhas and undertaken the Integrity Pledge to create awareness. The message was disseminated through other means viz. Alternative Channels, IVR, Social Media, Walkathon, and Street plays amongst others.

The concept of Whistle-blower is another effective tool used for Preventive Vigilance. To highlight any malpractices under Whistle-blower Scheme, a portal was launched by your Bank wherein a complaint can be lodged online, and its progress can be monitored. There is an existing well-defined Whistle-blower policy in your Bank, which acts as a deterrent for the employees to keep themselves away from malicious activities.

The Whistle-blower's identity is protected to ensure that the process continues to be an effective tool against wrongdoings without fear.

Branches, where lapses of grave nature are observed, are identified and suo-motu investigations are conducted to check possible fraudulent activities and to execute remedial measures are undertaken.

During FY2019 a total of 1,505 cases (1,025 new cases) were taken up for examination, out of which 790 cases have been concluded.

7. ASSET AND LIABILITY MANAGEMENT

Efficient Management of Assets and Liabilities (ALM) is vital for sustainable and qualitative growth of Banks. ALM aims to strengthen Balance Sheet by pro-actively reviewing the market dynamics, capturing the signals emanating, therefrom, assessing the regulatory requirements to ensure value creation.

As part of best Risk Management practices, updated Internal Policies on 'Deposits', 'Whole Bank Asset and Liability Management', 'Whole Bank Stress Testing of Liquidity and Interest Rate Risks' were implemented by introducing the latest concepts such as 'reverse stress testing'. As part of contingency planning, Contingency Funding Plan (CFP) is in place and reviewed regularly.

Studies are conducted at regular intervals to assess the behavioural pattern of non-contractual assets and liabilities, embedded options available to customers, off-balance sheet exposures, impact of probable loan losses, and others. The inputs derived therefrom are used for effective management of on-balance sheet and off-balance sheet items.

The levels of High-Quality Liquid Assets (HQLA) and cash outflows are effectively monitored in a highly dynamic environment for computing LCR on daily basis.

Your Bank has adopted an advanced approach for assessing the impact on Earnings at Risk (EaR) and Market Value of Equity (MVE) with pre-defined tolerance limits that determine the risks associated with them and enables the Management to initiate appropriate preventive steps in a likely scenario of erosion in Net Interest Income.

In order to encourage branches to garner stable funds and assess their profitability based on cost of funds, a Market Linked Internal Funds Transfer Pricing was implemented by your Bank.

The Asset Liability Management Committee (ALCO) of your Bank monitors and manages the Interest Rate and Liquidity Risks of the balance sheet. ALCO inter alia, reviews the Interest Rate scenarios, pattern of growth of liability products, credit growth, competitive advantages, liquidity management, adherence to the regulatory prescriptions and pricing of liabilities and assets from time to time.

In order to address the concern of rigidities in the Balance Sheet structure and address the issue of quick transmission of changes in RBI's policy rates, effective from 1st May 2019, your Bank has taken the lead in linking its pricing of Savings Bank Deposits with balances above ₹1 lakh and Short Term Loans (Cash Credit accounts and Overdrafts with limits above ₹1 lakh) to the Repo Rate of RBI as an External Benchmark.

8. ETHICS AND BUSINESS CONDUCT

Your Bank was engaged during the year with promotion of ethical awareness in the organisation as a cultural premise. Having put in place a structure for the purpose under the Chief Ethics Officer and articulation of Bank's new Vision, Mission and Values Statements (VMVS), Bank has come out with a Code of Ethics synchronised around the normative commitments to its stakeholders viz. values of STEPS (Service, Transparency, Ethics, Politeness and Sustainability). The Code provides staff-members with behavioural guidelines and a moral compass for conducting a collective journey towards realisation of your Bank's vision. Sustained efforts were taken to ensure that the essence of the VMVS and Code seeps into the sinews of organisation and strengthens its moral fibre. Activities such as sharing situational Quiz for ethical sensitisation (both, a general daily quiz to all employees of your Bank and a domain specific weekly quiz for Global Markets, Foreign Offices, GITC, MTs amongst others, covering ethical dilemmas related to their area of work), broadcasting Ethical Decision Making Guide, posting a motivational weekly blog

namely 'Coffee with Aristotle', fortnightly Ethics Tutorials amongst others, are undertaken. Besides, this regular Ethical Awareness Workshops are organised for different staff- constituencies ranging from messengers, security guards, Management Trainees to the Deputy General Managers including workshops on Procurement Ethics. 'Code of Conduct for Expressing Views in Social Media' was revised in response to expanding reach of social media platforms. Several measures were initiated for humanising the disciplinary eco-system further in your Bank.

Your Bank believes that ethics is a continuous process of infusing excellence in its operational fabric and will go on making endeavours unremittingly to shape the moral sensibilities of rank and file in the organisation.

9. CORPORATE SOCIAL RESPONSIBILITY

Social Responsibility is deeply ingrained in the culture of your Bank. Consequently, it has been undertaking social welfare initiatives much before the formal CSR concept was coined. Your Bank believes that it owes a solemn duty to the less fortunate and underprivileged members

of the society to make sustainable social change in their lives. State Bank of India always places the interest of the common man, especially the most marginalised, at its core. In addition to this, your Bank earmarks 1% of the previous year's net profit as the budget for CSR spend for the year. Its CSR activities are widespread and deep-rooted and have made true difference in the lives of millions from underserved communities. Your Bank is committed towards the economic and social wellbeing of the downtrodden.

