- For Capital Market Requirements - SBI Capital Markets Ltd. (SBICAPS)
- For Treasury and Investments - SBI GILTS and SBI SECURITIES
- For Investments – SBI Mutual Fund Ltd.
- For General & Life Insurance - SBI General Insurance Co. Ltd & SBI Life Insurance Co. Ltd
- For Receivables factoring - SBI Global Factors Ltd.

To align with the changing banking landscape, your Bank has created two specialised business units within the CAG Business Vertical:

- Credit Light Group (CLG) - for looking at 360° banking requirements of customers, especially in credit light sectors viz - Pharma, FMCG, IT, Auto etc.
- Financial and Institutional Group (FIG) - to address credit and transactional banking requirements of Financial Institutions like Insurance Companies, Brokerage Firms, Banks (Private and Foreign) and Mutual Funds.

The total loan portfolio of CAG as on 31st March 2020 was ₹ 5.38 lakh crore (fund based - ₹ 3.63 lakh crore and non-fund based - ₹ 1.75 lakh crore) compared to total loan portfolio of ₹ 5.36 lakh crore (fund based - ₹3.61 lakh crore and non-fund based - ₹1.75 lakh crore) as on 31st March 2019.

Major top corporates of the country and Navratna PSUs are esteemed customers of CAG Business vertical.

B. TREASURY OPERATIONS

The Global Markets Unit (GMU) performs the Treasury Operations of your Bank. It is responsible for deployment of surplus funds available in the markets to achieve desired risk-adjusted returns. GMU's portfolio comprises of investments in SLR and Non-SLR Securities, Publicly Traded Equities, Venture Capital Funds, Private Equity, and Strategic Investments. Additionally, it offers multiple products and services that cater to the foreign exchange requirements of the customers.

1. INTEREST RATE MOVEMENTS AND SLR AND NON-SLR PORTFOLIO OF YOUR BANK

The GMU manages the Investment Portfolio of your Bank and also maintains the regulatory requirements of CRR and SLR. The World Health Organization (WHO) has declared the recent outbreak of the novel coronavirus disease (COVID-19) a pandemic. The impact of COVID-19 was also felt in India. The Prime Minister announced a country-wide lockdown in response to the COVID-19 pandemic.

As a result, an extreme risk aversion was witnessed in emerging market bonds and equities. Additionally, FPI outflows of ₹ 1.21 lakh crore was seen from debt and equity assets. Redemptions from mutual funds and lack of investor demand was also seen. Globally, central banks have slashed policy rates and announced asset purchase programs. The Governments have announced significant fiscal packages to support the economy.

On 27th March 2020, RBI Monetary Policy Committee cut repo rate by 75 bps to 4.40%, while also reducing the reverse repo rate to 4%, thereby widening the interest rate corridor to 65 bps from 50 bps. RBI has also announced a slew of measures to address the stress in economy. Furthermore, the RBI announced a cut in CRR by 1%, reduced the minimum daily CRR requirement to 80% and a new scheme for Targeted Long Term Repo Operation allowing corporate bonds to be invested out of HTM portfolio. Also, it further announced moratorium on Term Loans, easing of Working Capital financing, and deferment of Interest on Working Capital facilities, amongst others.

On the domestic front, the interest rates continued on the down trend. Benchmark 10Y security (6.45 CG-Sec 2029), touched a peak of 6.80% on 16th December 2019, before touching a low of 6.07% on 09th March 2020. Lower yields have resulted in opportunities for booking profits and also to reduce provisions on investments.

The banking system liquidity, which remained in deficit at the beginning of FY2020, turned surplus by the end of Q1FY2020 on account of Open Market Operations (OMO) by RBI and foreign inflows. Furthermore, lack of credit growth accentuated the situation and the liquidity of the banking system stands at ₹ 4.96 trillion at the end of March 2020.

