

# DIRECTORS' REPORT

## I. ECONOMIC BACKDROP AND BANKING ENVIRONMENT

### GLOBAL ECONOMIC SCENARIO

Global growth moderated to 2.9% in 2019 vis-à-vis 3.6% in 2018. At regional level, the growth was dragged down primarily by slowdown in India, Russia and Mexico with overall emerging economies growing by 3.7%. China's gross domestic product grew 6.1% in 2019, the country's slowest rate of economic growth since 1990, due to prolonged trade war with US and broader economic slowdown. India, too, saw a loss in growth momentum, with investment activity falling and slow industrial growth.

Meanwhile, advanced economies grew by 1.7%. Euro area growth was sluggish owing to weak export demand. While Germany experienced tepid manufacturing activity, economic activity in Italy suffered owing to weak external environment and domestic policy uncertainty. Even the US economy witnessed moderation in growth as the support from tax cuts faded.

Global merchandise trade suffered a serious setback in 2019 due to strains in US-China trade relations and Brexit related uncertainty. Moreover, the trade activity (both goods and services) is likely to remain weak in at least the first nine months of 2020 as, the lockdown amidst the Covid-19 pandemic will significantly impact trade dynamics this year.

As far as financial stability is concerned, the world was already grappling with rising corporate debt burdens, higher holdings of riskier and illiquid assets by institutional investors and increased reliance on external borrowing by many countries. The Covid pandemic has further raised the financial stability challenges with falling prices of assets and elevated market volatility.

The outbreak of Covid-19 has dampened the global growth outlook with IMF projecting real GDP growth of -3.0% in 2020. However, the uncertainty around the growth numbers is unprecedented and we could see changes in either positive or negative direction, depending on the actions taken by various Governments.

### INDIA'S ECONOMIC SCENARIO

Even before the outbreak of COVID-19, India's growth rate was expected to moderate in FY2020 as the Indian economy was grappling with both local and global demand slow-down and sector specific issues. As per the provisional estimates, the overall GDP growth came in at 4.2% in FY2020 vis-a-vis 6.1% in FY2019.

In the industrial sector, the GVA growth decelerated to 0.9% in FY2020 from 4.9% a year ago. It was the deceleration in the manufacturing sector that deepened this slowdown, due to weak domestic and external demand. The mining sector growth picked up, but electricity generation and construction activity weakened.

Services sector GVA also moderated from 7.7% in FY2019 to 5.5% in FY2020, with travel, tourism and communication services growth coming down significantly and Financial, Insurance, real estate & professional Services growth also showing fatigue. Government expenditure, however, showed marginal growth.

Only in agriculture and allied activities growth accelerated in FY2020 to 4.0% from 2.4% in FY2019. The third advance estimates of crop production for 2019-20 placed Kharif and Rabi food-grain production higher by 1.7% and 5.6%, respectively.

The contraction in merchandise exports and imports during FY2020 is an indication of prolonged slowdown in world trade as well as in global demand. India's merchandise exports (Y-o-Y) contracted by 4.8% in FY2020 vis-à-vis growth of 8.75% in FY2019 while Imports shrank by 9.1% in FY2020 compared to 10.42% growth in FY2019. However, the larger decline in imports supported the external outlook and the Current Account Deficit narrowed to 1.0 % of GDP in April-December of FY2020 from 2.6 % in April-December of FY2019.

On the price side, the favourable conditions generated by below target inflation numbers till the first half of FY2020 were dispelled as vegetable prices rose in the later half and an unusually prolonged south-west monsoon and unseasonal rains ravaged the later part of the Kharif

harvest and produced an unprecedented rise in prices of onions. Fuel prices too moved out of five months of deflation into positive territory in Dec'19 and increased sharply thereafter. These factors pushed the CPI inflation to a higher trajectory and the average CPI inflation for FY2020 stood at 4.77% compared to 3.43% in FY2019.

The outlook for growth for FY2021 was looking up prior to the outbreak of COVID-19 owing to (i) the bumper Rabi harvest and higher food prices during 2019-20 providing conducive conditions for the strengthening of rural demand, (ii) improvement in the transmission of past reductions in the policy rate to bank lending rates, with favourable implications for both consumption and investment demand, and (iii) reduction in the GST rates, corporate tax rate cuts in Sep'19 and measures to boost rural and infrastructure spending directed at boosting domestic demand more generally. Preliminary forecasts indicating an 'above normal' monsoon this year due to La Nina conditions, also supported the growth outlook.

However, the COVID-19 pandemic has drastically altered this outlook. The global economy is expected to slump into recession in 2020. The sharp reduction in international crude oil prices, if sustained, could improve the country's terms of trade, but the gain from this channel is not expected to offset the drag from the shutdown and loss of external demand.

The trajectory of inflation in the near-term is likely to be conditioned by the pace of reversal of the spike in vegetables prices, the dispersion of inflationary pressures across other food prices, the incidence of one-off cost-push effects on various elements of core inflation and especially, the evolution of the COVID-19 outbreak.

The adverse impact of COVID-19 on global supply chains and global economic activity may dent export performance going forward. The first month of FY2021 has been a washout with exports plunging by 61% in \$ terms on a y-o-y basis and the pandemic does not bode well for future growth. However, reduction in oil prices can provide support to the import bill, thus helping in maintaining a sustainable Current Account Balance.

## BANKING ENVIRONMENT

During the year, the aggregate deposits growth has remained in the range of 9% to 11%, before ending at 7.9% in FY20. The low growth is aided by last year's high base and COVID crisis. The credit offtake during 2019-20 was also muted with credit growth at 6.1% being less than half the growth of 13.3% in 2018-19, due to low momentum and unfavourable base effects. The seasonal decline in Q3 credit growth in 2019-20 was more pronounced than a year ago, while the offtake during Q4:2019-20 has been subdued as compared with the corresponding quarters of previous two years. The slowdown in credit growth was spread across all bank groups, especially private sector banks. Credit growth of public sector and foreign banks remained modest, even as there has been some uptick in credit by public sector banks in Q4. With credit offtake remaining muted and non-SLR investments declining, banks augmented their SLR portfolios. Banks held excess SLR of around 7.5% of net demand and time liabilities (NDTL) in FY2020 as compared with 6.3% of NDTL in FY2019.

While, the sector-wise credit data for March 2020, indicates that the incremental credit has increased only in Agri. & Allied sectors and all other sectors have shown a deceleration. Credit to Industry declined to 1.4% in FY2020 (6.9% in FY2019), services by 8.5% (17.8% in FY2019). While, personal loans declined marginally to 15.7% in FY2020 from 16.4% in FY2019, credit to MSE and NBFC has increased substantially, due to the enhanced support by Banks in the form of increase in working capital limits.

In FY2020, monetary policy transmission to banks' term deposit and lending interest rates has improved, with the improvement in transmission during H2:2019-20 to banks' deposit and lending interest rates reflecting the lagged impact of the previous rate cuts (110 bps during February–September 2019) as also the introduction of the external benchmark system from October 1, 2019 for the pricing of new floating rate loans to select sectors, viz., retail loans and loans to Micro and Small Enterprises (MSEs). Further, the data indicates that the public sector banks, while transmitting the repo rate cut, have tried to minimize the cut in

term deposit rates to have minimal impact on the depositor. Meanwhile, for private sector banks & foreign banks the deposits rate cuts have been more aggressive than the MCLR cuts.

## OUTLOOK

The last financial year was a mixed bag from the point of view of the Banks. The first half of the financial year saw good progress in resolution of the stress assets. The general budget was supportive of growth. However, in the backdrop of slowdown in private consumption, financial instability in Indian private banking and delays in resolution of NPAs in NBFC, the third quarter saw shift in the outlook.

With start of the fourth quarter, the outbreak of the COVID-19 in mainland China and its subsequent spread across globe, the outlook of global growth has markedly changed. The RBI preponed its scheduled monetary policy due in April to March and refrained from giving any growth forecast. RBI further instituted measure to ensure supply of liquidity to different sectors of the economy.

The impact of COVID-19 outbreak on economy and financial markets has been dramatic and severe. The commodities price deflated sharply with oil dropping over 70%. Equity markets also corrected sharply across emerging markets, including in India. Although forecast on GDP India's GDP growth differ widely, with deep negative to just positive growth in FY2021, demand inoperability due to lockdown measure has led to considerable loss of income in the poor sections of the society.

In this context, the future outlook for Bank's business needs a careful revision. The loss in output due to demand inoperability in sectors such as transport has cascading impact on other sectors. The elongation of the working capital cycle due to delay in realisation of sales have increased demand for working capital loans and the possibility of slippages. Loss in income may adversely impact the Bank's deposit mobilisation strategy in future.

However, the COVID-19 pandemic has also opened opportunities for the banks. Reordering of global supply chains

presents unique opportunity to India to position itself as manufacturing hub to meet global demand. To the extent state governments are able to secure such relocation of businesses from China; banks will see opportunities to expand business. Rapid adoption of digital technology in response to the COVID-19 also augurs well from point of view of the banks as it may accelerate the adoption of digital offerings by the banks.

In a nutshell, the outlook on Bank's business and the economy will be conditional on time frame by which the virus is completely eliminated, and normalcy restored. The recently released fiscal stimulus package, its priorities and funding strategy will decide how banks will respond in the post-COVID scenario. Bank will also have to revisit its risk management framework, its internal models of risk assessment and capital planning and business procedures to better adapt to new operating environment.

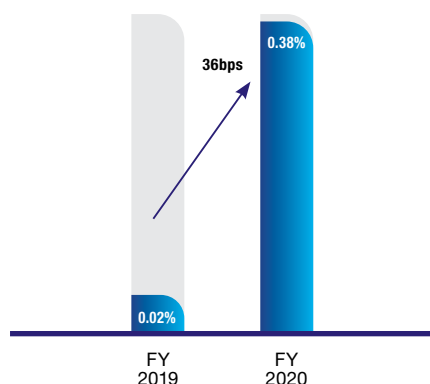
## II. FINANCIAL PERFORMANCE

### ASSETS AND LIABILITIES

Total assets of your Bank have increased by 7.35% from ₹36,80,914.25 crore at the end of March 2019 to ₹39,51,393.92 crore as at the end of March 2020. During the period, the loan portfolio increased by 6.38% from ₹21,85,876.92 crore, to ₹23,25,289.56 crore. Investments increased by 8.27% from ₹9,67,021.95 crore to ₹10,46,954.52 crore as at the end of March 2020. 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 7.50% from ₹34,60,000.42 crore as on 31<sup>st</sup> March 2019 to ₹37,19,386.49 crore as on 31<sup>st</sup> March 2020. The deposits rose by 11.34% and stood at ₹32,41,620.73 crore as on 31<sup>st</sup> March 2020 against ₹29,11,386.01 crore as on 31<sup>st</sup> March 2019. The borrowings decreased by 21.92% from ₹4,03,017.12 crore at the end of March 2019 to ₹3,14,655.65 crore as at the end of March 2020.

#### Return on Assets



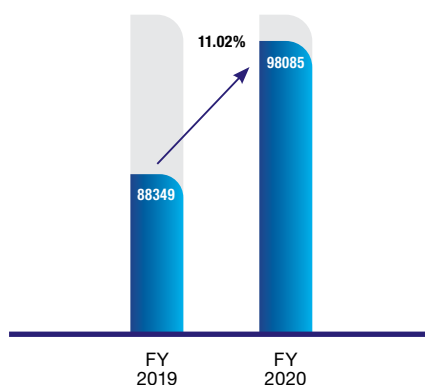
### NET INTEREST INCOME

Net interest income increased by 11.02% from ₹88,348.87 crore in FY2019 to ₹98,084.83 crore in FY2020. Total interest income increased from ₹2,42,868.65 crore in FY2019 to ₹2,57,323.59 crore in FY2020 registering a growth of 5.95%.

Total interest expenses increased from ₹1,54,519.78 crore in FY2019 to ₹1,59,238.77 crore in FY2020. Interest expenses on deposits during FY2020 recorded an increase of 5.08%, compared to the previous year.

#### Net Interest Income

(₹ Crore)



### NON INTEREST INCOME AND EXPENSES

Non-interest income increased by 22.97% to ₹45,221.48 crore in FY2020 as against ₹36,774.89 crore in FY2019. During the year, your Bank received an income of ₹212.03 crore (₹348.01 crore in FY2019) by way of dividends from subsidiaries and joint ventures in India and abroad, and ₹8,575.65 crore (₹3,146.86 crore in FY2019) by way of profit on sale of investments.

**22.97%**

YoY Growth in Non Interest Income

**We are an enterprising bank that delivers performance through innovation, technology and reach. We are highly focused on strengthening our balance sheet to create enduring value for all our stakeholders.**

### OPERATING PROFIT

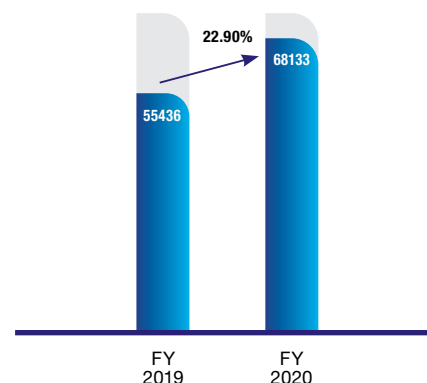
The Operating Profit of your Bank for FY2020 was at ₹68,132.61 crore as compared to ₹55,436.03 crore in FY2019 (including exceptional item of ₹6,215.64 crore in the FY2020 and ₹1,560.55 crore in FY2019). Your Bank posted a Net Profit of ₹14,488.11 crore for FY2020, as compared to a Net Profit of ₹862.23 crore in FY2019.

**1580%**

YoY Growth in Net Profit

#### Operating Profit

(₹ Crore)



## PROVISIONS AND CONTINGENCIES

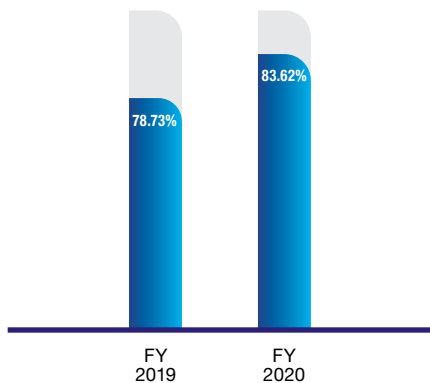
### Major provisions made in FY2020:

Provision of ₹42,775.96 crore for non-performing assets (as against ₹54,529.06 crore in FY2019) and Investment depreciation of ₹538.55 crore (as against a write back of ₹762.09 crore in FY2019) was made during the year.

**83.62%**  
Provision Coverage  
Ratio for FY2020

### Provision Coverage Ratio

(Including AUCA)



## RESERVES AND SURPLUS

An amount of ₹4,346.43 crore (as against ₹258.67 crore in FY2019) was transferred to Statutory Reserves. An amount of ₹3,985.84 crore (as against ₹379.21 crore in FY2019) was transferred to Capital Reserves. An amount of ₹302.26 crore (as against transfer of ₹371.84 crore in FY2019) was withdrawn from Investment reserve. An amount of ₹183.50 crore (as against ₹194.05 crore in FY2019) was transferred from Revaluation Reserve to General Reserve. An amount of ₹1,119.88 crore (as against Nil in FY2019) was transferred to Investment Fluctuation Reserve.

## PROGRESS OF 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.

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THE LEADING DIGITAL BANK:

# TECHNOLOGY

SBI is leading the digital transformation drive to serve an increasingly digital India



## III. CORE OPERATIONS

### 1. RETAIL & DIGITAL BANKING GROUP

The Retail and Digital Banking Group is the largest business vertical of your Bank, constituting 94.31% of total Domestic Deposits and 58.14% of total Domestic Advances, as on 31<sup>st</sup> March, 2020. The Group comprises of eight strategic business units, which drive the largest branch network across the country. Your Bank is making continuous efforts in providing a pleasing ambience with clean and uncluttered surroundings, along with a courteous and smartly attired staff at all its branches. The ever-evolving customer preferences, especially of the younger population, coupled with an increased focus on enhanced customer convenience, are transforming the retail banking landscape.

Your Bank's customer base is steadily growing across the country, making Retail Banking the most prolific segment of your Bank, both in terms of deposit mobilisation as well as extending customised credit. 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 serving society at large. Your Bank has now also started extending home loans, car loans and personal loans also through its 'PSB Loans in 59 Minutes' portal.

Your Bank continues to be at the forefront in digital banking domain with a steady stream of technology-driven innovations. It has a multi-channel delivery model, which offers its customers a wide choice to carry out these transactions, at any time and any place. In FY2020, your Bank has increased its offerings across various channels – digital, mobile, ATM, internet, social media and branches.

The flagship digital app for retail customers 'YONO' has crossed many milestones with 46+ million downloads and approximately 21+ million registrations till date. YONO provides a rich "LifeStyle & Banking" experience, with 31+ products and 40+ services, in conjunction with 5 JV partners.

Your Bank is committed to creating an environment of increased risk awareness at all levels. It also aims at constantly upgrading the appropriate security measures, including cybersecurity processes to ensure the mitigation of various risks. For example, to curb incidents of ATM-related frauds, your Bank has introduced an OTP-based ATM cash withdrawal facility.

## A. PERSONAL BANKING

### 1. HOME LOANS

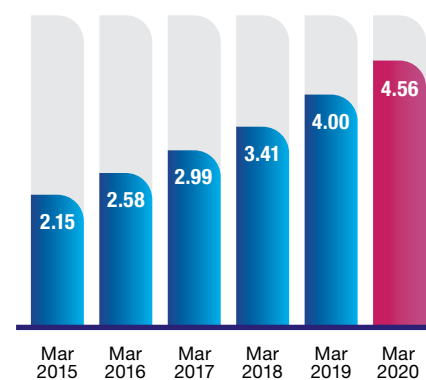
Your Bank has added one more feather into its cap by being the best and largest home loan provider in the country, which has been acknowledged by Honourable Union Minister of Finance, Smt. Nirmala Sitharaman, while awarding your Bank with prestigious 'FE India's Best Banks Awards' in home loan category during the year. Your Bank has also won the Best Home Loan provider trophy in the 'CNBC 13<sup>th</sup> Real Estate Awards 2018-19' event during the year. Undoubtedly, all your Bank's stakeholders are joint contributors behind these achievements and successes.

In home loans, your Bank has continued to lead the market, registering a market share of 30.62% as of 31<sup>st</sup> March 2020 amongst all ASCBs. The home loan business now forms an impressive 22.66% of your Bank's total domestic advances.

Your Bank's affordable housing segment enjoys 62.30% of its total home loan portfolio, while PSL (Priority Sector Lending) stood at a significant 35.03%. These important segments are anchored by its constant thrust and efforts on maintaining the quality of assets throughout the year, which has resulted in checking the gross NPAs to remain within planned levels.

#### Landmarks:

■ Levels in Lakh Crore



#### Home Loan Portfolio Over the Years

FY2020 has been an eventful year with many innovations and initiatives taken forward by your Bank to keep pace with changing market's sentiments in the real estate sector across the country (excepting March 2020 due to the

unprecedented COVID-19 pandemic and nation-wide stringent lockdown measures):

**Repo Rate Linked Home loan** - In a historic step towards enhancing trust of home loan customers, your Bank decided to link its home loan interest rates to RBI's Repo Rate from 1<sup>st</sup> July, 2019, which has generated a positive sentiment amongst all its stakeholders. Your Bank was the first bank to do so, and currently, it offers all its home loan products linked to Repo Rate under EBLR (External Benchmark Lending Rate) regime, both for new and existing customers.

**Appointment as CNA** - In another significant development during FY2020, your Bank was the only bank in the country to be entrusted with the task of CNA (Central Nodal Agency) by MoHUA (M/o Housing and Urban Affairs) for faster settlement of PMAY (Urban) subsidy for your Bank's borrowers. For all other banks, NHB and HUDCO act as CNA, your Bank processed ₹ 1,938 crore amount of PMAY-U subsidy during FY2020.

**Tie-ups** - During FY2020, your Bank tied-up with the India Mortgage Guarantee Corporation (IMGIC). The Corporation is a joint venture between NHB, Genworth Inc., International Finance Corporation (IFC) and Asian Development Bank (ADB). The tie-up is aimed at providing mortgage default guarantee to your Bank against default in repayment of the loan by a specific segment of customers.

**Digital Journey** - SBI's digital journey is ever-evolving. Your Bank has been instrumental in launching several digital initiatives for the convenience of its customers. YONO is one such ambitious project of your Bank, through which home loans are also being marketed aggressively. Your Bank has also explored various marketing opportunities for home loans on social media with the help of its official Facebook page, Twitter Handle, and other digital platforms, such as Instagram and LinkedIn. Besides, a big push has been given to digital marketing by entering into an arrangement with the financial aggregators and property search sites and search engines.

**Enhancing Customer Experience** - Your Bank's various activities are centred around improving customer experience

by ensuring the seamless delivery of products and services to make home loan journey for a customer a joyful one. For example, your Bank has launched the introduction of consolidated processing fee for home loan customers, vendor verification module, to on-board all empanelled advocates, valuers, and verification agencies in one digital platform, which helps in faster verification of documents and reports. This will help in further reducing the TAT and allow us to analyse customers' feedbacks within stipulated timelines. Your Bank has also introduced doorstep delivery, more FOS, and further strengthening of CPCs and Branches.

The home loan market is witnessing fierce competition. Therefore, all your Bank's endeavours are directed towards making State Bank of India the 'Choice of Customers' for home loans, with an emphasis on sustainable growth. Your Bank has 36 lakh happy home loan customers and accounts, and it is confident of adding many more every day.

## 2. AUTO LOANS

Your Bank helps in upgrading the living standards of its customers by providing auto loans at competitive rates, and by making owning a car an affordable proposition. While industry sales fell over 19% during the FY2020, your Bank took various initiatives to maintain volumes. To begin with, the vast product range covering all types of vehicles was made available to both existing and New to Bank (NTB) customers, through multiple channels, such as Branches, YONO, Dealers, and CLPs. State Bank of India's YONO car loan comes with benefits of 0.25% concession in rate of interest to customers, which is an additional feature provided by your Bank. These have helped your Bank to grow its loan portfolio to reach a level of ₹ 72,662 crore as of 31<sup>st</sup> March, 2020, as against ₹ 71,884 crore as on March, 2019. SBI's market-share in Auto Loans is at 32.93% as of 31<sup>st</sup> March 2020 as against 35.55% in FY2019, amongst All Scheduled Commercial Banks (ASCBs).

## 3. EDUCATION LOANS

Education is the key prerequisite for creating human capital, as it helps in developing skilled and productive human resources. The loans of up to ₹ 10 lakh

under Education Loans are considered as Priority Sector Advance. Your Bank takes pride in being the largest Education Loan provider in the country, with market share improved to 34.72% as of March, 2020, as against 30.55% as of March, 2019. Your Bank has helped 76,572 meritorious students to realise their dreams by providing financial assistance to the tune of ₹ 8,777 crore during the year. Out of this, 38% of the loans were extended to girl students (increased from 35% in March, 2019). To broaden the scope of Education Loans, book quality business and enhance customer satisfaction, your Bank has taken the following steps:

- Shortlisted a higher number of top-rated premier and reputed institutions taking total numbers to 187 for extending Education Loans under the Scholar Loan scheme at relaxed norms and concessional interest rates.
- Penetration through your Bank's Flagship product "Global Ed-vantage Education Loans" for studies abroad was improved through the extension of Door-step services at select cities.
- To ensure better tracking of the loan applications and faster sanctioning of loans, your Bank's Loan Origination System (LOS) was integrated with Vidya Lakshmi Portal (VLP) of the Government of India.

## 4. PERSONAL LOANS

Personal Loans, both secured and unsecured, are amongst the most popular products of your Bank, making it a leader in this market segment. Your Bank is aggressively catering to the needs of salaried class (both government and private), pensioners and self-employed and other customers. Your Bank is now extending loans to salaried customers of other banks through SBI Quick Personal Loans (CLP Platform) and Xpress Elite (Branch Channel) Products. As of March, 2020, your Banks' personal loans portfolio reached a level of ₹ 1,96,189 crore with a YTD growth of 27.65% (₹ 42,491 crore). The growth is contributed primarily by the flagship product Xpress Credit (₹ 36,508 crore - YTD 34.80%) and the traditional product Gold Loan (₹ 2,179 crore - YTD 142%), besides contribution of other products. Your Bank has provided loans to more than 20 lakh customers, amounting to

₹ 90,000 crore, during FY2020, improving its market share to around 33%. Your Bank has introduced new "Realty Gold Loan" product to cater to the needs of SBI's Home Loan customers with Income Tax benefit such as Home Loans. The Personal Loan products are now delivered through multiple channels such as Branches, OCAS (Bank's website) and YONO.

#### Consumer Durable Loans for e-Commerce Purchases:

- Online EMI: Your Bank provides EMI based loans for online shopping up to ₹ 1 lakh from Flipkart and Amazon portals to pre-selected customers on a real-time basis.
- POS EMI: Pre-selected group of SBI Debit cardholders are empowered to avail EMI based loans up to ₹ 1 lakh for purchase of consumer goods from the approved shops.
- Checking of EMI loan eligibility by sending SMS "DCEMI" to 567676 introduced.

## 5. LIABILITY AND INVESTMENT PRODUCTS

The overall P-Domestic CASA Deposits of your Bank has grown from ₹ 9,16,442 crore as of March, 2019 to ₹ 10,15,578 crore as of March, 2020, registering a growth of ₹ 99,136 crore (10.82% annualised). The CASA for P-Domestic portfolio is at 48.28% as of March, 2020, as compared to 48.49% as of March, 2019.

#### Doorstep Banking Services:

Your Bank introduced Doorstep Banking Services through its Contact Centre and Doorstep Banking Agents at 50 centres across India. To enhance the ease of banking for its customers, SBI expanded its doorstep services. This includes essential banking services such as Cash Pick-up for credit to own account Delivery of Cash withdrawn from own account; Pick up of Cheque Book Requisition Slip; Pick up of Cheques for Collection / Clearing; and delivery of Statement of Account and Term Deposit Advice to all individual customers. Introduction of these services are planned for 100 centres imminently.

## 6. CORPORATE AND INSTITUTIONAL TIE-UPS FOR SALARY PACKAGE

Your Bank has had a focused approach towards opening salary package accounts for Corporates, Defence, Railways and State Govt employees during FY2020 through KAMs (Key Accounts Managers). These managers provide a personalised doorstep service. The total Salary Account customer base as of March, 2020 reached a level of 154.22 lakh, with the addition of 5.44 lakh new Salary Package customers during FY2020.

## 7. DIGITAL PERSONAL LOAN OFFERINGS

While offering products on multiple platforms for portfolio growth with higher profit margins, your Bank has kept in mind the customer's convenience with Ease of Banking and offered the following variants through YONO,

- PAPL (Pre-Approved Personal Loan)
- PAXC (Pre-Approved Xpress Credit)
- PAPNL (Pre-Approved Pension Loan)
- INSTA Credit Top-up for Xpress Credit
- Insta Top-up for Pension Loan

Customers can avail the offerings on a 24X7 basis, without any physical documentation and branch visit.

- Checking of PAPL loan eligibility by sending SMS "PAPL" to 567676 introduced.
- Your Bank is using YONO as well as CLP (GOI) platforms for sourcing of proposals along with in-principle sanctions.

## 8. NRI BUSINESS

As on 31<sup>st</sup> March 2020, your Bank has around 37 lakh NRI Customers, who are being catered through 83 dedicated NRI branches in India, foreign offices in 32 countries, 227 Global Banks as Correspondent Banks and tie-ups with 55 exchange houses and six Banks (in the Middle-East) to facilitate remittances.

