PILLAR 3 DISCLOSURES (CONSOLIDATED) AS ON 30.06.2016

DF-2: CAPITAL ADEQUACY

As on 30.06.2016

Qualitative Disclosures

(a) A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities	• The Bank and its Banking Subsidiaries undertake the Internal Capital Adequacy Assessment Process (ICAAP) on an annual basis in line with the New Capital Adequacy Framework (NCAF) Guidelines of RBI. The ICAAP details the capital planning process and carries out an assessment covering measurement, monitoring, internal controls, reporting, capital requirement and stress testing of the following Risks: ➢ Credit Risk ➢ Operational Risk ➢ Liquidity Risk ➢ Compliance Risk ➢ Pension Fund Obligation Risk ➢ Reputation Risk ➢ Residual Risk from Credit Risk Mitigants ➢ Settlement Risk ➢ Market Risk ➢ Credit Concentration Risk ➢ Interest Rate Risk in the Banking Book ➢ Country Risk ➢ New Businesses Risk ➢ Strategic Risk ➢ Model Risk ➢ Contagion Risk ➢ Securitization Risk • Sensitivity Analysis is conducted annually or more frequently as required, on the movement of Capital Adequacy Ratio (CAR) in the medium horizon of 3 to 5 years, considering the projected investment in Subsidiaries / Joint Ventures by SBI and growth in Advances by SBI and its Subsidiaries (Domestic/Foreign). This analysis is done for the SBI and SBI Group separately. • CRAR of the Bank and for the Group as a whole is estimated to be well above the Regulatory CAR in the medium horizon of 3 to 5 years. However, to maintain adequate capital, the Bank has options to augment its capital resources by raising Subordinated Debt and Perpetual Debt Instruments, besides Equity as and when required. • Strategic Capital Plan for the Foreign Subsidiaries covers an assessment of capital requirement for growth of assets and the capital required complying with various local regulatory requirements and prudential norms. The growth plan is approved by the parent bank after satisfying itself about the capacity of the individual subsidiaries to raise CET I / AT I /Tier II Capital to support the increased level of assets and at the same time maintaining the Capital Adequacy Ratio (CAR).
Quantitative Disclosures (b) Capital requirements for credit risk: ▪ Portfolios subject to standardized approach ▪ Securitization exposures	 → Rs. 1,32,459.69crs. → Nil …………………………… **Total Rs. 1,32,459.69crs**

(c) Capital requirements for market risk: ▪ Standardized duration approach; - Interest Rate Risk - Foreign Exchange Risk(including gold) - Equity Risk	→ Rs.8,109.04crs. → Rs. 183.53crs. → Rs.3,806.12crs. ……………………….. **Total Rs. 12,098.69crs.**
(d) Capital requirements for operational risk: • Basic Indicator Approach • The Standardized Approach (if applicable)	→ Rs. 16,451.14crs. ………………………….. **Total Rs. 16,451.14crs.**

(e) Common Equity Tier 1, Tier 1 and Total Capital Ratios:

- For the top consolidated group; and
- For significant bank subsidiaries (stand alone or sub-consolidated depending on how the Framework is applied)

CAPITAL ADEQUACY RATIOS AS ON 30.06.2016

	CET 1 (%)	Tier 1 (%)	Total (%)
SBI Group	**10.25**	**10.45**	**13.50**
State Bank of India	**10.71**	**10.82**	**14.01**
State Bank of Bikaner & Jaipur	**8.28**	**8.44**	**10.50**
State Bank of Hyderabad	**9.08**	**9.45**	**11.81**
State Bank of Mysore	**7.89**	**8.06**	**11.34**
State Bank of Patiala	**7.47**	**7.67**	**10.89**
State Bank of Travancore	**7.86**	**8.15**	**10.43**
SBI (Mauritius) Ltd.	**20.03**	**20.03**	**21.06**
State Bank of India (Canada)	**17.50**	**17.50**	**20.16**
State Bank of India (California)	**17.52**	**17.52**	**18.77**
Commercial Indo Bank LLC, Moscow	**38.06**	**38.06**	**38.06**
Bank SBI Indonesia	**42.81**	**42.81**	**43.20**
Nepal SBI Bank Ltd.	**11.83**	**11.83**	**14.33**
Bank SBI Botswana Ltd.	**39.68**	**39.68**	**39.68**

