State Bank of India
acting through its London Branch

Issue of U.S.$ 300,000,000 2.49 per cent. Notes due 2027 (the "Notes")
under the
U.S.$10,000,000,000Medium Term Note Programme

Issue Price: 99.972 per cent of the Aggregate Nominal Amount
Issue Date: 26 January 2022

This information package includes the Offering Circular under the U.S.$10,000,000,000 Medium Term Note Programme (the "**Programme**") dated 19 July 2021 (the "**Offering Circular**") and the Pricing Supplement dated 13 January 2022 in respect of the Notes (the "**Pricing Supplement**", together with the Offering Circular , the "**Information Package**").

The Notes will be issued by State Bank of India acting through its London Branch (the "**Issuer**").

Application will be made by the Issuer for the Notes to be listed on the Taipei Exchange ("**TPEx**") in the Republic of China (the "**ROC**"). The Notes will also be listed on Singapore Exchange Securities Trading Limited and Global Securities Market of the India International Exchange (IFSC) Limited.

The Notes will be traded on TPEx pursuant to the applicable rules of TPEx. Effective date of listing and trading of the Notes on the TPEx is expected to be on or about 26 January 2022.

TPEx is not responsible for the content of the Information Package and no representation is made by TPEx as to the accuracy or completeness of the Information Package. TPEx expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this Information Package. Admission of the Notes to listing and trading on the TPEx shall not be taken as an indication of the merits of the Issuer or the Notes.

The Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, to investors other than "professional institutional investors" as defined under Paragraph 2 of Article 4 of the Financial Consumer Protection Act of the ROC. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to a professional institutional investor.

ROC TAXATION

The following is a summary of certain taxation provisions under ROC law and is based on current law and practice and has been prepared on the basis that the Notes will be issued, offered, sold and re-sold, directly or indirectly, to professional institutional investors as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the ROC only. It does not purport to be comprehensive and does not constitute legal or tax advice. Investors (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult with their own tax advisers regarding the tax consequences of an investment in the Notes.

Interest on the Notes

As the Issuer of the Notes is not an ROC statutory tax withholder, there is no ROC withholding tax on the interest or deemed interest to be paid by the Issuer on the Notes.

ROC corporate holders must include any interest or deemed interest receivable under the Notes as part of their taxable income and pay income tax at a flat rate of 20 per cent. (unless the total taxable income for a fiscal year is 120,000 New Taiwan Dollars or under), as they are subject to income tax on their worldwide income on an accrual basis. The alternative minimum tax ("**AMT**") is not applicable.

Sale of the Notes

In general, the sale of corporate bonds or financial bonds is subject to 0.1 per cent. securities transaction tax ("**STT**") on the transaction price. However, Article 2-1 of the Securities Transaction Tax Act prescribes that STT will cease to be levied on the sale of corporate bonds and financial bonds from 1 January 2010 to 31 December 2026. Therefore, the sale of the Notes will be exempt from STT if the sale is conducted on or before 31 December 2026. Starting from 1 January 2027, any sale of the Notes will be subject to STT at 0.1 per cent. of the transaction price, unless otherwise provided by the tax laws that may be in force at that time.

Capital gains generated from the sale of bonds are exempt from ROC income tax. Accordingly, ROC corporate holders are not subject to ROC income tax on any capital gains generated from the sale of the Notes. However, ROC corporate holders should include such capital gains in calculating their basic income for the purpose of calculating their AMT. If the amount of the AMT exceeds the annual income tax calculated pursuant to the ROC Income Basic Tax Act, the excess becomes the ROC corporate holders' AMT payable. Capital losses, if any, incurred from the sale of the Notes by such holders could be carried over 5 years to offset against capital gains of the same category of income for the purposes of calculating their AMT.

Non-ROC corporate holders with a fixed place of business (e.g., a branch) or a business agent in the ROC are not subject to ROC income tax on any capital gains generated from the sale of the Notes. However, their fixed place of business or business agent should include any such capital gains in calculating their basic income for the purpose of calculating AMT.

As to non-ROC corporate holders without a fixed place of business and a business agent in the ROC, they are not subject to ROC income tax or AMT on any capital gains generated from the sale of the Notes.

ROC SETTLEMENT AND TRADING

Investors with a securities book-entry account with an ROC securities broker and a foreign currency deposit account with an ROC bank, may request the approval of the Taiwan Depository & Clearing Corporation ("**TDCC**") for the settlement of the Notes through the account of TDCC with Euroclear or Clearstream, Luxembourg and if such approval is granted by TDCC, the Notes may be so cleared and settled. In such circumstances, TDCC will allocate the respective book-entry interest of such investor in the Notes position to the securities book-entry account designated by such investor in the ROC. The Notes will be traded and settled pursuant to the applicable rules and operating procedures of TDCC and the TPEx as domestic bonds.

In addition, an investor may apply to TDCC (by filing in a prescribed form) to transfer the Notes in its own account with Euroclear or Clearstream, Luxembourg to the TDCC account with Euroclear or Clearstream, Luxembourg for trading in the domestic market or vice versa for trading in overseas markets.

For such investors who hold their interest in the Notes through an account opened and held by TDCC with Euroclear or Clearstream, Luxembourg, distributions of principal and/or interest for the Notes to such holders may be made by payment services banks whose systems are connected to TDCC to the foreign currency deposit accounts of the holders. Such payment is expected to be made on the second Taiwanese business day following TDCC's receipt of such payment (due to time difference, the payment is expected to be received by TDCC one Taiwanese business day after the distribution date). However, the timing of receipt of such distributions by the holders may vary depending upon the daily operations of the ROC banks with which the holder has the foreign currency deposit account.

Lead Manager

Standard Chartered Bank (Taiwan) Limited

Managers

Citibank Taiwan Limited

Crédit Agricole Corporate and Investment Bank, Taipei Branch

HSBC Bank (Taiwan) Limited

Co-Managers

KGI Securities Co. Ltd.

SinoPac Securities Corporation

Taishin International Bank Co. Ltd.