Your Bank is also the leader in the NRI Banking space of India, with a market share of 22.03% (as of March 2020). The Indian diaspora, spread across the globe, has always reposed immense trust on us. As of March 2020, the NRI deposit base stands at USD 28.77 billion.

Your Bank has launched the following products and services in FY2020 for NRIs:

- Near-real time outward remittance facility (from NRE accounts) to 209 overseas destinations through internet banking in five international currencies viz. USD, EUR, GBP, SGD and AUD with a daily ceiling of ₹ 10 lakh or equivalent.
- For better control and security in the account, customers can lock and unlock their INB access. OTPs for Internet Banking can be delivered through registered mail ID in addition to SMS on Registered Mobile Number.
- SBI Tax Savings Scheme for NRIs (NRO Deposits) up to ₹ 1.5 lakh per annum with 5-year maturity available on Internet Banking, which can be used by the customers to avail Tax benefits under section 80C of Income Tax Act.
- The minimum amount in FCNB Premium Deposit has been reduced to US\$ 10,000, and NRE Sukoon (Current Account) has been reduced to ₹ 3,000.
- The recharge limit has been increased to ₹ 1 lakh in NRI Family Card, which is the easiest and fastest way of sending money to your loved once in India, at anytime from anywhere in the world.



## 9. PRECIOUS METALS

### Sovereign Gold Bonds:

The Sovereign Gold Bond Scheme was introduced by the Government of India during FY2016 to promote Digital Gold instead of Physical Gold for the investors. During FY 2020, your Bank mobilised 647 kgs (₹ 243.91 crore) through SGB to bring the total Gold mobilised since inception to 5,098 kgs (value ₹ 1,561 crore).

### Gold Monetisation Scheme:

To mobilise gold lying idle with household and institutions, the Government of India introduced the Gold Monetisation Scheme (GMS) during FY2016. During FY2020, your Bank mobilised Gold amounting to 3,973 kgs, bringing the cumulative mobilisation to 13,212 kgs.

### Other Gold Business:

Your Bank is also a primary player in the field of Bullion Banking. It makes available Metal Gold Loan to jewellers engaged in manufacturing of gold ornaments for the domestic and export purposes. During FY2020, your Bank has extended Metal Gold Loan to Jewellers to the extent of 22,255 kgs. Your Bank is also engaged in selling Wholesale Gold to jewellers and traders. During FY2020, your Bank has sold 2,522 kgs under the "Sale of Gold" Scheme.

## 10. WEALTH MANAGEMENT BUSINESS

In FY2020, SBI Wealth made deep inroads into the premium market segment. Your Bank's Wealth Management Business has shown exponential growth in terms of Client Acquisition and Assets Under Management during the financial year. The number of clients increased by 2.4 times, from 55,502 in March, 2019 to 132,354 in March, 2020 while the AUM grew by 3.6 times, reaching ₹ 109,061 crore against ₹ 30,270 crore during the period.

Your Bank's Wealth Management Business services are delivered through 63 centres with 155 Wealth Hubs, including four e-Wealth Centres and a Global e-Wealth Centre. It added 19 new Centres and 29 new Wealth Hubs during the financial year under review. The Wealth Hubs are managed by a team of knowledgeable Relationship Managers

and Investment Officers, along with Wealth Service Managers and Customer Relationship Executives for operational roles.

Your Bank's Open Investment Platform, with state-of-the-art technology and right selling approach based on Risk Profiling, provides one of the best possible experience to clients. During the year, SBI Wealth strengthened the number of Relationship Managers at all its Wealth Hubs, e-Wealth Centres and Global e-Wealth Centre, to acquire and service more clients. The e-Wealth Centres, with extended banking hours, are equipped with transaction execution facilities over Voice and Video calls. This is in addition

to the 'SBI Wealth Mobile App' enabling investment transactions providing a best in class holistic experience to clients.

During FY2020, your Bank has conducted several 'Annual Investment Conclaves' at important centres. These conclaves are a well-attended and signature event, addressed by experts from the Financial Industry on prevalent market conditions and investment opportunities.

The financial year under review was focused on building the quality of your Bank's Client Engagement and Service Delivery. On the 14<sup>th</sup> January, it celebrated its anniversary day as 'SBI Wealth Day'.



Shri Rajnish Kumar, Chairman, SBI addressing the Elite SBI Wealth Clients at the Client Engagement Program held at Mumbai to Celebrate 'The Wealth of Relationships' on the occasion of 'SBI Wealth Day', commemorating the 4<sup>th</sup> Anniversary of SBI Wealth.

## B. ANYTIME CHANNELS

C. As on	ATMs	Kiosks	ADWMs	Total
31 <sup>st</sup> March 2016	42,733	1,231	5,760	49,724
31 <sup>st</sup> March 2017	42,222	986	6,980	50,188
31 <sup>st</sup> March 2018*	51,616	#	7,925	59,541
31 <sup>st</sup> March 2019*	50,757	#	7,658	58,415
31 <sup>st</sup> March 2020*	45,285	#	13,270	58,555

# Kiosks are scrapped and not in use \* Merged



## 1. ATMS/ ADWMS

Your Bank has one of the largest ATM Networks in the world, with 58,555 ATMs, including Automated Deposit and Withdrawal Machines (ADWMs) as on 31<sup>st</sup> March, 2020. In order to provide 24x7 cash deposit and withdrawal facility, it has installed 13,270 ADWMS.

Nearly, 28% of the financial transactions of your Bank are routed through ATMs / ADWMS. With a market share of 28.35% (as per RBI Data) in ATM Network in India, it transacts 46.04% of the Country's total ATM transactions. On an average, over 1.23 crore transactions per day are routed through your Bank's ATM Network.

In order to strengthen the security of ATM cash withdrawals against skimming, cloning, theft of cards by fraudsters, your Bank has introduced OTP Based Cash Withdrawal Facility for transactions above ₹ 10,000 between 8 PM to 8 AM w.e.f. 01<sup>st</sup> January, 2020.

With the objective to make the ATMs more secure, your Bank has installed Multi-Vendor Software (MVS) covering implementation of BIOS Password, disabling USB Ports, upgraded Operating System, EMV Card Readers, and anti-skimming devices, amongst other software.

For ensuring safety of ATMs as well as the customers, coverage under electronic surveillance is being enhanced. Your Bank has covered around 15,000 ATMs under e-Surveillance and eventually all ATMs are expected to be covered under e-Surveillance.

## 2. SWAYAMS: BARCODE BASED PASSBOOK PRINTING KIOSKS

Your Bank has installed around 3,700 SWAYAMs (Barcode Based Passbook Printing Kiosks) during FY2020, taking the total number of SWAYAMs deployed to 17,480. Using these kiosks, the customers can print their own passbooks using barcode technology. More than 3.80 crore transactions per month are taking place on these SWAYAM kiosks. Additionally, your Bank has also deployed "Through the Wall" SWAYAM Kiosks, offering extended working hours for passbook printing.

## 3. GREEN CHANNEL COUNTER (GCC)

Your Bank has installed GCCs at all its retail branches. The GCCs extend services such as cash withdrawal, cash deposit, funds transfer within State Bank of India, Balance Enquiry, Green PIN generation and PIN Change, and Mini Statement. On an average, 6 lakh transactions are being routed through GCCs 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 and ADWMS to a specified account of State Bank of India. As a daily average, over 1 lakh transactions are being routed through GRCs.

## 5. BANKING ON MOBILE

**YONO Lite:** Your Bank's mobile banking app for retail customers, YONO Lite, has a current userbase of 162 lakh and is now available in 9 regional languages besides English. It offers facilities such as intrabank and interbank funds transfers (NEFT/ RTGS/ IMPS/ UPI), the opening of fixed deposits, e-MOD Accounts, and add or manage beneficiaries, amongst others. Additional value-added services such as Aadhaar linking, 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. YONO Cash, a unique card-less cash withdrawal feature is available for an enhanced customer experience without threat of loss of ATM or debit card. The customers can now open PPF account online through this app.

**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 facilities, amongst others. Furthermore, it facilitates large corporate firms with multiple users 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 168 lakh registered users, the mobile banking channel has processed transactions volume at 13.82 crore, which is worth ₹ 9,74,434.61 crore, up to March 2020. The fund transfers through digital channels are now free of charge.

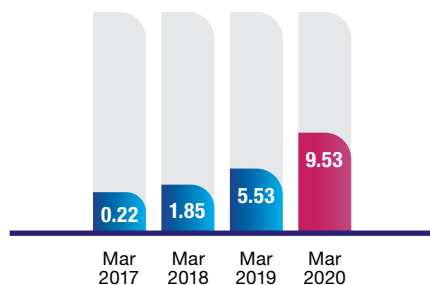
## 6. SBI PAY (BHIM)

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 824 lakh users have registered and are availing UPI services, resulting in more than 333 crore transactions, amounting to more than ₹ 7.31 lakh crore, processed through the SBIUPI channel during the period 2019-20. 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 noble causes such as PM Cares Fund during COVID-19 and Chief Minister Relief Funds has also been enabled on the app. Your Bank has also made available a hassle free and quick merchant on boarding interface through its branches with instant UPI QR Code facility. Over 3 lakh merchants were successfully allotted UPI QR Codes in the last quarter of the FY2020.

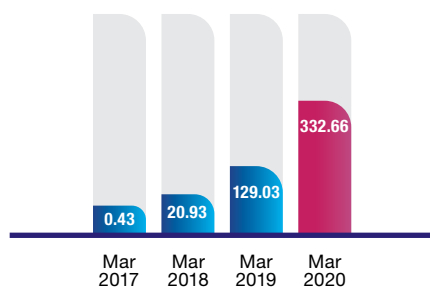
Large multinational corporations such as Google and WhatsApp, amongst others have implemented digital payments bandwagon to help achieve a Less Cash India. State Bank of India has partnered with Google India to offer UPI services to the users of their App – Google Pay under the UPI Multi-Bank Integration Model. Consequently, over 662 lakh Google Pay users have linked their Bank accounts with their @OKSBI handle till 31<sup>st</sup> March, 2020.

## Performance Highlights

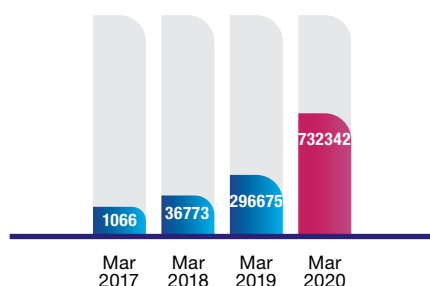
User Base (in Cr.)



Volume (in Cr.)



Value (in Cr.)



### SBlePay – Your Bank's Payment Aggregator

SBlePay, started in March 2014, is the first and only bank-based payment aggregator in India. In its essence, SBlePay 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 FY2019, SBlePay has witnessed exceptional growth, as a result of an increase in the number of merchants onboarded, which rose from 225 in

FY2019 to 341 in FY2020. Moreover, your Bank has added three new channels to the bouquet of online payment offerings – Cheque and Transfer channel, Paytm and direct integration with INB of COSMOS Bank, Axis Bank and ICICI Corporate Bank amongst others. Your Bank has also integrated with common portal for Recruitment/Conference/Universities and TSPs. This has resulted in a 58% YoY growth in FY 2019-20 in number of transactions. SBlePay has achieved a revenue of ₹ 60.70 crore in FY2020, YoY growth of 22% over FY2019.

## 7. DIGITAL BANKING

The digital payments landscape in India is evolving at a rapid rate, and your Bank is playing an effective role in building momentum for the digitalisation of the Indian economy. In sync with the focus of the Government of India to create a 'less-cash' economy, your Bank has expanded its digital footprint across the country.

**YONO:** The flagship digital app for retail customers 'YONO' was launched on 24<sup>th</sup> November, 2017, and since then, YONO has crossed many milestones. YONO provides both "LifeStyle & Banking" experience with more than 31 products, and over 40 services of 5 JV partners (SBI Life Insurance, SBI Card, SBICAP Securities, SBI General Insurance and SBI Mutual Fund) live on its Financial Superstore. It also offers over 80 merchant partners live on the B2C Market Place platform across 21 categories.

During FY2020, your Bank has achieved significant momentum in the adoption of YONO with higher engagement and growth in business through the YONO app.

### Key Performance Highlights of YONO as on March 2020 are as follows :

- **App Adoption:** There has been an increase in the daily registrations from an average of 15,000 per day to 70,000 per day towards the end of FY2020. The total numbers of registered users grew from 7.75 million to 21.2 million by March, 2020. YONO has achieved ~46.4 million downloads as on 31<sup>st</sup> March, 2020.
- **User Engagement:** The daily active user base on YONO peaked to 6 million logins per day, with an average of 3 million (average 1

million in FY2019). The App's rating on Android is at 4.09 and 2.8 on iOS.

- **Customer Onboarding:** Your Bank observed significant momentum on new customer on-boarding with ~21,000 digital accounts opened per day, which was over 65% of all eligible accounts being opened by your Bank. Approximately, 43.5 lakh Digital Accounts were opened during the FY2020 (71.43 lakh since launch). Around ₹7,859 crore was mobilised through savings bank accounts opened through YONO. Approximately, 90% branches are now YONO activated (minimum one account opened through YONO).
- **Digital lending:** YONO is the fastest growing and a major channel for personal loans. The year saw ₹9,694 crore worth of PAPL disbursements with ~7.34 lakh loans disbursed (cumulative disbursement ₹13,797 crore). Your Bank executed around ₹638crore worth of financial sanction for car loans. The income generated for your Bank was approximately ₹ 830 crore. The effective home loan lead conversion of your Bank during FY2020 is about 9% against that of around 2% as of March, 2019.
- **Online marketplace:** Over 80 merchant partners are live on the B2C marketplace platform across 21 categories, witnessing about ₹320 crore of GMV (6 times growth over FY2019).
- **Cross-selling:** The non-banking financial services product suite, including insurance and mutual funds, are achieving all-time highs on a monthly basis. The bank earned an overall commission income of approximately ₹19 crore through YONO in FY2020. Nearly 1.6 lakh SBI credit cards were sourced during the year through YONO. The Gross SBIMF investments stood at ₹600 crore. Around ₹10.19 crore of Life Insurance premium and nearly ₹13.75 crore of General Insurance premium were achieved during the financial year under review.
- **'YONO Cash':** Cardless and paperless withdrawals at 'YONO cash Points' (ATM) were launched across Pan India in March, 2019. Approximately 8.8 million YONO Cash transactions were carried out

during the year with a maximum of 1.94 lakh transactions in a day. The innovative YONO Cash feature provides cardless, fast, convenient and safe cash withdrawal facility at nearly 2,97,369 customer touchpoints across the country (ATMs – 56,384; POS – 1,93,556; CSP – 47,429).

- YONO Krishi:** YONO Krishi platform envisioned to be the digital partner in our farmers progress was launched in July, 2019. Four Key offerings on YONO Krishi are Khata, Bachat, Mitra and Mandi sections. Khata section caters to Agriculture credit solutions like Agri Gold Loans with 24 X 7 online application availability. Bachat is the Financial Super store for farmers investment & insurance needs. Mitra provides best Agro Advisory services at click of a button. Mandi is the online market place for purchasing agricultural inputs & farm equipments. YONO Krishi has been awarded as one of the best innovation in top banks category by Business Today. YONO Krishi is now available in 10 regional languages in addition to English and Hindi. Over 4.78 lakhs Agri Gold Loans (Rs 5,944 Crore) were sanctioned through YONO Krishi since its launch. Launched to meet the banking and beyond banking needs of the farmer (across agri inputs, insurance, investments, advisory services, amongst others), it has ~ 56% branches activated for YONO Krishi Gold Loans. Customer visits on YONO krishi was at ~ 40.59 lakhs, ~4.7 lakhs on Mitra Section and ~6.1 lakhs on Mandi section. The key products in the pipeline are KCC application, KCC renewal and Pre-approved Agricultural loans.

During FY2020, YONO has achieved an overall growth of 2.6 times on the liabilities side (Digital accounts increased from 27 lakh to 70 lakh), 2.8 times growth on the assets side (Digital lending book size increased from 3,400 crore to 9,600 crore) and 7 times growth in Commission income (₹ 2.7 crore to ₹ 19 crore) earned through the cross-selling of JV products.

**Debit Card:** Your Bank has focused on shifting the usage of debit cards by customers from ATMs (for cash withdrawals) to PoS terminals and e-Commerce websites. The percentage

of cash to digital transactions used by the card holders improved from 21.99% to 38.10%. The highest one day spends at PoS and e-Commerce of ₹ 1,208 crore was achieved on Dhanteras (25<sup>th</sup> October, 2019).

Additionally, your Bank has launched various innovations and functionalities around debit cards, such as the launch of NCMC compliant RuPay Card, RuPay JCB (for international conveniences), usage of RuPay Card in Bhutan, the launch of MasterCard World for premier customers. In co-branded debit card, your Bank has launched SBI IOCL Co-branded Debit Card for digitising fuel transactions and tied up with Madurai Kamaraj University for launching Co-branded Combo Debit Card.

Your Bank's topmost priority is to ensure safety of its customers using SBI Debit cards. To this end, your Bank has provided switch on and off facility for enabling and disabling the international, domestic, ATM, PoS and e-commerce transactions through Internet Banking, YONO, YONO Lite and SBI Quick App, amongst others.

These initiatives made State Bank of India, a market leader in terms of share in debit card spends, which is at a high of 29.42% as at 31<sup>st</sup> March, 2020. With approximately 27.81 crore actively used debit cards as on 31<sup>st</sup> March, 2020, your Bank continues to lead in debit card issuance in the country.

**State Bank Foreign Travel Card:** The State Bank Foreign Travel Card (SBFTC), is a chip-based EMV compliant prepaid card providing safety, security, and convenience to outbound travellers (valid worldwide except in India, Nepal and Bhutan).

On VISA, it is available as single currency card in eight 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 a multicurrency card in seven currencies – US Dollar, British Pound Sterling, Euro, Canadian Dollar, Australian Dollar, Singapore Dollar, and UAE Dirham. Your Bank also has corporate variants of SBFTC to cater to varying needs of corporate customers.

**Smart City:** Your Bank has a dedicated team to capture the payment ecosystem 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.

**Metro and Transit Projects:** Your Bank has implemented an end-to-end ticketing solution for the Nagpur Metro Project using the National Common Mobility Card (NCMC) specifications based RuPay Prepaid Card. This is your Bank's second project, after successful implementation of ticketing solution for the Noida Metro project. State Bank of India has also been awarded the Hyderabad metro project for implementation of Open Loop Automatic Fare Collection System based on the NCMC card specifications.

**FASTags:** Your Bank has issued more than 15 lakh SBI FASTags to customers. Consequently, toll transactions through SBI FASTags have crossed 441 lakh with a total transaction amount of over ₹ 722 crore as on 31<sup>st</sup> March, 2020 during FY2020. State Bank of India has put on board State Road Transport Corporations in Uttar Pradesh, Punjab, Uttarakhand, Odisha, Tamil Nadu, Karnataka, and West Bengal for FASTag services.

**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 the 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. Your Bank continued to expand its digital footprint across the country and deployed 6.73 lakh PoS terminals, 3.33 lakh Bharat QR code and onboarded 9.53 lakh merchants on BHIM-Aadhaar-SBI. In total, the number of merchant payment acceptance touchpoints crossed 19.59 lakh as on 31<sup>st</sup> March, 2020. Your Bank has acquired nearly 60 crore transactions as on 31<sup>st</sup> March, 2020 with 10% increase on YoY basis. In addition to offering essential acquiring services, your Bank is also providing other services such as:

- NFC acceptance on PoS terminals
- DCC-Dynamic Currency Conversion

- EMI
- Cash@POS
- Electronic Toll Collection on National Highways
- YONO Cash and Sale Facility

Your Bank continued the efforts to onboard merchants from premium segments such as OMCs, retail chains, lifestyle stores, and holiday resorts apart from consolidating the existing business. Your Bank has tied up with significant Corporates and Government Departments to migrate their operations from cash to digital mode. This involves the customisation and integration of its systems with those of corporate and Government departments, to ensure seamless flow of digital transactions.

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

## 8. CUSTOMER VALUE ENHANCEMENT

Your Bank is focused on enhancing the value for its customers and all stakeholders by delivering multiple financial solutions under one roof. As a financial superstore, your Bank offers financial products such as Mutual Funds, General Insurance, Life Insurance, Credit Cards, National Pension System and Demat Accounts through its branch network spread across the length and breadth of the country.

Your Bank has embarked on the path of Digital Journey for on-boarding of customers for the sale of third-party products. Digitalisation has strengthened need-based selling and improved customers stickiness. In the case of SBIMF and SBI Life 100% and 98% of the sales, respectively, are done digitally. The persistency level of Banca Assurance has improved from 81% in FY2019 to 83% in FY2020. Your Bank has increased its focus on the protection business and has seen improvement in protection share.

The most pivotal role of the insurance business is to provide financial sustainability to your Bank's customers

and their families in case of any unfortunate exigencies. State Bank of India takes pride that since the inception of its life insurance business, it has helped nearly 1.45 lakh families by honouring timely death claims. Similarly, SBI General has settled claims of ₹ 35 crore within a record time during Cyclone Fani in Odisha.

In light of changing investment preference of its customers, your Bank is offering need-based financial products of SBIMF such as Systematic Investment Plans, Systematic Withdrawal Plan, Debt, Equity and Liquid Funds, amongst others to all its customers across the country. Your Bank is maintaining the topmost position in terms of number of SIPs (22.5 lakh SIPs) and Book Value (₹ 417 crore).

With the increasing trend in the use of plastic money, your Bank is meeting the demand of the customers and making credit cards available to them at the remotest of the locations and sourced more than a million cards in FY2020. National Pension System (NPS) is a government scheme aimed at having a stable source of income post-retirement. Your Bank, through its widespread branch network, is opening NPS accounts and continues to be the number 1 player with a total of 2.23 lakh (excluding staff) NPS Accounts.

With a focus on better customer experience and need-based selling, your Bank continues to be a leader in the marketing of all these financial products and has earned revenue of ₹ 2,030.35 crore in FY2020. The revenue contribution of each subsidiary is as under:

(₹ in crore)			
JVs	FY2018-19	FY 2019-20	%Change YOY
SBI LIFE	951.9	1117.65	17%
SBI MF	502.61	376.45	-25%*
SBI GENERAL	270.86	314.53	16%
SBI CARDS	191.69	211.95	11%
SSL	6.7	4.74	-29%**
NPS	4.11	5.03	22%
<b>TOTAL</b>	<b>1926.87</b>	<b>2030.35</b>	<b>5%</b>

\* In respect to SBIMF: Negative YoY growth in revenue is on account of regulatory changes in the payment of brokerage.

\*\* Revenue for SBI Cap Sec Ltd. (SSL): Negative YoY growth in revenue is due to lukewarm demand with respect to Demat accounts.

## 9. INTERNET BANKING AND E-COMMERCE

Your Bank's flagship digital portal 'Onlinesbi' continues its forward journey with the current user base of over 735 lakhs is now available in 8 regional languages, apart from English and Hindi. The channel recorded a transaction volume of over 158 crore valued at ₹ 1,33,62,855 crore during the year. Your 'Onlinesbi' retains its premier position and wider acceptability amongst large corporate houses doing high value transactions. This channel is being continuously upgraded with state-of-art security features and functionalities to bring bank and shop both at your fingertips.

## C. SMALL AND MEDIUM ENTERPRISES

Your Bank is a pioneer and market leader in SME financing. With over 10 lakh customers, the SME portfolio of ₹ 2,67,614 crore, as on 31<sup>st</sup> March, 2020 accounts for nearly 11.05% 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

To build and sustain the momentum for transforming India, your Bank has created the highest number of touchpoints in terms of branches and other modes. To enhance ease of business for the Small and Medium Enterprises, your Bank has modified its existing delivery model of Small and Medium Enterprises Centre (SMEC) and created Asset Management Teams (AMTs) to maintain an integrated relationship with the customers for loans up to ₹ 50 lakh. The SMECs have also been strengthened in terms of workforce, which has resulted in improvement in the service levels.

## 2. DIGITAL OFFERINGS

For ensuring Ease of Banking, your Bank is leveraging technology in every aspect of the value proposition from designing products and streamlining processes, to improving delivery and monitoring. Furthermore, it has taken several initiatives to build its SME portfolio in a risk mitigated manner.

### Loan Life-Cycle Management

Apply Loan Online and Online Lead Status: Your Bank is hosting an online loan application and tracking facility for MSME borrowers on the corporate website. A CRM ID is generated against the customer's loan application submitted online or offline by Customer Relationship Management (CRM) application, which will be sent to a customer's mobile number. The customer can track his or her loan application through their CRM ID and mobile number on the online portal, after a successful OTP validation.

Customer Relationship Management (CRM): Your Bank has introduced an integrated CRM platform to engage with customers throughout their lifecycle, to enhance understanding of customer's requirements and to strengthen the customer-centric approach of your Bank. The CRM portal has been designed to generate leads through various channels, improve lead cultivation at multiple stages and enhance business prospects by lowering TAT through a better customer connect.

Loan Origination Software (LOS-SME) and Loan Life Cycle Management System (LLMS): To adopt uniform standards of credit dispensation for ensuring quality and preserving corporate memory, loans

are processed through LOS and LLMS for loans of all sizes.

### Contactless Lending Platform

Your Bank is one of the stakeholder's of SIDBI led PSB consortium and your Bank's path-breaking initiative, psbloanin59minutes.com. This portal provides easy access for loans to SMEs registered on the GST and income tax filing platforms. Under this umbrella, your Bank is sourcing leads from ₹ 1,00,000 to ₹ 500 lakh. In FY2020, a total of 15,550 in-principle approved leads have been generated by the portal, out of which 10,243 leads for ₹ 3,837 has been sanctioned.

### e-Mudra:

Your Bank developed this web application to facilitate appraisals, sanctions, and disbursals of loans up to ₹ 50,000, while seamlessly complying with all norms of the Mudra loan (Shishu Category). It also reduces TAT, smoothen the loan process and enhances customer experience. For FY2020, 40,555 loans have been sanctioned and disbursed through e-Mudra with an aggregate amount of ₹ 194.24 crore as on 31<sup>st</sup> March, 2020.

### Digitalisation of Services for borrowers:

To facilitate hassle-free submission of financials and other statements, your Bank has made this service available through its Corporate Internet Banking Platform.

### Co-origination of Loans

The Reserve Bank of India issued guidelines for the co-origination of loans by banks and non-banking financial companies, or NBFCs, to priority sectors. Under the guidelines, your Bank has already entered into tie-ups with four NBFCs and started booking business.

### 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 using cash-flow healthiness 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 TAT, resulting in better customer experience. In FY2020, a total of 33,618 proposals were processed under Project Vivek.

In line with the thrust on addressing the liquidity issues of MSMEs and to facilitate smooth operations, the following products were launched:

#### a) SLC for MSMEs:

Your Bank has launched a new product 'Standby Line of Credit' for MSMEs having Limits up to ₹ 5 crore to meet temporary liquidity mismatch arising out of the delayed realisation of receivables, receipts of GST Inputs tax credits (including for Exports) and other Business requirements.

#### b) SME Assist:

Your Bank has also restored 'SME Assist' product to address the issues of the units facing liquidity constraints, wherein WCDL loan is granted against the pending input tax credit claims (GST).

### Competitive Rates of Interest

Your Bank has linked all floating rate loans to Micro, Small and Medium Enterprises (MSMEs) to External Benchmark w.e.f 1st October, 2019.

### PAML (Pre-Approved Merchant Loan)

Your Bank has designed an end-to-end digital pre-approved loan offer for its Current Account customers, who have a linked SBI PoS terminal. The loan journey is through CINB (Corporate Internet Banking) platform. Through CINB, customers will be able to avail overdraft facility in their Current Accounts within a few clicks.