DF-3: CREDIT RISK: GENERAL DISCLOSURES

a. Qualitative Disclosures

- **Definitions of past due and impaired assets (for accounting purposes)**

Non-performing assets

An asset becomes non-performing when it ceases to generate income for the Bank. As from 31st March 2006, a non-performing Asset (NPA) is an advance where

(i) Interest and/or instalment of principal remain 'overdue' for a period of more than 90 days in respect of a Term Loan
(ii) The account remains 'out of order' for a period of more than 90 days, in respect of an Overdraft/Cash Credit (OD/CC)
(iii) The bill remains 'overdue' for a period of more than 90 days in the case of bills purchased and discounted
(iv) Any amount to be received remains 'overdue' for a period of more than 90 days in respect of other accounts
(v) A loan granted for short duration crops is treated as NPA, if the instalment of principal or interest thereon remains overdue for two crop seasons and a loan granted for long duration crops is treated as NPA, if instalment of principal or interest thereon remains overdue for one crop season
(vi) An account would be classified as NPA only if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter.
(vii) The amount of a liquidity facility remains outstanding for more than 90 days, in respect of securitization transactions undertaken in accordance with the RBI guidelines on securitization dated February 1, 2006.
(viii) In respect of derivative transactions, the overdue receivables representing the positive mark to market value of a derivative contract, remain unpaid for a period of 90 days from the specified due date for payment.

'Out of Order' status

An account is treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power.

In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Bank's Balance Sheet, or where credits are not enough to cover the interest debited during the same period, such accounts are treated as 'out of order'.

'Overdue'

Any amount due to the Bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank.

- **Discussion of the Bank's Credit Risk Management Policy**

The Bank has an integrated Credit Risk Management, Credit Risk Mitigation and Collateral Management Policy in place which is reviewed annually. Over the years, the policy & procedures in this regard have been refined as a result of evolving concepts and actual experience. The policy and procedures have been aligned to the approach laid down in Basel-II and RBI guidelines.

Credit Risk Management encompasses identification, assessment, measurement, monitoring and control of the credit risk in exposures.

In the processes of identification and assessment of Credit Risk, the following functions are undertaken :

(i) Developing and refining the Credit Risk Assessment (CRA) Models/Scoring Models to assess the Counterparty Risk, by taking into account the various risks categorized broadly into Financial, Business, Industrial and Management Risks, each of which is scored separately.

(ii) Conducting industry research to give specific policy prescriptions and setting quantitative exposure parameters for handling portfolio in large / important industries, by issuing advisories on the general outlook for the Industries / Sectors, from time to time.

The measurement of Credit Risk involves computation of Credit Risk Components viz Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD).

The monitoring and control of Credit Risk includes setting up exposure limits to achieve a well-diversified portfolio across dimensions such as single borrower, group borrower and industries. For better risk management and avoidance of concentration of Credit Risks, internal guidelines on prudential exposure norms in respect of individual companies, group companies, Banks, individual borrowers, non-corporate entities, sensitive sectors such as capital market, real estate, sensitive commodities, etc., are in place. Credit Risk Stress Tests are conducted at half yearly interval to identify vulnerable areas for initiating corrective action, where necessary.

The Bank has also a Loan Policy which aims at ensuring that there is no undue deterioration in quality of individual assets within the portfolio. Simultaneously, it also aims at continued improvement of the overall quality of assets at the portfolio level, by establishing a commonality of approach regarding credit basics, appraisal skills, documentation standards and awareness of institutional concerns and strategies, while leaving enough room for flexibility and innovation

The Bank has processes and controls in place in regard to various aspects of Credit Risk Management such as appraisal, pricing, credit approval authority, documentation, reporting and monitoring, review and renewal of credit facilities, management of problem loans, credit monitoring, etc. The Bank also have a system of Credit Audit with the aims of achieving continuous improvement in the quality of the Commercial Credit portfolio with exposure of Rs. 10 cr. and above. Credit Audit covers audit of credit sanction decisions at various levels. Both the pre-sanction process and post-sanction position are examined as a part of the Credit Audit System. Credit Audit also examines identified Risks and suggests Risk Mitigation Measures.