PRICING SUPPLEMENT

January 13, 2022

State Bank of India
acting through its London Branch

Issue of U.S.$300,000,000 2.49 per cent. Notes due 2027
under the U.S.$10,000,000,000
Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the original offering circular dated July 19, 2021 (the "**Offering Circular**" and together with this Pricing Supplement, the "**Offering Documents**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

Singapore SFA Product Classification – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II")**; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in the UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**")] should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

1	Issuer		State Bank of India, acting through its London Branch
2	(a)	Series Number:	38
	(b)	Tranche Number	1
	(c)	Date on which the Notes will be consolidated and form a single Series:	Not Applicable
3	Specified Currency or Currencies:		United States dollars ("**U.S.$**")
4	Aggregate Nominal Amount:		
	(a)	Series:	U.S.$300,000,000
	(b)	Tranche:	U.S.$300,000,000
5	(a)	Issue Price:	99.972% of the Aggregate Nominal Amount
	(b)	Net proceeds:	U.S.$299,916,000
6	(a)	Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(b)	Calculation Amount (and in relation to calculation of interest in global form see Conditions):	U.S.$1,000
7	(a)	Issue Date:	January 26, 2022
	(b)	Interest Commencement Date:	Issue Date
8	Maturity Date:		January 26, 2027
9	Interest Basis:		2.49% Fixed Rate (further particulars specified below)
10	Redemption/Payment Basis:		Redemption at par
11	Change of Interest Basis or Redemption/Payment Basis:		Not Applicable
12	Put/Call Options:		Investor Put (further particulars specified below)
13	Status of the Notes:		Senior Unsecured
14	(a)	Date Board approval for issuance of Notes obtained:	Executive Committee of Central Board (ECCB) Approval dated April 28, 2021 of the Issuer
	(b)	Date regulatory approval/consent for issuance of Notes obtained:	Not Applicable
15	Listing:		Taipei Exchange ("**TPEx**")/Singapore Exchange Securities Trading Limited ("**SGX-ST**") / Global Securities Market of the India International Exchange (IFSC) Limited ("**India INX**")
16	Method of distribution:		Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	Fixed Rate Note Provisions:		Applicable
	(a)	Rate(s) of Interest:	2.49% per annum payable in arrear on each Interest Payment Date

	(b)	Interest Payment Date(s):	January 26 and July 26 in each year up to and including the Maturity Date, commencing on July 26, 2022
	(c)	Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	U.S.$12.45 per Calculation Amount
	(d)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in Global form see Conditions):	Not Applicable
	(e)	Day Count Fraction:	30/360
	(f)	Determination Date(s):	Not Applicable
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	None
18	Floating Rate Note Provisions		Not Applicable
19	Zero Coupon Note Provisions:		Not Applicable
20	Index Linked Interest Note Provisions		Not Applicable
21	Dual Currency Interest Note Provisions:		Not Applicable

PROVISIONS RELATING TO REDEMPTION

22	Issuer Call:	Not Applicable
23	Investor Put:	**Redemption for Change of Control**

(i) Following the occurrence of a Change of Control (as defined below), each Noteholder will have the right (the "**Change of Control Put Right**"), at such Noteholder's option, to require the Issuer to redeem in whole but not in part such Noteholder's Notes on the Change of Control Put Date (as defined below) at 101.00% of their principal amount together with interest accrued to such date. To exercise such Change of Control Put Right, the holder of the relevant Note must complete, sign and deposit at the specified office of the Registrar, a duly completed and signed notice of redemption, in the form for the time being current, obtainable during normal business hours from the specified office of the Registrar (a "**Change of Control Put Exercise Notice**"), together with such Note to be redeemed, by not later than 30 days following a Change of Control or 30 days following the date upon which notice thereof is given to the Noteholders (in accordance with Condition 16) by the Issuer, whichever is later. The "**Change of Control Put Date**" shall be the 14th day after the expiry of the 30-day period following a Change of Control or following the date upon which notice thereof is given to the Noteholders (in accordance with Condition 16) by the Issuer, as the case may be.

(ii) A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes which form the subject of the Change of Control Put Exercise Notice delivered as aforesaid on the Change of Control Put Date.

(iii) The Registrar shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred.

(iv) Not later than two days after becoming aware of a Change of Control, the Issuer shall procure that notice shall be given to the Noteholders in accordance with Condition 16 stating:

(a) the date of such Change of Control and, briefly, the events causing such Change of Control;

(b) the date by which the Change of Control Put Exercise Notice must be given;

(c) the Change of Control Put Date;

(d) the names and addresses of the Registrar;

(e) the procedures that Noteholders must follow and the requirements that Noteholders must satisfy in order to exercise the Change of Control Put Right;

(f) that a Change of Control Put Exercise Notice, once validly given, may not be withdrawn; and

(g) the aggregate principal amount of the Notes outstanding as of the latest practicable date prior to the publication of such notice regarding the Change of Control.

For the purpose of the Terms and Conditions, a "**Change of Control**" occurs when the Government of India, directly or indirectly through another government entity, ceases to be the owner of, or have the voting power over, 51.0% or

		more of the Issuer's issued share capital giving the right to vote at a general meeting.
24	Final Redemption Amount:	U.S.$1,000 per Calculation Amount
25	Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required):	U.S.$1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	Australian interest withholding tax:	Not Applicable
27	Form of Notes:	Registered Notes: Regulation S Global Note (U.S.$300,000,000 nominal amount) registered in the name of a nominee for a common depositary for Euroclear and Clearstream
28	Additional Financial Center(s):	Taipei
29	Talons for future Coupons to be attached to Definitive Notes:	No
30	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
31	Details relating to Installment Notes:	Not Applicable
32	Installment Amount(s):	Not Applicable
33	Installment Date(s):	Not Applicable
34	Redenomination applicable:	Redenomination not applicable
35	Other terms or special conditions:	See Appendix A to this Pricing Supplement
36	Note (AMTN) Deed Poll:	Not Applicable

DISTRIBUTION

37	(a) If syndicated, names of Managers:	Standard Chartered Bank (Taiwan) Limited Citibank Taiwan Limited Crédit Agricole Corporate and Investment Bank, Taipei Branch HSBC Bank (Taiwan) Limited KGI Securities Co. Ltd. SinoPac Securities Corporation Taishin International Bank Co. Ltd.
	(b) Stabilizing Manager (if any):	Not Applicable
38	If non-syndicated, name of relevant Dealer:	Not Applicable
39	Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	TEFRA not applicable

40	Whether Category 1 or Category 2 applicable in respect of the Notes offered and sold in reliance on Regulation S:	Regulation S Category 1
41	Additional selling restrictions:	<u>ROC Selling Restrictions</u> The Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, to investors other than "professional institutional investors" as defined under Paragraph 2 of Article 4 of the Financial Consumer Protection Act of the ROC as amended from time to time ("**Professional Institutional Investors**"). Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to a Professional Institutional Investor. The term "Professional Institutional Investors" currently includes: (i) overseas or domestic banks, securities firms, futures firms and insurance companies (excluding insurance agencies, insurance brokers and insurance surveyors), as further described in more detail in Paragraph 3 of Article 2 of the Financial Supervisory Commission Organization Act of the ROC, (ii) overseas or domestic fund management companies, government investment institutions, government funds, pension funds, mutual funds, unit trusts, and funds managed by financial service enterprises pursuant to the Securities Investment Trust and Consulting Act of the ROC, the Future Trading Act of the ROC or the Trust Enterprise Act of the ROC or investment assets mandated and delivered by or transferred for trust by financial consumers, and (iii) other institutions recognised by the Financial Supervisory Commission of the ROC).
42	Additional U.S. federal income tax considerations:	Not Applicable
43	Prohibition of Sales to EEA Retail Investors:	Not Applicable
44	Prohibition of Sales to UK Retail Investors:	Not Applicable

OPERATIONAL INFORMATION

45	Any clearing system(s) other than Euroclear, Clearstream, DTC and the Austraclear System and the relevant identification number(s):	Not Applicable
46	Delivery:	Delivery against payment
47	Australian Agent or additional Paying Agent(s) (if any):	Not Applicable

48	Address of the Issuer if the Issuer is an overseas branch of the Bank that is neither the Hong Kong branch, the London branch nor the Sydney Branch:	Not Applicable
49	Process Agent in Australia:	Not Applicable
50	Reasons for the Offer:	Use of proceeds as described in the Offering Circular
	ISIN:	XS2432299449
	Common Code:	243229944
	LEI	5493001J37UBBZF6L49

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.$10,000,000,000 Medium Term Note Program of State Bank of India, acting through its London Branch.

