

2. During this year Vigilance Awareness Week was observed from 27th October 2020 to 2nd November 2020, with the theme "Satark Bharat, Samridh Bharat (Vigilant India, Prosperous India). As a part of observance of Vigilance Awareness Week, "Integrity Pledge" has been administered to all staff members. All channels of Bank such as SBI Times, ATMs, CDMs, Internet Banking, Facebook, Twitter, Instagram, LinkedIn are used to create awareness among employees and public on the theme of Vigilance Awareness Week (VAW). During the VAW, we held a conference of CVC with the Top Management of the Bank. The Commission was presented with the elaborate Preventive Vigilance measures taken by the Bank. Commission appreciated various measures taken by the Bank. During this period, while strictly adhering to extant Covid-19 guidelines, actions relating to internal house keeping were taken up in campaign mode. A "Vigilance Bulletin" was published incorporating case studies and other important guidelines to provide awareness amongst employees.
3. During the financial year under review, the following measures were initiated in order to improve the effectiveness of vigilance administration and timely disposal of disciplinary cases.
 - i. DFS has appointed 6 Additional Chief Vigilance Officers (ACVOs) on deputation basis, in the Bank, to strengthen Vigilance Administration and to support CVO. Out of 6 ACVOs, 4 are posted at 4 Zones (North, South, East and West) and 2 at Corporate Centre to handle cases of Corporate banking (CAG, CCG, IBG & SARG) and Subsidiaries and RRBs. The roles and responsibilities of these ACVO are finalised and required infrastructure is created for them. With appointment of ACVOs for Subsidiaries & RRBs, the vigilance administration of RRBs & Subsidiaries is brought under direct supervision of CVO.
 - ii. In order to put in place a mechanism to monitor the progress of staff accountability examination in respect of large value frauds of ₹50 crores and above, a Committee namely "ABBFF Review Committee" under

chairmanship of MD (CB & GM) has been constituted. This Committee will review the progress of all cases being referred to ABBFF at bi-monthly intervals. The reviewed status report is being shared with all stakeholders to initiate prompt action, as desired at their end, so that the timelines prescribed by ABBFF can be met.

- iii. To take holistic view in the disciplinary cases and to ensure uniform decisions and speedy disposal, centralized DAs have been created and 5 DAs (4 Hubs, 1 at CCG) have been posted / designated.
4. Vigilance Department has conducted 193 preventive vigilance programmes and trained 3735 officers. Suo-motu investigations have been conducted in 768 branches to ensure preventive measures are made effective.
5. During the financial year 2020-2021, a total of 1,716 cases (including 908 new cases) were taken up for examination, out of which 1045 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. ALM aims to strengthen Balance Sheet by pro-actively reviewing the market dynamics, capturing the signals emanating therefrom and assessing the regulatory requirements to ensure value creation.

As part of sound Risk Management practices, your Bank has been constantly 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. 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 behavioral pattern of customers (embedded options available to customers) in order to give proper treatment to the non-contractual items of assets and liabilities while assessing liquidity position. Behavioral analysis is being carried out at half-yearly intervals to ensure accurate

positioning of outflows/inflows, in liquidity and interest rate sensitivity statements, that arise due to off-balance sheet exposures, impact of probable loan losses etc. The prevailing assumptions relating to non-contractual items of assets and liabilities are periodically reviewed and updated based on the outcomes of the latest studies.

The stock of High-Quality Liquid Assets (HQLA) and cash outflows are effectively monitored on a daily basis under dynamic market environment to ensure 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 the Bank in terms of liquidity, which is coming into force effective from 1st October 2021.

Your Bank identifies the inherent risks associated with the changing interest rates on its on-balance sheet and off-balance sheet exposures from both a short-term and long-term perspective. For this purpose, impact on Earnings at Risk (EaR) and Market Value of Equity (MVE) is assessed with pre-defined tolerance limits which enables the Management to initiate appropriate preventive steps in a likely scenario of erosion in NII / Net Worth.

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

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, inter alia, reviews the Interest Rate scenarios, pattern of growth of liability products, credit growth, competitive advantages, liquidity management, adherence to the regulatory prescriptions and pricing of liabilities and assets from time to time.