DF-3: Quantitative Disclosures as on 30.06.2016

(Insurance entities, JVs & Non-financial entities excluded)

General Disclosures:		Amount - Rs. in Crs.		
Quantitative Disclosures		**Fund Based**	**Non Fund Based**	**Total**
b	Total Gross Credit Risk Exposures	1884616.30	443348.02	2327964.32
c	Geographic Distribution of Exposures : FB / NFB			
	Overseas	284401.45	39594.27	323995.72
	Domestic	1600214.85	403753.75	2003968.60
d	Industry Type Distribution of Exposures Fund based / Non Fund Based separately	Please refer to **Table "A"**		
e	Residual Contractual Maturity Breakdown of Assets	Please refer to **Table "B"**		
f	Amount of NPAs (Gross) i.e. Sum of (i to v)			139165.32
	i. Substandard			49596.27
	ii. Doubtful 1			42191.94
	iii. Doubtful 2			32262.82
	iv. Doubtful 3			10881.06
	v. Loss			4233.23
g	Net NPAs			79162.82
h	NPA Ratios			
	i) Gross NPAs to gross advances			7.38%
	ii) Net NPAs to net advances			4.35%
i	Movement of NPAs (Gross)			
	i) Opening balance			123416.43
	ii) Additions			28142.27
	iii) Reductions			12393.38
	iv) Closing balance			139165.32
j	Movement of provisions for NPAs			
	i) Opening balance			53627.25
	ii) Provisions made during the period			11811.88
	iii) Write-off			5434.13
	iv) Write-back of excess provisions			2.51
	v) Closing balance			60002.49

k	Write-offs and recoveries that have been booked directly to the Income St.	293.99
l	Amount of Provisions held for Non-Performing Investments	334.44
m	Movement of Provisions for Depreciation on Investments	
	i) Opening balance	695.64
	ii) Provisions made during the period	377.35
	iii) Add: Foreign Exchange Revaluation Adj.	0.00
	iv) Write-off	13.55
	v) Write-back of excess provisions	260.15
	vi) Closing balance	799.29
n	By major industry or counter party type	
	i) Amt. of NPA and if available, past due loans, provided separately	84419.65
	ii) Specific & general provisions; and	12073.30
	iii) Specific provisions and write-offs during the current period	883.83
o	Amt. of NPAs and past due loans provided separately by significant geographical areas including specific and general provisions	12077.55
	Provisions	3947.83

Table- A: DF-3 (d) Industry Type Distribution of Exposures as on 30.06.2016 (Amount - Rs. in Crs.)