Application will be made to the India INX for the trading on the India INX of the Notes that may be issued pursuant to the Programme. The listing of the Notes is in compliance with the International Financial Services Centres Authority (Issuance and Listing of Securities) Regulations, 2021, as amended from time to time.

RESPONSIBILITY

The TPEx, SGX-ST and the India INX assume no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. The admission of the Notes to the TPEx, the admission of the Notes to the Official List of the SGX-ST, the quotation of the Notes on the SGX-ST and the admission of the Notes to the GSM of the India INX are not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies, the Programme or the Notes.

The TPEx is not responsible for the content of the Offering Documents and any amendment and supplement thereto and no representation is made by the TPEx as to the accuracy or completeness of the Offering Documents and any amendment and supplement thereto. The TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of the Offering Documents and any amendment and supplement thereto. Admission to the listing and trading of the Notes on the TPEx shall not be taken as an indication of the merits of the Issuer or the Notes.

APPENDIX A

DOCUMENTS INCORPORATED BY REFERENCE

The Issuer's unaudited reviewed consolidated financial statements as of and for the six months ended September 30, 2021 and the unaudited reviewed standalone financial statements as of and for the six months ended September 30, 2021 have been incorporated by reference into, and form part of, the Offering Circular.

ADDITIONAL RISKS

No public market exists for the Notes. Application will be made for the listing of the Notes on the TPEx. No assurances can be given as to whether the Notes will be, or will remain, listing on TPEx or whether a trading market for the Notes will develop or as to the liquidity of any such trading market. If the Notes fail to or cease to be listed on the TPEx, certain investors may not invest in, or continue to hold or invest in, the Notes.

ROC TAXATION

The following is a summary of certain taxation provisions under ROC law and is based on current law and practice and has been prepared on the basis that the Notes will be issued, offered, sold and re-sold, directly or indirectly, to professional institutional investors as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the ROC only. It does not purport to be comprehensive and does not constitute legal or tax advice. Investors (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult with their own tax advisers regarding the tax consequences of an investment in the Notes.

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Non-ROC corporate holders with a fixed place of business (e.g., a branch) or a business agent in the ROC are not subject to ROC income tax on any capital gains generated from the sale of the Notes. However, their fixed place of business or business agent should include any such capital gains in calculating their basic income for the purpose of calculating AMT.

As to non-ROC corporate holders without a fixed place of business and a business agent in the ROC, they are not subject to ROC income tax or AMT on any capital gains generated from the sale of the Notes.

ROC SETTLEMENT AND TRADING

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In addition, an investor may apply to TDCC (by filing in a prescribed form) to transfer the Notes in its own account with Euroclear or Clearstream, Luxembourg to the TDCC account with Euroclear or Clearstream, Luxembourg for trading in the domestic market or vice versa for trading in overseas markets.

For such investors who hold their interest in the Notes through an account opened and held by TDCC with Euroclear or Clearstream, Luxembourg, distributions of principal and/or interest for the Notes to such holders may be made by payment services banks whose systems are connected to TDCC to the foreign currency deposit accounts of the holders. Such payment is expected to be made on the second Taiwanese business day following TDCC’s receipt of such payment (due to time difference, the payment is expected to be received by TDCC one Taiwanese business day after the distribution date). However, the timing of receipt of such distributions by the holders may vary depending upon the daily operations of the ROC banks with which the holder has the foreign currency deposit account.

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: ___________________________________

Duly authorized

THIS OFFERING CIRCULAR IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) UNDER RULE 144A (AS DEFINED BELOW) OR (2) ADDRESSEES OUTSIDE OF THE UNITED STATES

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES

Important: You must read the following before continuing. The following applies to the Offering Circular following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE U.S. OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of the Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be either (1) qualified institutional buyers ("**QIBs**") (within the meaning of Rule 144A under the Securities Act ("**Rule 144A**")) or (2) located outside of the U.S. By accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to us (1) that either (a) you and any customers you represent are QIBs or (b) the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the U.S. and (2) that you consent to delivery of the Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Circular to any other person.

The materials relating to any offering of Notes under the Program to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that such offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Dealers (as defined in this Offering Circular) or any person who controls any or any director, officer, employee or agent of either of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from any of the Dealers.

YOU ARE RESPONSIBLE FOR PROTECTING AGAINST VIRUSES AND OTHER DESTRUCTIVE ITEMS. YOUR USE OF THIS E-MAIL IS AT YOUR OWN RISK AND IT IS YOUR RESPONSIBILITY TO TAKE PRECAUTIONS TO ENSURE THAT IT IS FREE FROM VIRUSES AND OTHER ITEMS OF A DESTRUCTIVE NATURE.

OFFERING CIRCULAR

STATE BANK OF INDIA

(Constituted under State Bank of India Act, 1955)
acting through its Hong Kong Branch, London Branch, Sydney Branch and any other foreign branch

U.S.$10,000,000,000 Medium Term Note Program

On November 25, 2004, State Bank of India (the "**Issuer**" or the "**Bank**"), acting through its London Branch, entered into a U.S.$1,000,000,000 Medium Term Note Program (the "**Program**", as amended, supplemented or restated) and prepared an Offering Circular dated November 25, 2004. On August 22, 2005, the size of the Program was increased from U.S.$1,000,000,000 to U.S.$2,000,000,000. On February 28, 2007, the size of the Program was further increased from U.S.$2,000,000,000 to U.S.$5,000,000,000. On December 24, 2010, the size of the Program was further increased from U.S.$5,000,000,000 to U.S.$10,000,000,000. This Offering Circular supersedes any previous Offering Circular describing the Program. Any Notes (as defined below) issued under the Program on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued before the date of this Offering Circular.