Focus areas of our CSR activities:

- Supporting Healthcare
- Supporting Education
- Skill Development and Livelihood Creation
- Environment Protection.
- Sanitation

CSR spend during 2018-19

During the F.Y. 2018-19, your Bank has made donation of an amount of ₹5 crore towards Chief Minister Distress Relief fund, Kerala for Kerala floods. Apart from that Bank has also donated the amount of ₹1.24 crore under CSR mainly towards Healthcare and Sanitation.

SBI Children's Welfare Fund: Your Bank constituted SBI Children's welfare Fund as a Trust in 1983, which extends grants to institutions engaged in the welfare of underprivileged and downtrodden children like orphans, destitute, challenged, deprived, amongst others. The corpus of the fund is made by staff members and matching contribution is provided by your Bank. During 2018-19, State Bank of India has donated ₹0.49 crore to 6 institutions such as Protection of the Rights of Differently Abled Children, Pawan Public School run by Gram Vikas Sanstha, Amcha Ghar, Coochbehar NELC School, Ama Adhikar and Sahrudaya Health, Medical, and Educational Trust.



Release of Code of Ethics by Chairman, MD (R&DB), MD (CCG & IT), MD (GB & S), DMD & CFO, Chief Ethics Officer in Strategy Retreat at Kolkata on 14.07.2018.

V. SUBSIDIARIES

As a part of mission to provide the entire gamut of financial services across India, the State Bank 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.

Non- Banking Subsidiaries:

(₹crore)

Sr. No	Name of the Subsidiary Company	Ownership (SBI interest)	% of Ownership	Net Profit (Losses) for FY2019
1	SBI Capital Markets Limited (Consolidated)	58.03	100.00	236.27
2	SBI DFHI Limited	131.52	69.04	61.58
3	SBI Mutual Fund Trustee Company Private Limited	0.10	100.00	3.21
4	SBI Global Factors Limited	137.79	86.18	5.35
5	SBI Pension Funds Private Limited	18.00	*60.00	1.89
6.	SBI Foundation	3.99	99.72	0.16
7.	SBI Infra Management Solutions Private Limited	40.00	100.00	(12.00)

*Group holding of SBI is 100% in SBI Pension Funds Pvt. Ltd. (SBI 60%, SBI MF and SBI Capital Markets 20% each)

Non- Banking Subsidiaries: Joint Ventures

(₹crore)

Sr. No	Name of the Subsidiary Company	Ownership (SBI interest)	% of Ownership	Net Profit (Losses) for FY2019
1	SBI Funds Management Private Limited	31.50	63 .00	427.54
2	SBI Cards & Payment Services Private Limited	619.54	74 .00	788 .00
3	SBI Life Insurance Company Limited	621.00	62.04	1327 .00
4	SBI-SG Global Securities Services Private Limited	52.00	65 .00	34.45
5	SBI General Insurance Company Limited	151.00	70 .00	334 .00
6	SBI Business Process Mgt. Services Private Limited*	17.46	74 .00	78 .00
7.	SBI Payment Services Private Limited	4.50	74 .00	(48.84)

* Name of "GE Capital Business Process Mgt. Services Pvt. Ltd." has been changed to "SBI Business Process Mgt. Services Pvt. Ltd."

1. SBI CAPITAL MARKETS LIMITED (SBICAP)

(₹crore)

Name of the subsidiary company	Ownership (SBI Interest)	% of ownership	Net Profit (Loss) for FY2019
SBICAP SECURITIES LIMITED (SSL)	96.88	100 .00	57.52
SBICAP VENTURES LIMITED (SVL)	49.98	100 .00	0.52
SBICAP (UK) LIMITED (SUL)	1.72	100 .00	(3.21)
SBICAP (SINGAPORE) LIMITED (SSGL)	61.78	100 .00	(1.65)
SBICAP TRUSTEE CO. LIMITED (STCL)	1.00	100 .00	14.90

SBICAPs is India's leading investment banker, offering a bouquet of investment banking and corporate advisory services to diversified clients across three product groups - Project Advisory and Structured Finance, Equity Capital Markets and Debt Capital Markets. These services include Project Advisory, Loan Syndication, Structured Debt Placement, Mergers and Acquisitions, Private Equity, Restructuring Advisory, Stressed Assets Resolution, IPO, FPO, Rights Issues, Debt and Hybrid Capital raising. On a standalone basis, SBICAPs posted a PBT of ₹242.60 crore during FY2019 as against ₹336.49 crore during the FY2018 and a PAT of ₹168.19 crore for FY2019 against ₹236.26 crore in FY2018. On a consolidated basis it has posted a profit of ₹236.73 crore as against ₹323.53 crore in the previous year. SBICAPs has not declared any dividend for FY2019 as against 225% in FY2018

A. 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 such as Mutual Funds, Tax Free Bonds, Home Loan, Auto Loan, Tractor Loan, amongst others.

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 over 15 lakh clients. The Company has booked gross revenue of ₹408.36 crore during FY2019 as against ₹357.56 crore in FY2018.

B. SBICAP 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 set up the 'Neev Fund' which is being managed by SBICAP Ventures Limited. SVL is acting as the Asset Management Company. SVL has also launched two funds namely Affordable Housing Fund and SME Fund during the year.

First closure of 'Neev Fund' was on 10th April, 2015 and the final closure happened on 31st March 2019 with final corpus of the Fund being ₹504.20 crore. Fund has invested in the infrastructure sectors such as renewable energy, water and sanitation, agricultural supply chain in eight identified states of India (Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh, and West Bengal).

C. SBICAP (UK) LIMITED (SUL)

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

D. SBICAP (SINGAPORE) LIMITED (SSGL)

SSGL, is a wholly owned subsidiary of SBI Capital Markets Limited. It commenced business in December, 2012. It has

built relationships with FIs, Financial Institutions, Law Firms, Accounting Firms, amongst others, to market the business products of SBICAP. It is specialised in marketing of Foreign Currency Bonds and securing clients for SBICAP SEC.