### SBI and QCI sign MoU on Zero Defect Zero Effect (ZED) Certification for MSMEs:

Your Bank is 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 MSME. Under this MoU, your Bank is offering concessions in Pricing/processing charges for MSMEs having better ZED ratings.

### Trade Receivables Discounting System (TReDS)

State Bank of India was the first among all PSBs to register as a financier on the TReDS platform. The TReDS platforms are set up to facilitate finance to MSME Sellers who are registered in the TReDS platforms. Your Bank now has its presence on all the three TReDS platforms (RXIL, M1 Exchange and A. TReDS) in the country. Your Bank was actively participating in

the online bidding of the Bills/ Invoices of the MSME Sellers, which are accepted by the Corporate Buyers, on the platform and was offering very competitive rates for the benefit of MSMEs. In FY2020, Bills of MSMEs aggregating to ₹ 282.65 crore were discounted.

### Supply Chain Finance

Leveraging its state-of-the-art technology and branch network, your Bank continues to be a major player in Supply Chain Finance by strengthening its relationship with the corporate world, across various sectors. Your Bank has extended supply chain finance to over 27,500 dealers and more than 12,300 vendors with total sanctioned limits of over ₹ 40,130 crore.

During FY2020, your Bank has initiated 37 new tie-ups including corporates such as OPPO Mobile, Bosch Limited, Hero Electric, ITC Limited, Dabur Limited, International Tractors Limited, Ultra Tech Cement, Jindal Stainless Hisar Limited, amongst others. New e-DFS limits of ₹ 4,123 crore were sanctioned to 4,317 dealers up to 31<sup>st</sup> March, 2020. To ring-fence the supply chain portfolio, your Bank has put in place suitable risk mitigation measures and risk-based pricing for the Supply Chain Portfolio.

### 3. BUSINESS PARTNERSHIPS AND TIE-UPS

Your Bank is expanding its portfolio of Warehouse Receipt Finance and Supply Chain Finance through business partnerships and tie-ups with collateral managers and industry majors.

#### Warehouse Receipt Finance:

Your Bank has introduced the Warehouse Receipt Financing scheme (WHR) to extend finance to traders, owners of goods and manufacturers for processing. Financing is provided against Warehouse Receipts issued by collateral managers having a tie-up with the Bank. Further, WHR issued by Central Warehousing Corporation (CWC) and State Warehousing Corporation (SWC) would also be eligible for WHR finance. Your Bank has also tied up with repositories NERL and CCRL for financing against e-NWR and NEML (subsidiary of NCDEX) for e-auctioning of NPA and stresses accounts under the WHR financed.

**SBI** YONO

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\*T&C apply.

**SBI**

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- Pre-shipment Finance in Rupee & Foreign Currency
  - EPC (Rupee)
  - PCFC (USD, GBP, EUR & JPY)
- Post-shipment Finance
  - Negotiation / Purchase / Discounting of Bills (Rupee)
  - Export Bill Re-discounting (USD, GBP, EUR & JPY)
- Foreign Currency Loans - FCNR(B) - DL/TL
- Hedging
- Digital Offerings: yono Business, E-Forex and E-Trade

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\*T&C apply.

### 4. RISK MITIGATION

Your Bank has increasingly been shifting its focus towards Risk Mitigated Products, which include Asset-Backed Loans, 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 ₹ 34,977 crore as on 31<sup>st</sup> March, 2020 under PMMY, against a target of ₹ 35,700 crore.

#### Credit Flow to Micro and Small Enterprises under CGTMSE:

Your Bank was a pioneer in supporting MSMEs and Micro and Small business, by extending collateral-free lending up to ₹ 2 crore under the guarantee of CGTMSE. Your Bank has a portfolio of ₹ 9,115 crore under CGTMSE as on 31<sup>st</sup> March, 2020.

## D. RURAL BANKING

### 1. AGRI BUSINESS

Currently, your Bank is serving more than 1.42 crore farmers through its various Agri advances products.

The focus of your Bank is now on building investment Credit Portfolio, comprising of loans for agricultural activities such as Dairy, Poultry, Fisheries, amongst others, in order to help farmers generate their daily cash flow. The Government of India has also extended the interest subvention facility to farmers for activities related to Animal Husbandry and Fisheries.

The Ground level Credit disbursement to the farmers over the years is as follows:

(₹ in crore)

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%
FY2020	1,27,947	1,77,473	139%

### 2. MICRO CREDIT (SHG-BANK LINKAGE)

Your Bank is catering to more than 1.32 crore Self Help Group (SHG) members through the SHG-Bank linkage programme, of which more than 1.17 crore members are women. Your Bank is continuously in touch with NRLM and SRLM agencies in various states to increase the coverage of SHGs.

Your Bank has been active in buying pools of Agricultural assets from MFIs and NBFs. The number of pool purchases during FY2020 has been about 28, aggregating to about ₹ 9,600 crore, reaching out to 38 lakh beneficiaries.

### 3. OTHER INITIATIVES

Kisan Melas and Kisan Milans are being organised regularly for felicitating loyal and regular borrowers, and for strengthening “Bonding with Farmers” and financing new farmers. Your Bank has organised four highly participated national level Kisan Melas during the current financial year.

Your Bank has already implemented the Retail Asset Credit Centres (RACCs) for centralised sanction of loan proposals in Rural and Semi Urban (RUSU) branches. Moreover, implementation of FI&MM network to improve credit delivery in the RUSU branches is currently under progress. The digitalisation of Agri products will help your Bank to get more business from the existing customer base. Your Bank has launched ‘YONO-KRISHI’ mobile app for sanctioning of Agri Gold Loans. The utility for new KCC loans and new dairy loans through the link ‘SAFAL’ in YONO-Krishi is under development.

Your Bank has already sanctioned more than 4.70 lakh Agri Gold loans amounting to about ₹ 6,000 crore through YONO-

Krishi platform. More than 12,000 clicks per day are being registered in Mandi & Mitra portal of the YONO-Krishi app. SBI is focusing on migrating all its Agri Gold loans to the YONO platform.

### 4. 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.

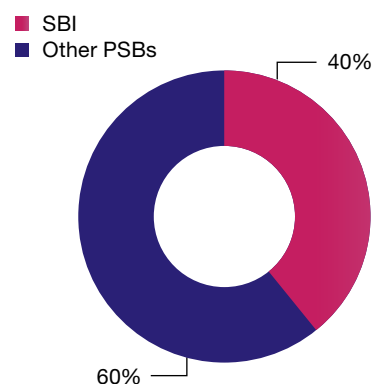
Your Bank has 61,102 operating BCs and 22,141 branches across the country to offer banking services. The BC channel, which provides customers in unbanked areas an access to various banking products and services while reducing footfalls in the branches, has recorded

49.29 crore transactions amounting to ₹2,27,469 crore up to 31.03.2020, translating to more than 18 lakh transactions per day on an average.

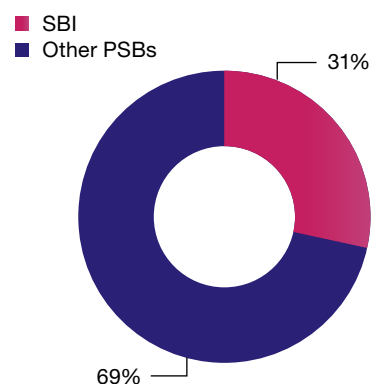
Under the flagship Pradhan Mantri Jan Dhan Yojana (PMJDY) of Government of India, your Bank has paved the way for universal financial access by being a pioneer in implementing the programme. Your Bank has opened 12.05 crore accounts by 31.03.2020 and issued 11.28 crore RuPay debit cards to the eligible customers. These initiatives taken under financial inclusion as part of key economic policy agenda of the Government over the last decade, have ensured access to Bank accounts for the excluded persons.

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 5 crore customers.

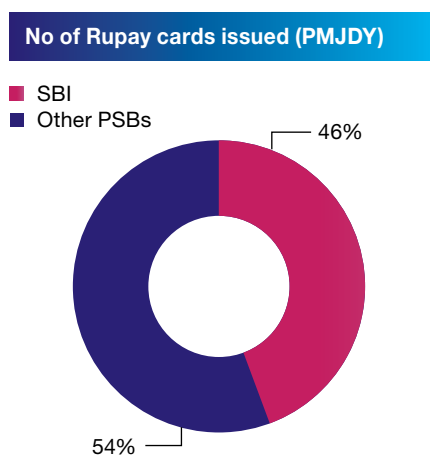
#### No. of PMJDY Accounts



#### Deposits Accounts (PMJDY)







### Imparting Financial Literacy

With the objective of imparting financial literacy and facilitating effective use of financial services, your Bank has set up around 341 Financial Literacy Centres (FLCs) across the country. In FY 2019-2020, a total of 29,995 financial literacy camps were conducted by these FLCs across the country where 16.82 lakh people participated. As a part of the pilot project implemented by RBI, your Bank has set up 15 Centres for Financial Literacy (CFL) at Block level, five each in the state of Maharashtra, Chhattisgarh and Telangana in association with NGOs identified by RBI.

RSETIs are acting as social change agents, empowering rural youth in achieving sustainable livelihood through skill development & training and helping them to establish their own micro enterprises, thereby creating rural employment and wealth creation. Your Bank has set up 152 RSETIs spread across 26 states and 3 union territories. 152nd RSETI was set up at Kargil in Union Territory of Ladakh during this year. These 152 RSETIs have trained 93009 candidates in FY 2020. Your Bank has been adjudged as the Best Performing Bank in implementation of RSETI initiative by the Ministry of Rural Development (MoRD), Govt of India on 19<sup>th</sup> December 2019.

### E. NBFC ALLIANCES

“Your Bank has created NBFC Alliances Department in October 2018. The Department is holding discussions with various NBFC-ND-SIs for loans under Co-origination model. 7 NBFCs have already been onboarded. Specific new products

have been developed for loans under Co-origination model. An end to end digitized model has also been developed for loans up to ₹1.00 lakh under this model wherein more than 11000 accounts have been sanctioned since October 2019.

Similarly, other NBFCs/ BCs are also being onboarded under Business Associate model and an end to end digitized process is expected to be launched very soon for this model also.”

### F. STRATEGY

Several strategic initiatives have been taken up for transforming the vision of the Top Management into reality aimed at enhancing value for Customers, Shareholders and Employees. Few of the projects taken up by CSO during the year include:

#### (i) Structural Changes – Creation of FI&MM Vertical

Financial Inclusion is a national priority of the Government as it is an enabler for inclusive growth. It provides an avenue to the poor for bringing their savings into the formal financial system, an avenue to remit money to their families in villages besides taking them out of the clutches of unscrupulous money lenders. To give more focus to Financial Inclusion, Bank has planned for the creation of a separate Financial Inclusion & Micro Market (FI&MM) vertical, which is slated for Pan India (excluding Thiruvananthapuram circle) rollout on 1<sup>st</sup> June, 2020 after a successful pilot in the Chandigarh Circle. The vertical will be headed by DMD (FI&MM) who will be supported by CGM (ABU), CGM (FI&MM), CGM (Operations), FI&MM and GM (NBFC Alliances). The creation of FI&MM Networks within the Circles would involve setting up of the following establishments:

- (a) District Sales Hub (DSH): DSH under Regional Manager (RBO), FI&MM has been created to primarily concentrate on marketing and sales liaison with the local district administration. A DSH will typically cover about 30 branches in a district or 2-3 districts. DSH will primarily be a marketing and sales unit, having a Chief Manager (Branch Channel) and will provide support to the branches in business development efforts and NPA containment. Similarly, a

Chief Manager (FI) at the DSH will take complete ownership of the CSP network and FI business of both FI&MM and R&DB branches in the District(s). Operational and administrative matters will be handled at the RBO level. The RACCs will be co-located with the DSH as independent units.

- (b) Regional Business Office (RBO): The RBO in the FI&MM network would control 3-4 DSHs, that is, 100-125 branches. The RBO will be strengthened adequately in terms of manpower for effective oversight of the larger number of branches.
- (c) GM's Office at the Network level: The FI Network will carry the entire responsibility of Business Correspondents, CSPs and complete FI business of the Circle. A General Manager will head the Circle except in Circles of Bhubaneswar and North-East where it will be led by DGM (FI&MM). A separate dedicated structure has been proposed for Mumbai Metro Circle.

#### (ii) Revamping of Anytime Channel - creation of separate vertical

A separate Anytime Channel Vertical has been created to minimise ATM downtime and enhance the customer experience. Presently the Circle functionaries and Branches are involved in the day to day activities of Anytime Channels. Creation of this vertical will help the Circle functionaries in concentrating on driving the core business through branches by freeing them from maintaining the uptime and any responsibility of ATMs, Recyclers, Swayam, Passbook Printers, GCC, amongst others except cash-related activity of on-site ATMs. Branches would, therefore, be freed from routine non-operational maintenance issues and focus on business development. Various technology enablers are being developed for enabling this.

Presently the Pilot is being run at Chandigarh and Jaipur Circles and will be rolled out in all Circles.

#### (iii) Centralised Complaint Resolution Centre at LHOs

To take care of the customers' ever-increasing needs and to ensure better customer service, it is necessary to



handle customer complaints properly. For this, your Bank has created a Centralised Complaint Resolution Centre (CCRC) at LHOs for handling all branch-related complaints of the Circle, obtaining feedback on the resolution of complaints and reopening of closed complaints based on such feedback, contacting customer before the closure of complaints and making it mandatory to record the confirmation of such call in CRM-CMS, sending interim replies to customers and sending updates during various stages of resolution.

All complaints will be centrally marked to this Centre by the CRM for resolution. This will ensure the release of bandwidth at branches and RBOs for providing better Customer Service and business. The quality of resolution will be standardised, monitored and analysed to avoid repeat complaints on the same issue and ensure customer satisfaction. This has been already implemented in Delhi Circle and being implemented in 7 other Circles.

#### (iv) Uniform Layout of Branches

Improvement in the Branch Ambience to enhance customer interactions and experience at touchpoints. Presently, 1,476 metro and urban branches have already competed.

#### (v) Floor Coordinators at Branches

The utilisation of SSL executives as floor coordinators was one of the initiatives implemented for enhancing customer service at the branches. Their role involves meeting and greeting customers visiting the branches and directing them to the counters and channels. Presently, around 1,352 SSL executives are present in various branches for sale of '3 in 1' Demat accounts and also working as Floor Coordinators. In Phase I, coverage of 3,111 Metro and Urban branches are proposed by March-end and after that all Metro and Urban branches are to be covered in Phase 2.

#### (vi) Revamping of Bank's Contact Centre

The under used Registered Mobile Number (RMN) based automated services are being developed and proposed to be rolled out through SBI's Contact Centre shortly. An internal call centre is currently functional at Kolkata on a pilot basis, with access to the CRM 360.

#### (vii) Market Share improvement plan at Metros

To increase its low market share in Metros, your Bank had conducted a Pilot study at Mumbai Metro, and the Circle has successfully implemented the suggestions for improvements. To carry forward this initiative, your Bank is conducting a study to suggest recommendations for improvement in market share in five other Metro markets, namely Delhi NCR, Bengaluru, Hyderabad, Chennai, and Kolkata.

### G. GOVERNMENT BUSINESS

Your Bank is the market leader in Government Business. It has traditionally been the banker of choice to the Government of India (GOI) and is an accredited banker to major Central Government Ministries and Departments. SBI is contributing significantly towards e-governance initiatives taken by the GOI, and is instrumental in the development of e-Solutions for both Central and State Governments. This has facilitated their transition to the online mode, providing greater efficiency and transparency, resulting in ease of doing business and relaxation of living for the citizens.

Your Bank is actively engaged in the implementation of Social Security Schemes of Government of India viz. PM Kisan Samman Nidhi Yojana, Pradhan

Mantri Shram Mandhan Yojna, and Pradhan Mantri Kisan Mandhan Yojna.

#### Government Turnover and Commission

Particulars	(₹ crore)	
	FY 2019	FY 2020
Turnover	57,47,997	52,62,643
Commission	3,974	3,742

Your Bank is an active stakeholder in the Government's latest initiatives and is continuously engaged in developing customised technology solutions such as e-Tendering, e-BG, e-Trade, amongst others. Following initiatives were implemented during the year:

#### 1. GEM (GOVT. E-MARKETPLACE)

Your Bank is the pioneer amongst banks for the financial integration of payments to suppliers for procurement of everyday goods and services through GeM portal. GeM Pool accounts of five states and 105 autonomous bodies have been opened with your Bank.

#### 2. E-TENDERING

12 State Governments have been provided with the product by integrating with SBMOPS. PSUs integrated independently are NTPC and ONGC, which is in the process of completion.

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Your Bank has also completed pilot testing for the Airports Authority of India (AAI). Integration of National Highway Authority of India (NHAI), DMRC and Chidambaram Port Trust is in process.

### 3. INDIAN RAILWAYS

Your Bank has migrated salary and vendor payments of all 216 Railway Accounting Units (RAUs) to Centralised and Integrated Payment System (CIPS) on CMP platform in September 2019. SBMOPS is being integrated with Centralised Receipts Portal of Railways for taking care of Railways Receipts through the Portal. Once implemented, this will facilitate complete control over Receipts and Payments business of Railways, which is currently scattered with many banks.

### 4. DEPARTMENT OF POST

Your Bank is in the process of rolling out the Centralised Integrated Payment System (CIPS), a complete solution for entire postal payments. The pilot phase has been implemented w.e.f. November 2019 for salary payment of Delhi Division of Department of Post.

### 5. EDUCATIONAL CONSULTANTS INDIA LIMITED (EDCIL)

Your Bank has executed successful integration of EDCIL, a MINI Ratna PSU, conducting recruitment exams for 80 PSUs and ABs, with SB MOPS, for the collection of recruitment fees.

### 6. DIRECT BENEFIT TRANSFER (DBT)

Your Bank is the sole Banker for processing Direct Benefit Transfer of LPG subsidy (DBTL). The Total number of transactions and amount processed in FY2020, up 31<sup>st</sup> March, 2020 are as under:

Particulars	No. of Transactions (in Crore)	Amount
		(₹ crore)
DBT	57.26	2,95,045
DBTL	139.01	25,122

### 7. AUCTION OF ITEMS GIFTED TO HONOURABLE PRIME MINISTER OF INDIA

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

### 8. PENSION PAYMENTS

Your Bank has been administering pension payment to 57.17 lakh pensioners through its 16 CPPCs and made disbursement of total pension amount of more than ₹ 1,64,580 crore in FY2020. New pension accounts of 3.30 lakh pensioners were added in FY2020. Your Bank has also launched Pension Sewa website [www.pensionseva.sbi](http://www.pensionseva.sbi), enabling pensioners to login and view their pension details viz transaction details, generation of pension slips, arrear calculation sheet, amongst others, from the comfort of their home.

### 9. PM KISAN SAMMAN NIDHI YOJANA

As an accredited Bank to the Ministry of Agriculture and Farmers Welfare, your Bank has facilitated the distribution of ₹ 42,274 crore under the scheme to the

farmers, during the year. Your Bank also facilitated the transfer of over ₹ 12,000 crore to over six crore farmers in just one click by the Honourable Prime Minister of India under the scheme, at an event held on 2<sup>nd</sup> January, 2020.

### 10. SMALL SAVINGS SCHEMES

Your Bank services more than 79.18 lakh PPF and 18.24 lakh SSA accounts, making it the highest among all the authorised banks. Additionally, 5.39 lakh PPF accounts and 3.13 lakh SSA accounts were added during FY2020.

### 11. OTHERS

Your Bank's SBI e-pay aggregator service has been integrated with Chief Minister's Relief Fund Portal, Government of Odisha and Chief Minister's Relief Fund, Government of Karnataka, for collection of donations. State Bank of India has been able to get the accreditation status of Ministry of Animal Husbandry, Dairying and Fisheries – new Ministry carved out of the Ministry of Agriculture.

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## 12. AWARDS

Government of India awarded your Bank the following Awards:

- First Prize for opening the largest number of Sukanya Samriddhi Accounts amongst all Banks (PAN India). The award was given at National Savings Institute, New Delhi on 30<sup>th</sup> October, 2019 to celebrate "World Thrift Day".
- Outstanding Performance in Sikkim, as Sponsor Bank, for timely wage payments of MGNREGA. The Ministry of Rural Development gave the award.

## H. TRANSACTION BANKING UNIT

Transaction Banking Unit (TBU) leverages technology to provide comprehensive solutions for bulk transaction requirement of clients. This facilitates efficient fund management for its clients along with value-added services such as customised MIS and dedicated single point client support among other areas. The Transaction Banking services facilitate your Bank to maintain a close relationship with its clients and also to assess their other Banking requirements such as Credit, Fund Management and Cross-Selling.

Your Bank offers a wide range of TBU customised products and services to Corporate, Government Departments, Financial Institutions and SME Clients through its large network of over 22,000 branches. Corporate and Government clients, along with SME, continue to be the key focus segment. Your Bank is giving thrust for penetration into the SME sector as well as start-ups. Keeping in line with market trends, your Bank is continuously updating and evolving the bouquet of TBU products and services offered to meet the requirements of clients and has the best of products in the market.

TBU Fee Income increased by 43.38% from ₹ 1,327.08 crore in FY2019 to ₹ 1,902.77 crore in FY2020. A 40% plus annual growth in fee Income has remained consistent in the last few years.

Turnover registered a YoY increase of 60.71% with transactions amounting to ₹ 61,20,331 crore in FY2020 over ₹ 38,08,314 crore in FY2019.

Your Bank received International recognition as the "Best Transaction Bank in India" by The Asian Banker for a record 3 consecutive years. Your Bank was also recognised as the "Best Payment Bank in India" by The Asian Banker and "Best Cash Management House in India" by Corporate Treasurer.

## 2. GLOBAL BANKING

### A. CORPORATE ACCOUNTS GROUP (CAG)

CAG is a dedicated SBU (Strategic Business Unit) of the Bank handling the portfolio of 'high value credit' with a USP of specialized and efficient delivery platform. The CAG SBU has 4 specialized Branches headed by General Managers located in India's top 3 commercial centers viz. Mumbai, Delhi, & Chennai.

In SBI, CAG is a one stop shop which provides a wide range of financial products and services, exclusively to top rated corporates including their foreign associates and subsidiaries.

The business model of CAG is based on the Relationship Management concept and each client/business group is mapped to a Relationship Manager who spearheads a cross-functional Client Service Team consisting of highly skilled credit and operations functionaries.

The relationship strategy is anchored on delivering integrated, specified and comprehensive solutions to the clients, including structured products within a specified time frame. The principal objective of the strategy is to make SBI the first choice of top corporates. A regular review of each corporate relationship by senior management sets the benchmark for relationship management in CAG.

Apart from a variety of core credit products, CAG offers an array of customer specific products like Cash Management Product, Treasury & Forex products and Merchant Banking products in association with other SBUs and subsidiaries of SBI like SBI Capital Markets Ltd., SBI Gilts Ltd. etc.

Client Service Teams at CAG Branches aid customers in selection and delivery of any product/service offered by SBI's associates and subsidiaries as listed below:



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- 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 31<sup>st</sup> 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 31<sup>st</sup> 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 27<sup>th</sup> 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 16<sup>th</sup> December 2019, before touching a low of 6.07% on 09<sup>th</sup> 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.



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## 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 activities since 1<sup>st</sup> April, 2019.






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TRANSFER FUNDS	CARRY OUT TRANSACTIONS
AVAIL AGRI GOLD LOANS	PAY BILLS AND RECHARGE ONLINE



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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.

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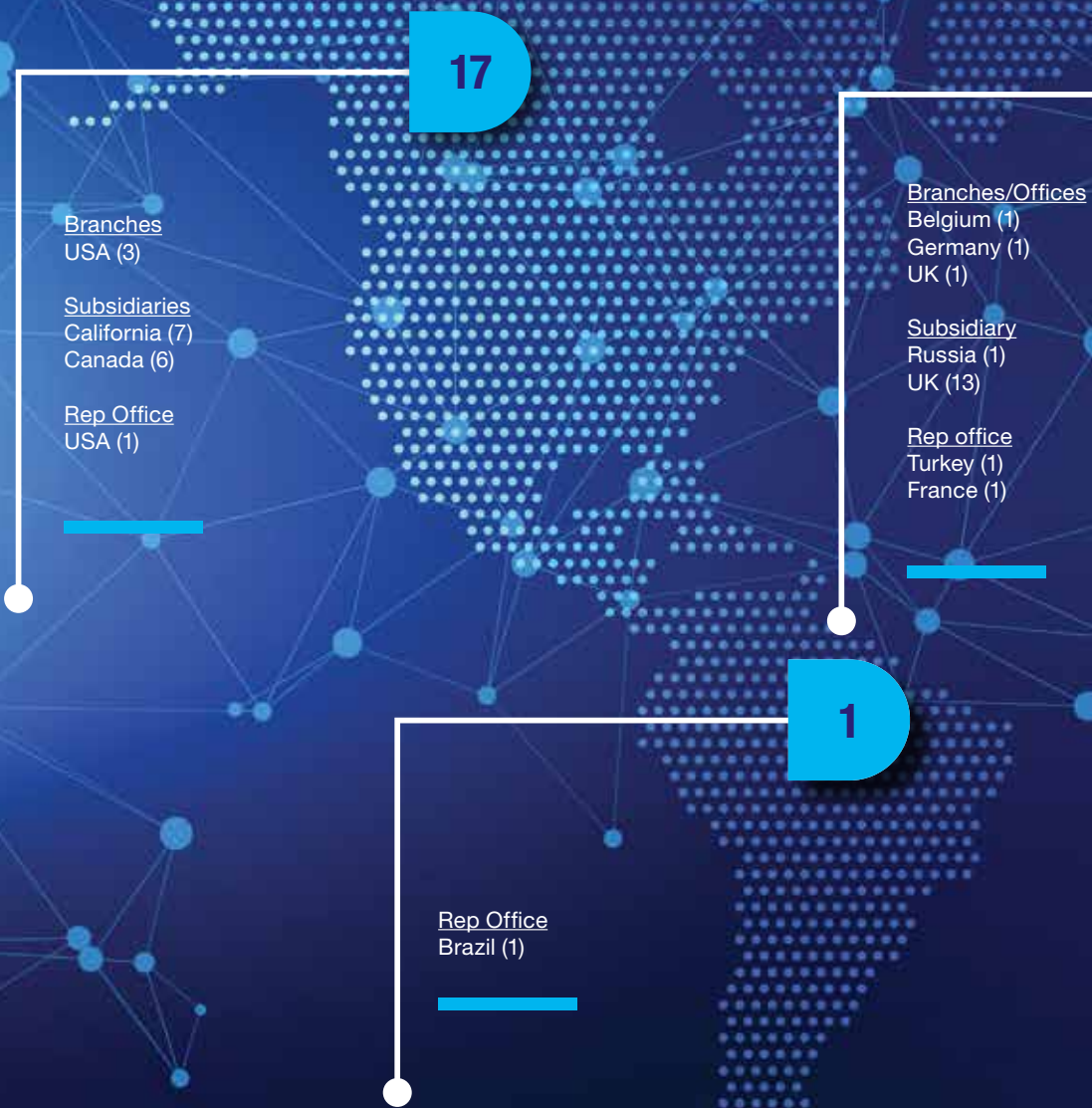
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## C. INTERNATIONAL BANKING OPERATIONS





Branches/Sub Offices

China (1)  
S. Korea (1)  
Japan (2)  
India (1)

Branches/Offices

Maldives (4)  
Sri Lanka (5)  
Bangladesh (18)  
Myanmar (1)  
Singapore (6)  
Hong Kong (1)

Subsidiary

Indonesia (11)  
Nepal (108)

Joint Venture

Bhutan (1)

Rep Office

Philippines (1)

19

161

13

20

Branches/Offices

Bahrain (3)  
UAE (2)  
Oman (1)  
Israel (1)

Rep Office

Iran (1)  
UAE (2)

Exchange Co.