Under this Program, the Issuer, acting through its Hong Kong Branch, London Branch, Sydney Branch or other foreign branch, as the case may be, may from time to time issue notes (the "**Notes**", which expression shall include Senior Notes and Subordinated Notes (each as defined herein)) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Program will not exceed U.S.$10,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein. Notes denominated in Australian dollars, issued in the Australian domestic capital market and ranking as senior obligations of the Issuer ("**AMTNs**") will be issued in registered certificated form, and will take the form of entries on a register established and maintained by a registrar in Australia and may be lodged with the clearing system operated by Austraclear Ltd. Each Tranche of AMTNs will be represented by a certificate without coupons (each an "**AMTN Certificate**"), which shall be issued by the Issuer in respect of each Tranche of AMTNs.

In relation to any Tranche (as defined under "**Terms and Conditions of the Notes**") of Notes, the Issuer may act through its Hong Kong Branch, London Branch, Sydney Branch or through any of its other foreign branches, in each case as indicated in the applicable Pricing Supplement (as defined below).

Approval-in-principle has been granted for the listing and quotation of Notes that may be issued pursuant to the Program and which are agreed at or prior to the time of issue thereof to be so listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST (the "**Official List**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle for the listing and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Program or the Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set out in a pricing supplement (the "**Pricing Supplement**") which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST on or before the date of listing of the Notes of such Tranche.

Application has been made to the Global Securities Market of the India International Exchange IFSC Limited (the "**India INX**") for the Notes to be admitted to trading on the Global Securities Market of the India INX. **The India INX has not approved or verified the contents of the listing particulars**.

The Program provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes. Notes to be listed on the SGX-ST or on the Global Securities Market of the India INX will be accepted for clearance through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") and/or the Depositary Trust Company ("**DTC**").

The Issuer may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed on the SGX-ST or the Global Securities Market of the India INX) a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Issuer is registered in Australia as a foreign company. The Issuer has been granted authority to carry on banking business in Australia by the Australian Prudential Regulation Authority and is a foreign "authorised deposit-taking institution" ("**foreign ADI**") as that term is defined under the Banking Act 1959 of the Commonwealth of Australia (the "**Australian Banking Act**") in the category of a "Branch of a Foreign Bank". AMTNs issued by the Issuer are not deposits of the Issuer and are not covered by the depositor protection provisions of Division 2 of Part II of the Australian Banking Act. The Issuer's indebtedness in respect of the AMTNs is affected by applicable laws which include (but are not limited to) section 11F of the Australian Banking Act and section 86 of the *Reserve Bank Act* 1959 of the Commonwealth of Australia ("**Reserve Bank Act**"). Section 11F of the Australian Banking Act provides that, in the event that a foreign ADI, such as the Issuer, (whether in or outside Australia) suspends payment or becomes unable to meet its obligations, the assets of the foreign ADI in Australia are to be available to meet its liabilities in Australia in priority to all other liabilities of the foreign ADI. Section 86 of the Reserve Bank Act provides that, notwithstanding anything contained in any law relating to the winding-up of companies, but subject to subsection 13A(3) of the Australian Banking Act (which does not apply to the Issuer as a foreign ADI), debts due to the Reserve Bank of Australia by an authorised deposit-taking institution (including a foreign ADI) ("**ADI**") shall, in the winding-up of the ADI, have priority over all other debts of the ADI. The Issuer does not make any representation as to whether the AMTNs would constitute liabilities in Australia under such statutory provisions. The AMTNs are not the obligations of any government and, in particular, are not guaranteed by the Commonwealth of Australia.

See "Investment Considerations" for a discussion of certain factors to be considered in connection with an investment in the Notes.

Each Tranche of Notes of each series (as defined in "Form of the Notes") to be issued in bearer form ("**Bearer Notes**") will initially be represented by either a temporary bearer global note (a "**Temporary Bearer Global Note**") or a permanent bearer global note (a "**Permanent Bearer Global Note**" and, together with a Temporary Bearer Global Note, the "**Bearer Global Notes**", and each a "**Bearer Global Note**") as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream.

On and after the date which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable for definitive Bearer Notes in certain limited circumstances. Notes of each series (other than AMTNs) to be issued in registered form ("**Registered Notes**" comprising a "**Registered Series**") sold in an "offshore transaction" within the meaning of Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), which will be sold outside the United States (and in the case of Notes being offered or sold in reliance on Category 2 of Regulation S, only to non-U.S. persons (as defined in Regulation S)), will initially be represented by a global note in registered form, without receipts or coupons, (a "**Regulation S Global Note**") deposited with a common depositary for Euroclear and Clearstream, and registered in the name of a nominee of such common depositary. Prior to expiry of the distribution compliance period (as defined in Regulation S) (if any) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in the Terms and Conditions of the Notes and may not be held otherwise than through Euroclear or Clearstream and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States in private transactions (i) to QIBs (as defined in "Form of the Notes") or (ii) to Institutional Accredited Investors (as defined in "Form of the Notes") who agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form, without receipts or interest coupons (a "**Rule 144A Global Note**" and, together with a Regulation S Global Note, the "**Registered Global Notes**"), which will be deposited with a custodian for, and registered in the name of DTC or a nominee of DTC.

This Offering Circular has not been and will not be registered, produced or made available as an offer document (whether as a prospectus in respect of a public offer or an information memorandum or private placement offer letter or other offering material in respect of any private placement under the Companies Act, 2013, as amended from time to time or any other applicable Indian securities laws) with the Registrar of Companies of India or the Securities and Exchange Board of India or any other statutory or regulatory body of like nature in India, save and except for any information from any part of this Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian laws, including, but not limited to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from to time, and under the listing agreement with any Indian stock exchange (s) pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, or pursuant to the directives of any statutory, regulatory and adjudicatory body in India.

This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Reserve Bank of India, Securities and Exchange Board of India, any Registrar of Companies or any stock exchange in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities to the public or any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or, in the case of Notes offered or sold in reliance on Category 2 of Regulation S, to U.S. persons (as defined in Regulation S). See "Form of the Notes" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale*". AMTNs will be sold in "Offshore transactions" within the meaning of Regulation S.

The Additional Tier 1 Notes are not intended to be sold and should not be sold to "retail clients" (as defined in Directive 2014/65/EU) in the European Economic Area. In addition to the above, pursuant to the United Kingdom Financial Conduct Authority Conduct of Business Sourcebook, the Additional Tier 1 Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients (as defined in COBS 3.4) in the UK. Potential investors should read the whole of this document, in particular the "Risks relating to Risks Relating to the Subordinated Notes" and "Restrictions on Marketing and Sales to Retail Investors".

The Bank has been rated BBB- Stable by S&P Global Ratings, Baa3 Negative by Moody's Investors Service Limited and BBB-/Negative by Fitch Ratings. Notes may be rated or unrated by any of these rating agencies. Where a Tranche of Notes is rated, such rating will be disclosed in the Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arrangers and Dealers

Citi **HSBC**

The date of this Offering Circular is July 19, 2021.