E. SBICAP TRUSTEE CO. LIMITED (STCL)

SBICAP Trustee Co Limited (STCL), is a wholly owned subsidiary of SBI Capital Markets Limited. STCL commenced security trustee business with effect on 1st August, 2008. STCL posted Net Profit of ₹14.90 crore during FY2019 as against ₹11.90 crore during FY2018. Moreover, it has launched an Online Will Creation service for the individuals in the name of 'My Will Service Online'. In addition to this, 'Trustee Enterprise Management System' - an integrated system to address all the trustee related operations was implemented, thereby becoming the first and only Trustee Company in India to have full automation across all trustee related operations.

2. SBI DFHI LIMITED (SBIDHFI)

SBI DFHI Limited 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, amongst others. As a PD, its business activities are regulated by RBI.

State Bank of India group holds 72.17% share in the Company, which posted a Net Profit of ₹61.58 crore as on 31st March, 2019 as against ₹32.07 crore as on 31st March, 2018. Total balance sheet size was ₹7,206.09 crore as on 31st March, 2019 as against ₹5,659.46 crore as on 31st March, 2018.

3. SBI CARDS & PAYMENTS SERVICES PRIVATE LIMITED (SBICPSPL)

SBI Cards and Payment Services Private Limited is a joint venture between State Bank of India and the Carlyle Group wherein State Bank of India holds 74% stake and CA Rover Holdings (An affiliate of Carlyle) holds 26% stake. SBICPSL is

an NBFC and issues credit cards in India. State Bank of India increased its stake in the company in December 2017 from 60% to 74% by buying shares from exiting partner GE Capital.

During FY2019, the Company's Card base has grown by 32% YoY with total number of credit cards reaching to a level of 82.71 lakh as at 31st March 2019. Total Spends on card witnessed a YoY growth of 35% to reach a level of ₹107,350 crore for the same period. The company is positioned at Rank #2 with 17.2% Spends Share and 17.4% Cards base as per RBI report for February 2019 (Previous Year 16.7% in terms of both Spends and Cards base as per RBI report for March 2018). The company delivered Profit after Tax of ₹788 crore in FY2019 at YoY growth of 36% (Profit after Tax in FY2018 - ₹581 crore).

New launches during FY2019:

- New cobranded 'Apollo SBI Card' launched offering host of benefits and privileges on health and wellness services.
- 'SBI Doctors Card' in association with Indian Medical Association launched exclusively for Doctors.
- Etihad Guest SBI Card offering best-in-class value combined with world class travel experience to frequent international travellers
- SME Card offering unmatched value proposition to Small and Medium Enterprises (SME) segment
- Allahabad Bank SBI Card, Co-branded Credit Card with Allahabad Bank, catering to the customers of Allahabad Bank.



Chairman, SBI presented YONO 20 under 20 award under 'Sports Champion-Male'.

Awards received during FY2019:

- SBI Card received the Reader's Digest Trusted Brand Award 2018, for the tenth time in the credit card category.
- SBI Card won the Best Data Quality Award from CIBIL, for the third consecutive year.
- SBI Card m-Gurukul won Silver Award in Best Learning, Performance and Capability Project - Sales Training category by LEARNX Foundation, Australia.
- SBI Card won the 'Excellent Compliance Performer Award 2018' at the coveted Compliance 10/10 awards.
- SBI Card was awarded as Best Arrangements - Governance & Compliance Awards 2018 at the Compliance Register Platinum held at London, UK.
- The SBI Card L&D team was awarded with Learning Innovator Award at the GP Strategies India, Learning Connect Event held at Gurugram.



Etihad Guest SBI Card launch event.

4. SBI BUSINESS PROCESS AND MANAGEMENT SERVICES PRIVATE LIMITED (SBIBPMSL)

(Formerly GE Capital Business Process and Management Services Private Limited)

SBIBPMSL is a joint venture between State Bank of India and the Carlyle Group, wherein State Bank of India holds 74% stake and CA Rover Holdings (An affiliate of Carlyle) holds 26% stake. SBIBPMSL provides back end services and solutions to SBICPSL. State Bank of India increased its stake in the company in December 2017 from 40% to 74% by buying out shares from exiting partner GE Capital.

For FY2019, the Company generated PAT of ₹78 crore at a YoY growth rate of 15% (Profit after Tax in FY2018 of ₹68 crore).

Initiatives undertaken during FY2019:

- Vision Plus migration to India completed
- Excalibur (Collection CRM) Phase-I Go-Live from Mar'19
- Chat Bot- ELA introduced- 98% Success rate

5. SBI LIFE INSURANCE COMPANY LIMITED (SBILIFE)

SBI Life Insurance is a joint venture between State Bank of India (SBI) and BNP Paribas Cardif S. A. The equity shares of the Company are listed on National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE').

SBI Life has a multi-channel distribution network comprising an expansive bancassurance channel, including State Bank, the largest bancassurance partner in India, a large and productive individual agent network comprising 123,613 agents as of March 31, 2019, as well as other distribution channels including direct sales and sales through corporate agents, brokers, insurance marketing firms and other intermediaries.

During the year ended March 31, 2019, the Company operated in sound and stable manner, with its sole objective of increasing insurance penetration and concentrating on individual regular business through an active and prudent strategy, sales team maintaining the quality as well as quantity and established a firmer market position. The Company has proven its market leadership in the year ended March 31, 2019 with numero-uno position in Individual New Business Premium among private insurers.

Individual business has always been a part of core strategy of the Company. The company witnessed a 15% growth in Individual New Business Premium (NBP) vis-à-vis the industry growth of 6%. The market share of SBI Life Retail New Business Premium (NBP) among all private players as on 31st March, 2019 is 20.6%. Total New Business of the Company for the year ended FY2019 stands at ₹13,792 crore; growth of 26%.