2. EQUITY MARKETS

The rapid outbreak of COVID-19 dominated headlines as global risk assets sold off sharply as the spread of the disease outside China led to fears that disruption of the global economy could be more severe than earlier estimated. The COVID-19 shock acted as a trigger for markets to correct. Indian markets witnessed their steepest decline in March with FII outflow of ₹ 62,000 crore during March, 2020. The NIFTY 50 return during FY2020 was (-)26.03%.

However, the market valuations became attractive post this steep correction and with liquidity support from majority of Central Banks across the globe have resulted in equity markets showing signs of recovery. Going forward, evolution of COVID-19, policy response on economic stress and recovery in global as well as domestic economy would be few of the key events that would decide the direction of the markets.

Your Bank has managed the equity portfolio by following the strategy of active rebalancing of based on key global, domestic events. Additionally, your Bank is striving to achieve an optimum portfolio to achieve the desired returns from the risk-reward perspective.

3. PRIVATE EQUITY/ VENTURE CAPITAL FUND

Your Bank has sanctioned an investment of ₹ 1,250 crore in Special Window for Affordable and Mid-Income Housing Investment Fund (SWAMIH Fund-I), which is a special fund launched and sponsored by the Government of India to provide last mile funding to stalled real-estate projects.

Divestment of noncore assets was actively pursued in FY2020 and your Bank has made full exit in Equifax Credit Information Services Private Limited, Petronet MHB Limited and a partial exit in National Stock Exchange of India Limited (NSE).

4. FOREX MARKETS

The GMU handles the foreign exchange business of your Bank, providing solutions to the 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 leading player in Rupee Spot and Rupee Forward markets and has a sufficiently high market share in merchant 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.

Your Bank is actively onboarding customers on FX-Retail platform rolled out by CCIL through which customers will benefit from transparent and competitive pricing.

Portfolio Management Services

As per RBI's instructions, your Bank has ceased all PMS related activiies since 1st April, 2019.

Your Bank currently deals in Over The Counter (OTC) interest rate and currency derivatives, along with exchange-traded currency derivatives and Interest Rate Futures. The interest rate derivatives traded by your Bank are Rupee interest rate swaps (OIS), Foreign Currency interest rate swaps (IRS), Foreign Currency to Rupee interest rate swap (MIFOR), Forward Rate Agreements (FRA), Caps, Floors and Collars. Currency derivatives dealt by your Bank are Cross Currency Swaps (CCS), USD/INR options and Cross-Currency options. The products are offered to your Bank's customers to hedge their exposures. The contra positions may be kept in Option or MIFOR book or covered back to back in the interbank. Derivatives are used by your Bank both for trading as well as for hedging balance sheet purposes.

Derivative transactions carry market risk, that is, the probable loss your Bank may incur as a result of adverse movements in interest rates/ exchange rates. It also carries credit risk, that is, the probable loss that your Bank may incur if the counterparties fail to meet their obligations. Your Bank's "Policy for Derivatives" approved by the Board prescribes market risk parameters (Greek limits, Loss limits, cut-loss triggers, open position limits, Duration, Modified Duration, PV01, amongst others) as well as customer eligibility criteria (credit rating, sanctioned limits and CAS rating as per Customer Appropriateness and Suitability policy) for entering into derivatives transactions. Risk on interbank counterparties is monitored through limits set for the purpose. These counterparties are required to execute ISDA with us.

Your Bank has various committees and departments in place to monitor various types of risks. The Asset Liability Management Committee (ALCO) oversees the efficient management of liquidity risks. The Market Risk Management Department (MRMD) identifies, measures, and monitors market risk associated with derivative transactions. MRMD also assists ALCO in controlling and managing these risks and reports compliance with policy prescriptions to the Risk Management Committee of the Board (RMCB) at regular intervals.

The accounting policy for derivatives has been drawn up in accordance with the RBI guidelines, the details of which are presented under Schedule 17: Significant Accounting Policies (SAP) for FY2020.