

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 31st 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 |
| Total | 2,57,252 | 2,49,448 |

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 2nd 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. 1st February, 2019 in terms of the GOI guidelines.

Representation as on 31st 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 |
| | Grand Total | 2,49,448 | 45,422 | 19,734 | 56,409 | 4,554 |

* 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

WITH
SUCCESS
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

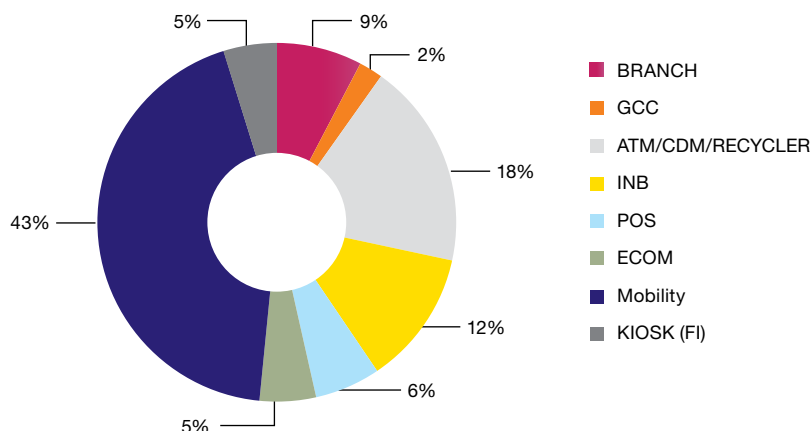
Your Bank has established an active High Availability Environment for applications viz. Finacle Core, Treasury and Connect 24, which ensures enhanced reliability, efficiency, productivity, security and scalability of applications, and seamless customer experience. It has also set up a BCP site for the 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

yono SBI Lifestyle & banking, dono.
 Download & Register now
 sbiyono.sbi

To know your PAPL eligibility SMS
 PAPL -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.

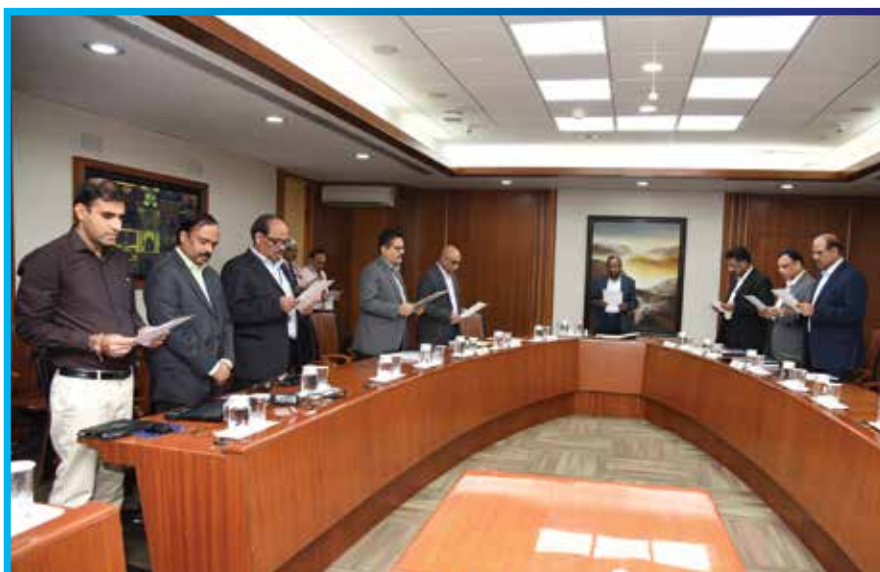
Value at Risk (VaR) is a tool used for monitoring risk in your Bank's trading portfolio. Enterprise-level VaR of your Bank is calculated daily and backtested daily. The Stressed VAR for market risk is also computed daily. This is supplemented by a Board-approved stress testing policy and framework that 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 1st 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