The Company continues to maintain the leadership position amongst private players in number of policies issued, which reflects mass coverage and strong market acceptance across geographies amongst life insurer. During the period, total 15,25,439 individual new policies were issued and registered growth of 7%.

During the year, the Company implemented Employee Stock Option Plan (ESOPs) to encourage employee's performance and incentivise employees.

SBI Life witnessed a PAT of ₹1,327 crore in FY2019 against ₹1,150 crore in FY2018, growth of 15%. AUM of the Company recorded a growth of 21% at ₹1,41,024 crore as on 31st March, 2019 as compared to ₹1,16,261 crore as on 31st March, 2018.

Leveraging wider reach achieved through its network of 908 offices, SBI Life has systematically brought large rural areas under insurance reach.

Awards and recognitions received during the year include:

1. For the Financial Year 2018-19, SBI Life was awarded the 'Life Insurer of the Year 2018 - India' by Insurance Asia News Awards for Excellence 2018.
2. SBI Life Insurance Company Limited has also been declared as the Winner of the 'Golden Peacock Award for Risk Management' for the year 2018.

3. SBI Life won the 2nd Runner Up in the Category of Improvement & Innovation at the 30th Qualtech Prize 2018.
4. The RIMS India Enterprise RISK Management (ERM) Award of Distinction 2018, organised by the Risk & Insurance Management Society (RIMS), USA, was also awarded to SBI Life in 2018.
5. Awarded 'ICAI - Gold Shield' for Excellence in Financial Reporting for FY2018 under the Insurance category
6. SBI Life Insurance Company Limited received the 'Smart Insurer Award in the Life Insurance - Large Category' at ET Insurance Summit 2018.
7. SBI Life Insurance also won the 'Life Insurance Provider of the Year 2018' by Outlook Money in the Silver Category.
8. SBI Life Insurance was recognised as 'The Economic Times Best Brands 2019' by The Economic Times
9. SBI Life Insurance won the 'Intelligent Enterprise' award in the 'Artificial Intelligence' category by Express Computers.
10. SBI Life Insurance won the awards for 'Best Blended Learning Program' and 'Chief Learning Officer of the Year' at TISS Leapvault CLO Awards 2018.
11. SBI Life Insurance won 'Corporate Star Award for Best Training for Employees/Associates' in MICE activities by MTM.

6. SBI FUNDS MANAGEMENT PRIVATE LIMITED (SBIFMPL)

SBIFMPL, the Asset Management Company of SBI Mutual Fund, is amongst the fastest growing AMCs with a growth of over 30% against the industry average of 6.20% in 2018-19. In the last three years, SBIFMPL has achieved a CAGR of 39% against the industry average of around 22%. The Fund has moved up 2 notches in 2018-19 and has achieved 3rd rank, from being at 5th rank in the beginning of the year as per Quarterly Average Asset Under Management (QAAUM). SBIFMPL has one of largest investor base with over 95 lakh investors with 12 lakh direct investors and over 47,000 institutional investors including 1210 retirement funds. SBIFMPL is the Largest ETF manager in the country.

SBIFMPL posted a PAT of ₹427.54 crore during the period ended March 2019 as against ₹335.82 crore earned during the year ended March 2018 under Indian Accounting Standard (Ind AS). The average "Assets Under Management" (AUM) of the Company during the quarter ended March 2019 were ₹2,83,807 crore with a market share of 11.59% as against the average assets under management of ₹2,17,649 crore with a market share of 9.44% during the quarter ended March, 2018. The Company has a fully owned foreign subsidiary viz. SBI Funds Management (International) Private Limited, which is based at Mauritius and manages Off-shore Fund. SBIFMPL also provides Portfolio Management services (PMS) and Alternative Investment Funds (AIF).

7. SBI GLOBAL FACTORS LIMITED (SBIGFL)

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

The Company reported a PBT of ₹9.47 crore during the year ended FY2019 against Previous Year PBT of ₹2.08 crore. In current FY PAT is ₹5.35 crore against Previous Year Loss of ₹3.24 crore. Turnover for 12 months ended FY2019 is ₹4,387 crore as compared to turnover of ₹3,555 crore in previous year (i.e. an increase of 23%). Funds in use (FIU) as on 31st Mar 2019 is ₹1,374 crore as compared to ₹1,276 crore as on 31st Mar 2018. Turnover in Export Factoring -2 Factor Model for 12 months ended FY2019 is equivalent to EUR 54 Mio (Previous Year EUR 59.15 mio). In INR terms, the EF turnover touched ₹440 crore for 12 months ended FY2019, as against ₹452 crore in previous year.

8. SBI PENSION FUNDS PRIVATE LIMITED (SBIPFPL)

SBIPFPL has been appointed as the Pension Fund Manager (PFM) along with seven others to manage the pension corpus under National Pension System (NPS). SBIPFPL is one of the three PFM appointed by the Pension Fund Regulatory & Development Authority (PFRDA) for management of Pension Funds under the NPS for Central Government (except Armed Forces) and State Government employees and one of the eight PFMs appointed for management of Pension Funds under the Private Sector. The total Assets Under Management (AUM) of the company as on 31st March, 2019 was ₹1,21,959 crore (YoY growth of 37%) against ₹89,283 crore on 31st March, 2018.

The Company maintained lead position amongst PFMs in terms of AUM in both Government and Private Sectors. The overall AUM market share in Private Sector was 59%, while in the Government Sector it was 35%.