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything that would make the statements therein, in light of the circumstances under which they were made, misleading. The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

No person is or has been authorized by the Issuer to give any information or to make any representation other than those contained in this Offering Circular or any other information supplied in connection with the Program or the Notes and, if given or made by any other person, such information or representations must not be relied upon as having been authorized by the Issuer, any of the Arrangers or the Dealers or the Trustee (each as defined herein).

To the fullest extent permitted by law, none of the Arrangers, the Dealers or the Trustee accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by an Arranger, a Dealer or the Trustee or on any of their behalf in connection with the Issuer or the issue and offering of the Notes. Each Arranger, each Dealer and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

Neither the Dealers nor the Trustee has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Arrangers or the Dealers, the Trustee or any of them as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Program.

Neither this Offering Circular nor any other information supplied in connection with the Program or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, any of the Arrangers or the Dealers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the Program or any Notes should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Program or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Arrangers or the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Program is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Program or to advise any investor in Notes issued under the Program of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

IMPORTANT — EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT — UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance / target market — The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance / target market – The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the Financial Conduct Authority ("**FCA**") Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the

Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA") — Unless otherwise stated in the Pricing Supplement in respect of any Notes, the Issuer has determined, and notifies all relevant persons (as defined in Section 309A(1) of the SFA, that all Notes issued or to be issued under the Program are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arrangers, the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, any of the Arrangers or the Dealers or the Trustee which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this.

Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and The Netherlands), India, Singapore, Australia, Hong Kong, United Arab Emirates, (the "UAE"), Qatar and Bahrain, see "*Subscription and Sale*" and "*Transfer and Marketing Restrictions*".

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

None of the Issuer, the Arrangers, the Dealers and the Trustee makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

There are restrictions on the offer and sale of the Notes in the United Kingdom. All applicable provisions of the FSMA with respect to anything done by any person in relation to the Notes in, from or otherwise involving the United Kingdom must be complied with. See "*Subscription and Sale*" and "*Transfer and Marketing Restrictions*".

Under present Australian law, interest and other amounts paid on the Notes issued out of a branch or other permanent establishment of the Bank in Australia by the Issuer will not be subject to Australian interest withholding tax if the Notes are issued in accordance with certain prescribed conditions set out in section 128F of the *Income Tax Assessment Act 1936* (Australia). One of these conditions is that the Issuer must not know, or have reasonable grounds to suspect, that a Note, or an interest in a Note, was being, or would later be, acquired directly or indirectly by an Offshore Associate of the Issuer, other than in the capacity of a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered scheme. Accordingly, the Notes must not be acquired by an Offshore Associate of the Issuer. For these purposes, an Offshore Associate of the Issuer is defined broadly and may include, but is not limited to, any entity that is directly or indirectly owned or controlled by the Issuer. Any investor who believes that it may be affiliated with or related to any of the above-mentioned entities or who otherwise believes it may be an Offshore Associate of the Issuer, should make appropriate enquiries before investing in any Notes. For further detail, please refer to "*Terms and Conditions of the Notes — Condition 10*".

This document is for distribution only to persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments, (iii) are persons falling within Article 49(2)(a) to (d) of the FSMA (Financial Promotion) Order 2005 (as amended), or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will not be engaged in only with relevant persons.

This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Reserve Bank of India, Securities and Exchange Board of India, any Registrar of Companies or any stock exchange in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities to the public or any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes .

In connection with the offering of any series of Notes, each Dealer is acting or will act for the Issuer in connection with the offering and no-one else and will not be responsible to anyone other than the Issuer for providing the protections afforded to clients of that Dealer nor for providing advice in relation to any such offering.

For a description of other restrictions, see "*Subscription and Sale*".

U.S. INFORMATION

This Offering Circular may be submitted on a confidential basis in the United States to a limited number of QIBs or Institutional Accredited Investors ("IAIs") (each as defined under "*Form of the Notes*") for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Subject to certain exceptions, the Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or, in the case of Notes offered or sold in reliance on Category 2 of Regulation S, to, or for the account or benefit of, U.S. persons (as defined in Regulation S). Registered Notes may be offered or sold within the United States only to QIBs or to Institutional Accredited

Investors, in either case in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act ("Rule 144A").

Purchasers of Definitive IAI Registered Notes will be required to execute and deliver an IAI Investment Letter (as defined under "*Terms and Conditions of the Notes*"). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together "Legended Notes") will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale*" and "*Transfer and Marketing Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the Treasury regulations promulgated thereunder.

The Notes have not been and will not be registered under the Securities Act or any U.S. State securities laws and may not be offered or sold in the United States or (in the case of Notes being offered or sold in reliance on Category 2 of Regulation S) to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See "*Form of the Notes*" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale*" and "*Transfer and Marketing Restrictions*".

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer will furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither a reporting company under section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a statutory corporation organized under the laws of the Republic of India. All of the officers and directors named herein reside in India and all or a substantial portion of the assets of the Issuer and of such officers and directors are located in India. As a result, it may not be possible for investors to effect service of process outside the Republic of India upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside the Republic of India predicated upon civil liabilities of the Issuer or such directors and officers under laws other than Indian law, including any judgment predicated upon United States federal securities laws. There is doubt as to the enforceability in the Republic of India in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The Issuer understands that in India, the statutory basis for recognition of foreign judgments is found in Section 13 of the Indian Code of Civil Procedure, 1908 ("Civil Code"). Under Indian law, a foreign judgment is conclusive as to any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where the judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable, where the proceedings in which the judgment was obtained were opposed to natural justice; where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of the section in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the same nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties. While the United Kingdom, Singapore and Hong Kong, and United Arab Emirates, amongst others, each has been declared by the Government as a reciprocating territory, the United States has not been so declared. Accordingly, a judgment of a court in the United States may be enforced only by a suit upon the judgment, not by proceedings in execution whereas, a judgment of a superior court in the United Kingdom may be enforced by proceedings in execution and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India (the "RBI") under the Foreign Exchange Management Act, 1999 to execute such a judgment or to repatriate any amount recovered. Also, a party may file suit in India against the Bank, its directors or its executive officers as an original action predicated upon the provisions of the federal securities laws in the United States.

For additional information see "*Investment Considerations — Risks Relating to India — Investors in the Notes may not be able to enforce a judgment of a foreign court against the Bank, its directors or executive officers*".

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Issuer prepares its financial statements in Rupees in accordance with generally accepted accounting principles in the Republic of India "Indian GAAP" which differ in certain important respects from generally accepted accounting principles in the United States ("U.S. GAAP"). For a discussion of the principal differences between Indian GAAP and U.S. GAAP as they relate to the Issuer, see "*Summary of Significant Differences Between Indian GAAP and U.S. GAAP*".