Your Bank has been in the forefront of monetary policy transmission, having achieved adequate level of transmission through its lending rates and has taken additional steps to expedite the transmission process by reducing its MCLR reset frequency from 1 year to 6 months for eligible floating rate advances. The Bank

had also transmitted the Repo rate cuts during the year in entirety through its EBLR.

With automation of Regulatory Reports/ Returns pertaining to ALM, your Bank is better positioned in monitoring and compliance in respect of Liquidity and Interest Rate Risk Management.

8. Ethics and Business Conduct

Your Bank established the Ethics & Business Conduct Vertical in the year 2017. The moot idea behind the decision was to further strengthen and integrate ethics in the operational fabric of the Bank in a more overt and structured manner. A flagship initiative in the entire Indian Banking and Public Sector landscape, it was yet another reiteration of your Bank's strong commitment to uphold the highest standards of integrity and conduct. What started from a scratch, has over the period of time shaped into a robust, comprehensive and an effective organisational ethics framework. Ever since inception, the Ethics and Business Conduct vertical of your Bank has been carrying out a host of initiatives and programs. A quick glance of the major ethical initiatives so far, the formulation of the Vision, Mission & Values Statements of your Bank, in sync with the employee expectations and the changing times, articulated the basic guiding principles, both at an individual and institutional level. The core Values of the Bank were the foundations on which the Bank's Code of Ethics was ideated and designed. Today, pivoted around its Values and the Code, the entire ethical program of your Bank is optimally primed to permeate and percolate exalted behavioural norms across all levels.

While the ethics program is mostly tech driven, to further leverage the digital, major initiatives like development and operationalisation of Ethics Website, Business Conduct and Discipline Management Online Processing Portal & Dashboard and GARIMA, an online portal for lodging sexual harassment related complaints, were taken and concluded in the recent times. Various policies that can have an influence on the employee ethical behaviour like Gift & Entertainment, Social Media etc have also been constantly reviewed, updated and circulated in the Bank.



Release of Policy Guidelines by the Chairman

Your Bank's commitment towards nurturing an inclusive, secure and a high trust workplace for its women employees is driven by the Garima (POSH) framework. Towards this end, many activities that cover the entire process cycle- education, escalation and empowerment- on matters relating to gender-sensitivity and sexual harassment have been undertaken. In the area of consequence management, workflows have been reviewed, streamlined and where required, redesigned to ensure a fairer, faster and a more efficient Discipline Management structure. This has ensured that the ethical transgressions are adequately dealt with promptly and in a transparent manner, which is one of the key requirements of fostering an ethical culture in an organisation.

The FY 2020-21, for the major part, was marked by disruptions caused by the Pandemic. However, the operational resilience built in the preceding years, by constant integration of the digital platforms in all work spheres, ensured that the entire gamut of activities of the Ethics & Business Conduct vertical continued unaffected and uninterrupted, just like the pre-covid times. On the contrary, the scope and span of it further expanded. In addition to the one existing, three new daily email broadcast series were started. These were based upon developing leadership traits, employee well-being and practising ethics beyond the workplace. Similarly, in addition to the one existing, a new weekly blog series was ideated. Viewing the major corporate

failures from the moral lens, it was a brief commentary as to what went wrong from an ethical perspective. The abridged version of the Bank's Code, The Code of Ethics in Brief, was prepared for circulation amongst the new entrants during onboarding. A comprehensive online certification module on the Code, the successful completion of which is digitally certified, was also designed and hosted on the intranet.

In the area of Discipline Management, your Bank has completed the operationalization of centralized Disciplinary Authority (DA) structure for Officers up to SMGS-V. The framework is serving well its intended purpose of bringing in uniformity of approach in handling the disciplinary matters across the spectrum. Last but not the least, even amidst the disruptions, your Bank reached out to the newly selected Probationary Officers, newly promoted JMGS-I and the officials working in the consequence management setup through a series of webinars on Ethics, GARIMA-POSH and Discipline Management touch basing close to 3000 officials. In addition, customised workshops on ethics for the various internal verticals were also conducted.

The journey to perfection is lengthy and a patient trudge. Your Bank, that has already come a long way, looks forward to continuing with the same zeal and enthusiasm on its goal to attain ethical excellence, a perquisite to enhanced brand equity and continued success.