The Company was adjudged "Silver Award" Winner as the Pension Manager of the year 2018 by Outlook Money. Awards by Outlook Money have been adjudged to the Company for 4th consecutive year in a row.



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9. SBI GENERAL INSURANCE COMPANY LIMITED (SBIGIC)

SBIGIC is a joint venture between State Bank of India and IAG Australia in which State Bank of India holds a 70% stake. At its Executive Committee meeting of the Board, your Bank has approved the sale of 86.2 Lakh shares of ₹10 each, equaling to 4% stake in its subsidiary SBI General Insurance Company Limited (SBIGIC) for ₹482 crore. The proposed transaction values SBIGIC at over ₹12,000 crore. The transaction completion is subject to regulatory approvals.

The cornerstone of the Company's growth aspiration is focused on the Banca channel whilst developing other channels and products that meet business objectives and drive profitable growth. The Company has entered in to strategic tie-ups with four large car manufactures to drive growth in the Motor portfolio. Gross Written Premium (GWP) stood at ₹4,717 for FY2019.

In the ninth year of operation, SBIGIC had achieved a profit, to the tune of ₹334 crore. The Company recorded 32.83% of growth in GWP YoY against an industry growth of 12.95% including crop whereas excluding Crop, SBIGIC recorded growth of 12.4% against Industry growth of 12.6% for FY2019. SBIGIC has grown by 115.6% in Crop Insurance in FY2019 by participating in the PMFBY schemes and extending its geographies. The overall market share among all general insurance companies stands at 2.77% and 5.77% among private insurers (Excluding Standalone Health Insurers). The Company's market ranking stands 13th in the industry and 8th among the private players (Excluding Standalone Health Insurers) in FY2019. SBIGIC occupies 2nd position in "Personal Accident" both amongst private insurers and overall in the industry in FY2019. The company ranks 3rd in "Fire" among private insurers and 6th position in the industry in FY2019. Share of health business decreased from 13.3% to 10.9%. However, there is a growth to the tune of 8.6% for FY2019.

SBI General was awarded "Best General Insurance Company" and "Best Growth in General Insurance" at the Emerging Asia Insurance Awards 2018 organised by Indian Chamber of Commerce at Bangkok. SBI General has been conferred the title "General Insurance Company of the Year" at the India Insurance Summit & Awards 2019, which is the biggest strategic business summit for the entire insurance industry in India. SBI General has won the Gold Award in the category 'Non-Life Insurance Provider of the Year 2018' at the 17th edition of Outlook Money Awards. SBI General newsletters, 'Network' and 'Connect', have received an award for "Best Content in Email Marketing Campaign for E-Newsletters" at the India Content Leadership conference and awards 2018, organised by Inkspell Media. The Company Chief Risk Officer was awarded the 'CRO of the year' in the 2nd Edition CRO Leadership Summit and Awards 2019.

10. SBI SG GLOBAL SECURITIES SERVICES PRIVATE LIMITED (SBI-SG)

SBI-SG, a joint venture between State Bank of India and Societe Generale with 65% holding by SBI. The Company was set up to offer high quality custodial and fund administration services to complete the bouquet of premier financial services offered by the SBI Group. SBI-SG commenced commercial operations in 2010. The Company's Net Profit was ₹34.45 crore as on 31st March 2019 as against ₹26.03 crore as on 31st March 2018. Accumulated profit is ₹79.90 crore.

Assets Under Custody as on March 2019 rose to ₹5,40,919 crore from ₹4,65,231 crore as on March 2018, while the Average Assets Under Administration were at ₹3,18,197 crore in March 2019 as against ₹2,53,867 crore in March 2018.

SBI-SG has been rated as one of the leading custodians in India in the Global Custodian magazine's Agent Banks and Emerging Markets Survey 2017. SBI-SG has also been rated #1 custodian in India in the Global Investor/ISF Sub - Custody survey for 2017.

11. SBI INFRA MANAGEMENT SOLUTIONS PRIVATE LIMITED (SBIIMS)

The SBIIMS is a wholly owned subsidiary incorporated on 17th June 2016. The Company has since expanded its operation pan India w.e.f., 1st July 2018 by setting 17 Circles Infra Offices at all SBI LHO Centres. Its Head Office is located at Raheja Chamber, Ground Floor Free Press Journal Marg Mumbai 400021. The Company is in the process of stabilising its operation at pan India level.

The aim of the company is to give specialised services on Civil, Construction, Electrical, Facility Management, Leasing of Premises etc. It also aims at relieving SBI Officials from dealing with Premise and Facility related issues and compliment it by giving specialised inputs. The company also instrumental in saving cost, manpower, time, and energy used to be consumed by SBI.

12. SBI PAYMENT SERVICES PRIVATE LIMITED (SBIPSPL)

SBI Payment Services Private Limited ("SBIPSPL") was incorporated on February 12, 2010 as a wholly owned subsidiary of State Bank of India ("SBI") and was supporting SBI in conducting Merchant Acquiring Business ("MAB"). In order to build state-of-the-art technology platform domain expertise, innovation centre to design new products, improve customer service and to be future ready, SBI initiated the process to induct a global domain player in SBIPSPL.

During the year, SBI transferred MAB to SBIPSPL and selected Hitachi Payment Services Private Limited ("HPY"), indirect wholly owned subsidiary of Hitachi Limited Japan, as its Joint Venture partner with 26% stake.



Announcement of MAB JV between SBI and Hitachi by Hon'ble Prime Minister of India at Tokyo.

The digital payments landscape in India is evolving at a rapid rate and SBIPSPL is playing an effective role in building momentum for transforming India through digitalisation of the economy. In sync with the focus of the Government of India to create a less-cash economy, SBIPSPL's digital payment acceptance infrastructure is spread across the length and breadth of the country. During the year, a multi option payment acceptance device i.e., MOPAD was launched for facilitating payments via Cards/Bharat QR/UPI on a PoS terminal.