CERTAIN DEFINITIONS

In this Offering Circular, references to the "**Issuer**" or the "**Bank**" are to State Bank of India on an unconsolidated basis. References to the "**Group**" are to the State Bank of India and its consolidated subsidiaries, Associate Banks (as defined herein) and other consolidated entities. References to specific data applicable to particular subsidiaries, Associate Banks or other consolidated entities are made by reference to the name of that particular entity. References to "**fiscal year**" or "**fiscal**" are to the year ending or ended on March 31.

Industry and market share data in this Offering Circular are derived from data of the RBI or the Director General of Commercial Intelligence and Statistics (the "**DGCIS**") and calculated by the Bank where applicable. Indian economic data in this Offering Circular is derived from data of the RBI and the economic surveys of the Government.

All references in this document to "**U.S. dollars**", "**U.S.$**" and "**$**" refer to United States dollars and to "**Rupee**", "**Rupees**", "**INR**" and "**Rs.**" refer to Indian Rupees. In addition, references to "**GBP**", "**Sterling**" and "**£**" refer to pounds sterling, all references to "**euro**", "**EUR**", and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, and all references to "**Australian dollars**" and "**A$**" refer to the lawful currency of Australia. All references in this document to the "**Government**" and "**Central Government**" refer to the Government of India. All references in this document to "**%**" refer to per cent.

References to "**lakhs**" and "**crores**" in the Bank's consolidated and unconsolidated financial statements are to the following:

One lakh...	100,000 (one hundred thousand)
Ten lakhs...	1,000,000 (one million)
One crore...	10,000,000 (ten million)
Ten crores..	100,000,000 (one hundred million)
One hundred crores......................................	1,000,000,000 (one thousand million or one billion)

FORWARD-LOOKING STATEMENTS

The Issuer has included statements in this Offering Circular which contain words or phrases such as "will", "would", "aimed", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "seeking to", "target", "propose to", "future", "objective", "goal", "project", "should", "can", "could", "may" and similar expressions or variations of such expressions, that are "forward-looking statements". Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the expectations of the Issuer with respect to, but not limited to, its ability to successfully implement its strategy, its ability to integrate future mergers or acquisitions into its operations, future levels of non-performing assets and restructured assets, its growth and expansion, the adequacy of its allowance for credit and investment losses, technological changes, investment income, its ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings it is or becomes a party to, the future impact of new accounting standards, its ability to implement its dividend policy, the impact of Indian banking regulations on it, which includes the assets and liabilities of the Issuer, its ability to roll over its short-term funding sources, its exposure to market risks and the market acceptance of and demand for internet banking services.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this Offering Circular include, but are not limited to the impact of outbreak of contagious diseases (including the prolonged outbreak of COVID-19), general economic and political conditions in India, South Asia, and the other countries which have an impact on the Issuer's business activities or investments, political or financial instability in India or any other country caused by any factor including any terrorist attacks in India, the United States or elsewhere or any other acts of terrorism worldwide, any anti-terrorist or other attacks by the United States, a United States-led coalition or any other country, the monetary and interest rate policies of India, political or financial instability in India or any other country caused by tensions between India and Pakistan related to the Kashmir region or military armament or social unrest in any part of India, inflation, deflation, unanticipated turbulence in interest rates, changes in the value of the Rupee, foreign exchange rate, equity prices or other rates or prices, the performance of the financial markets and level of Internet penetration in India and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environment in India and regional or general changes in asset valuations. For a further discussion on the factors that could cause actual results to differ, see the discussion under "*Investment Considerations*" contained in this Offering Circular.

TABLE OF CONTENTS

IMPORTANT NOTICES

Stabilization

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in the applicable Pricing Supplement may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail for a limited period after the issue date of the relevant Tranche of Notes. However, stabilization may not necessarily occur. Any stabilizing, if commenced, may cease at any time, and must be brought to an end after a limited period. Any stabilization action or over-allotment shall be conducted by the relevant Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules. Any such stabilization action may only be conducted outside Australia and/or through a market operated outside Australia.

Agreements and acknowledgments of investors, including holders and beneficial owners

In respect of any Subordinated Notes issued under this Program, by its acquisition of such Subordinated Notes, each holder and beneficial owner acknowledges and agrees *inter alia* that upon the occurrence of a PONV Trigger Event or a CET1 Trigger Event (in the case of Additional Tier 1 Notes only), all or some of the rights of holders of Subordinated Notes and the Receipts relating to them shall be subject to Write-Down (as defined in the Terms and Conditions of the Notes) and the right to receive interest on any portion of nominal amount Written-Down will cease and all interest amounts that were not due and payable prior to the Write-Down shall be cancelled. In addition, in respect of Additional Tier 1 Notes issued under this Program, (1) interest is payable solely at the Bank's discretion, and no amount of interest shall become due and payable to the extent that it has been cancelled by the Bank at its sole discretion and (2) a cancellation of interest (in whole or in part) in accordance with the terms and conditions of such Additional Tier 1 Notes shall not constitute a default in payment or otherwise under the terms thereof. Any interest cancelled (in whole or in part) in the circumstances described herein shall not be due and shall not accumulate or be payable at any time thereafter, and holders and beneficial owners shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation. See "*Investment Considerations — Risks Relating to the Subordinated Notes*".

Restrictions on Marketing and Sales to Retail Investors

Any Additional Tier 1 Notes issued under this Program and discussed in this Offering Circular are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Additional Tier 1 Notes to retail investors.

In the United Kingdom ("**UK**"), the FCA Conduct of Business Sourcebook ("**COBS**") requires, in summary, that Additional Tier 1 Notes should not be offered or sold to retail clients (as defined in COBS 3.4 and each a retail client) in the UK. The Dealers are required to comply with the COBS. By purchasing, or making or accepting an offer to purchase, any Additional Tier 1 Notes (or a beneficial interest in such Additional Tier 1 Notes) from the Bank and/or the Dealers, each prospective investor represents, warrants, agrees with and undertakes to the Bank and each of the Dealers that:

1. it is not a retail client in the UK;

2. it will not sell or offer the Additional Tier 1 Notes (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of the Base Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Additional Tier 1 Notes

(or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.

In selling or offering the Additional Tier 1 Notes or making or approving communications relating to the Additional Tier 1 Notes you may not rely on the limited exemptions set out in COBS.

The obligations above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Additional Tier 1 Notes (or any beneficial interests therein), whether or not specifically mentioned in this Offering Circular, including (without limitation) any requirements under MiFID II or the UK FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Additional Tier 1 Notes (or any beneficial interests therein) for investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Additional Tier 1 Notes (or any beneficial interests therein) from the Bank and/or the Dealers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

(a) the most recently published audited consolidated and unconsolidated annual financial statements and, if published later, the most recently published audited or reviewed, as the case may be, interim consolidated and unconsolidated financial results (if any) of the Issuer, (see "*General Information*" for a description of the financial statements currently published by the Issuer); and

(b) all supplements or amendments to this Offering Circular circulated by the Issuer from time to time.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Offering Circular. In addition, such documents will be available free of charge from the principal office of Citibank, N.A., London Branch (the "**Principal Paying Agent**") for the Notes listed on the SGX-ST or the Global Securities Market of the India INX.