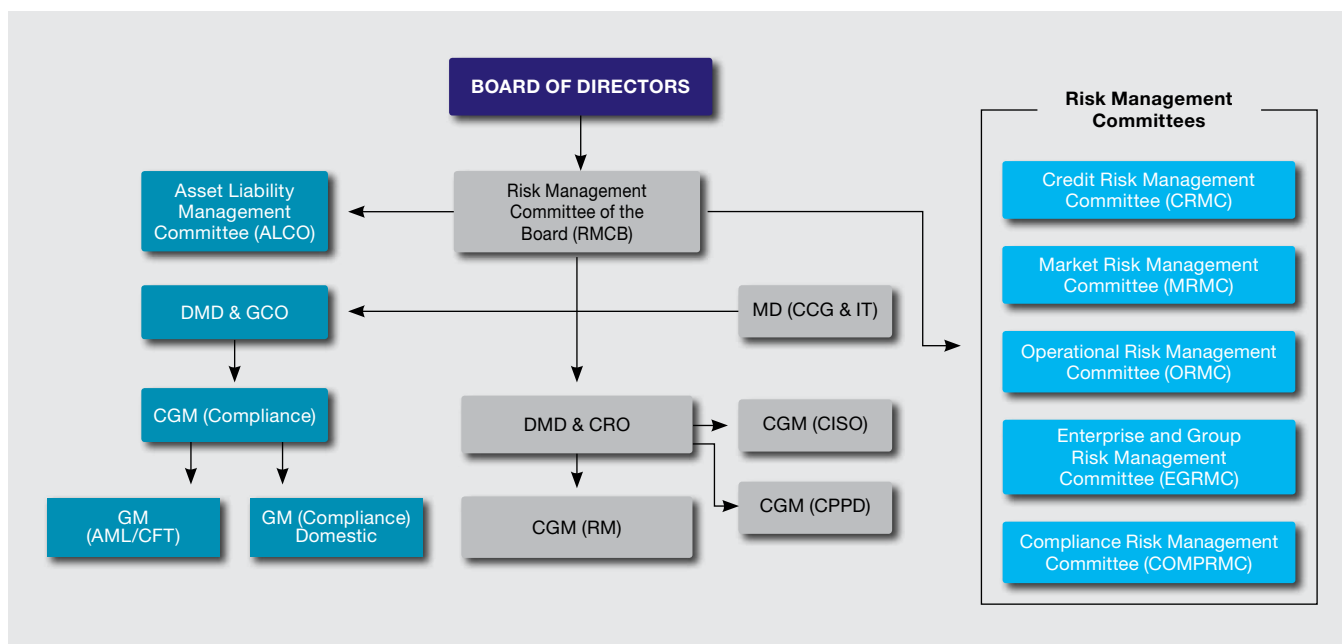
Enterprise Risk Management aims to put in place a comprehensive framework to manage and align risk with strategy at the whole Bank level. It encompasses global best practices such as Risk Appetite, Material Risk Assessment and Risk Aggregation, amongst others.

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 1st April, 2016 in a phased manner. It has become fully effective from 1st 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 30th 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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MAKE THE CORRECT DECISION. BANK ON SBI.

With its largest network, rely on SBI for Deposit of MACT (Motor Accident Claim Tribunal) award amount.

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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 1st April 2019 to 31st

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 2nd November every year wherein pledge is taken on that day at all branches/processing centers and Administrative Offices. Similarly, 1st August is observed as KYC Compliance and Fraud Prevention Day.

E. INSURANCE

State Bank of India has set up an Insurance Cell for 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 1st 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 2nd in Rajbhasha Kirti Awards by MHA, Gol
3. Your Bank's Jabalpur AO ranked 1st, and TOLICs set up in the convenorship of its Surat, Jammu, Nizamabad AOs ranked 3rd 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 communciation. 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 28th October to 2nd 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 28th 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

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 1st 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 1st 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 1st 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