Oman (2)  
UAE (1)

Branches/Offices

S Africa (3)

Subsidiary

Mauritius (15)  
Botswana (1)

Investment

Nigeria (1)

2

Branches/Offices

Australia (2)



Foreign Banking Subsidiaries / Joint Ventures	ShareHolding(%)
<b>Subsidiaries</b>	
State Bank of India (California)	100.00
SBI Canada Bank	100.00
State Bank of India (UK) Limited	100.00
Commercial Indo Bank LLC	60.00
SBI (Mauritius) Limited	96.60
Bank SBI Indonesia	99.00
Bank SBI Botswana Limited	100.00
Nepal SBI Bank Limited	55.00
<b>Foreign Non-Banking Subsidiary</b>	
SBI Servicos Limitada, Brazil	99.99
<b>Joint Venture</b>	
Bank of Bhutan Limited	20.00

International Operations of your Bank have been guided by the overarching principle of supporting global Indian corporates and Indian diaspora spread across the geographies. However, the focus of the bank 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) and supported by the Deputy Managing Director (IBG) for its overseas operations.

## GLOBAL PRESENCE

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 233 offices in 32 countries, your Bank 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.

During FY2020, your Bank has consolidated its overseas operations to achieve capital conservation, cost efficiencies and synergies in overseas markets. Your Bank has rationalised its overseas operations by closing four branches- Nassau (Bahamas), Paris (France), Jeddah (Saudi Arabia), Tianjin (China) and merged two branches- Gulshan (with Dhaka, Bangladesh) and Verdun Road (With Little India, Singapore). During this period, a Sub-Office was started in Melbourne to increase our share in remittance and Trade Finance business. Representative Office at Paris and an extension counter at Motijheel (Bangladesh) were also operationalized. Also, 6 India Visa Application Centres (IVAACs) were opened in Bangladesh at Thakurgaon, Brahmanbaria, Comilla, Sathkira, Bogura and Naokhali. Further, in line with your Bank's growth strategy in SAARC region, Nepal SBI Bank Limited, a subsidiary of your Bank has opened 22 offices. Thus, 9 foreign offices of SBI and 23 offices of overseas subsidiaries have been added during the FY2020.

### The breakup of overseas offices of our Bank:

	Overseas Offices as on 31.03.2019	Offices opened during last 12 months	Offices closed during last 12 months	Overseas Offices as on 31.03.2020	SBI Overseas Branches Business Volume
Branches / Sub-Offices / Other Offices	57	8	7*	58	USD 58,422 Mio
Subsidiaries	(9)	0	0	(9)	
Offices of Subsidiaries	140	23*	0	163	Net Profit USD 471 Mio
Representative Offices	6	1	0	7	
JV/Associates / Managed exchange Cos /Investments	5	0	0	5	
<b>Total</b>	<b>208</b>	<b>32</b>	<b>7</b>	<b>233</b>	

\*Includes extension counter shifted to State Bank of India (UK) Ltd. (Subsidiary)

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## 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. In 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).

Your Bank has sanctioned Foreign Currency loans to the tune of USD 9.2 billion to Indian related corporates and USD 11.35 billion loans to overseas entities. In the field of Energy, your Bank has provided a funding of USD 1.82 billion to oil companies, which have significant strategic importance for India, in terms of augmenting India's Energy Security amid unstable Crude and Forex prices.

## 2. TRADE FINANCE

SBI 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. Global Trade Department (GTD) facilitates and supports our Foreign

Offices (FOs) for an orderly growth of Trade Finance portfolio. GTD formulates policies and innovates new products for FOs as per changing regulatory norms and market demands. It takes a lead in introduction of new technologies to improve service quality in Trade Product offerings viz., LC discounting, Secondary Market Participations in Bank / Corporate Risk, India centric Trade Credit, ECA/ MLA backed Trade Finance, Supply Chain Finance program, Letters of Credit, Bank Guarantees etc. Robust Trade Finance technology solution for back end operations with a customer interface and AML / CFT compliance solution integrated to it is available at all FOs.

GTD facilitates Trade Credit to Indian Corporates for their imports by centralized handling of Quote process. It plays an important role in synergizing business flows between Domestic and Foreign offices for maximizing returns. It also organizes Trade related workshops/ Conferences, by partnering with BAFT (Bankers Association for Finance and Trade), GTR (Global Trade Review) etc., which provide a good platform for Trade Finance operating officials to acquaint with latest trends in Global Trade Finance market. Further, Workshops are also organized by partnering with ICC, FIEO etc to provide platform for networking with Exporters/ Regulators/ Industry majors.

The department co-ordinates with Ministry of Defense for their Bank Guarantees and other Trade Product services through our FOs.

Trade finance business has a contribution of ~ 27% in the IBG advances portfolio and it contributes ~12% to Non-Interest Income.

SBI has been recently awarded “The Best Trade Finance Provider (India) –2020” for eighth consecutive year by Global Finance Magazine.

## 3. OVERSEAS TREASURY MANAGEMENT:

Treasury Management Group (TMG) at International Banking Group undertakes following functions for Foreign Offices:

- Liquidity Management
- Dealing Room Operations
- Investments

TMG-IBG manages overall liquidity portfolio of IBG and also monitors ALM ratios. TMG is the nodal department for raising Long and Medium-Term Funds through Bond Issuance (MTN/ Standalone 144A), Syndicated Loans etc. During the FY, your Bank did not go for



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any public bond issuance/ syndicated loan. TMG has utilized various means of borrowings in small tranches, to keep the cost of resources in check. Further, TMG in its endeavor to optimize the cost of resources has prepaid USD 1.325 Bn borrowings (in four parts) and replaced it with lower cost resources. TMG has issued bonds through private placements of USD 380 Mio in three tranches including USD 100 mio through Green Bonds, which demonstrates bank's ability to adapt to different market conditions and funding requirements.

TMG manages IBG's Investment book, which currently stands at ~ USD 5.70 Bn. These investments are held in highly rated and liquid scrips which provide stable interest income for IBG with low/medium risk. The department monitors dealing rooms at major centres, in order to facilitate Money Market, Forex and Derivative functions at FOs. Currently there are four major dealing rooms at London, New York, Hong Kong and Bahrain who work on a hub and spoke model to help smaller Foreign Offices in their operations. Dealing operations also provide hedging solutions to balance sheet in optimum manner.

#### 4. FINANCIAL INSTITUTIONS GROUP – CORRESPONDENT RELATIONS

The Group facilitates linkages of the Bank with international stake-holders viz. Correspondent Banks, Foreign Govt. Agencies and Developmental Financial Institutions, International Chamber of Commerce etc. on one side and facilitates synergy between IBG and other Business Verticals such as Corporate Accounts Group, Commercial Clients Group, Global Markets and National Banking Group on the other side.

- FIG continues to leverage on the Bank's correspondent network of 227 Banks in 56 countries to deliver tailored financial solutions for its global customers.
- FIG adopts data driven approach for enhancing business relationship with the Correspondent Banks with a single-minded proposition to deliver value for the corporates and end customers. It embraces sustainable

technological advancements and evolving risk framework in dealing with the Correspondents.

- FIG strives to make SBI the Correspondent Bank for all Indian Public sector and private sector banks by utilizing its global presence.
- IBG Correspondent Banking policy is refined at regular intervals incorporating the latest trends in Correspondent Banking and based on learnings of adverse operational deficiencies faced by Financial Institutions.
- More than account relationships, FIG product focus areas have widened to Trade Finance, Credit, Treasury, Debt Capital Markets, Forex Business, Transaction Banking, Remittances and Currency Clearing.

#### 5. INTERNATIONAL BANKING-DOMESTIC (IBD)

IBD at IBG serves as a single point of contact between the Domestic Offices and Foreign Offices in areas related to Trade Finance and International Banking. IBD thus contributes to synergize Forex business flows from Domestic Offices to Foreign Offices/ Foreign Correspondent Banks and trading community by acting as a robust link between them and addressing related gaps.

Centralized Co-ordination Cell for processing Inward Foreign Bank Guarantee (CCC-FBG) for processing Inward and outward Foreign Bank Guarantees under IBD provides a one stop solution for Correspondent Banks/ Foreign Offices/ Domestic Banks/ Domestic Offices seeking Foreign Bank Guarantees based on their counter Guarantees.

IBD is instrumental in improving FEMA compliance across the Bank. It ensures timely submission of RBI/FEMA related returns and facilitates system related enhancements and updations with regard to FEMA/ RBI guidelines. IBD is also involved in introducing latest technological tools and product innovations.

#### 6. RETAIL AND REMITTANCES STRATEGY

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



Ms. Nirmala Sitharaman, Hon'ble Finance Minister of India, Mr. Randal Quarles, Vice Chair for Supervision- Federal Reserve Board, USA interacting with Mr. Rajnish Kumar, Chairman SBI at the SBI Reception during World Bank/IMF Annual meetings 2019 at Washington DC.



- YONO SBI, one of the most ambitious and secure digital offering of the bank has now been extended to customers at our overseas offices. YONO SBI UK has been successfully launched in September 2019 and has already seen significant acceptance from the customers.
- YONO Global is scheduled to be rolled out across 10+ geographies in 2020.
- Remittance business strategy was re-imagined by focusing on developing various 'area specific Payment and Remittance Corridors', like Mauritius to Bangladesh in BDT (Bangladeshi Taka) and Gulf to Nepal (NPR).
- Open Banking project for opening up of Bank's Customer/Account information through API's to third party service providers has been successfully implemented in four Foreign Offices (UK, Germany, Antwerp and Bahrain) during FY2020.

## 7. GLOBAL PAYMENTS AND SERVICES

Global Payments & Services (GP&S), a unit under International Banking Group (IBG), comprises three branches/offices viz., Global Link Services (GLS), International Services Branch Mumbai (ISBM), and International Services Branch Ernakulam (ISBE). It facilitates online inward remittances from overseas locations to India, Foreign Currency Cheque collection, Opening & 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, one Money Service Business and six Banks for channelizing inward rupee remittances from overseas to India.
- During FY2020, GP&S on behalf of domestic branches handled 64,823 Export bills (in USD and Euro) and 35,454 Foreign Currency Cheque collection aggregating to USD 16.431 billion.
- During the same period, GP&S handled 10.387 million online inward remittance transactions amounting to USD 6.797 billion, received from various global centers.

- 175 Vostro Accounts for different Correspondent Banks/ Exchange Companies/ SBI Foreign Offices are maintained.
- Pan India Nodal Office for handling ACU transactions for SBI.

## 8. 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:

- For ensuring optimal distribution of excess volume of transactions or traffic seamlessly, the High Availability (HA) project was initiated. HA implementation in Finacle Core and Connect 24 has been rolled out in all FO's. This is expected to enhance the availability of systems and eliminate possibilities of breakdowns.
- Automation of Regulatory reports through Oracle Financial Services Analytical Application (OFSAA) for our Foreign Offices has commenced and this year, the automation of regulatory reports of our South Africa operations has been completed. More FO's are now being taken up under this project for automation of their Regulatory reports.



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- Open Banking project for opening of Bank's customer/account information through API's to third party service providers as per PSD2 directives has been successfully implemented in four FO's namely UK, Germany, Antwerp & Bahrain during 2019-20.
- Automation of the Ind As Financial Statements has been taken up during the year. The gamut of work under the IFRS Ind AS project would include the automation of the Risk Model (For PD/LGD) developed by our Risk department and consolidation of IBG Balance sheets through OFSAA.
- A Centralized Back Office for Foreign Offices is being contemplated as a strategy for optimization of Capital and reducing costs through efficient deployment of Human Resources. The proposed model is to have a BPO in a premised owned/leased by SBI within Bank's network and directly under control of IBG. The BPO will handle the entire transaction life cycle associated with the transaction making/data entry to be handled by outsourced employees and checker/authorizer functions to be handled by Bank's Officials.

### 3. COMMERCIAL CLIENTS GROUP (CCG)

#### A. COMMERCIAL CLIENTS

The CCG vertical is headed by a MD and supported by two DMDs, five CGMs and nine CCG Regional offices (CCGROs) headed by GMs. The vertical services the credit needs of select large corporate clients. The very large ones are serviced by CAG. The mandate of the vertical is to cater to all needs of this segment of corporate clients, to manage associated risks and sustain growth. There are 48 CCG branches of which one of them caters to the needs of capital market participants such as brokerage houses and manages IPOs.

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.

CCG Mar'19 & Mar'20 Levels are as given below:

Levels	(₹ in crore)	
	FY 2019	FY 2020
Non-food Advances	400,909	409,589
CASA Deposit (%)	24.73	26.12
Avg Business per employee	146.69	153.56
Other Income (excluding income from AUCA recovery)	2,619	2,707
Pre -TPM Operating Profit	32,478	32,699

CCG has launched YONO for business customers. This is designed to provide a best in class, user-friendly digital platform for Corporates for transaction banking as well as Trade Finance Business.

The group continues to provide a robust platform to its customers for Trade Finance and Forex business. We are in the process of setting up centralized processing cells (CPCs) to process all trade finance transactions of the Bank. These CPCs will increase efficiencies in a) Delivery – better TAT, information flow and customer satisfaction – b) Regulatory compliance and c) Housekeeping.

Digital Interface on Pricing and Knowledge (DIPAK) a new pricing tool has been made available to Operating functionaries and Sanctioning Committees in order to enable data - driven pricing of our Corporate Loans. This has been rolled out in all the branches in CCG.

#### B. PROJECT FINANCE AND STRUCTURING SBU

Your Bank's Project Finance and Structuring Strategic Business Unit (PF&S SBU) deals with the appraisal and arrangement of funds for large capex-heavy infrastructural projects, such as in Power, Roads, Ports, Railways, and Airports. It also covers other non-infrastructure capex-heavy projects in industrial sectors such as Metals, Fertilisers, Cement, Oil and Gas, amongst others. PF&S SBU also provides support to other verticals in vetting their large ticket term-loan proposals. To strengthen the policy and regulatory framework for financing infrastructure, your Bank

shares its views as a lender with various Ministries of Government of India and the RBI, on subjects relating to new policies, Model Concession Agreements and broader issues faced within the infrastructure finance space.

Recently, there has been stepping up in investment in the infrastructure sector by the Government, along with various sectoral reforms and incentives, which has resulted in an inflow of new projects, particularly in industries such as City Gas Distribution, Roads, Power Renewables among other sectors. The infrastructure space is expected to experience a further fillip with the introduction of the National Infrastructure Pipeline (NIP) being created with an investment of ₹ 102 lakh crore to support around 6,500 infrastructure projects across sectors. The emergence of COVID-19 is undeniably a human tragedy and is expected to have an impact on all the sectors of the economy. Your Bank is closely monitoring all the projects under implementation and expects to tide over its impact in the short to medium term.

Marking a shift towards a 'Originate to Distribute' business model, a Structuring Team was set up at your Bank's Project Finance and Structuring Strategic Business Unit (PF&S SBU). This team is providing customised structuring solutions for financing of projects, while keeping the Return on Equity from the transaction a priority. Experienced professionals are being recruited from different industries to provide Structuring Solutions to your Bank's clients.



Kempegowda International Airport Bengaluru  
Financed by your Bank



Hindustan Urvarak and Rasayan Ltd, Sindri Urea Project  
Financed by your Bank



Metro Rail Project  
Financed by your Bank



Wind Power Project  
Financed by your Bank

## 4. STRESSED ASSETS MANAGEMENT

1. The movement of NPAs in the Bank and recovery in Written-off accounts during the last Four Financial years are furnished below:

	(₹ crore)			
	FY2017*	FY2018	FY2019	FY 2020
Gross NPA	1,77,866	2,23,427	1,72,750	1,49,092
Gross NPA%	9.11%	10.91%	7.53%	6.15%
Net NPA%	5.19%	5.73%	3.01%	2.23%
Fresh Slippages + Increase in O/s	1,15,932	1,00,287	39,740	54,510
Cash Recoveries / Up-gradations	32,283	14,530	31,512	25,781
Write-Offs	27,757	40,196	58,905	52,387
Recoveries in AUCA	3,963	5,333	8,345	9,250
PCR	61.53%	66.17%	78.73%	83.62%

\*Post-Mergers

2. Over the last few years, there has been a significant rise in the Gross Non-Performing Assets (GNPA) in the Banking Industry. According to the Financial Stability Report of RBI for December 2019, in a sign of possible recovery from the impaired asset load, GNPA ratio of SCBs remained stable at 9.3% as on 30<sup>th</sup> September 2019 vis-a-vis 31<sup>st</sup> March 2019. It showed a substantial improvement over GNPA ratio of 10.8% in September 2018. Macro-stress tests for credit risk show that under the baseline scenario, SCBs' GNPA ratio may increase from 9.3 per cent in September 2019 to 9.9 per cent by September 2020 primarily due to change in macroeconomic scenario, marginal increase in slippages and

the denominator effect of declining credit growth.

3. A large spurt in NPA Level during FY2021 was anticipated under the backdrop of COVID19. To counter this, your Bank is taking several pre-emptive measures in extending assistance to its borrowers, so that they can face the current challenges and continue as performing assets. However, the level of NPA by the end of March 2020 significantly declined as a result of the continuous reduction of GNPA through FY2019 and FY2020 due to the following factors:

I. The Insolvency and Bankruptcy Code (IBC) 2016, for the resolution of Stressed assets, has provided your Bank with a time bound, transparent and effective mechanism to tackle stressed assets. The Bank has achieved resolution in some of high value NPA accounts referred to the NCLT under the Code. The cases referred to the NCLT are monitored by a specialised NCLT cell at SARG. A total of 821 cases were referred to the NCLT as on 31<sup>st</sup> March 2020, out of which 662 cases have been admitted. Your Bank has been able to resolve and recover an amount of ₹12,024 Crore in the account of a single big borrower through the NCLT process. Furthermore, 82 cases have been resolved, including some high-value accounts from RBI's 1<sup>st</sup> & 2<sup>nd</sup> reference lists.

II. RBI's 7<sup>th</sup> June 2019 circular on prudential framework for resolution of high-value distressed assets has provided a new avenue for time-bound resolution of these accounts (out of NCLT process). Your Bank is actively exploring resolution under this mode.

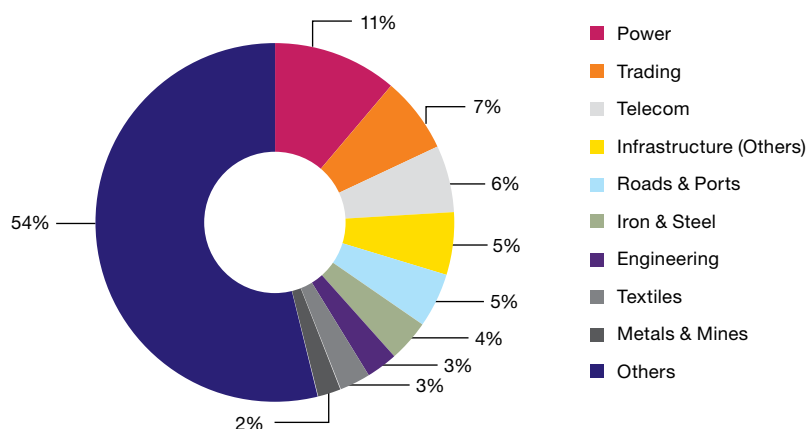
III. In non-NCLT cases, recovery is being actively explored through action under the SARFAESI Act and filing of suits in DRTs and Courts. The sale of mortgaged properties is being explored through the common e-Auction Platform <https://ibapi.in> ("e-भक्रय" - Indian Banks Auction Properties Information) under the aegis of the IBA. The OTS/Compromise route is also being explored for the recovery of sticky loans from eligible cases.

4. In line with Government of India Reforms Agenda for Responsive and Responsible PSBs, SAMG was revamped as Stressed Assets Resolution Group (SARG) for providing focus on resolution of NPAs with sector specific approach. At present, the vertical is headed by Managing Director, supported by Deputy Managing Director and three Chief General Managers

overseeing the sector-wise portfolio. The Account Management Teams functioning under the guidance of seven General Managers. As on March 2020, SARG has 19 Stressed Assets Management Branches (SAMBs) and 53 Stressed Assets Recovery Branches (SARBs) across the country, covering 61.26% and 86.03% of your Bank's NPAs and AUCA, respectively.

Industry wise distribution of the NPA portfolio (as on 31<sup>st</sup> March, 2020) is represented as under:

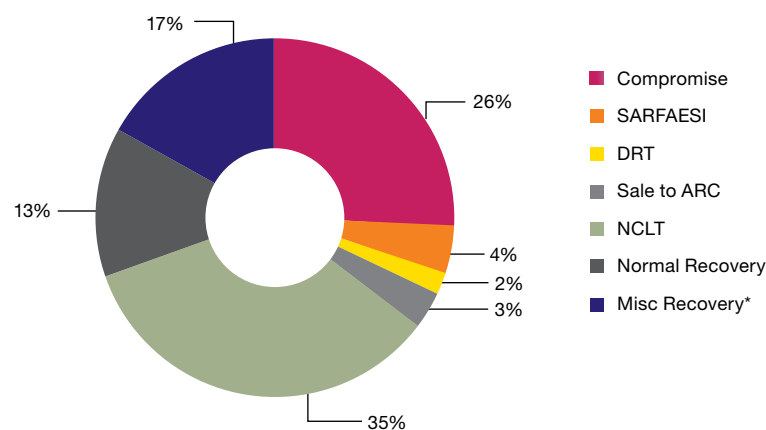
**NPAs - Whole Bank**



5. A significant portion of the recovery at SARG comes from Compromise and NCLT. The vertical also implements special OTS schemes (Non-discretionary and Non-discriminatory) from time to time.

A team has been set up to look after the sale of Assets to Asset Reconstruction Companies (ARCs) on Cash and/or Security Receipts (SR) basis.

**Mode of Recovery - Whole Bank - FY20**





6. A Special Situation Team of experts in credit monitoring and resolution has been constituted at SARG for the accounts of ₹ 500 crore and above in SMA2 and above categories. This helps in monitoring and putting in place resolution plan from the very beginning of default and to take proactive resolution measures at an early stage of default.
7. Today, SARG stands as one of the most important verticals of your Bank and the GNPA of your Bank is on course of a downward journey. Resolution of stressed assets by SARG presents the following latent income generating avenues for your Bank:
  - Cash recovery in NPAs and AUCA;
  - Reduction in loan loss provisions;
  - contribute to your Bank's bottom-line.
  - Unlocking the capital for credit extension.
8. 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 and identification of un-encumbered properties of the borrowers / guarantors and arranging for attachment of properties before

judgement. Various new IT initiatives are being introduced including LITMAS (Litigation Management System) for better monitoring of legal recourses undertaken in the stressed account for expediting recovery. A public interface for OTS/Compromise has been developed and rolled out on 28.02.2020 for creation of transparent and robust one-time settlement mechanism. It will further strengthen the transparency and efficiency in the process.




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## IV. SUPPORT AND CONTROL OPERATIONS

### 1. HUMAN RESOURCES AND TRAINING

#### A. HUMAN RESOURCES

Your Bank believes that its employees are instrumental for achieving all its present and future organisational goals. Human Resources Management of your Bank goes beyond the routine and encompasses all aspects of people management by building a positive work culture that is aligned to the business goals of your Bank. State Bank of India believes that its people are its strength and will be pivotal in helping your Bank face the new challenges on the fronts of knowledge, technology, and changing trends in the national and global economies.

Your Bank is taking full initiatives in effectively designing and implementing various HR policies, procedures, and programmes for developing and managing knowledge, skills, creativity, aptitude, and the optimal use of talent. The HR function is placing focus on the strategic utilisation of employees and the measurable impact of an employee's performance on the business. Your Bank continuously aligns its strategies with the ever-changing aspirations of your Bank's workforce, to increase efficiency and promote a participative work culture in the organisation.

short and eventful journey so far has seen setting up a solid structural ethical framework, recrafting, and internalisation of the values of STEPS and formulation of the Code of Ethics. Firmly believing that the best culture is an ethical culture, your Bank has been running a host of initiatives to percolate ethical values by leveraging technology to touch base with close to 2,00,000 employees on a daily and weekly basis. The idea is to make a positive change by fostering an ethical, inclusive, and empathic environment for all employees and stakeholders at large. Simultaneously, on the Business Conduct and Discipline Management front, your Bank has taken a host of measures to infuse the necessary confidence in its staff to make proper commercial decisions in discharging their duties. It also aims to enhance the level of managerial efficiency and effectiveness in your Bank.

### 2. PRODUCTIVITY ENHANCEMENT INITIATIVES

Your Bank adopts a Branch Manpower Model for Manpower Planning and to ensure optimal utilisation of Human Resources. The Model is based on the productivity parameters at the branches such as 84 work-drivers of operations, transaction load factors, number of advance accounts, feedback from the operating units and organisational

Your Bank's Career Development System (CDS) under project "Saksham" has been highly successful in ensuring a credible data-backed performance evaluation process. The system ensures strong accountability, performance visibility and greater alignment between individual and organisational goals. CDS has brought in a fair and transparent system driven process for assessment of performance, which also helps in developing employees through a detailed annual competency mapping framework.

To drive a cultural change in your Bank, mid-year online feedback process was launched for all officers. This helped in aligning the achievement and goals for the remaining two quarters of the Financial Year. This will also facilitate the mapping of skill sets of officers.

For a bank with a large footprint and diversified set of roles, specialised skills are very fundamental to drive success. To ensure in-depth domain knowledge and to foster expertise, your Bank has defined career paths for its officers in Scale-II to V as per seven Job Families viz. Credit and Risk, Sales, Marketing and Operations, HR, Finance and Accounts, Treasury and Forex, IT and Analytics.

Your Bank has introduced a 'Special Allowance for Credit Officers', for officials working at specialised positions in high value Corporate and SME credit. It will help your Bank to attract and retain employees for working in the area of credit. It is designed to keep them motivated, and make them focus on the consistent enhancement of skills and will further strengthen the ability of your Bank to create a pipeline of enthusiastic officers for credit roles.

"SBI GEMS" is a mechanism to promote recognition and develop organisational memory of the exceptional performance is in place within your Bank. This helps motivate the performers in your Bank to achieve high benchmarks.

Your Bank has in place a policy on Succession Planning for the Senior Leadership positions to ensure a smooth transition at all the critical executive-level positions. Succession Planning exercise for all DMDs, CGMs, GMs, and critical profiles have been taken up during FY2020.

The summarised HR Profile of your Bank as on 31<sup>st</sup> March, 2020 is as under:

Category	31.03.2019	31.03.2020
Officers	1,08,113	1,06,361
Associates	1,05,440	1,03,134
Subordinate staff and Others	43,699	39,953
<b>Total</b>	<b>2,57,252</b>	<b>2,49,448</b>

### 1. VISION, MISSION AND VALUES

It has been three years since your Bank, in a first for the Indian Public Sector and Banking landscape, took the seminal step of establishing an independent Ethics and Business Conduct Vertical headed by a Chief Ethics Officer. The

structure, amongst others. Your Bank has also streamlined its promotion and transfer process, which were completed in the First Quarter of a Financial Year. This will give the required assurance and stability to the branches and other units to actively focus on business activities, during the major part of the year.

### 3. RECRUITMENT

Your Bank has streamlined the recruitment process with the implementation of a regular recruitment calendar and by leveraging IT. During FY2020, your Bank has recruited 2,201 Probationary Officers and 8,938 Junior Associates. Your Bank is also actively recruiting specialised talent on lateral and contractual basis in the areas of Wealth Management, IT, Information Security, Risk, Credit, amongst others, to meet the demands of the fast-changing business landscape and also to meet the regulatory requirement.