CODE	INDUSTRY	FUND BASED [Outstanding-O/s)]			NON-FUND BASED(O/s)
		Standard	NPA	Total	
1	Coal	2,540.36	1,536.59	4,076.96	2770.92
2	Mining	6,926.41	668.56	7,594.97	2538.13
3	Iron & Steel	86,238.32	45,456.13	1,31,694.45	26392.24
4	Metal Products	43,648.67	3,882.01	47,530.68	9598.28
5	All Engineering	39,295.87	6,899.44	46,195.31	80142.48
5.1	Of which Electronics	13,056.47	931.88	13,988.35	9493.94
6	Electricity	7,154.95	152.58	7,307.53	1344.02
7	Cotton Textiles	26,566.36	9,066.41	35,632.77	5915.13
8	Jute Textiles	342.30	81.49	423.79	52.42
9	Other Textiles	19,708.64	3,305.92	23,014.55	2591.34
10	Sugar	8,538.53	647.49	9,186.01	820.47
11	Tea	794.91	118.75	913.66	23.78
12	Food Processing	31,600.22	6,746.49	38,346.71	2360.17
13	Vegetable Oils & Vanaspati	5,194.04	1,313.51	6,507.54	4667.35
14	Tobacco / Tobacco Products	526.85	34.38	561.23	339.70
15	Paper / Paper Products	4,926.21	1,077.10	6,003.30	804.56
16	Rubber / Rubber Products	7,714.29	794.98	8,509.28	2495.11
17	Chemicals / Dyes / Paints etc.	43,747.53	3,760.83	47,508.36	14946.07
17.1	Of which Fertilizers	10,551.86	52.25	10,604.11	5868.33
17.2	Of which Petrochemicals	12,682.97	95.90	12,778.87	3309.31
17.3	Of which Drugs & Pharma	9,871.50	2,750.11	12,621.61	1615.60
18	Cement	9,277.98	1,016.48	10,294.46	3073.45
19	Leather & Leather Products	2,571.28	90.41	2,661.69	473.29
20	Gems & Jewellery	16,592.08	2,427.12	19,019.21	2486.50
21	Construction	19,250.49	2,335.26	21,585.75	6540.89
22	Petroleum	25,921.02	1,071.87	26,992.89	47958.24
23	Automobiles & Trucks	12,912.96	602.08	13,515.04	7721.19
24	Computer Software	2,352.99	216.71	2,569.69	1322.85
25	Infrastructure	2,53,099.92	17,329.52	2,70,429.45	93188.29
25.1	Of which Power	1,67,214.73	4,496.62	1,71,711.36	24762.00
25.2	Of which Telecommunication	23,093.24	43.61	23,136.85	22125.85
25.3	Of which Roads & Ports	30,650.81	5,078.50	35,729.31	17463.17
26	Other Industries	1,85,247.25	9,226.66	1,94,473.91	56645.24
27	NBFCs & Trading	1,92,875.98	7,579.71	2,00,455.70	30248.84
28	Residual Advances	6,89,884.58	11,726.84	7,01,611.42	35887.07
	Total	**17,45,450.98**	**1,39,165.32**	**18,84,616.30**	**4,43,348.02**

Table- B

DF-3 (e) SBI (CONSOLIDATED) Residual contractual maturity breakdown of assets as on 30.06.2016*

[Rs. in Crs.]

	INFLOWS	1-14 days	15-30 days	31 days & upto 2 months	More than 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	TOTAL
1	**Cash**	18873.39	0.26	0.51	0.25	1.43	3.33	6.52	0.00	0.00	**18885.69**
2	**Balances with RBI**	3245.39	1360.46	1351.27	1766.91	3802.87	15975.13	24568.67	10485.67	23950.17	**86506.56**
3	**Balances with other Banks**	41503.82	291.15	1587.16	1451.28	276.13	135.32	1067.18	16.45	3484.47	**49812.96**
4	**Investments**	143581.77	7657.74	22030.96	3975.36	18336.17	28996.49	113221.38	89218.75	334544.74	**761563.37**
5	**Advances**	57100.12	32313.29	72361.10	44924.96	109389.99	98707.29	801437.76	226134.75	378360.07	**1820729.34**
6	**Fixed Assets**	0.00	0.00	0.00	0.00	0.00	0.08	3.37	18.41	46820.24	**46842.10**
7	**Other Assets**	50671.97	5473.11	2537.80	2528.47	6537.12	6086.07	8404.59	5496.06	41062.60	**128797.81**
	TOTAL	**314976.47**	**47096.02**	**99868.80**	**54647.22**	**138343.72**	**149903.72**	**948709.48**	**331370.10**	**828222.30**	**2913137.83**

*Notes:

i) Insurance entities, Non-financial entities, JVs, Special Purpose Vehicles & Intra-group Adjustments are excluded.

ii) Investments include Non-performing Investments and Advances includes Non-performing Advances.

iii) The Bucketing structure has been revised based on the RBI guidelines dated March 23, 2016.

DF-4: CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

Qualitative Disclosures

(a) For portfolios under the standardized approach:

- **Names of Credit Rating Agencies used, plus reasons for any changes**

As per RBI Guidelines, the Bank has identified CARE, CRISIL, ICRA, India Rating, SMERA and Brickwork (Domestic Credit Rating Agencies) and FITCH, Moody's and S&P (International Rating Agencies) as approved Rating Agencies, for the purpose of rating Domestic and Overseas Exposures, respectively, whose ratings are used for the purpose of computing Risk-weighted Assets and Capital Charge.