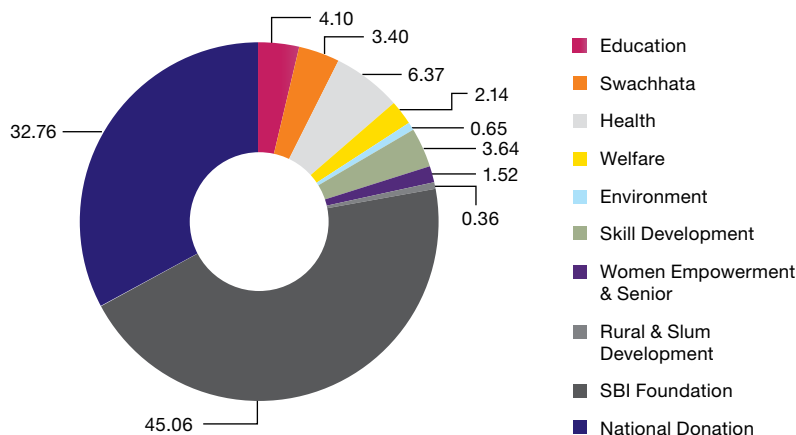
During FY2020, an amount of ₹0.42 crore was spent towards the empowerment of women and senior citizen. The major initiatives undertaken are as follows:

- 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.

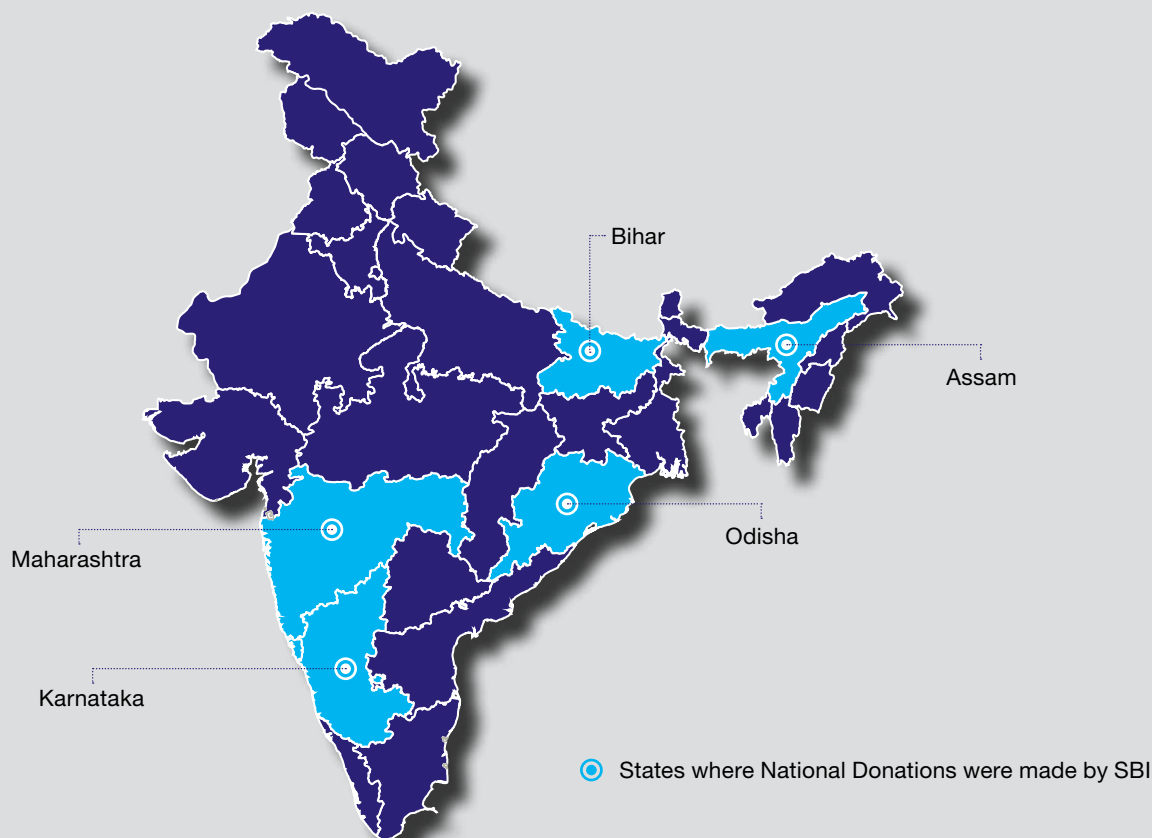
During FY2020, a total contribution of ₹0.45 crore has been received from the staff and your Bank has donated an amount of ₹ 0.53 crore to six organisations. These institutions are present across the country and work towards the welfare of the marginalised and downtrodden children including PwDs.

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 |
| Total National Donation | | 9.00 |

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 3rd 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.