Your Bank is making extensive use of digital platforms in the recruitment process to reach out to a broader pool of candidates. Advertisements and recruitment notifications are being published on LinkedIn, Naukari.com, iim.jobs, Facebook and Instagram. The use of social and digital media in your Bank's recruitment process has enabled your Bank to reach out to a larger pool of tech-savvy and aspiring candidates. Your Bank has also tied up with professional bodies such as ICAI to reach out to a good talent pool of candidates for specialist positions.

### 4. EMPLOYEE ENGAGEMENT INITIATIVES

**'Sanjeevani':** The 'Sanjeevani' helpline for redressal of Staff grievances launched in January 2018, was extended to Bank pensioners during the 2<sup>nd</sup> quarter of FY2019. An integrated Sanjeevani portal has been activated in January 2020, to create a more robust Staff Grievance Redressal Mechanism. "Sanjeevani" now also provides counsellor support, a measure expected to bolster employee morale.



**"Abhivyakti":** Your Bank also conducted the most extensive employee engagement initiative called "Abhivyakti". The purpose of this exercise was to understand the pulse of the employees to find out what drives employees to perform at their best, and what puts them off. The initiative included a record participation of 1,91,881 employees, making the survey one of the

largest in corporate India. It provided your Bank great insights for drawing up an appropriate one-year action plan for implementation up to the grassroots level. This initiative was oriented to enhance the overall engagement level and performance of SBI. Your Bank will continue to take measures to keep employees satisfied and happy, while

motivating them to continually strive towards realising its mission.

## 5. GENDER DIVERSITY

Gender sensitivity and inclusiveness have always been the cornerstone of your Bank's HR policy. During FY2020, the representation of women out of the total workforce reached 25.28%. Women employees are spread across all geographies and levels of hierarchy. At SBI, women officers today head more than 3,500 branches. Your Bank has taken several proactive steps to provide a safe and conducive work environment for its women employees, and for enabling them to work without fear of prejudice, gender bias or sexual harassment. The mechanisms for dealing with complaints of sexual harassment in an effective and time-bound manner are well established.

## 6. RESERVATIONS AND EQUAL OPPORTUNITY

Your Bank meticulously follows the GOI directives on Reservation Policy for SC, ST, OBC, EWSs and PWD. It has a representation of SC, ST, OBCs and differently-abled persons among all the cadres of its workforce. Furthermore, it has implemented reservation applicable to "Economically Weaker Sections" in direct recruitment w.e.f. 1<sup>st</sup> February, 2019 in terms of the GOI guidelines.

Representation as on 31<sup>st</sup> March, 2020

S No	Cadre	Total	SC	ST	OBC	DAPs*
1	Officer	1,06,361	18,930	8,810	21,296	1,973
2	Clerical	1,03,134	16,625	8,418	25,496	2,330
3	Sub-Staff	39,953	9,867	2,506	9,617	251
	<b>Grand Total</b>	<b>2,49,448</b>	<b>45,422</b>	<b>19,734</b>	<b>56,409</b>	<b>4,554</b>

\* Differently Abled Persons

## 7. INDUSTRIAL RELATIONS AND STAFF WELFARE

Your Bank enjoys a harmonious relationship with the Staff and Officers' Federations. It has continuously emphasised a good and healthy work environment, mutual respect and empathy at the workplace, with encouragements for an excellent work-life balance to foster a healthy and happy workforce.

Your Bank took several transformative initiatives during the year in the area of staff welfare. These initiatives are crucial to ensure that your Bank remains at the forefront of banking in India, and its employees are equipped to meet the challenges of tomorrow. To strengthen your Bank's long-term relationship with its employees and to promote a sense of belongingness among them, your Bank is committed to taking care of its employees and their family members. Your Bank has introduced a scheme "ATOOT" to provide for immediate support to the family of a deceased employee. The scheme provides financial support for funeral expenses, and special assistance for the transportation of mortal remains in case the death occurs away at a distant location.

## 8. CARE FOR RETIRED EMPLOYEES

The well-being of retired employees continues to be important to your Bank, and several measures were initiated during the year for their benefit. Medical Benefit Schemes for retirees were revamped to provide healthcare at an affordable cost. Pension, PF and Gratuity processing and payment for erstwhile Associate Banks' employees were migrated to HRMS, to ensure smooth, efficient, and on-time processing and payment of terminal benefits.

## B. STRATEGIC TRAINING UNIT

### INCULCATING A LEARNING CULTURE IN THE ORGANISATIONAL PSYCHE

Your Bank has created a macrocosm of training expertise and infrastructure, comprising of six domain-specific Apex Training Institutes (ATIs) and 51 Regional State Bank Institutes of Learning and Development (SBILDs), with a classroom training capacity of 4,200 staff per day.

The domain-specific ATIs design trainings as per the internal business needs and external demand. Their clientele spans several sectors and organisations, including various Government agencies, domestic and international banks and corporates.

In addition to Capacity Building through webinars and classroom trainings, the ATIs also act as think tanks for the Bank and mentors for the SBILDs. They train the Faculty of the SBILDs that, in turn, provide holistic training to approximately 2,00,000 employees annually.

To consolidate and optimise the training resources and make employees future-ready, your Bank has introduced diverse new initiatives and comprehensive changes in the training system in FY2020:

### 1. DEDICATED CORPORATE COMMUNICATION PROGRAMME:

While the Phase -I of Nayi Disha was focused on employee centricity, Nayi Disha Phase II, introduced in FY2020, concentrated on customer centricity by equipping trainees with the required skillsets for providing excellent customer service at every stage of the service cycle. More than 2,34,000 employees were covered under this programme.

### 2. SPEARHEADING GOVT INITIATIVE:

Apprenticeship: As the leading Bank in the Country, State Bank of India pioneers in implementing apprenticeship training to lend a thrust to the GOI's Skill India Mission for creating a pool of skilled workforce in BFSI sector. The Pilot scheme was launched in FIMM Vertical of Chandigarh Circle.

High powered Industry engagements: Your Bank organised a conclave of CFOs of premier BFSI organisations, National Conference on Inclusive growth and MSME Conclave for GOI, CII, SIDBI, amongst others, for increased interface with external organisations, cross-pollination of ideas and a two-way exchange of policy and practices.

Customised programmes for BFSI professionals: Your Bank has opened up its training system to outside institutions



including Public, Private Sector and Foreign Banks and Government departments against a nomination fee. A revenue of ₹ 9.60 crore was generated through customised program offerings during the FY2020.

### 3. CREATING TRAINING JOURNEYS FOR RECRUITS

**Developing Probationary and Trainee Officers:** The whole Training Curricula and Assessment Process for Probationary Officers and Trainee Officers have been modified for providing a holistic perspective with particular emphasis on credit domain. In addition to classroom training, the emphasis was also on grooming and orientation recruits to the organisation culture. The mentorship policy was revisited to ensure a closer connect and support during probation.

**Onboarding of Clerical Staff (Junior Associates):** Training curricula and Approach for Junior Associates has been revamped to a two-stage institutional training. The curricula for these programmes incorporate Basic Banking with greater emphasis on developing a digital mindset. A Standard Operating Procedure (SOP) has been instituted for their training beyond classroom activities, much in line with that for Probationary Officers and Trainee Officers.

**Induction of System Officials:** Your Bank employs specialists having diverse technical skills for IT-related bank tasks. Accordingly, a policy on 'induction cum training' of System Officials has been formulated and put in place for enabling their seamless onboarding.

### 4. CAPACITY BUILDING FOR MIDDLE MANAGEMENT

**Role relevant Certifications:** The basket of Role-Based Certification programs has been increased to 59 in-house and 41 external certifications. Collaborative accreditations were designed and launched for niche areas like Digital Banking and Leadership. Around 95% of the officers and 93% of Award staff have completed role relevant certification in FY2020.

**Mandatory e-Lessons:** e-lessons on the domains of KYC/AML, Ethics, Compliance and CRM were prescribed to all employees up to AGM levels for promoting a compliance culture and ethically sound business practices.

**Acquisition of External Credentials:** The basket of external courses in technical domains was increased to 41 to enhance the professional expertise of officers handling niche areas.

**Supplementary Certification:** A course on "Digital Transformation & Leadership Development" was created to hone the skills of all Officials due for promotion in Scale III to Scale V. Nearly 75% of the eligible employees underwent this certification.

### 5. BUILDING A STRONG EXECUTIVE TEAM:

**Online Assessment Centre (OAC):** An Online Assessment Centre has been created for competency assessment of Top Executives. A Personalised Managerial and Leadership development Plan, that is, Individual Development Plans charting areas of strength and development have been made available to each participant. Total of 174 newly promoted DGMs have undergone online competency test.

**Succession Planning:** Specialised programmes have been introduced to deliver high-end training to the identified potential successors for Senior Positions to create a pool of future leaders. Five domains were identified for delivery of trainings, namely High Value Credit and Risk, Human Resources, Digital Banking and IT, International Banking and Global Markets, Retail Business and Operations. Your Bank has identified 318 officials and training in the respective domain have been imparted.

**Mandatory Learning for TEG Officials:** A basket of 125 edX certifications have been made available to them in addition to other internal and external certifications. These certifications help your Bank to keep the top executives abreast of emerging concepts that are relevant to Business Analytics, Soft Skills, Project Management, Leadership, Digital, Economic and Finance, amongst others.

**External Training:** Senior functionaries have been exposed to high end and focused external training. Such exposures are critical because their management views, approach and ethos have a significant impact on Policymaking in your Bank and large sections of employees.



Chairman, SBI receiving 'The Best Bank - India' Award at Global Finance Magazine Award function - 2019 at Washington DC.

## 6. NURTURING LATENT LEADERSHIP SKILLS:

Grooming of Officers for leadership positions starts at the inception. The Officers are trained in different leadership skills at different stages of their career path. In FY2020, your Bank groomed its young leaders through a Management Development Programme for Junior Officers. Operational Leadership Training was imparted to first time Regional Managers. All newly promoted DGMs and GMs were given Business and Strategic Leadership training.

## 7. REINFORCEMENT OF LEARNING:

### 'Just in Time Learning' askSBI:

With increasing banking complexity, frontline functionaries face new problems every day. Their essential knowledge requirement has been addressed by enhancing features and knowledge bank of the real-time search engine askSBI. Furthermore, for improved accessibility, knowledge repository has been made available on mobile through EMM platform. In FY2020, 85% of branches have utilised the facility.

### Social Learning "Online Case Study Discussion Board":

For building a virtual community of domain experts and promote peer group learning among employees, State Bank of India has launched a Discussion Board platform based on real-life case studies. The Discussion Board has been made platform agnostic with accessibility through multiple devices. More than 36,000 employees have accessed the forum within four months of its launch with >350,000 site visits.

### Gamification of Learning:

Daily Quiz capsule "My Quest Today": A regular quiz platform has been launched as brief knowledge refreshers on credit, emerging areas and Bank's guidelines. The number of participation hits in 'My Quest' has crossed 31,000 within two months of its launch.

**Play2Learn App:** A quizzing app was launched in FY2020 for a better experience and enhanced retention. A knowledge bank of 21,250 questions has been created for "Play2Learn", and the number of registrations has crossed the milestone of 10,000.

**Doorstep Training:** "Visiting Faculty Scheme": VFS has been enhanced to minimise workplace disruption. The faculty of SBILDs now participate in review meetings of Regional Business Offices (RBOs) to address the day to day operational doubts of customer-facing operations.

## 8. EMBRACING DIGITAL FOR EFFECTIVE OUTREACH

**Webinar:** All ATIs were equipped to conduct online Webinars on niche topics for upskilling of employees without causing workplace disruption.

### Certification leveraging Mobile

**Phones:** An App on the mobile platform has been launched for content delivery, and assessment - learners are assigned learning "Milestones" followed by quizzes for evaluation. It has proved hugely successful with employees due to optimal time utilisation.

**Cloud-Based LMS:** All e-content was migrated to cloud-based LMS-Meghdoot having user-friendly features for facilitating anywhere, self-paced learning.

**Digital Library:** A digital repository of 754 e-lessons, 477 e-capsules and 739 mobile nuggets together with a question Bank for self-assessment has been created. Employees can access all

e-lessons on new cloud-based learning management system 'Meghdoot', with user-friendly features for knowledge enhancement.

### e-Repositories:

**Case Studies:** A total of 1,329 thought-provoking case studies have been developed in-house and made available to employees for gaining practical inputs. The case studies are based on real-life banking scenarios and account experiences. They have been curated by a Content Vetting Committee for topicality, utility, interest engagement and data accuracy prior to making them available for employee use.

**Booklets:** 713 booklets with guidelines on diverse banking activities for the frontline staff have been hosted on the intranet. **e-Publications:** All the ATIs publish in-house journals and magazines for employee use. For example, Banking Briefs has been a prized publication, which is invariably sought by different layers of management as the best-in-class publication for a quick round-up of wide-ranging banking and finance topics.

## 9. INCLUSIVE TRAINING

New content on "Handling PWD employees" is being developed to promote inclusiveness at operating units. Specialised training was provided to 237 Visually Impaired and 73 Hearing

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COMES  
PRIORITY.

DEDICATED RELATIONSHIP  
MANAGER FOR OUR  
WEALTH CLIENTS.

**SBI** Wealth

For more details visit: bank.sbi  
Email us: wealth@sbi.co.in or  
SBS Wealth Name City to 567676 Follow us on

Impaired employees in co-ordination with Centre of Excellence, SBI Foundation.

## 10. BUILDING THE RESEARCH QUOTIENT

**Creating Domain Specialist Research Wings:** Domain specialist Research Wings have been created at all ATIs to address business-related concerns. More than 65 investigative studies were carried out by the Research Officers in FY2020, and 102 recommendations made in these studies were accepted for implementation by BUs.

**Post-Doctoral Research Fellows:** PDRFs have been recruited for innovative and high-end academic research activities relevant to the BFSI sector. The PDRFs have shared their research findings in National and International conferences. They have published their research works in leading journals to establish State Bank of India's footprint in the domain of BFSI research.

**Fine-tuning Summer Internship Policy:** The summer internship policy was revisited during the year and fine-tuned to engage students in business-relevant projects. Total of 305 students pursuing various educational courses in all top-level UGC/AICTE approved private, and Government institutes were engaged under the Summer Internship programme.

## 11. KEEPING THE MOMENTUM

Even though COVID-19 struck at the end of FY2020, your Bank's virtual learning tools ensured that continuity of training programmes were kept intact. A seamless transition to anytime learning and on-demand webinar classes were adopted extensively.

## 2. INFORMATION TECHNOLOGY

### A. NETWORK, ARCHITECTURE AND INFRASTRUCTURE

To ensure reduced downtime and seamless stable connectivity, your Bank onboarded two additional Telecom Service Providers (TSPs), taking its total TSP partners to eleven.

To have a single point of control and monitoring of Network, your Bank also established a Network Security Policy Manager (NSPM) during the year.

Using a comprehensive approach for the successful development and execution of IT strategy, your Bank also started an Enterprise Architecture (EA) journey for conducting enterprise analysis, design, planning, and implementation. Today, with strategically driven planning, analysis, design, and execution, your Bank has the best tools in the industry to support its enterprise architects, business and IT stakeholders,

"Meghdoot", your Bank's private cloud, which was commissioned in 2014, has been successfully delivering IAAS for 1000+ applications. It has the capacity to host 15,000 Virtual Servers with a scalable architecture to provide infra on demand and is on its journey towards establishing its PAAS (Platform-as-a-Service). Your Bank has its own first "State of the Art", "TIER- 3" Data Centre at a safe seismic zone (Zone2) in Hyderabad, equipped with nine layers of security.

Your Bank is rapidly consolidating all its physical servers located at 22,100+ SBI's Branches, to a central location with Data Centre Security in the virtual environment, resulting in power saving and thus reduced greenhouse gases.

Your Bank proudly holds the world's largest Oracle databases and has successfully upgraded to Oracle DB version 12c.

### B. PRODUCTIVITY AND EFFICIENCY

**Enterprise Mobility Management (EMM):** To increase the internal productivity, your Bank has adopted an EMM solution, which provides an 'office-on-the-go' tool for facilitating work from anywhere or anytime, enhancing employee productivity and efficiency.

**OFFICE 365:** Office365 provides a productivity suite of applications for the employees of your Bank. It is a platform for hosting internal application/workflows, which are helping your Bank to achieve a paperless work environment by providing automation of workflows.

**IT Service Management (ITSM):** It is another tool to monitor IT services for end-users providing Proactive Monitoring of IT Infrastructure by generating critical alerts to be resolved on a priority basis.

**SMS Seva- Appliance Based SMS gateway:** Your Bank has Single integrated system capable of handling 50,000 SMSs per second and 40 crore SMSs per day against the existing capacity of handling 5,000 SMSs per second and 12 crore SMSs per day, ensuring that customers gets their SMS alerts for critical transactions.

**User Experience Design Centre (UXDC):** Your Bank has state-of-the-art UXDC, the first of its kind in Public Sector Banking Industry. It aims to provide meaningful and relevant experiences to users. This involves the design of the entire process of acquiring and integrating the product, including aspects of branding, design, usability, and function. It ensures that your Bank's processes and products truly delight its customers, and keep on improving with time. Your Bank is also embarking in the field of augmented and virtual reality (AR/VR), to make more immersive designs for enhancing customer experience.

**Application Testing:** Your Bank ensures that each application undergoes a host of tests. Your Bank conducts rigorous performance testing to ensure that a new application meets the stated parameters in terms of responsiveness, scalability, reliability, resource usage and stability under high volume workload. As your Bank's network is spread across length and breadth of the country, it therefore experiences varying bandwidth availability at a different location. You Bank introduced throttle tests to determine whether applications perform well under varying network speeds. These tests can be used for developing lightweight applications that can perform well on low network bandwidth.

**Robotic Process Automation (RPA) Tool:** Your Bank also uses an RPA tool, which allows the configuring computer software, or a "robot" to emulate and integrate the actions of a human interacting within digital systems. RPA robots utilize the user interface to capture data and manipulate applications just like humans do. It communicates with other



systems to perform a variety of repetitive tasks. Your Bank is using UiPath for Automated Regression testing of various applications. This tool is 20-30% faster as compared to traditional automation testing tools. It does not require specialised automation engineers, thereby, saving significant cost in terms of times and money in the long run.

**Mobile Automated Testing (MAT) Tool:** Your Bank uses Appium, an open-source tool for automated testing of mobile apps on mobile devices such as (Android and iOS), tablets and iPads, amongst others. Appium makes mobile app regression easy as and when they are updated with new features and functionalities.

## C. YONO

During FY2020, the all-in-one digital platform YONO has been bolted with numerous additional feature-rich products, such as:

- Pre-approved paperless personal loan is offered online without the need to visit the branch
- Convenient fund transfer through BHIM UPI and QR Code
- YONO Cash that enables cardless cash withdrawals from ATMs and PoS as well as cashless shopping at multiple PoS
- 'Tap and Go' payments using wearables and smartwatch
- Online purchase of various financial products of your Bank's Joint Venture Companies (SBI Life, SBI Caps, SBI Cards, SBI Mutual Fund and SBI General Insurance) on a single platform. For example, customers can instantly avail life insurance cover up to ₹ 20 lakh

## D. ANALYTICS, AI AND MACHINE LEARNING

Addressing the critical pain points within the system, your Bank's Analytics Department is committed to deliver on its vision of becoming the Centre of Excellence and a Prominent Value Creative Department, by developing multiple Predictive AI/ML based Models. Over the last five years, the Analytics Team has matured and delivered various value creative models using the latest tools and algorithms in almost all the

areas of your Bank. During the past two years, 30+ Machine Learning Models have been developed in-house. A few examples of such products and models are:

**Business Areas:** Recommendation Engine for leads in various P-Segment Loans, Propensity Based end-to-end digital "Pre-Approved Personal Loan (PAPL)", 4-click SME Loan Product "Pre-Approved Merchant Loan (PAML)"

**Fraud and Risk Areas:** Models developed to detect suspicious ATM Fraudsters, Possible Money Laundering Activities in SB accounts

**Credit Risk Areas:** Models developed to identify Early Warning Stress Signals in both SME and P Segment loans

**Other Areas:** Models to identify Income Leakage, Cross-Sell and Up-Sell

Your Bank is also entering into new territories of developing AI and ML based models, such as digital lending to SME customers through the "Pre-Approved Business Loan (PABL)", Loans to BSBD customers, amongst others.

Your Bank's adoption of AI and ML is in alignment with the Gartner Hype Cycle, an industry-recognised tool that shows global technology trends in AI and ML. As directed, your Bank has outlined a "Board Approved Three Year Roadmap on the Adoption of AI and ML" in your Bank.

## E. BUSINESS INTELLIGENCE

Business Intelligence is the precursor to advanced analytics. Keeping this in mind, your Bank is introducing high value creative dashboards with visualisations, graphics, built-in intelligence, amongst others, that provides insights from the top to the grass-root level in all areas, facilitating quality decisions. The dashboards are designed to be available on all platforms, such as intranet, internet, iPad, Mobile, amongst others. The department is well on its way in its journey towards becoming the Single Source of Truth for your Bank. In this pursuit, it has developed several Master Dashboards and automated maximum number of data points to minimise data quality issues, meet RBI's stipulation of Element Based Reporting and various compliance and risk needs, thereby improving the

reputation of your Bank. The Department has also been instrumental in coming up with the Roop Rekha dashboard in alignment with the Government's vision of a US\$ Five Trillion Economy.

## F. CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Your Bank has implemented a State-of-The-Art CRM Solution for the integrated management of Sales, Service and Marketing activities. It captures customer interactions across systems and channels and provides a 360° view. It has built-in campaign management modules and ensures the timely delivery of service. The CRM solution has been widely used across your Bank with user logins crossing 30 lakh per month, covering more than 65% of users.

## G. DATA WAREHOUSE (DWH)

Over the last 10 years, your Bank's DWH has been instrumental in providing data across your Bank on a T+1 basis, connecting 71+ source systems. The DWH is equipped to meet the RBI's new direction with regard to "Element Based Reporting", by acting as a Central Data Repository of your Bank.

With the explosion of data, especially from the ever-expanding digital ecosystem, your Bank plans to set up a "Next-Gen Data-Warehouse" with state-of-the-art Architecture by December 2020 to provide Data on Demand and to address Data Quality and Data Integrity issues. This should strengthen the maturity of your Bank's Analytics Team in delivering increasingly innovative solutions in the future.

## H. DATA MANAGEMENT OFFICE (DMO)

Your Bank has become a pioneer in the Indian BFSI sector by establishing a robust Data Governance Structure and has set up the Data Management Office under the Chief Data Management Officer. The Data Governance Framework is being driven through an Apex-Level Data Governance Council (ADGC), supported by the Data Governance Council (DGC). This structured approach will reduce complexity and ensure data quality and security across your Bank, thereby enabling better utilisation of its Data Assets.

## I. ANALYTICAL PLATFORM FOR REPORTING, RISK AND COMPLIANCE

To optimise financial reporting and enable its risk and finance functions, your Bank has adopted a state-of-the-art financial analytics solution. This ensures data accuracy and provides insights into Profitability, ALM and Regulatory Compliance. It also optimises analytical business functions such as Economic Capital, FTP and Regulatory Capital. Your Bank is in readiness to adopt the IND-AS standard, expected to be effective from April 2020.

## J. EFFICIENCY

To reduce vendor concentration risk in its IT ecosystem and the related vendor dependence, your Bank has developed a number of in-house IT applications. These applications are expected to bring significant efficiency to your Bank. Some examples of such applications are:

- Budgeting and Expenditure Tracking Application (BETA)
- Partner Relations Management Software (PRMS)
- Generic Reconciliation Software
- CRIMMAR (Central Repository of Information and Monitoring-tool for Automation of Regulatory Reports)

## K. PAYMENT AGGREGATOR AND PAYMENT GATEWAY (E-PAY & PG)

Your Bank provides indigenous, unique, PCIDSS certified secured platform for facilitating seamless e-Commerce transactions between Business, Merchants, Customers and Financial Institutions, for various kinds of payment modes. The platform is provided through your Bank's Payment Aggregator (SBI e-Pay) and Payment Gateway (SBIPG) applications by integrating with thousands of Merchants on the one end and a large number of Payment Channels such as Banks, Wallets and Cards at the other end. SBIPG processes all debit and credit card transactions of Payment Aggregators, SB Collect, SBI-MOPS and YONO.

## L. PAYMENT SYSTEM (PS) AND CASH MANAGEMENT PRODUCT

Your Bank holds a major share in NEFT outward remittances with 25.73 crore transactions\* with over 9.38% market share. In RTGS, 1.79 crore outward transactions were effected during FY2020, implying a market share of over 11.95%. Your Bank, now, provides NEFT facility to all its customers on a 24x7 basis and using the secure SWIFT messaging platform for transmitting cross border financial and non-financial messages.

Your Bank has emerged as a Technology-Driven Platform for straight-through processing of bulk transactions of Corporates and Governments. During the year, your Bank has onboarded prestigious clients such as Railways, Department of Post, State Government such as Madhya Pradesh and Chhattisgarh. It has also taken mandates from clients such as India Bulls, Religare, Tech process, Bajaj Finserv, amongst others, to earn fee income and reduce the workload on branches.

## M. ALTERNATE DELIVERY CHANNELS

To provide seamless online experience, your Bank offers diverse digital banking services to ~681 lakh retails users, ~26 lakh corporate users, ~54 crore debit card customers and providing mobile app in nine regional languages (Gujarati, Marathi, Telugu, Tamil, Kannada, Malayalam, Punjabi, Odiya and Bangla).

Your Bank has introduced many new services such as:

- Real-Time Demand Loan for e-Commerce Transactions, OTP over email to Resident Indians added to RINB portal
- Pre-Approved Merchant Loan, Debit card authenticated onboarding for Saral customers and Account opening facility for non-individual accounts through CINB
- Online e-Mandate creation for payment of EMIs
- Integration with Merchants in the UPI Platform for providing financial services through online and QR Applications
- EMI@POS functionality
- National Common Mobility Rupay Cards on qSparc specification to ensures seamless mobility to commuters across the country



## N. CYBER SAFE

Your Bank is a vanguard in protecting customers conducting online and offline transactions. It achieves this by using enhanced measures such as Captcha at Login (image and voice) and the provision to Lock and Unlock INB access. It also helps customers to enable and disable UPI functionality through various channels such as CBS, Customer Request and Complaint Form, Internet Banking and YONO Lite, and Prepaid cardholders to set a limit as per their requirements. In addition to this, OTP based card withdrawal functionality has been introduced for Cash withdrawal transaction of above ₹ 10,000 from 8 PM to 8 AM. Your Bank's MVS-EPS-OMS is a solution to provide Uniform Customer Interface to implement standardised and regulated security policies at ATM endpoints and to expedite resolution. Your Bank has digitised the Parliament Canteens by providing Prepaid Cards to Members of Parliament.