As on 31st March, 2019, SBIPSPL has deployed 5.75 lakh PoS terminals, 4.18 lakh Bharat QR code and on-boarded 6.31 lakh merchants on BHIM-Aadhaar-SBI and acquired nearly 54 crore transactions during FY2019 with 24% Y-o-Y growth. The number of merchant payment acceptance touch points crossed 16.2 lakh. SBIPSPL has reported an EBITDA of ₹14.19 crore as on March 31, 2019

Following services are also being offered by SBIPSPL to cater to the requirements of various merchants:

- DCC-Dynamic Currency Conversion
- EMI (Equal Monthly Installments)
- Cash@POS

- NFC acceptance on PoS terminals
- Acceptance of AMEX/DINERS/DFS/JCB/UPI Cards.
- Electronic Toll Collection.

SBIPSPL is providing customised solutions to premium customers to suit their requirements by integrating with their technology platforms. Some of the notable integrations are with Indian Railways, SOUTHCO (Odisha), APDCL (Assam Power Distribution Co. Limited), Goa - GBSS project (Government of GOA), Cyber Treasury (Govt of Madhya Pradesh), IGR (Inspector General of Registrar) Pune, Noida and Nagpur Metro.

13. SBI FOUNDATION

SBI Foundation was established by State Bank of India in 2015 as a Section VIII company under Companies Act (2013) to undertake the CSR activities of SBI and its Subsidiaries in a planned and focused manner.

With an aim to give back to the society by working towards the socio-economic well-being of the marginalised and vulnerable communities, your Bank is actively working towards impacting people on grassroots level across PAN India with a vision to provide 'Service Beyond Banking'.

SBI Foundation is presently working on various projects to build a momentum for a transforming India by creating an inclusive development paradigm that serves all Indians without any discrimination based on region, language, caste, creed, religion amongst others. The total CSR spend of SBI Foundation for FY2019 was ₹16.46 crore. The grants received from Bank's subsidiaries amounted to ₹16.66 crore.

The Foundation undertook CSR activities in the following focus areas:

A. HEALTHCARE

SBI Foundation is committed towards contributing positively to United Nation's Sustainable Development Goals (SDGs)- Goal#3: Good Health and Well Being by bringing about positive change in the lives of underprivileged sections of society by providing free access to quality healthcare. To contribute towards improving the health scenario, your Bank has continued the support to following CSR projects through SBI Foundation:

- **Life:** An initiative to prevent and control Thalassaemia disease by conducting free tests for around 20,000 people. 5.9% of the tested people were found to be positive.
- **Gift Hope, Gift Life:** An initiative to augment deceased Organ Donation in India with a 24/7 toll free national helpline. Moreover, healthcare professionals (Doctors, Nurses, Surgeons amongst others.) were trained and massive awareness programs were conducted during the year.
- **Cancer Care:** An initiative to prevent and control Breast, Cervical and Oral Cancer among women by conducting free Biopsy, Mammography and Colposcopy tests.
- **Darpan:** An initiative to mitigate damages of Sickle Cell Anaemia disease by conducting free tests.
- **Anugraha:** An initiative to provide support for home-based Hospice and Palliative Care services for the rural poor community.
- **Umeed:** An initiative to provide crucial preventive care information for safe motherhood from gestation period to delivery and safe childhood for new born babies up to one year of age by use of mMitra- a free mobile voice call service.

B. EDUCATION

Education is one of the most powerful and proven vehicles to bring transformational change in the development of marginal segment. It plays a vital role in improving the standard of living of an individual and is viewed as an effective tool for bringing socio-economic changes. However, scarcity of resources and lack of infrastructure are the major hindrances in the education sector in India. SBI Foundation is committed to contribute positively to United Nation's Sustainable Development Goals (SDGs) Goal#4: Quality Education. Through SBI Foundation, your Bank has initiated various projects as mentioned below:

Peepul School Adoption Program: Under this project, a Model school is set up in a public private partnership (PPP) aiming to raise the standard of education and improving learning outcomes in government schools through a total school transformation approach.

Khelwadi: Under this project, 20 Khelwadis are being operated focusing on the aspects of education such as personality building, creative thinking amongst others, for an all-round development of students.

C. ENVIRONMENT AND SUSTAINABILITY

State Bank of India is committed towards environment protection and to reduce its carbon footprints. Hence, your Bank prioritises responsible interaction with environment to avoid depletion and degeneration of natural resources to maintain its long-term quality.

Waste to gold: An initiative to motivate and develop the skills of vulnerable youth to address waste management in the city; and develop small sustainable businesses for their livelihood.

SBI Corbett: An initiative to provide villages a sustainable waste management system and conduct trainings of SHG Workers to spread awareness in nearby schools and hotels.

Swachh Belur Math: SBI Foundation supported Ramkrishna Mission for construction of 201 toilets at new Pilgrims Abode in Belur Math that will serve 13 lakh visitors each year. To provide sanitation facilities to visitors of the holy Ramkrishna Mission that witnesses thousands of pilgrims a day, SBI Foundation contributed ₹1.67 crore to this project.

Beat Plastic Pollution: State Bank of India's Local head Office (LHO) Mumbai organised Cleanliness Drive with the theme 'Beat Plastic Pollution', on the eve of "World Environment Day" at Dadar Beach near Chaitya bhoomi. More than 125 staff members actively participated under the leadership of Mr P. K. Gupta, MD (Retail and Digital Banking) and cleaned the plastics and other wastes on Dadar Beach and collected 2 tractor load of garbage.