- **Types of exposures for which each Agency is used**
  - (i) For Exposures with a contractual maturity of less than or equal to one year (except Cash Credit, Overdraft and other Revolving Credits), Short-term Ratings given by approved Rating Agencies are used.
  - (ii) For Cash Credit, Overdraft and other Revolving Credits (irrespective of the period) and for Term Loan exposures of over 1 year, Long Term Ratings are used.

- **Description of the process used to transfer Public Issue Ratings onto comparable assets in the Banking Book**

The key aspects of the Bank's external ratings application framework are as follows:

- All long term and short term ratings assigned by the credit rating agencies specifically to the Bank's long term and short term exposures respectively are considered by the Bank as issue specific ratings.
- Foreign sovereign and foreign bank exposures are risk-weighted based on issuer ratings assigned to them.
- The Bank ensures that the external rating of the facility/borrower has been reviewed at least once by the ECAI during the previous 15 months and is in force on the date of its application.
- Where multiple issuer ratings are assigned to an entity by various credit rating agencies, In this context, the lower rating, where there are two ratings and the second-lowest rating where there are three or more ratings are used for a given facility.

Long-term Issue Specific Ratings (For the Bank's own exposures or other issuance of debt by the same borrower-constituent/counter-party) or Issuer (borrower-constituents/counter-party) Ratings are applied to other unrated exposures of the same borrower-constituent/counter-party in the following cases :

- If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures, any other unrated exposure on the same counter-party is assigned the same Risk Weight, if the exposure ranks *pari passu* or junior to the rated exposure in all respects.
- In cases where the borrower-constituent/counter-party has issued a debt (which is not a borrowing from the Bank), the rating given to that debt is applied to the Bank's unrated exposures, if the Bank's exposure ranks *pari passu* or senior to the specific rated debt in all respects and the maturity of unrated Bank's exposure is not later than the maturity of the rated debt.

Quantitative Disclosures as on 30.06.2016 **(Rs. in crs.)**

(b) For exposure amounts after risk mitigation subject to the Standardized Approach, amount of group's outstanding (rated and unrated) in each risk bucket as well as those that are deducted.		**Amount**
	Below 100% Risk Weight	1464295.90
	100% Risk Weight	554100.74
	More than 100% Risk Weight	306795.95
	Deducted	2771.72
	Total	**2327964.32**

TABLE DF-17: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE

LEVERAGE RETURN AS ON 30.06.2016		
STATE BANK OF INDIA		
	DF-17- Summary comparison of accounting assets vs. leverage ratio exposure measure	
	ITEM	**Rs. (In millions)**
1	Total consolidated assets as per published financial statements	29821211.30
2	Adjustment for investments in banking,financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-892636.70
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0
4	Adjustments for derivative financial instruments	1,36,568.08
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	175283.71
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	3401639.50
7	Other adjustments	-45775.49
8	**Leverage ratio exposure**	32596290.40

TABLE DF-18: LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE
As on 30.06.2016

	DF-18 -Leverage ratio common disclosure template	
	ITEM	**(Rs. In Millions)**
	On balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	28928574.60
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-45775.49
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	28882799.11
	Derivatives exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	46,850.91
5	Add-on amounts for PFE associated with all derivatives transactions	89,717.17
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted CCP leg of client-cleared trade exposures)	0
9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	**Total derivative exposures (sum of lines 4 to 10)**	1,36,568.08
	Securities financing transaction exposure	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	175283.71
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	CCR exposure for SFT assets	0
15	Agent transaction exposures	0
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	175283.71
	Other off balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	10390697.10
18	(Adjustments for conversion to credit equivalent amounts)	-6989057.60
19	**Off-balance sheet items (sum of lines 17 and 18)**	3401639.50
	Capital and total exposures	
20	**Tier 1 capital**	**1887302.35**
21	**Total exposures (sum of lines 3,11,16 and 19)**	**325,96,290.40**
	Leverage ratio	
22	**Basel III leverage ratio**	**5.79**