## O. FOREIGN OFFICE AND TREASURY SUPPORT SERVICES

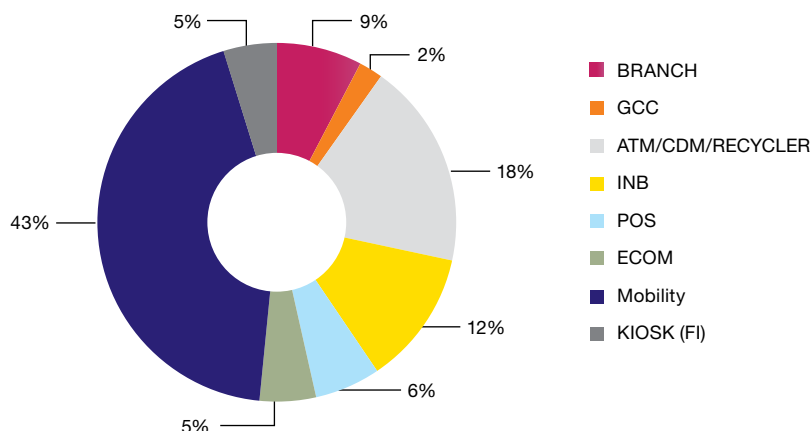
Your Bank has established an active High Availability Environment for applications viz. Finacle Core, Treasury and Connect 24, which ensures enhanced reliability, efficiency, productivity, security and scalability of applications, and seamless customer experience. It has also set up a BCP site for the dealing room, equipped with the latest infrastructure to ensure continuity in operations during disaster situations.

YONO SBI Global, a comprehensive mobile banking application with various attractive features, has been launched in the UK and Mauritius.

Your Bank has implemented Open Banking in UK, Germany, Belgium, and Bahrain in FY2019. Furthermore, the Internet Banking facility for corporate users has been launched in Sri Lanka and Germany.

Your Bank has extended the facility to integrate a corporate's forex business on the YONO platform along with the Exim Bills, where the entire documents management and workflows have been automated.

% Share of Alt Channels Apr '19-Mar '20



Number of Transaction (in Crore)

Branch	GCC	ATM/CDM/RECYCLER	INB	POS	ECOM	MOBILITY	KIOSK (FI)
106.32	24.88	246.53	158.16	77.62	67.10	578.00	63.13

## P. MERCHANT ACQUIRING BUSINESS-OPERATION (MAB-OPS)

During the year MAB-IT Op executed customer centric projects like YONO Cash@PoS and YONO Sale@PoS, Metro projects for enhanced customer delight in affecting payments to the merchants and EMI on SBI debit cards on Pinelabs managed terminal etc. to name few. As

per RBI, Your Bank is number 3 in terms of POS terminals deployed in the country with 6.73 lacs terminals (13.43% market share) as on 31-03-2020.

## Q. SPECIAL PROJECTS

Your Bank is working on several special projects to bring an enhanced banking experience to its customer. Some key initiatives include:

**KARO SAPNO KO TICK WITH JUST 4-CLICKS.**

Avail your Pre-approved Personal Loan with just 4-clicks only on yono.

**SAY YO TO BENEFITS:**

- Instant loan disbursement
- Hassle-free & 4-clicks process
- 24 X 7 availability
- No branch visit
- No documentation

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 Download & Register now  
 sbiyono.sbi

To know your PAPI eligibility SMS  
 PAPI -space> Last 4 Digits of SB Account Number to 567676



**Website:** Your Bank has revamped its corporate website and launched its Hindi version for better customer experience. Additionally, a sustainability website was launched to showcase your Bank's sustainability initiatives.

**GST Tax Engine:** A centralised solution was introduced to meet customers' requirements with respect to GST, for example, the filing of GSTR1, GSTR7, GSTR3B, returns, matching of GST2A with purchase data, generation of Consolidated GSTIN wise invoice, Real-time invoice, and E-Way Bill generation.

**NPS (National Pension System):** Your Bank has launched a pan-India Centralised Application for serving the National Pension System.

**CKYC:** Approximately 1.23 crore CKYC numbers were generated, and 12 lakh CKYC records were updated using C-KYC application.

**SBI Wealth:** A personalised service offering of diversified banking products and services was introduced, topped up with best-in-class lifestyle benefits to your Bank's premium customers. In addition to this, a Global NRI e-Wealth Centre was started.

**STP (Straight Through Processing) Implementation in APY (Atal Pension Yojana):** Your Bank facilitated the automated uploading of subscriber registration and contribution files into the NSDL CRA system.

## R. CORPORATE AND SME LOANS

Through the Loan Life Cycle Management System (LLMS), an in house developed application, the entire life cycle of the credit process has been automated, leading to the standardisation of the credit process by enhanced risk management, leading to an enhanced user experience by improving the TAT.

**e-Mudra:** Available to common man 24X7, digitising the entire Mudra loan journey from applying/processing to disbursement without any manual intervention.

**NBFC Co-origination:** Your Bank has increased its Priority Sector Advance portfolio by introducing an automatic process of Integration with NBFC for co-origination of demand and term loans of the leads sourced by NBFC. The State Bank of India disburses the loans in a predefined ratio, while the NBFCs carries out the necessary follow-ups and recoveries.

**CPM analytical tool (PSM):** New functionality has been launched by analysing the Data for effective Post sanction monitoring.

**Advanced PACE Tool:** Consolidating all bank transactions of a customer and categorising it based on logic inbuilt, to arrive at net business turnover by netting off all non-business transactions.

## S. RETAIL LOANS (RLMS)

Your Bank caters to Retail Loan underwriting and follows up at the entire Bank-level by providing end to end credit journey through five applications, that is, LOS (PB), LOS (Agri), OCAS, OPAS and LCS.

**LOS PB:** It links over 21,000 branches, RACPCs, RASMECCs, RBOs and more than 1,00,000 users. In FY2020, a total of 30,36,112 loan accounts amounting to ₹ 2,66,449 crore have been sanctioned in LOS PB.

**LOS Agri:** It links more than 21,000 branches, RACCs, RBOs and more than 1,49,000 users. In FY2020, total 41,77,068 loan accounts amounting to ₹ 62,976.54 crore were sanctioned.

**AGRI Gold Loan:** A loan scheme that reduces the entire loan journey from applying loan to disbursement to seven minutes was introduced in FY2020.

**CLP for Auto Loan:** A contactless module in CLP for real-time in-principle sanction through machine-based analytics and credit decision was introduced in FY2020.

## T. FINANCIAL INCLUSION AND GOVERNMENT SCHEMES (FI&GS)

To enhance Financial Inclusion and add customer convenience following new facilities were introduced during FY2020:

**Bill Payment through FI channel (BBPS):** An additional avenue for customers to pay utility bills at CSP outlets.

**YONO Cash:** FI and Non-FI Customers can withdraw cash through YONO App using MATM at CSP outlets, without using ATM cards.

**Aadhaar Data Vault in BC channel:** Regulatory requirement of Aadhaar data vault in BC channel implemented to reduce the footprint of Aadhaar in the ecosystem.

**Doorstep Banking:** New application where customers can initiate a request for cash pick up, cash delivery, cheque pick up from his home and workplace.

**Aadhaar Data Vault:** Aadhaar Data Vault was envisaged as a major initiative in your Bank to protect the privacy of Aadhaar Number holders in accordance with the guidelines laid down by UIDAI for enhancing the security of Aadhaar authentication ecosystem. It not only reduces the footprint of Aadhaar numbers but also ensures only trusted and authorised access to Aadhaar numbers.

## U. INNOVATION CELL

Your Bank has a state-of-the-art dedicate Cell that looks into innovative ideas in the field of Banking. Experimenting with many ideas, it selects and implements those that make sense for your Bank. Some key exciting initiatives currently undertaken are:

**Start-Ups Engagement Programme:** To procure innovative products and solutions from Fintech Start-ups, which are based on the emerging and niche technologies with a high potential for employment generation or wealth creation, and those that are useful for your Bank.

**Hackathon and Crowd Sourcing:** The objective is to promote an outcome-based technology culture amongst start-ups and in-house developers, with the focus on developing cutting edge solution for your Bank in an agile manner.

**Intrapreneurship Scheme:** This scheme aims at collaborating with and incubating strong ideas from its employees in a focussed and directed way.

## V. CUSTOMER SERVICE

Your Bank has implemented a robust state-of-the-art CRM solution with a comprehensive Complaint Management System (CMS) as an integral feature of the system. The CRM solution helps your Bank's stakeholders with a 360° view of customers for an enhanced engagement. The CMS helps customers to lodge their complaints and receive their feedback, suggestions, and queries through its various channels such as Contact Centre, Website, SMS, Email as well as your Bank's Branches and Offices. State Bank of India's round-the-clock contact centres operate 24\*7\*365 from four different geographical locations, servicing its customers in Hindi, English and 10 major regional languages.

For improving the quality of resolution of customer grievances, your Bank has established dedicated Centralised Complaints Resolution Centres at the Local Head Office level. Proper and timely resolution of customer grievances is the priority. Towards this end, your Bank has introduced a system for seeking feedback from customers on how well it resolved their complaints. You Bank has also put in place a system of incognito visits to branches, for assessing the level of customer service and initiating corrective action if required. Furthermore, it conducts Root Cause Analysis across major areas of complaints on a continuous basis and carry out the required product and process improvements to reduce future complaints.

Your Bank has been aggressively embarking on digital banking and have earmarked several more processes for digitisation in the near future. Its CRM tool, backed by data analytics and artificial intelligence, is transforming customer experience and satisfaction for the better.

Your Bank conducted several outreach programmes such as Mega Customer Meets, and Customer Town Hall Meets during the year. It had also conducted Customer Service Surveys during the year and is utilising the results of these surveys for bringing about improvements. Your Bank has also conducted various campaigns for a reduction in complaints during the year, with encouraging results.

## 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 the negative impact on profitability and capital.

Your Bank is exposed to various risks that are an inherent part of any banking business. The major risks are credit risk, market risk, liquidity risk, and operational risk, which also includes IT risk.

Your Bank is committed to creating an environment of increased risk awareness at all levels. It also aims at continually upgrading the appropriate security measures, including cybersecurity measures, to ensure avoidance or mitigation of various risks.

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 the implementation of the advanced approaches under credit, market, and operational risk. With a view to adopt global best practices, State Bank of India has also initiated 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 the 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 State bank of India 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 MITIGATION MEASURES

Your Bank has put in robust credit appraisal and risk management frameworks in place for identification, measurement, monitoring and control of the risks in credit exposures. The 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 and sectors, which constitute about 72% of your Bank's total advances (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 Supreme Court Ruling on License Fees and Spectrum Usage Charges in Telecom Sector, liquidity risk management framework for NBFC, export subsidy in Sugar industry, falling prices and rising imports from FTA countries in Steel sector, to name a few, were analysed and appropriate responses to these situations were strategised by your Bank to mitigate possible risks. Exposure to sensitive and stressed sectors such as Real Estate and 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. Bank also has in place 'Dynamic Review of Internal Rating' framework, which facilitates early identification of stress and mitigation mechanism.

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 an 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 defined periods.

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 the movement of NPAs, a quarterly review of loan sanction, time-to-default, amongst others, to keep track of the quality of asset portfolio regularly.

RBI has allowed your Bank to participate in the parallel run process for Foundation Internal Ratings Based (FIRB) under the Advanced Approaches for Credit Risk. The data under a 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 Datamart for computation of IRB capital.

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

## 2. MARKET RISK MITIGATION MEASURES

Market risk is managed through a well-defined Board-approved Investment Policy, Trading Policy and Market Risk Policy that caps risk in different trading desks or various securities through trading risk limits/triggers. These risk measures include position limits, gap limits, tenor restrictions, sensitivity limits, namely, PV01, Modified Duration, Value-at-Risk (VaR) Limit, Stop Loss Trigger

Level, Options Greeks and are monitored on an end-of-day basis. Besides, forex gap limits are computed and monitored on an intraday basis.

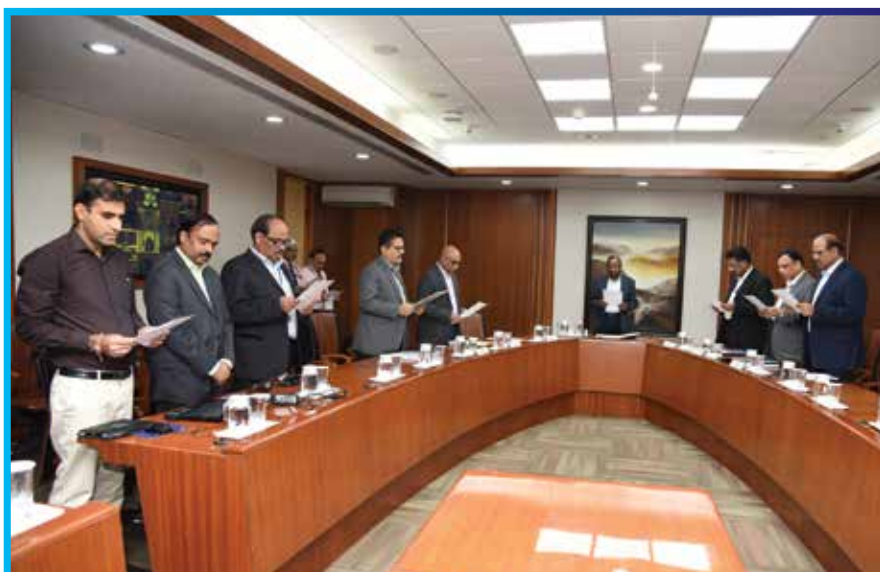
Value at Risk (VaR) is a tool used for monitoring risk in your Bank's trading portfolio. Enterprise-level VaR of your Bank is calculated daily and backtested daily. The Stressed VAR for market risk is also computed daily. This is supplemented by a Board-approved stress testing policy and framework that simulates various market risk scenarios to measure stress losses and initiate remedial measures.

The market risk capital of your Bank is computed using the Standardised Measurement Method (SMM) applying the regulatory factors.

Your Bank undertakes risk-adjusted performance analysis of its domestic and overseas portfolios. It also analyses the credit rating migration of non-SLR bonds as a tool for decision making.

## 3. OPERATIONAL RISK MITIGATION MEASURES

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Key elements of your



Risk Awareness Day Pledge Being Administered by the Chairman



Bank's Operational Risk Management include timely incident reporting and ongoing review of Systems and Controls, enhancing of risk awareness through Risk & Control Self-Assessment (RCSA) and Risk Awareness Workshops (RAW), monitoring of Key Risk Indicators(KRIs) and 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. The BCP has enabled us to ensure minimum business disruption during natural disasters, which occurred during the year, such as the spread of COVID -19 disease. During this pandemic, your Bank has not only taken steps to prevent the staff from this disease but help the society by providing uninterrupted essential Banking services to the customers. Also, your Bank ensured availability of ATMs round the clock and smooth functioning of Net Banking, YONO, Mobile Banking, amongst others.

All these components minimise your Bank's Operational Risk in various products and processes besides ensuring compliance with regulatory requirements.

For FY2020, your Bank has allocated capital for Operational Risk as per Basic Indicator Approach (BIA).

Additionally, your Bank observes Risk Awareness Day on 1<sup>st</sup> September annually to improve risk culture in your Bank. As part of Sensitisation, Risk awareness day pledge was administered, and an online quiz contest was conducted for your Bank employees. Furthermore, risk awareness is also being embedded through the training system at all levels. Your Bank organised a training for CFOs of the circle, DGM (Risk) of Business units and Circle ORMs, where not only the DMD(CRO) and DMD (COO) addressed the participants but also a presentation was made by the outside consultant on the new and emerging risks.

#### 4. ENTERPRISE RISK MITIGATION MEASURES

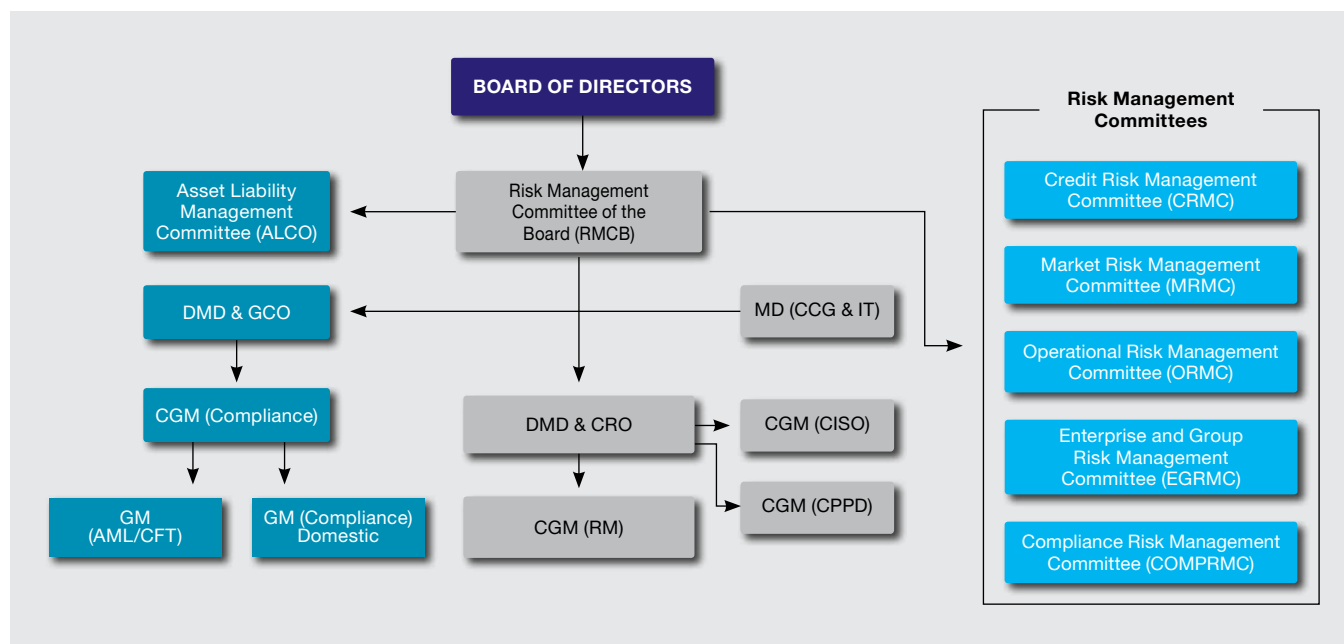
Enterprise Risk Management aims to put in place a comprehensive framework to manage and align risk with strategy at the whole Bank level. It encompasses global best practices such as Risk Appetite, Material Risk Assessment and Risk Aggregation, amongst others.

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 the promotion of a strong risk culture in your Bank, Risk Culture Framework is being operationalised in a phased manner. As a part of Material Risk Assessment Framework, 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).

Your Bank conducts a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) exercise every year with respect to the 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.

#### Risk Management Structure:



## 5. GROUP RISK MITIGATION MEASURES

Group Risk Management aims to put in place standardised risk management processes in Group entities. 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. 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 State Bank of India 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 1<sup>st</sup> April, 2016 in a phased manner. It has become fully effective from 1<sup>st</sup> April, 2019. Additionally, it has also started maintaining Capital Conservation Buffer (CCB) in a phased manner and has to reach level of 2.5% as on 30<sup>th</sup> September, 2020.

## B. INTERNAL CONTROL

Internal Audit (IA) in your Bank is an independent activity and has sufficient standing and authority within your Bank. The IA Department, headed by a Deputy Managing Director, works under the guidance and supervision of the Audit Committee of the Board. Your Bank's IA function works in close 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 compliable controls through remote evaluation of huge 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.

Your Bank has created a new wing at IAD to strengthen the overview of the audit of banks aggregate risk assessment processes.

In addition to this, it undertakes Management Audit of business verticals to assess their strategic effectiveness and Thematic 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.

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During FY2020, IA Department has audited around 12,803 domestic branches & BPR entities and 1,837 branches / outfits under Trigger Based Offsite Audit under the RFIA as on 31.03.2020.

#### 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.

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

A review of all eligible sanction proposals with total credit exposure of above ₹1 crore is carried out under 'Early Review of Sanctions'(ERS). ERS captures the critical risks in sanctioned proposals at an early stage and appraises the Business Units of such risks for mitigation thereof. ERS facilitates in improving the quality of sourcing, pre-sanction and sanction processes. The entire ERS process is system driven and done through the Loan Lifecycle Management Solution.

#### FEMA Audit

The Branches that are authorised to deal (Authorised Dealers) in Foreign currency transaction, including Trade Finance Centralised Processing Cells-TFPCPC 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 FY2020, around 386 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 centralized IT establishments is also carried out by a team of qualified officials, which includes IS auditors appointed through lateral recruitment. During the period from 1<sup>st</sup> April 2019 to 31<sup>st</sup>

March 2020, IS Audits of 87 centralized IT establishments were completed. In addition, a cyber-security audit of your Bank is also executed annually, as per the Cybersecurity Policy of your Bank.

#### Foreign Offices Audit

During FY2019-20, Foreign Office Audit was carried out at 20 Foreign Offices including Gift City and Management Audit was conducted at two Subsidiaries, four Representative Offices and one Country Head/Regional Head Office.

#### Concurrent Audit System (CAS)

Concurrent Audit System in your Bank covers advances and other risk exposures as prescribed by the regulatory authority. In order to further strengthen the CAS, all Extremely High Risk / Very High Risk / High Risk Branches/units, categorized as per the risk matrix prescribed by RBI are covered under CAS. Concurrent Auditors are placed at all Credit Central Processing Cells to identify shortcomings in underwriting at a very early stage of the client relationship. Your Bank has engaged Chartered Accountant Firms in addition to the retired experienced bank officers and regular officers for audits.

#### Off-site Transaction Monitoring System (OTMS)

For the purpose of monitoring the transactions offsite, scenario-based alerts are generated and flagged to the

business units for corrective actions. Presently, there are 45 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 12,300 accounts upto the end of FY 2020.

#### Audit of Outsourced Activities

Your Bank recognises the need of service providers engaged by your Bank to be as compliant with the legal and regulatory requirements as your Bank itself. 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.



Launch of One Nation. One card.



Audit of outsourced activities in your Bank covers audits of vendors engaged in providing ATM services, Corporate Business Correspondents (BC), Individual BCs and CSPs, Recovery and Resolution agents, Cash Management Services, Cheque Book Printing, Collateral Management, Marketing of Loan proposals, Registrar and Transfer Agents amongst others.

Your Bank has engaged the services of 57,728 individual BCs and CSPs under financial inclusion plan, of which 28,864 units were audited during FY2020.

#### **RFIA of Corporate Centre departments**

Your Bank has taken an initiative to create a new audit wing at IAD to assess the aggregate risk and maintain an audit oversight at macro level. It audits your bank's adherence to various Regulatory Compliances and risk mitigating measures undertaken to keep your bank safe & secure.

#### **Management Audit**

Management Audit covers identified Corporate Centre establishments / Circle's Local Head Office / Regional Rural Banks sponsored by your Bank. The Strategy, Processes and Risk Management at auditee units are covered under the audit.

### **C. COMPLIANCE RISK MANAGEMENT**

Your Bank gives utmost priority to meeting the Regulatory and Statutory compliances. Towards this end, your Bank has completely revamped its compliance architecture to ensure a sharper focus for tracking areas that are increasing the compliance risks and for taking quick remedial steps.

A deep-rooted compliance culture is crucial for your Bank to manage its compliance risk effectively, and this is being strengthened through various forms of communication and interactions across the organisation.

To forestall any compliance risk, all products, processes, and policies are vetted from the Regulatory perspective before they are operationalised. A Compliance Risk Management Committee, comprising of Senior

Executives from business verticals and support functions, maintains oversight on all compliance-related issues. The committee meets regularly and extends necessary guidance to all the internal stakeholders for ensuring Regulatory compliance.

Compliance testing of RBI's regulations and remediation of gaps, if any, is regularly carried out. The testing universe is being expanded to ensure that the control mechanisms are in place to comply with all the regulatory requirements.

### **D. KYC/AML-CFT MEASURES**

Bank has a Board approved KYC Policy, in line with the extant RBI Master Direction. The Policy incorporates Bank's approach to KYC, AML and CFT issues. Bank has taken steps to implement provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as amended from time to time.

The policy contains Banks framework for Customer Acceptance, Risk Management, Customer Identification and Monitoring of Transactions. Bank has put in place a robust system containing a combination of manual and system enabled methodology to ensure KYC compliance. No account is opened, in anonymous or fictitious/benami name or where the Branch/Business unit is unable to apply appropriate CDD measures. However, while implementing the policy, Bank takes care that it does not result in denial of banking services to those who are financially or socially disadvantaged.

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

Several initiatives are put in place to bring greater awareness amongst the staff. Ongoing employee training programmes are conducted by the Bank so that the members of staff are adequately trained

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

### **E. INSURANCE**

State Bank of India has set up an Insurance Cell for covering your Bank's assets and other risks, by proper procurement of insurance coverage. Additionally, insurance Policy to cover cyber risks for US\$100 million is obtained. Similarly, insurance cover for Debit Card and Electronic Banking transactions are taken for covering the risk/cost of your Bank. RBI's instructions on limiting customer's liability on Debit Card Electronic Banking transactions are complied with.

## **4. OFFICIAL LANGUAGE**

Innovative initiatives are taken by State Bank of India to propagate the use of the official language

State Bank of India is present all over the world through its more than 22,000 branches, over 58 thousand ATMs, about 200 foreign offices and various banking channels. About 2,06,000 staff members of your Bank (except subordinate staff) are committed to propagating the use of official language in the banking industry through all the channels established by your Bank.

Efforts made for the entire banking industry

- On the direction of the Department of Financial Services, the IT Committee headed by State Bank of India was formulated, and its first meeting was held at the State Bank Building, Corporate Centre, Mumbai wherein General Managers (IT) of all banks participated. The 16 items to be implemented in all the PSU banks relating to customer service, the website of banks, amongst others were finalised. On this, all PSU banks have made systematic efforts, and positive results are now visible in this sector.
- Your Bank recently developed an account opening form for all banks on behalf of IBA on the direction of Department of Financial Services,

which has been made available in a bilingual form (Basic Savings Bank and Current Account Opening Form).

- The customer request form has been devised in Hindi for excellence in customer service.
- A workshop on leadership development for executives and senior officers of all banks was organised by State Bank of India Leadership Institute, Kolkata under the aegis of the Department of Financial Services.
- With the innovative vision of your Bank, an audio version of the renowned banking magazine 'PRAYAS' released. The Department of Official Language, Ministry of Home Affairs, Government of India has uploaded it in 'exemplary works' on its website.

#### Innovative Steps on Technical Platform

Your Bank has continuously developed a digital platform as per the expectations of an increasingly digital India. Its various products are being made available in various Indian languages along with Hindi.

- The monthly performance reporting system of Rajbhasha Officers has been developed in the CDS system of your Bank
- Bank's revamped website 'BANK. SBI' is launched in Hindi and English both the languages
- BHIM Pay SBI made available in Hindi, Tamil and English
- The YONO Krishi App has been made available in four Indian languages, that is, Hindi, Tamil, Telugu and Malayalam
- The call centres are currently providing solutions in 13 languages, with more than 80 % of the queries are being made in Indian languages
- State Bank of India has made a useful adjustment of Hindi with CBS. Customers have been given the option of Hindi and English. On the same basis, SMS is sent to them in the required language. The loan agreement forms are available in CBS in Hindi. It is adjusted with the original database whether it is home loans, car loans, SME loans, amongst others.

- The ATM screen required by the Department of Financial Services and its slip has the option of Hindi and local language. Also, passbook printing, net banking, Statement of account, amongst others, are being provided in Hindi.

#### Development of Banking Literature in Hindi

Your Bank is publishing banking literature in Hindi and is also being made available online, names of some of the important publications are given below:

- The Code of Ethics, the Right to Information Act (updated up to 1<sup>st</sup> March, 2019), Marketing Manual Section 2, Pradhan Mantri Fasal Bima Yojana, Standard operating Guidelines, Official Language Manual, Code for Fair Lending Practices, 'VYAVSAAY HAMAARA-SAATH AAPKA' book for SME customers have been published
- Forms and procedural literature of all government schemes have been provided in the official language

#### Various Programs for Dissemination of OL

The Official Language Fortnight and World Hindi Day were also organised by foreign offices along with offices located in the country. Hindi quiz competition for colleges at Mumbai held in September 2019. Official Language Officers' Conference held in Kolkata in June, 2019. First power talk in Hindi on Office 365 organised, which was addressed by eminent scholar and Microsoft's Director (Localisation) Shri Balendu Sharma Dadhich.