If the terms of the Program are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, to an extent which is material in the context of the Program, a new offering circular will be prepared.

GENERAL DESCRIPTION OF THE PROGRAM

Under the Program, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Program and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, or, in respect of the AMTNs, entered in the A$ Register and, in each case, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, or, in respect of the AMTNs, entered in the A$ Register, as more fully described under "*Form of the Notes*".

This Offering Circular and any supplement will only be valid for listing Notes on the SGX-ST and the Global Securities Market of the India INX in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Program, does not exceed U.S.$10,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Program from time to time:

(a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;

(b) the U.S. dollar equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and

(c) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

All references in this Offering Circular to "**nominal amount**" will, in respect of Subordinated Notes, refer to Outstanding Nominal Amount or Issued Nominal Amount, as relevant and unless otherwise specified.

SUMMARY OF THE PROGRAM

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this summary.

Issuer:	State Bank of India, acting through its Hong Kong Branch, London Branch, Sydney Branch or any of its other foreign branches (as indicated in the applicable Pricing Supplement).
Legal Entity Identifier:	5493001JZ37UBBZF6L49
Description:	Medium Term Note Program.
Arrangers:	Citigroup Global Markets Limited and The Hongkong and Shanghai Banking Corporation Limited
Dealers:	Citigroup Global Markets Limited, The Hongkong and Shanghai Banking Corporation Limited and any other Dealers appointed in accordance with the Program Agreement (as defined under "*Subscription and Sale*").
Certain Restrictions:	Each issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Offering Circular.
Trustee:	Citicorp International Limited
Principal Paying Agent:	Citibank, N.A., London Branch (in respect of Notes other than AMTNs)
Registrar:	Citigroup Global Markets Europe AG (in respect of Notes other than AMTNs)
Program Size:	Up to U.S.$10,000,000,000 (or its equivalent in other currencies calculated as described under "*General Description of the Program*") in aggregate nominal amount of Notes outstanding at any time. The Issuer may increase the amount of the Program in accordance with the terms of the Program Agreement.
Investment Considerations:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Program. These are set out under "*Investment Considerations*". In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Program. These are set out under "*Investment Considerations*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Redenomination:	The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 5.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer and indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or (in the case of Notes other than Subordinated Notes) a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes may be issued in bearer or registered form as described in "*Form of the Notes*" other than AMTNs. Registered Notes will not be exchangeable for Bearer Notes and vice versa. AMTNs will be issued in registered certificated form and will take the form of entries on a register established and maintained by a registrar in Australia and may be lodged with the clearing system operated by Austraclear (the "**Austraclear System**"). Each Tranche of AMTNs will be represented by an AMTN Certificate. AMTNs lodged with the Austraclear System will be registered in the name of Austraclear.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to

	changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.
Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:	Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.
Partly Paid Notes:	The Issuer may issue Notes in respect of which the issue price is paid in separate installments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Other Notes:	The Issuer may agree with any Dealer and the Trustee that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.
Redemption:	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (if any) or that such Notes will be redeemable at the option of the Issuer (in the case of Subordinated Notes, only upon the expiry of five years from the Issue Date and subject to the Conditions for Redemption as set forth in Condition 8.12) and/or (except in the case of Subordinated Notes) the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as set forth in "*Terms and Conditions of the Notes*" as may be agreed between the Issuer and the relevant Dealer. Notes may also be redeemed prior to their stated maturity (i) in specified installments, if applicable, (ii) for taxation reasons, (iii) in the case of Subordinated Notes, for certain regulatory reasons or (iv) following an Event of Default (as defined in Condition 12) in accordance with Condition 12. The Subordinated Notes shall not be redeemed at the initiative of Noteholders or without the consent of the RBI. The applicable Pricing Supplement may provide that Notes may be redeemable in separate installments in such amounts and on such dates as are indicated in the applicable Pricing Supplement.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the

	minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Notes in registered form sold pursuant to Rule 144A shall be issued in denominations of U.S.$200,000 (or its equivalent in any other currency) and higher integral multiples of U.S.$1,000 (or its equivalent as aforesaid) or the higher denomination or denominations specified in the applicable Pricing Supplement. Registered Notes sold in the United States to institutional accredited investors pursuant to section 4(2) of the Securities Act or in a transaction otherwise exempt from registration under the Securities Act will be in definitive form ("**Definitive IAI Registered Notes**") and shall be issued in minimum denominations of U.S.$500,000 or its equivalent in any other currency) and higher integral multiples of U.S.$1,000 (or its equivalent as aforesaid) or the higher denomination or denominations specified in the applicable Pricing Supplement. Notes issued in, or into, Australia may be issued in such denominations as may be agreed save that: (i) the aggregate consideration payable to the Issuer by each offeree is at least A$500,000 (or its equivalent in any other currency and, in either case, disregarding moneys lent by the Issuer or its associates) and the issue results from an offer or invitation for those Notes which otherwise does not require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act 2001 of the Commonwealth of Australia; and (ii) the issue complies with all other applicable laws.
Taxation:	All payments of principal and interest in respect of the Notes, Receipts and Coupons will be made without withholding or deduction for or on account of taxes imposed by India or any Specified Country (as defined in Condition 8), subject as provided in Condition 10. In such event, the Issuer will, save in certain limited circumstances provided in Condition 10, be required to pay additional amounts to cover the amounts so deducted or withheld. Without prejudice to the Issuer's obligation to pay additional amounts as described above, all payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to fiscal and other laws or pursuant to FATCA, as provided in Condition 7.8.
Negative Pledge:	The terms of the Notes (other than Subordinated Notes) will contain a negative pledge provision as further described in Condition 4.