MD - Retail and Digital Banking, SBI, along with other staff of the bank cleaning the Dadar Beach to beat plastic pollution on World Environment Day.

Plastic free organisation: State Bank of India announced to be a plastic free organisation as part of Bank's sustainability commitment. This major initiative by your Bank is in sync with the Honourable Prime Minister's Swachh Bharat Abhiyan and the national commitment to abolish single use plastic by the year 2022. In the next 12 months, SBI will be undertaking phase wise steps to become plastic free. PET water bottles will be replaced with water dispensers at all its offices and meetings. Your Bank will also start using standardised paper folders replacing the plastic ones. Moreover, it will replace single use plastic cutleries and containers in its canteens with those made from biodegradable substances.

D. ARTS, CULTURE, HERITAGE AND OTHERS

India has a rich legacy of arts, culture and heritage and your Bank is committed to preserve them.

- **Swachh Iconic CSMT:** To achieve the dual goals of preservation of culture and heritage and contribute to "The Swachh Iconic Places" initiative, your Bank has initiated a project named "SBI Swachh Iconic CST", an initiative for Conservation and Restoration of South and East Façade of the Heritage Building at Chhatrapati Shivaji Maharaj Terminus Mumbai, A UNESCO World Heritage Site.
- **SBI Eklavya:** An initiative to provide basic sports facility to the children studying in ashram schools.

E. FLAGSHIP PROGRAMS

SBI Youth for India Fellowship program: SBI Youth for India (YFI) is a Fellowship program initiated, funded and managed by the SBI Foundation, SBI Capital Markets and SBI General Insurance. It provides a framework for India's best young minds to join hands with rural communities, empathises with their struggles and connects with their aspirations.

Under the initiative, SBI Foundation has partnered with the reputed NGOs, engaged in the developmental work of rural areas, to deploy the youth enrolling for the fellowship, for conceiving and working on innovative projects. YFI has an alumni base of 254 passionate change makers, 70% (approximately) of Alumni are associated with the development sector after the fellowship.

Centre of Excellence for Persons with Disabilities (PwDs) (CoE):

Majority of differently abled persons can lead a better quality of life if they have equal opportunities and effective access to rehabilitation measures. There was an increasing recognition of the abilities and emphasis on mainstreaming them in the society based on their capabilities. CoE, conceptualised with an aim to be a centralised support centre for differently able persons, works on empowering PwDs through skill enhancement to make a significant and measurable improvement that enables a more productive and satisfying life by optimising their cognitive, physical, social, and vocational functioning.

CoE has conducted 11 inclusive training programs for employees with disabilities and their trainers having 10 public sector Banks as participants. CoE has also signed MoUs with Bank of Baroda, Union Bank of India, Vijaya Bank and State Bank of India for the institutionalisation of inclusion and empowerment of employees with disabilities.

CoE has set up a skill centre under its 'Swabhiman' project for placement linked skill development of PwDs. It has also initiated project 'Shravan Shakti' to support surgery for fitment of Cochlear implants for hearing impaired children.

Gram Seva:

For the holistic development of the villages, SBI Foundation has adopted 10 Gram panchayats covering 50 of villages in six states of India. Integrated village development is aimed to promote education for all, environment protection, livelihood development, digitisation in Gram Panchayat, skill development and improvement of preventive and primary health care in villages. Over 11,000 families are benefiting from this project.

The objectives of the flagship program are:

- To link and leverage the specific government schemes/services to villages
- To lay emphasis on digitalisation and create awareness about online banking
- Improve the basic infrastructure of villages
- Encourage Panchayat/Village self-governance and create environment for participatory efforts by the people for rural asset creation and community development.

SBI Foundation has won two national level awards during this year for its CSR initiatives.

Name of the Award	Category
SKOCH CSR Awards	Best CSR Practices (Gold) - For Gift Hope, Gift Life project
ICC Social Impact Awards	Empowering Rural Population- For Gram Seva project

14. REGIONAL RURAL BANKS (RRBs)

Ownership Percentage of SBI In RRBs sponsored by SBI

35.00%	1. Andhra Pradesh Grameena Vikas Bank
35.00%	2. Arunachal Pradesh Rural Bank
35.00%	3. Chhattisgarh Rajya Gramin Bank
35.00%	4. Ellaquai Dehati Bank
35.00%	5. Langpi Dehangi Rural Bank
40.37%	6. Madhyanchal Gramin Bank
35.00%	7. Meghalaya Rural Bank
35.00%	8. Mizoram Rural Bank
35.00%	9. Nagaland Rural Bank
35.00%	10. Purvanchal Bank
35.00%	11. Saurashtra Gramin Bank
37.15%	12. Utkal Grameen Bank
35.00%	13. Uttarakhand Gramin Bank
35.00%	14. Vananchal Gramin Bank
35.00%	15. Rajasthan Marudhara Gramin Bank
35.00%	16. Telangana Grameena Bank
35.00%	17. Kaveri Grameena Bank

RRBs Sponsored by SBI

With more than 2/3rds of our country's population living in Rural - India, it presents a huge yet under tapped opportunity for the Indian Banking Sector. Our large network of sponsored Regional Rural Banks (RRBs) is well placed, to play a larger role and have a great potential to address this scenario. Regional Rural Banks have a distinct competitive advantage, due to their large account base and decades of trust-earning service tradition, resulting in close proximity to the rural customers.



The Asian Banker Financial Technology Innovation Awards 2018.