- All India Conferences on Indian Poetry held in Guwahati and Bhubaneswar in October, 2019
- 417 Hindi workshops held across the country

#### Separate Vertical for Rajbhasha Officers

A separate vertical has been set up for Rajbhasha Officers including specialist officers up to the level of Deputy General Manager-cum-Chief Rajbhasha Officer as per the instructions of the Department of Financial Services, Ministry of Finance, Government of India.

#### Recognition and Awards

As a result of the above remarkable performance, your Bank received the following awards and recognition from the Government of India, the Reserve Bank of India and other institutions:

1. First Prize for Best Official Language Implementation from DFS, Min of Fin, Gol
2. TOLIC, Bhubaneswar, convened by your Bank ranked 2<sup>nd</sup> in Rajbhasha Kirti Awards by MHA, Gol
3. Your Bank's Jabalpur AO ranked 1<sup>st</sup>, and TOLICs set up in the convenorship of its Surat, Jammu, Nizamabad AOs ranked 3<sup>rd</sup> in Regional Rajbhasha Awards by MHA, Gol
4. First, second and two incentive awards in RBI Hindi essay competition
5. Aashirwad First Prize for Best Official Language Implementation, Rajbhasha Ratna Award and PRAYAS Magazine best house magazine award
6. PRAYAS magazine audio version first in the country ranked in exemplary work on the website of Gol, MHA

## 5. MARKETING AND COMMUNICATION

The Marketing and Communications (M&C) Department is responsible for driving your Bank's brand and marketing initiatives to be your Bank of choice for the transforming India by providing financial solutions catering to the needs of every individual through our widest network across the country. With the objective of optimising our efforts in promoting the products and services, we have adopted an integrated marketing approach to give impetus to the digital initiatives by connecting with the youth.

The focus has been to promote its flagship product YONO for driving high download rates and increased usage of YONO. Various marketing initiatives has been devised for YONO:

- YONO Shopping Festival (YSF), a first of its kind shopping festival ever organised by any Bank across the country.

- 360-degree marketing campaign has been planned to promote YONO Cash for cardless withdrawal of cash from ATMs and merchant outlets.
- The second edition of Numero YONO, which is an inter-college quiz competition for college students, was conducted in 17 cities & 3,040 teams participated across all circles.

One of the important initiatives, which your Bank launched was Green Rewards Point - A unique sustainability initiative to promote the usage of YONO & digital products and to prompt customer to contribute towards Greener environment.

Major marketing campaigns has been planned and executed for Home Loans, Personal Loans, Current Account, NRI Services and Digital Products. The Department also initiated an integrated approach to drive consideration and preference for the range of retail loan products using different media vehicles with focussed targeting.

For accentuating your Bank's commitment to sustainability, the team worked on building SBI Green Marathon property by organizing Marathon events in six cities during FY2019 and in FY 2020 it was taken to 15 cities including Bhubaneswar, Trivandrum, Bhopal, Jaipur, Kolkata, Lucknow, Patna and Guwahati.

Amidst an unpredicted crisis the world has been facing due to the COVID 19 outbreak, the M&C is fully geared up to address sensitive times by enhancing customer engagement through means of objective and mindful marketing. The activities are being mobilise through Digital, Social Media, and TV platforms to promote and drive adoption of SBI's digital products and solutions. Last-mile communication to the customers by most use of SBI owned platforms – Website, Emailers, Social Media, In-App Notifications, ATMs and through the vast network of our Circles & Branches. Also, almost instant dissemination of essential information, announcements to the National media.

The endeavour of the bank is to continue its increased usage of digital, social media and SBI owned platform along with other mediums of communication. Thus, 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

There are three aspects to the vigilance function- Preventive, Punitive and Participative. During FY2020, the Vigilance Awareness Week was observed from 28<sup>th</sup> October to 2<sup>nd</sup> November, 2019, with the theme "INTEGRITY-A WAY OF LIFE". As a part of the observance of Vigilance Awareness Week, "Integrity Pledge" has been administered to staffs and the public at large through various channels viz. Alternate Channels, IVR, Social Media, through Walkathons, Street plays, Radio Gingles and various other programmes. To create awareness, the Integrity Pledge has also been administered in various Gram Sabhas across the Country. Your Bank has published a "Vigilance Bulletin" incorporating case studies and other relevant guidelines to raise the awareness amongst employees. Furthermore, during this period, an updated vigilance manual 2019 was launched.

During the financial under review, the following measures were initiated in order to improve the effectiveness of the vigilance mechanism.

1. The Central Vigilance Commission has constituted the Advisory Board for Banking and Financial Frauds (ABBFF). The Board would function as the first level of examination of all the significant fraud cases of ₹ 50 crore and above involving the level of an officer to General Manager and above before recommendations/ references are made to the investigating agencies, that is, CBI. This would prevent the fears of any undesirable hardships to decision-taking Senior Executive of PSBs, in connection with the investigation by the enforcement agencies.
2. Disciplinary and Vigilance Cases Review Committee (DVCRC) has been formed to review the progress of the pending disciplinary and internal vigilance cases, as decided in the meeting of PSBs Chiefs held on 28<sup>th</sup> December, 2019 under the Chairmanship of Finance Minister. DVCRC is having eight permanent members, which is headed by MD (R & DB). The Chief Vigilance Officer and Chief Ethics Officer are permanent invitees. The Committee shall meet at bi-monthly intervals.
3. Post amendment of the Prevention of Corruption Act, 1988, determination of vigilance angle in a disciplinary case has assumed critical

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importance in the contexts of staff side action. Though CVC guidelines provide a clear prescription for determination of vigilance angle or otherwise, yet it is observed that, at times, the same is not understood and acted upon correctly by related functionaries. Therefore, a need is felt for appropriate operational clarity in the area to ensure correct implementation of the guidelines in letter and spirit. With these aims, a Standard Operating Procedure (SOP) is put in place for determination of Vigilance angle strictly based on CVC guidelines.

4. In terms of the existing guidelines of CVC, Internal Advisory Committees (IAC) have been constituted to scrutinise the disciplinary cases with a mandate to determine the existence of Vigilance angle or otherwise therein and extend their correspondence advice to the CVO. At present, a two-tier structure of IACs exists in your Bank, that is, one IAC at Corporate Centre, which scrutinises the disciplinary cases related to all officers of TEGS-VI and above and cases relating to CCG/CAG/IBG/PFSBU and the other IAC each at every Circle to scrutinises the cases related to the officers up to scale-V and award staff at Circles. As IACs are spread across the geographies in your Bank, it is observed at times that interpretive divergences figure and incongruent views arise on the discernibility of vigilance angle even where the lapses under consideration are of similar gravity. In light of this, IACs are centralised at Corporate Centre so that any element of bias in the categorisation of cases as Vigilance or Non-Vigilance could be prevented. An independent and centralised set-up will bring in more objectivity in decision-making and will also impart singular focus in handling the cases that ultimately leads to improved timelines.
5. Vigilance Department has conducted 214 preventive vigilance programmes and trained 4,005 officers. Suo-Motu investigations have been conducted in 764 branches to ensure preventive measures are made effective.

6. During the FY2020, your Bank has introduced a technology-based VCTS (Vigilance Case Tracking System). VCTS application will be able to generate MIS for timely closure of cases. It will also capture the history of cases for analysis of Vigilance matter and to effectively monitor the cases.
7. During the FY2020, a total of 1,993 cases (including 1,278 new cases) were taken up for examination, out of which 1,185 cases have since been closed.

## 7. ASSET AND LIABILITY MANAGEMENT

Efficient Management of Assets and Liabilities (ALM) is vital for sustainable and qualitative growth of banks. The ALM aims to strengthen the balance sheet by proactively reviewing the market dynamics, capturing the signals emanating from there and assessing the regulatory requirements to ensure value creation.

As part of sound risk management practices, your Bank has been continuously reviewing its internal policies on 'Deposits', 'Asset and Liability Management', 'Stress Test on Liquidity and Interest Rate Risks', 'Contingency Funding Plan' and adapting changes in

the market conditions. Your Bank has been carrying out Reverse Stress Test to take care of the eventual risk that may crop up as a worst-case scenario.

Studies are conducted at regular intervals to assess the behavioural pattern of customers (embedded options available to customers) to give proper treatment to the non-contractual items of assets and liabilities while determining liquidity position. Behavioural analysis is also carried out to ensure accurate positioning of outflows and inflows on account of off-balance sheet exposures, the impact of probable loan losses, amongst others, for reporting of liquidity and interest rate sensitivity statements. The prevailing assumptions relating to non-contractual items of assets and liabilities are periodically updated based on the outcomes of the latest studies.

The stock of High-Quality Liquid Assets (HQLA) and cash outflows are effectively monitored daily under dynamic market environment to ensure the maintenance of LCR as prescribed by the Regulator as well as Bank's ALM Policy benchmarks.

Your Bank has proactively implemented the NSFR guidelines of RBI measuring the long-term resilience of your Bank in terms of liquidity, which is coming into force effective 1<sup>st</sup> April, 2020.



“कुभकार जीवन को देता आकार” विषय पर बैंक की तिमाही हिंदी गृहपत्रिका “प्रयास” के कुभकार विशेषांक का श्री रजनीश कुमार, अध्यक्ष, स्टेट बैंक समूह तथा प्रबंध निदेशक गण द्वारा विमोचन।

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. Also, it enables the Management to initiate appropriate preventive steps in a likely scenario of erosion in Net Interest Income.

To encourage branches to garner stable funds and assess your Bank implemented their profitability based on the cost of funds, a matched maturity-based Funds Transfer Pricing.

The Asset Liability Management Committee (ALCO) of your Bank monitors and manages liquidity and interest rate risks by constantly modulating the asset-liability mix in the balance sheet. ALCO, among other things, reviews the interest rate scenarios, the 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.

To address the inherent rigidities in the balance sheet structure and the issue of quick transmission of changes in RBI's policy rates, effective from 1<sup>st</sup> May, 2019, your Bank took 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 an external benchmark, that is, the policy Repo Rate.

Subsequent to the RBI guidelines on External benchmark-based lending rate, effective from 1<sup>st</sup> October, 2019, pricing of all floating rate Retail and MSME loans are linked to the external benchmark, that is, the policy repo rate. However, the repo rate linkage of SB deposit rates continues.

The Regulatory Reports/ Returns pertaining to the area of Asset-Liability Management (Domestic Position) have since been automated through OFSAA, and the Whole Bank position is expected to be in place shortly.

## 8. ETHICS AND BUSINESS CONDUCT

Since the inception of the Ethics and Business Conduct vertical, your Bank has been carrying out a host of initiatives and programs, attuned to permeate and percolate the ethical values and exalted behavioural norms across all levels. Whether it is formulating the basic foundational guiding principles such as the Vision, Mission and Values Statements and the Code of Ethics, or finetuning the existing operational guidelines in the domains of Consequence Management, Prevention of Sexual Harassment (POSH) or the Social Media, to name a few, the core working philosophy of your Bank has always been to be aware, alert and in harmony with the surroundings, both immediate and far. Furthermore, multiple enablers have been being put in place to shape a robust ethical infrastructure in your Bank for greater moral strength. With each passing year, a well thought out strategy to become future-ready has seen a steady and seamless integration of the latest technology platforms in the ongoing programmes and operational processes. This has, in turn, lent a massive impetus to the scope, size and the reach of the various ongoing and proposed ethical outreach initiatives within your Bank.

In FY2020, a comprehensive Ethics and Business Conduct website was developed and made functional to provide a one-stop platform for hosting the vast array of considerably curated ethical resources to facilitate easy accessibility for the benefit of the employees at large. To further encourage the proficiency and efficacy of the Discipline Management Function, several new initiatives and enablers were introduced to increase the efficiency of discipline management ecosystem in your Bank. In was in this context, that real-time and all comprehensive Business Conduct and Discipline Management Online Processing Portal and Dashboard was conceived, designed and operationalised in your Bank. To further augment and supplement the level of knowledge and for providing guidance, a wide array of training programmes, each tailored explicitly for officials working in a particular functional domain of the Discipline Management Framework, were regularly conducted throughout

the year. Reiterating your Bank's zero-tolerance policy in the matters of sexual harassment at workplace and its commitment towards fostering a gender-inclusive and safe work environment, your Bank rearticulated its policy and processes under the Prevention of Sexual Harassment of Women at Workplace as – GARIMA. Furthermore, to streamline and simplify the entire process flow of raising concerns in this regard, a real-time online complaint portal GARIMA was also ideated and operationalised along with the sustained skill-building of the process-owners.

For an organisation of the size and spread of your Bank, imbibing ethical values and building a complementing resonant culture is a long-term work-in-process. However, in its brief journey of three years so far, the honest intents followed with unflinching intensity, have already started yielding visible positive results, which are growing with each passing step and bolstering our brand equity day in and day out.

## 9. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is deeply ingrained into the culture of State Bank of India. Your Bank has been actively involved in CSR activities since 1973. The primary purpose of your Bank's CSR philosophy is to make a meaningful and measurable impact to the lives of economically, physically, and socially challenged communities of the country. Your Bank's CSR activities touch the lives of millions of the poor and needy across the length and breadth of the country.

The focus areas of your Bank's CSR activities include Healthcare, Education, Livelihood, Skill Development, Environment Protection of National Heritage, Empowerment of Women, youth, and senior citizens, amongst others.

CSR activities in project mode are implemented through the SBI Foundation, the CSR wing of State Bank of India established in 2015 with a vision of becoming a premier CSR institution in India through your Bank's tradition of "Service Beyond Banking". During the last four years of its existence, SBI

Foundation has been committed to identifying and supporting programs aimed at bringing a positive difference to those at the bottom of the pyramid.

As per the guidelines and mandate of Reserve Bank of India, State Bank of India is required to spend 1% of its profits on CSR. The offices of your Bank all across India have been carrying out various CSR activities to live up to the ethos of giving back to the society with the active engagement of its employees.

**CSR spend during FY2020**

In FY2019, the net profit of your Bank stood at ₹ 862 crore and 1% of the profit, that is, ₹ 8.62 crore has been budgeted as CSR fund of your Bank for FY2020. With the approval of RBI, your Bank contributed a total of ₹27.47 crore for various initiatives under its CSR commitments.

S. No.	Description	(₹ In Crore)
1	National Donations (Chief Minister Relief Fund of various States)	9.00
2	Normal Donations & other c direct activities including RSETIs (for capex expenditure)	6.09
3	SBI Foundation	12.38
Total CSR spend		27.47

Additionally, a Dialysis Machine has also been donated for treating poor patients suffering from kidney problems. Similarly, a donation has been made to Bangalore Kidney Foundation for meeting the cost of free dialysis and Ramakrishna Ashram in Ahmedabad to support mentally challenged children.

**Skill Development**

India is one of the youngest nations in the world with more than 50% of its population below 25 years of age. Employability of the growing young demography is considered as one of the most important factors in the economic development of the country. State Bank of India has undertaken skill development initiatives as a focus area to support the supply of trained manpower. Your Bank has set up 152 Rural Self Employment Training Institutes (RSETIs) across the country to help and mitigate the unemployment and underemployment problems of youth in the country. During FY2020, your Bank allocated an amount of ₹1 crore for capital expenditure of two RSETIs.

**Empowerment of Women and Senior Citizens**

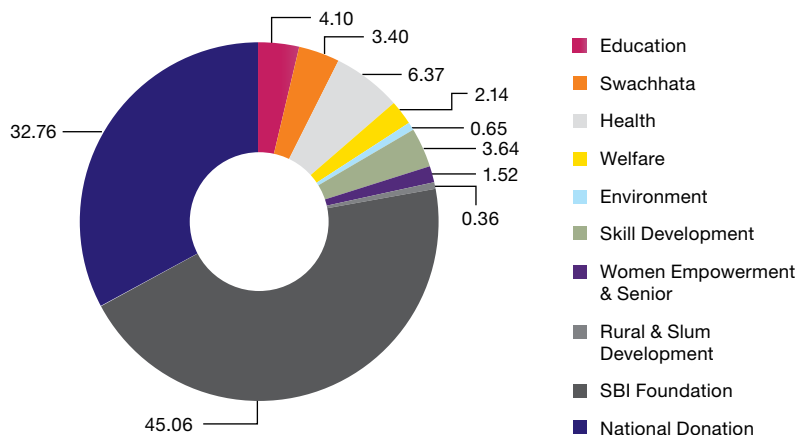
During FY2020, an amount of ₹0.42 crore was spent towards the empowerment of women and senior citizen. The major initiatives undertaken are as follows:

- Donation of 13-seater TATA Winger vehicle to the Society of Sisters of the Destitute Santhisadan, Oramanjhi, Ranchi
- Donation of a bus for senior citizen pilgrims to Sri Varaha Lakshmi Narasimha Swamy Temple.

**Swachhata, Environment Protection and Sanitisation**

State Bank of India is committed to the Government's mission of "Swachh Bharat" and has undertaken several initiatives across the country, which include providing sanitary napkin vending machines, dumper bins, and machines for plastic recycles, amongst others. All the initiatives under environment protection positively contribute to reduce the carbon footprint. During FY2020, an amount of ₹1.10 crore has been spent towards environment protection and sanitation. In addition to this, your Bank has arranged installation of smart crushing bins for

**Focus Area wise spend 2019-20 (in %)**



**Education**

Bank always strives to support education to weaker sections of society in remote, unreachable, and underdeveloped areas. An amount of ₹1.13 crore has been spent to support education and details are provided below:

- Six school buses worth ₹52.57 lakh were donated for various schools of disadvantaged children
- Distribution of Laptops, Projectors, benches, Tables, chairs, and library cabinet, amongst others for underprivileged students at schools

- Provided water purifiers to schools at backward places to enable drinking water facility to children

**Healthcare**

In Healthcare, State Bank of India provides basic infrastructure to Hospitals and NGOs to improve the medical facilities of underprivileged and economically weaker sections of the society. To deliver quality healthcare services, an amount of ₹1.75 crore has been spent. Your Bank has donated nine ambulances to different Hospitals, NGOs, and trusts.



collection of single use plastic bottles for recycling at different places in India. Furthermore, major Tree plantation initiatives have been undertaken and over four lakh trees have been planted across India.

**SBI Children's Welfare Fund**

With the concept of "Charity begins at home", State Bank of India had established a Trust named SBI Children's Welfare Fund in 1983, as an initiative by its staff members. The Trust receives funds from the voluntary contribution of your Bank's staff towards the betterment of the underprivileged and orphan children. The interest earned on the corpus of the fund is utilised to extend grants to Institutions engaged in the welfare of underprivileged children viz. orphans, differently abled, destitute, and deprived, amongst others.

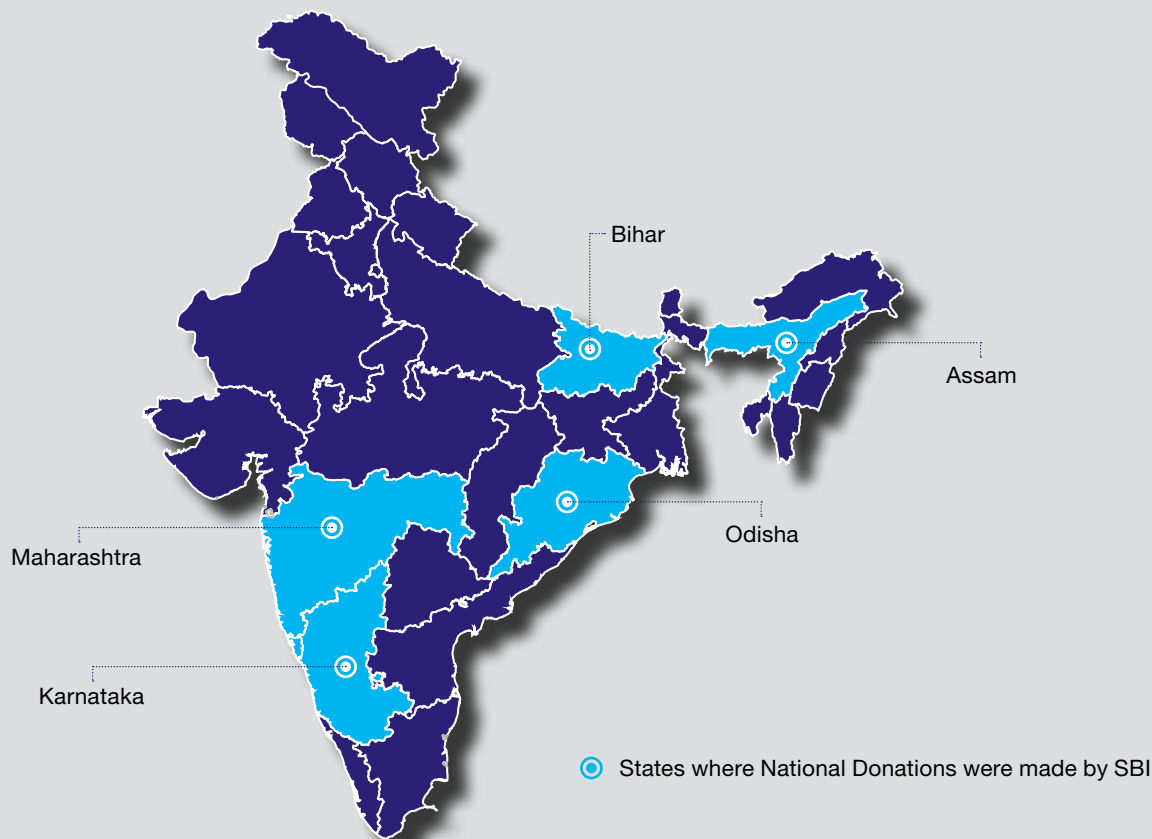
During FY2020, a total contribution of ₹0.45 crore has been received from the staff and your Bank has donated an amount of ₹ 0.53 crore to six organisations. These institutions are present across the country and work towards the welfare of the marginalised and downtrodden children including PwDs.

**National Donation**

Many parts of India have recently been devastated by the Cyclone and Floods, causing large scale destruction of property and infrastructure. In FY2020, ₹9.00 Crore was utilised as National Donation for donation to various Chief Minister's Relief Fund.

S. No.	Description	(₹ In Crore)
1	Assam	1.00
2	Bihar	1.00
3	Odisha	5.00
4	Maharashtra	1.00
5	Karnataka	1.00
<b>Total National Donation</b>		<b>9.00</b>

**National Donations by SBI**



## 10. SUSTAINABILITY AT STATE BANK OF INDIA

Your Bank has been performing on the sustainability front through a multi fold approach viz. management of social and environmental risks in strategic decision making, lending, and developing innovative products and services. To enhance sustainability practices in your Bank, in a formalised manner, has put in a place a Board approved "Sustainability and Business Responsibility" (BR) Policy. The Policy is placed in Public domain on your Bank's website. State Bank of India has taken up a host of measures to scale up its performance on Environment-Social-Governance (ESG) parameters.

Your Bank has entrusted the Deputy Managing Director (HR) and Corporate Development Officer to oversee your Bank's overall sustainability vision. The execution of your Bank's Environmental and Social goals and targets are monitored by the Corporate Centre Sustainability Committee (CCSC) that comprises business and functional Heads from various Departments. The CCSC meets periodically to deliberate and draw a road map for effective sustainability management at the Bank level.

Your Bank has been doing Non-financial disclosure through an Annual Sustainability Report which is being published since FY2016. For FY2017 and onwards, your Bank has been publishing its Sustainability Report as per Global Reporting Initiative (GRI) framework. The Sustainability Reports are also placed on SBI's website. Your Bank is also a member signatory of the CDP and disclosing its performance since 2012.

## SUSTAINABILITY INITIATIVES OF STATE BANK OF INDIA

Some of the key initiatives already undertaken and in contemplation inter-alia includes:

- Recognising the concerns of climate change as a Corporate Social obligation, your Bank has charted a Carbon Neutrality strategy with an intention to achieve the status of Carbon Neutral organisation over a period in a phased manner. An approach paper is in place where your Bank envisages achieving the "Carbon Neutral" status by the year 2030. Initiative of Remote monitoring based Solar Power System at Branches (Rural/Semi-Urban) in lieu of Generator sets is being taken. Your Bank is also installing Solar systems at Branches throughout the country to scale up its captive RE power capacity. Your Bank's RE capacity for captive use at present is approximately 35 MWp.
- Your Bank has installed of Solar ATMs, Solar Roof Top projects at its premises. Energy efficient lighting and Air conditioning system at your Bank's premises in addition to installation of Motion activated lighting. Your Bank has established a Branch Server Consolidation (BSC) project for doing away with Branch servers and keeping data on a secured virtual environment. It has also installed of Power Management Utility on each desktop for power saving.
- Seven of your Bank's premises are rated as "Green Premises/Projects" by Indian Green Building Council (IGBC) under different categories (Platinum/Gold/Silver).
- For all its digital channel customers, your Bank is offering Green Reward Points, which can be redeemed for credit to SBI GREEN FUND, the proceeds of which will be utilised for sustainable activities.
- Integration of Environment and Social Management Systems (ESMS) in your Bank's Credit assessment process and business decisions have assumed critical importance. During the reporting period, your Bank issued additional Green Bonds of US\$ 100 million, which adds up to the aggregate Green Bond size of your Bank at US\$ 800 million.
- Your Bank is also in the process to map its product and services to the 17 United Nations Sustainable Development Goals (SDGs). Your Bank's Eight (8) products have been mapped to SDGs, which include the two flagship loan products- Home Loan and Car Loan. On the theme of Integrating SDGs in Business Practices, an industry wide Round table discussion was organised to foster peer partnership and capacity building.
- SBI Green Marathon is your Bank's landmark novel initiative for creating awareness on environmental care. The initiative has entered its 3<sup>rd</sup> edition this year. It has earned remarkable publicity and participation over the years and positioned itself as an innovative property with significant brand value.
- During the year, your Bank introduced a dedicated online tutorial "ASTITVA" for its employees on basic Sustainability issues pertaining to your bank's Internal Sustainability measures and UN Sustainable Development goals. Additionally, a quarterly E-Newsletter "SUSTAIN ON" introduced and being mailed to all employees to sensitise them on sustainability related issues and news.

## V. SUBSIDIARIES

### 1. SBI CAPITAL MARKETS LIMITED (SBICAP)

Name of the subsidiary company			(₹ crore)
	Ownership (SBI Interest)	% of Ownership	Net Profit (Losses) for FY2020
SBI CAPITAL MARKETS LTD.	58.03	100%	215.42
SBICAP SECURITIES LIMITED (SSL)	NOT APPLICABLE		84.94
SBICAP VENTURES LIMITED (SVL)			11.01
SBICAP (UK) LIMITED (SUL)			(2.57)
SBICAP (SINGAPORE) LIMITED (SSGL)			0.46
SBICAP TRUSTEE CO. LIMITED (STCL)			20.51

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, Hybrid Capital raising, Inv IT advisory, REIT advisory and COC advisory (Committee of Creditors). On a standalone basis, SBICAPs posted a PBT of ₹275.56 crore during FY 20 as against ₹242.60 crore during FY19 and a PAT of ₹215.42 crore for FY 20 as against ₹168.19 crore in FY19. On a consolidated basis it has posted a profit of ₹334.04 crore as against ₹236.38 crore in the previous year.

#### 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, 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 20 lakh clients. The Company has booked gross revenue of ₹495.95 crore during FY 20 as against ₹404.52 crore in FY 19.

#### B. SBICAP VENTURES LIMITED (SVL)

SVL is a wholly owned subsidiary of SBI Capital Markets Limited. SVL is acting as the Asset Management Company. SVL is presently actively managing three funds – Neev Fund, SWAMIH Investment Fund I and SVL-SME fund.

#### NEEV FUND

Neev Fund, an AIF Cat I Infrastructure Fund had its final close on 31<sup>st</sup> March 2019 and is now fully invested with its capital of ₹430.23 crores deployed over 10 portfolio companies.

#### SWAMIH INVESTMENT FUND I

On September 14, 2019, the Honourable Finance Minister announced the setting up of a special window to provide last mile finance to complete stalled affordable / mid-income housing projects. SBICAP Ventures as the Investment Manager to the first AIF set-up under this window completed the registration of the SWAMIH Investment Fund I ("Fund") as a category II AIF under SEBI regulations.

The AIF has a target size of INR 12,500 crore with a green shoe option of INR 12,500 crore. The Fund has achieved its first closing on 6<sup>th</sup> Dec, 2019 at ₹10,037.50 crores with Government of India, SBI, LIC, HDFC Ltd and all major public sector banks as investors in the Fund. SWAMIH fund team has already held a series of meeting across the major cities to meet developers and provide information on the Fund.

#### SME FUND

SME fund was also launched on 19-11-2018, legal & tax advisors and trustee for SME fund have been appointed, and it is in process of drafting Investment Management Agreement and Contribution Agreement. The trust is registered and SEBI registration for the fund was received on 25-Sep-2019. The company is in process of meeting potential investors for investing in SME fund.

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

SUL, a wholly owned subsidiary of SBI Capital Markets Limited, is 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. SBI London has also requisite regulatory approval to carry out the activities carried out by SUL. To improve the operational efficiency and minimize the cost, it has been decided to wind up SUL and carry out the business handled by SUL through SBI London.

#### 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 specialized 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 from 1<sup>st</sup> August 2008. STCL posted Net Profit

of ₹20.51 Crores during FY 20 as against ₹14.90 Crores in FY 19. STCL plays an active role in providing Security Trustee Services to High Value lending to Infra Projects, Large and Medium Corporates and is the No.1 Security Trustee in the industry. They also have significant presence as Debenture Trustee in the Debenture/Bond market.

STCL have launched the Virtual Data Room (VDR) platform which will help in disseminating information by ARCs and Lenders to prospective buyers of Stressed Assets.

## 2. SBI DFHI LIMITED (SBI DFHI)

(₹ crore)

Name of the subsidiary company	Ownership (SBI Interest)	% of Ownership	Net Profit (Losses) for FY2020
SBI DFHI Limited	131.52	69.04%	₹ 176.34

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% (SBI - 69.04% & SBI Capital Market Ltd-

3.13%) share in the Company, which posted a Net Profit of ₹176.34 crore as on 31<sup>st</sup> March 2020 as against ₹76.85 crore as on 31<sup>st</sup> March 2019. Total balance sheet size was ₹11,383.36 crore as on 31<sup>st</sup> March 2020 as against ₹7,357.25 crore as on 31<sup>st</sup> March 2019.

## 3. SBI CARDS & PAYMENT SERVICES LTD (SBICPSL) (FORMERLY SBI CARDS & PAYMENT SERVICES PVT LTD)

(₹ crore)

Name of the subsidiary company	Ownership (SBI Interest)	% of Ownership	PAT FY2020
SBI Cards and Payment Services Limited	652.63	69.51%	1,245 (EX COVID 1,662)

Note: Ex COVID: After excluding COVID impacts of ₹ 489 Cr towards additional credit provisions and ₹ 90 Cr towards late fee reversals in Q4 FY20 and adjusted for tax

SBI Cards and Payment Services Limited (SBICPSL) is a subsidiary of State Bank of India wherein State Bank of India holds 69.51% stake. SBI Cards and Payment Services Limited (formerly known as SBI Cards and Payment Services Private Limited) ("SBI Card") is a non-banking financial company that offer extensive credit card portfolio to individual cardholders and corporate clients which includes lifestyle, rewards, travel & fuel and banking partnerships cards along with corporate cards covering all major cardholders' segments in terms of income profile and lifestyle. It has diversified customer acquisition network that enables to engage prospective customers across multiple channels. SBI Card is a technology driven company.

Furthermore, the IPO of SBI Cards, led to significant value discovery and is a strong indication of the Bank's ability to incubate



and nurture future industry leaders with a strong potential for value creation in the times ahead. During the quarter ended March 31, 2020, the Company had come up with an Initial Public Offering (IPO) of 137,149,314 Equity Shares of face value of ₹10 each comprising of a Fresh Issue of 6,622,516 Equity Shares and an Offer for Sale of 130,526,798 Equity Shares aggregating to ₹1,034,078.82 lakhs (Selling Shareholders ₹ 984,146.35 lakhs and ₹ 49,932.47 lakhs of the Company). The equity shares of the Company were listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited on March 16, 2020.

The company delivered Profit after Tax (PAT) of ₹ 1,245 Crore in FY20 as compared to ₹865 crore in FY19 at YoY growth of 44%. (Ex COVID PAT ₹ 1,662 Cr in FY20 at YoY growth of 92%).

#### Performance Highlights (FY20)

- PAT grew by 44% to ₹1,245 Crore (Ex COVID ₹1,662 Crore; up 92%).
- ROAA up by 64bps at 5.5% (Ex COVID at 7.2%)
- ROAE at 27.4% (FY19: 28.4%; FY20 Ex COVID at 35.0%)
- Capital Adequacy Ratio (CAR) at 22.4% (FY19: 20.1%); Tier 1 at 17.7% (FY19: 14.9%)

#### Key Metrics

- Cards grew by 28% to 1.05 Cr, Spends grew by 27% to ₹130,915 Crore, Receivables grew by 30% to ₹24,141 Crore
- Market share - Cards at 18.2%, up 68bps; Spends at 17.9%, up 77bps (Till Jan'20)
- Cost to Income ratio improved by 388bps to 56.6%
- GNPA improves by 43bps to 2.01%

#### Significant Awards received during FY20:

- Most Effective Arrangements: Financial Crime & Sanctions Compliance award at the Global 'Compliance Register Platinum Awards 2019' at London.
- Golden Bridge Awards in the categories of customer service department of year in 2019 at San Francisco

- Stevie (Gold Award) for customer service executive of year in 2019 and Stevie (Silver Award) for the customer service department of the year in 2019 by the International Business Awards at Vienna
- Champion Security Award for the South Asia region at Visa Security Summit 2019 held in Shanghai China.

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

Name of the subsidiary company	Ownership (SBI Interest)	% of Ownership	(₹ crore)
			Net Profit (Losses) FY2020
SBI Life Insurance Company Ltd.	575.99	57.60	1,422

SBI Life Insurance Co. Ltd. is one of the leading listed Life Insurance Company in India. Established in 2001, the Company offers a wide range of individual and group insurance solutions that meet various life stage needs of customers. The products include Savings, Protection, Pension, Health, etc. As on March 31, 2020 the promoters viz. State Bank of India and BNP Paribas Cardif holds 57.6% and 5.2% of the equity share capital respectively. The equity shares of the Company are listed on National Stock Exchange of India Limited ('NSE') and Bombay Stock Exchange 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 130,418 agents as of March 31, 2020, 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, 2020, 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, 2020 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 17% growth in Individual New Business Premium (NBP) vis-à-vis the industry growth of 4%. The market share of SBI Life Retail New Business Premium (NBP) among all private players as on 31<sup>st</sup> March 2020 is 22.4%. Total New Business of the Company for the year ended FY2020 stands at ₹ 16,592 crore; growth of 20%.

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 year, total 15,51,862 individual new policies were issued and registered growth of 2%.

SBI Life witnessed a PAT of ₹1,422 crore in FY2020 against ₹1,327 crore in FY2019, growth of 7%. Largest Asset Under Management amongst private life insurers. AUM of the Company recorded a growth of 14% at ₹1,60,363 crore as on 31<sup>st</sup> March 2020 as compared to ₹1,41,024 crore as on 31<sup>st</sup> March 2019. Operating return on embedded value of 20.5% as on 31<sup>st</sup> March 2020, one of the best amongst the peers.

Leveraging wider reach achieved through its network of 937 offices, SBI Life has systematically brought large rural areas under insurance reach.

**Awards and recognitions received during the year include:**

1. 'Best Life Insurance Company' Award at ICC Emerging Asia Insurance Conclave & Awards 2019.
2. Won Gold award - Life Insurance Provider of the Year 2019 (Private Sector) at Outlook Money Conclave and Awards 2019
3. Won a "SMART Life Insurance Award" in large category at ET Insurance Summit 2019
4. Won a Gold shield for "Excellence in Financial Reporting" at the ICAI Awards 2019
5. Received the Company Performance Award, 2019 under the category 'India's Leading Life Insurance Company - Private' at the BFSI Summit & Awards by Dun & Bradstreet

**5. SBI FUNDS MANAGEMENT PRIVATE LIMITED (SBIFMPL)**

(₹ Crore)

Name of the subsidiary company	Ownership (SBI Interest)	% of Ownership	Net Profit (Losses) FY2020
SBI Funds Management Pvt. Ltd.	31.50	63%	603.45
SBI Mutual Fund Trustee Company Pvt. Ltd.	0.10	100%	1.95
SBI Funds Management (International) Pvt. Ltd.	100% by SBI Funds Management Private Limited	63%	2.41

SBIFMPL is a Joint Venture between SBI and AMUNDI (France), one of the world's leading fund management companies. The Asset Management Company of SBIFMPL, is amongst the fastest growing AMCs with a growth of over 31.5% against the industry average of 10.4% in 2019-20. In the last three years, SBIFMPL has achieved a CAGR of 33.4% against the industry average of around 13.9%.

As on quarter ended 31<sup>st</sup> March the fund house became the largest Mutual Fund manager in India with Quarterly Average Asset Under Management (QAAUM) of ₹3,73,537 crores moving up with 2

ranks in the financial year. Over all assets managed and advised by SBIFMPL was ₹10,33,663 crores as on 31<sup>st</sup> March 2020.

SBIFMPL has one of largest investor base of around 109 lakh investors with 13 Lac new customers added during the year. The Company has 14.5 Lakh direct investors and over 2.5 Lakh institutional investors including 1236 retirement funds. SBIFMPL is the Largest ETF manager in the country.

SBIFMPL posted a PAT of ₹603.45 crores during the period ended March 2020 as against ₹427.54 crores earned during

the year ended March 2019 under Indian Accounting Standard (Ind AS). The average "Assets Under Management" (AUM) of the Company during the quarter ended March 2020 were ₹3,73,537 crores with a market share of 13.82% as against the average assets under management of ₹2,83,807 crores with a market share of 11.59% during the quarter ended March, 2019. 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).

**6. SBI GLOBAL FACTORS LIMITED (SBIGFL)**

(₹ Crore)

Name of the subsidiary company	Ownership (SBI Interest)	% of Ownership	Net Profit (Losses) FY2020
SBI Global Factors Ltd.	137.79	86.18%	16.77

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 ₹40.28 crore during the period ended Mar 2020 against previous period ended Mar 2019 PBT of ₹4.28 crore. It's PAT during the period ended March 2020 is ₹16.77 crore against previous period ended Mar 2019 PAT of ₹1.68 crore (under IND AS). Turnover for 12 months ended FY2020 is ₹4,394 crore as compared to turnover of ₹4,387 crore in previous year. Funds in use (FIU) as on 31<sup>st</sup> Mar 2020 is ₹1,317

crore as compared to ₹1,374 crore as on 31<sup>st</sup> Mar 2019. However, the average FIU increased to ₹1305 crores in FY 2019-20 as compared to ₹1211 crores during previous year. The total income of the Company also increased to ₹118.65 crores in FY 2019-20 as against ₹108.64 crores last year.



## 7. SBI GENERAL INSURANCE COMPANY LIMITED (SBIGIC)

(₹ Crore)

Name of the subsidiary company	Ownership (Share capital - SBI Interest)	% of Ownership	Net Profit (Losses) FY2020
SBI General Insurance Company Ltd.	151	70%	412

SBI General Insurance Company Limited was originally a joint venture between State Bank of India (SBI) and IAG International Pty Limited, a subsidiary of Insurance Australia Group Limited. After a small divestment in mid-2018, SBI now owns 70% of the total capital, whereas IAG, the erstwhile JV partner of 26%, has made a complete exit in March 2020, thereby divesting its entire stake. While SBI's divested equity of 4% is held by PI Opportunities Fund - I (2.35%) and Axis New Opportunities- AIF-I (1.65%), IAG's stake of 26% has been bought by Napean Opportunities LLP (16.01%), and Honey Wheat Investments Ltd (9.99%). SBI General Insurance became the first non-life insurance company in India to cross ₹6,000 Crores in a decade of operations.

The company has continued to focus on profitable growth in bancassurance channel along with other distribution channels and line of businesses that meet our business objectives and drive profitable growth. SBI General has been focused on a rigorous business continuity plan and have built capabilities to handle disruption due to COVID 19 in FY2020. The Company defined strategies to target profitable growth, efficient expenses management and business continuity plan that has resulted in significant profits in FY2020.

SBI General has registered Gross Written Premium (GWP) of ₹6,840 with a growth of 45% compared to the industry growth of 12% in FY2020.

SBI General has achieved a profit of ₹412 crore in FY20. The Company recorded 20% growth in its profit before tax to ₹564 crore in FY2020 from ₹470 Crore in FY2019.

The overall market share of the company among all general insurance companies stands at 3.59% in FY2020 as against 2.77% in corresponding period of FY2019. In terms of market ranking in the Industry, SBI General is at 8<sup>th</sup> among private insurers and at 13<sup>th</sup> in the industry. SBI General remains one of the market

leaders "Personal Accident" and "Fire" insurance segment amongst private insurers in FY2020.

SBI General has retained iAAA rating by ICRA for highest claims paying ability for the 4<sup>th</sup> consecutive year. The Company won the 'Silver Award' in the category 'Non-Life Insurance Provider of the Year 2019' at Outlook Money Awards, won the Smart GI Compact, in the insurance segment at the 2<sup>nd</sup> Insurance Awards during the 6<sup>th</sup> ET Insurance Summit. In addition to the mentioned awards The Company received various prestigious recognitions across functions during FY2020.

## 8. 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 ₹61.96 Crore as on 31<sup>st</sup> March 2020 as against ₹34.45 crore as on 31<sup>st</sup> March 2019. Accumulated profit is ₹141.86 crore.

Assets Under Custody as on 31<sup>st</sup> March 2020 rose to ₹7,33,983 crore from ₹5,40,919 crore as on 31<sup>st</sup> March 2019, while the Average Assets Under Administration were at ₹5,43,697 crore in 31<sup>st</sup> March 2020 as against ₹3,18,198 crore in 31<sup>st</sup> March 2019.

(₹ Crore)

Name of the subsidiary company	Ownership (Share Capital- SBI Interest)	% of Ownership	Net Profit (Losses) FY2020
SBI SG Global Securities Services Pvt. Ltd.	52	65%	61.96

**COVERS COVID-19 RELATED CLAIMS**

**INTRODUCING AROGYA SANJEEVANI POLICY, SBI GENERAL INSURANCE COMPANY LIMITED**  
AN AFFORDABLE POLICY FOR YOU AND YOUR FAMILY.

- Hospitalization Cover
- 24x7 Cashless Claims
- 24x7 Sum Insured (SI) Limits
- 24x7 Assistance
- Free Health Checkups
- AYUSH Coverage

\* Policy Period: One Year

Visit: [www.sbigeneral.in](http://www.sbigeneral.in) or Call toll free 1800 22 1111

## 9. SBI PENSION FUNDS PRIVATE LIMITED (SBIPF)

Name of the subsidiary company	(₹ Crore)		
	Ownership (SBI Interest)	% of Ownership	Net Profit (Losses) FY2020
SBI Pension Funds Pvt. Ltd.*	18	60%	2.28

\*SBI Capital Markets and SBI Funds Management are holding 20% equity each in the Company.

SBIPFPL has been appointed as the Pension Fund Manager (PFM) along with six others to manage the pension corpus under National Pension System (NPS). SBIPFPL is one of the three PFMs 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 seven PFMs appointed for management of Pension Funds under the Private Sector. The total Assets Under Management (AUM) of the company as on 31<sup>st</sup> March 2020 was ₹1,60,491 crore (YoY growth of 32%) against ₹1,21,959 crore on 31<sup>st</sup> March 2019.

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 58%, while in the Government Sector it was 35%.

The Company was awarded 'Pension Fund House-2019' in Silver Category by Outlook Money. Outlook money Awards has been received by the company for 5<sup>th</sup> consecutive time in a row.

The company had obtained license from Regulator (PFRDA) to act as a Point of Presence (PoP) under NPS. In connection with this, the company had developed digital POP platform and it is fully functional from March 2020. Company has successfully registered its first corporate client

## 10. SBI INFRA MANAGEMENT SOLUTIONS PRIVATE LIMITED (SBIIMS)

SBIIMS is a wholly owned subsidiary incorporated on 17<sup>th</sup> June, 2016. The Company is operating on PAN India with 17 Circle Offices located at all SBI LHO Centres. The Company aims to provide

specialised services on premises and estate related matters to State Bank of India and to relieve State Bank of India officials from dealing with non-core activities.

SBIIMS has taken over all ongoing projects from your Bank as is where is basis and is executing them efficiently. SBIIMS has also successfully completed "Uniform Signage Project" by replacing old State Bank of India signage across India, which has resulted in the unique brand identity of State Bank of India. SBIIMS has also taken the challenge of completing your bank's ambitious "Uniform Branch Ambience Project" in time, which shall enable refined and delighted ambience of branches of State Bank of India.

## 11. 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.

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 the upliftment of underprivileged sections of the society with a vision to provide 'Service Beyond Banking'.

SBI Foundation has undertaken multiple initiatives to build 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. For FY2020, the total CSR spend of SBI Foundation was ₹ 14.65 crore. The grants received from Bank and its subsidiaries amounted to ₹ 27.81 crore. The remaining/unspent funds are earmarked to various ongoing CSR projects and shall be utilised in subsequent months.

**The focus areas of activities undertaken by SBIF are illustrated below:**

- **Flagship Programs:** SBIF has three flagship programs:
  - i) SBI Youth for India – a 13month rural fellowship program connecting India's best young minds to work for rural communities
  - ii) Centre of Excellence for Persons with Disabilities – a program with an objective to be a centralised support Centre to empower PwDs
  - iii) SBI Gram Seva – the program aims at working towards holistic development of villages covering 50 villages across six states in India. Nearly, 55% of the allocated amount to SBIF was spent for the flagship programs.
- **Project under Education:** Education is one of the most powerful and proven tools to bring about transformational change in the social development landscape. Towards this end, State Bank of India aims to address the major hindrances in the education sector of India. To do so, your Bank undertakes initiatives such as enhancing access to quality education to slum children of Ahmedabad, strengthening quality of education in 3,000 Anganwadi Centers of Meghalaya, benefitting 60,000 children and Personal Safety Education and Child Sexual Abuse prevention trainings to children and caregivers. For Education projects, 11% of fund was spent for the FY2020.
- **Projects under Healthcare:** SBIF is committed to making a positive contribution to the lives of the unprivileged sections of the society by providing free access to quality healthcare through various initiatives such as Organ Donation, Home-based hospice and palliative care services, Cochlear Implants for children having hearing loss,

Medical-aid to cancer patients, Primary Healthcare services on four-wheelers, and Mitigating the damages of sickle cell anaemia by supporting sickling tests. For healthcare projects, 13% of fund was spent for the FY2020.

- Launch of Flagship Program on Healthcare:** Considering the enormity of the challenge posed by Covid-19 and its adverse impact on the health sector, the Foundation has launched a new flagship program on healthcare. The program is aimed to identify and implement possible areas of collaborative interventions for defeating COVID-19 in India in association with likeminded organisations upgrading Health infrastructure and Diagnostics Facilities, Patient Management, Capacity Building of Health Staff and Creating General Awareness for Public.

### RRBs Sponsored by SBI

With 2/3rds of our country's population living in Rural, 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 State Bank has sponsored (15) Regional Rural Banks operating at regional levels in (15) different States. These RRBs have a combined branch strength of (5,318) spread across (226) Districts. (as on 31<sup>st</sup> March 2020).

- State Bank of India holds 35% stake in each of them except Ellquai Dehati Bank (36.27%), Madhyanchal Gramin Bank (35.46%) and Utkal Gramin Bank (36.51%) as on 31<sup>st</sup> March 2020 with the 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.

## 12.REGIONAL RURAL BANKS (RRBS)

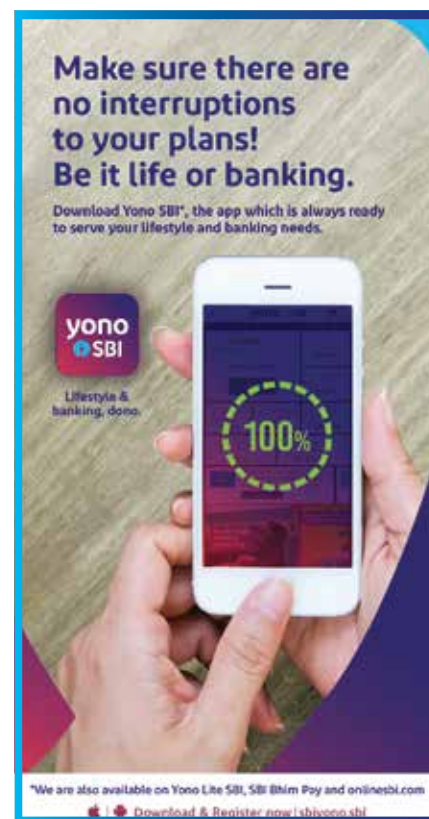
### OWNERSHIP PERCENTAGE OF SBI IN RRBS SPONSORED BY SBI

Sr. No.	Name of RRBs	%
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 \$\$	36.27%
5	Jharkhand Rajya Gramin Bank	35.00%
6	Madhyanchal Gramin Bank ##	35.46%
7	Meghalaya Rural Bank	35.00%
8	Mizoram Rural Bank	35.00%
9	Nagaland Rural Bank	35.00%
10	Purvanchal Bank	35.00%
11	Rajasthan Marudhara Gramin Bank	35.00%
12	Saurashtra Gramin Bank	35.00%
13	Telangana Grameena Bank	35.00%
14	Utkal Grameen Bank **	36.51%
15	Uttarakhand Gramin Bank	35.00%

\$\$ Sponsor Bank and State Govt have infused their part of ₹5.48 crore and ₹2.35 crore respectively of approved fresh infusion of Share Capital. As Central Govt is yet to infuse their part of share capital of ₹7.83 crore. On infusion of remaining capital of Central Govt, our share will be at 35%.

## Sponsor Bank and GOI have infused their part of ₹8.91 crore and ₹12.73 crore respectively of approved fresh infusion of Share Capital. As Govt of MP is yet to infuse their proportionate part of share capital of ₹3.82 crore. On infusion of remaining capital by Govt of MP, our share will be at 35%.

\*\* Sponsor Bank and GOI have infused their part of ₹93.856 crore and ₹134.08 crore respectively of approved fresh infusion of Share Capital. As the Government of Odisha is yet to infuse their proportionate part of share capital of ₹40.22 crore. On infusion of remaining capital by the Government of Odisha, our share will be at 35%.





**Business Highlights of FY 2020:**

- The aggregate deposits and advances of the (15) RRBs (sponsored by the Bank) as on (31<sup>st</sup> March 2020) stood at (1,07,539 crore) and (62,469 crore) respectively.
- During the year under review, despite the persistently challenging macroeconomic environment, the Bank improved its business, with Deposits growing by (11.59%) and Advances by (11.65%) on YoY. As a planned strategy to diversify to the portfolio, RRBs expanded their Housing Loan exposure by 30.84% (YoY) to take the portfolio to 7,492.21 crore.
- During FY2020, the RRBs together have posted a Net-Profit (₹260.29 crore) despite substantial provision of Pension ₹1,589.63 crore. 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 decreased to (6.37%) in current Financial year as against 6.97% in FY2019 due to focused approach for reduction of NPA. The Net NPA stands at (2.78%) as against (3.32%) in FY2019.
- Business per employee during FY2020 improved to (₹8.44 crore) (as on 31<sup>st</sup> March 2020) as against ₹7.35 crore in FY2019.

**Major Developments in FY 2020:**

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 Jharkhand, "Vananchal Gramin Bank" sponsored by SBI was amalgamated with Jharkhand Gramin Bank sponsored by Bank of India through a scheme of arrangements as facilitated by Ministry of Finance, Govt of India as new RRB "Jharkhand Rajya Gramin Bank" under the sponsorship of SBI w.e.f. 1<sup>st</sup> April 2019.

- In accordance with notification dated 26<sup>th</sup> November 2019 issued by the Government of India, Purvanchal Bank sponsored by us will be amalgamated with Baroda U.P. Bank under the sponsorship of Bank of Baroda w.e.f. 1<sup>st</sup> April 2020.
- The 14 RRBs with 4,718 Branch network, are expected to work more efficiently in the upcoming years, thanks to the introduction of Asset Management Hubs (AMHs) - a Centralised Credit Processing system.

**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 19	Mar 20	Variation (bps)	% Change
Net Profit Margin	0.31	4.79	448	1453.11
Return on Net Worth	0.48	7.74	725	1495.77

**Net Profit Margin:**

The Net Profit has registered YoY growth of 1580.31% (from a profit of ₹ 862 Cr in FY19 to Net Profit of ₹ 14,488 Cr during FY20) as against YoY growth of only 8.19% in Total Income (from ₹ 2,79,644 Cr in FY19 to ₹ 3,02,545 Cr in FY20).

**Return on Net worth:**

The Net Profit has registered YoY growth of 1580.31% (from a profit of ₹ 862 Cr in FY19 to Net Profit of ₹ 14,488 Cr during FY20) as against YoY growth of only 9.79% in Net worth of the Bank (from ₹1,78,552 Cr in FY19 to ₹1,96,037 Cr in FY20).



Bank's Board of Directors and Other Senior Officials at the Annual Strategy Meet

## 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 31<sup>st</sup> March 2020, 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. ACKNOWLEDGMENT

During the year, Shri Debasish Panda was nominated as Director on the Board u/s 19 (e) of SBI Act 1955 w.e.f. 24<sup>th</sup> January 2020 vice Shri Ravi Mital, who was nominated as Director w.e.f. 08<sup>th</sup> August 2019 vice Shri Rajiv Kumar. Shri Sanjeev Maheshwari was nominated as Director on the Board u/s 19 (d) of SBI Act 1955 w.e.f. 20<sup>th</sup> December 2019. Shri Challa Sreenivasulu Setty was appointed as Managing Director on the Board w.e.f. 20<sup>th</sup> January 2020.

Smt Anshula Kant, Managing Director resigned from the Board w.e.f. 31<sup>st</sup> August 2019 and Shri P K Gupta, Managing Director superannuated on 31<sup>st</sup> March 2020. The term of Dr Girish Ahuja, Director appointed by GOI u/s 19 (d) ended on 05<sup>th</sup> February 2020. Dr Pushpendra Rai has been renominated by GOI as Director u/s 19 (d) of the SBI Act, 1955 w.e.f. 6<sup>th</sup> February 2020 for a period of two years.

The Directors place on record their appreciation for the contributions made by the outgoing Managing Director, Smt Anshula Kant and Directors, Shri Rajiv Kumar, Shri Ravi Mital and Dr Girish Ahuja to the deliberations of the Board. The Directors welcomed the new Directors, Shri Sanjeev Maheshwari, Shri Debasish Panda and Managing Director, Shri Challa Sreenivasulu Setty 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: 05 June, 2020