- The State Bank has sponsored (17) Regional Rural Banks operating at regional levels in (17) different States. These RRBs have a combined branch strength of (5,647) spread across (215) Districts. (as on 31st March 2019).
- State Bank of India holds 35% stake in each of them except Madhyanchal Gramin Bank (40.37%) and Utkal Grameen Bank (37.15%) as on 31.03.2019 due to delayed infusion of proportionate share capital by Govt of India, with Government of India holding 50% and the respective State Governments holding the remaining 15% stakes.
- The Sponsored RRBs of SBI are on CBS platform and offer banking services on par with any other commercial Banks operating in the country. The Banks have adopted the best practices and are well placed to handle the ever-evolving demands of customers, particularly in Rural and Semi-urban space, through their customer centric approach.

Business Highlights of FY2019 (As on 31.03.2019):

- The aggregate deposits and advances of the (17) RRBs (sponsored by the Bank) as on (31st March 2019) stood at (₹103,258 cr) and (₹61,741 cr) respectively.
- During the year under review, despite the persistently challenging macroeconomic environment, the Bank improved its business, with Deposits growing by (10.80%) and Advances by (10.64%) over the previous year. (up to 31st March 2019). As a planned strategy to diversify to the portfolio, RRBs expanded their Housing Loan exposure by 26% to take the portfolio to ₹6599.00 cr.
- During FY2019, the RRBs together have posted a Net-Loss of (₹113.81 crs) due to substantial provision of Pension. RRBs have generated gross profit of ₹1846.75 cr (Profit before Tax and Pension provisions) which was 88% higher than the previous year. However, on account of Provisions towards Pension liability (₹1811.76 cr), the Post Tax Net Profit slid to (-) ₹113.81 cr as against Net Profit of ₹584.03 crs in FY2018. The Banks continue to focus on improving earnings from their core banking business,

strengthening the fee income streams, and maintaining control on operating costs.

- The combined Gross Non-Performing Assets ratio of the RRBs has improved to (6.92%) in current Financial year as against 8.60% in the previous FY. Net NPA stands at (3.35%) as against (4.53%) in the previous FY.
- Business per employee during the FY improved to (₹7.48 Crs) (as on 31st March 2019) as against ₹6.78 Crs in the previous FY.

Major Developments in FY2019:

The year under review witnessed several significant events, some of which are listed below:

- In January 2019, in line with a Government of India decision to amalgamate all RRBs operating in the state of Punjab, 'Malwa Gramin Bank', an RRB in which the Bank had 35% stake, was amalgamated with Punjab Gramin Bank, an RRB sponsored by Punjab National Bank, through a scheme of arrangement as facilitated by Ministry of Finance, Government of India. This event brought down the number of Sponsored RRBs in our fold from 18 to 17.

- Similarly, Govt. of India has issued notification for amalgamating two of our RRBs namely Kaveri Grameena Bank and Langpi Dehangi Rural Bank with RRBs sponsored by other Banks w.e.f. 01.04.2019.
- The 17 RRBs marginally expanded their branch network to reach 5,647 branches, as against 5,620 branches at the beginning of the year. The existing Branch network is expected to work more efficiently in the upcoming years, thanks to the introduction of Asset Management Hubs (AMHs) - a Centralised Credit Processing system.
- The RRBs have opened 168 Asset Management Hubs (AMHs) in the Financial Year, which will henceforth facilitate in processing and sanction of quality loan proposals, thus helping to improve the asset quality of the Banks.
- An RRB IT Tech Cell has been established at Hyderabad. This hub will act as a single point 'solution center' for undertaking and responding promptly to the IT requirements/challenges faced at the RRBs. Several of the RRBs have well established in-house IT cells and the Hub will act as a control center for standardising, exchanging and facilitating collaborative development of IT products and solutions between the RRBs.

Schedule V, Part B - Management Discussion and Analysis:

In terms of compliance with the SEBI (Listing Obligations & Disclosure Requirements) (Amendment) Regulations 2018, following ratios have changed by more than 25%, as per details given below:

(In %)	Mar-18	Mar-19	Variation (bps)	% Change
Net Profit Margin	-2.47	0.31	278	+112.55
Return on Net worth	-3.78	0.48	426	+112.70

Net Profit Margin:

The Net Profit has registered YoY growth of 113.17% (from Loss of ₹6,547 Cr in FY18 to Net Profit of ₹862 Cr during FY19) as against YoY growth of only 5.49% in Total Income (from ₹2,65,100 Cr in FY18 to ₹2,79,644 Cr in FY19).

Return on Net worth:

The Net Profit has registered YoY growth of 113.17% (from Loss of ₹6,547 Cr in FY18 to Net Profit of ₹862 Cr during FY19) as against a meager YoY growth of 0.77% in Net worth of the Bank (from ₹1,77,191 crore in FY18 to ₹1,78,552 crore in FY19).

VI. 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 your Bank as on the 31st March 2019, and of the profit and loss of Your 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 your 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 your 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.

VII. ACKNOWLEDGEMENT

During the year, Shri B. Venugopal was elected by the Shareholders as Director on the Board u/s 19(c) of the SBI Act, 1955 w.e.f. from 7th June 2018.

Shri Arijit Basu was appointed as Managing Director on the Board w.e.f. 25th June 2018 and Shri B. Sriram resigned from the Board w.e.f. 29th June 2018. Smt Anshula Kant was appointed as Managing Director on the Board w.e.f. 7th September 2018.

Dr Girish Ahuja and Dr Pushpendra Rai have been re-nominated by GOI as Directors u/s 19(d) of the SBI Act, 1955 w.e.f. 6th February 2019.

The Directors place on record their appreciation for the contributions made by the outgoing Managing Director, Shri B. Sriram to the deliberations of the Board. The Directors welcome the new Managing Directors, Shri Arijit Basu and Smt Anshula Kant and Director, Shri B Venugopal 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 for the dedicated and committed team of employees of the Bank.

For and on behalf of the
Central Board of Directors

Chairman

Date: 10th May 2019