Cross Default:	The terms of the Notes (other than Subordinated Notes) will contain a cross default provision as further described in Condition 12.
Status of the Senior Notes:	The Senior Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 4, unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsubordinated and unsecured obligations of the Issuer, from time to time outstanding.
Status, Rights of Enforcement and other Terms of the Subordinated Notes:	Subordinated Notes will be Additional Tier 1 Notes or Tier 2 Notes, as indicated in the applicable Pricing Supplement. The status of the Tier 2 Notes and the Additional Tier 1 Notes are set out in Conditions 3.2 and Condition 3.3, respectively. The rights of enforcement relating to Subordinated Notes are set out in Condition 12.2. Subordinated Notes will not have the benefit of a negative pledge or a cross default provision.
Limited Rights of Enforcement in respect of Subordinated Notes:	If any order of the Government of India is made for the liquidation or winding-up (as determined pursuant to the State Bank of India Act, 1955, as amended (the "**SBI Act**")) of the Issuer, save for the purposes of reorganization on terms previously approved by an Extraordinary Resolution of the Noteholders, the Trustee may, and if so requested in writing by the holders of at least one-fifth in Outstanding Nominal Amount of the Subordinated Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject to being indemnified and/or secured to its satisfaction) give notice to the Issuer that the Subordinated Notes are, and they shall, subject to the prior approval of the RBI having been obtained, thereupon immediately become, due or repayable at the amount provided in, or calculated in accordance with, Condition 8.6. *Pursuant to section 45 of the SBI Act, Indian statutory provisions relating to winding up of companies do not apply to the Issuer, and it may only be placed in liquidation by order of the Government of India in such manner as it may direct.* The Trustee may only accelerate the Subordinated Notes in the circumstances set out in Condition 12.2. **Neither the Terms and Conditions of the Subordinated Notes nor the Trust Deed will contain any provision whereby the Subordinated Notes will become due and payable upon a default in the payment of principal of or interest on the Subordinated Notes or on the non-performance of any covenant of the Issuer or upon the happening of any event other than the events set forth in Condition 12.2; principally, the winding up or liquidation of the Issuer.**

Additional Tier 1 Notes — Cancellation of Interest:...	The Issuer may, at its full discretion and as it deems fit, elect at any time to cancel (in whole or in part) interest otherwise scheduled to be paid in respect of a Series of Additional Tier 1 Notes. Further, the Issuer will be required to cancel (in whole or, as the case may be, in part) the payment of any interest scheduled to be paid on an Interest Payment Date to the extent that such payment of interest is not permitted to be paid under the RBI Guidelines. Interest on the Additional Tier 1 Notes will be non-cumulative and any cancellation of interest on Additional Tier 1 Notes in accordance with Condition 6.7 will not constitute an event of default in respect of the Additional Tier 1 Notes. In the event of any cancellation of interest on Additional Tier 1 Notes, the Issuer will face certain restrictions on its ability to make payments in respect of securities ranking junior to, or *pari passu* with, such Additional Tier 1 Notes, as set out in Condition 6.7(d). See Condition 6.7 for further details.
Subordinated Notes — Loss Absorption:	In the event of a PONV Trigger Event, Subordinated Notes. will be subject to interest cancellation and Write-Down (as defined in Condition 9.1(c)). Any nominal amount Written-Down due to the occurrence of a PONV Trigger Event will not be restored in any circumstances. Further, Additional Tier 1 Notes will also be subject to interest cancellation and Write-Down upon the occurrence of a CET1 Trigger Event, with any Reinstatement (as defined in Condition 9.2(b)) being at the Issuer's option and subject to regulation. See Condition 9 and "*Investment Considerations — Risks Relating to the Subordinated Notes*" for further details.
Listing:..	Approval in-principle has been granted for the listing and quotation of Notes that may be issued pursuant to the Program and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series. If the application to the SGX-ST to list a particular series of Notes is approved, such Notes listed on the SGX-ST will be traded on the SGX-ST in a minimum board lot size of at least U.S.$200,000. Application has been made to the Global Securities Market of the India INX for the Notes to be admitted to trading on the Global Securities Market of the India INX. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series. Unlisted Notes may also be issued.

	The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).
Use of Proceeds:	The net proceeds from each issue of the Notes will be used to: (i) meet the funding requirement of the Bank's foreign offices, including the Hong Kong Branch, the London Branch, Sydney Branch and subject to the approval of the RBI, foreign subsidiaries, and to develop and expand business in these offices; and/or (ii) strengthen the capital base of the Bank's foreign offices, including the Hong Kong Branch, the London Branch, Sydney Branch and subject to the approval of the RBI, foreign subsidiaries, with respect to the issuance of qualifying Subordinated Notes and/or to augment the Bank's capital in accordance with relevant regulatory guidelines; and/or (iii) meet its general corporate purposes.
Governing Law:	The Notes (other than AMTNs) and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law except that in the case of Tier 2 Notes, Condition 3.2 (Status of the Tier 2 Notes) and, in the case of Additional Tier 1 Notes, Condition 3.3 (Status of the Additional Tier 1 Notes) will be governed by Indian Law. AMTNs will be governed by the laws of New South Wales, Australia.
Clearing System:	The Euroclear, Clearstream, DTC (each as defined in Condition 1), the Austraclear System and/or any other clearing system, as specified in the applicable Pricing Supplement (see "*Form of the Notes*").
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including, for these purposes, the United Kingdom and The Netherlands), India, Hong Kong, Singapore, Australia, the UAE, Dubai International Finance Centre, Bahrain and Qatar and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "*Subscription and Sale" and "Transfer and Marketing Restrictions*").
United States Selling Restrictions:	Regulation S, Category 1 or 2 and Rule 144A, TEFRA C or D, or TEFRA not applicable as specified in the applicable Pricing Supplement.

FORM OF THE NOTES

This section does not apply to AMTNs.

The Notes of each Series will be in either bearer form, with or without interest coupons ("**Coupons**") attached, or registered form, without Coupons attached. Bearer Notes will be issued outside the United States to non-U.S. persons in reliance on Regulation S. Registered Notes will be issued both outside the United States (and in the case of Notes offered or sold in reliance on Category 2 of Regulation S, to, or for the account or benefit of, non-U.S. persons outside the United States) in reliance on Regulation S and within the United States to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("**QIBs**") or to "accredited investors" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act ("**Institutional Accredited Investors**") in reliance on an exemption from the registration requirements of the Securities Act.

Notes to be listed on the SGX-ST or the Global Securities Market of the India INX will be accepted for clearance through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") and/or the Depositary Trust Company ("**DTC**").

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will initially be represented by either a temporary bearer global note (a "**Temporary Bearer Global Note**") or a permanent bearer global note (a "**Permanent Bearer Global Note**" and, together with a Temporary Bearer Global Note, the "**Bearer Global Notes**", and each a "**Bearer Global Note**") as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear and Clearstream. Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above, unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon the occurrence of an Exchange Event.

For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form (provided that, in certain circumstances where the Notes are held through Euroclear and/or Clearstream, such adverse tax consequences are as a result of a change in, or amendment to, the laws or regulations (taxation or otherwise) in, or of, a Tax Jurisdiction (as defined under "*Terms and Conditions of the Notes — Condition 10*") or the Specified Country (as defined under "*Terms and Conditions of the Notes — Condition 8*"). The Issuer will promptly give notice to the Noteholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or, the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Global Notes (other than Temporary Bearer Global Notes), receipts and interest coupons relating to such Notes where TEFRA D is specified in the applicable Pricing Supplement:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold outside the United States (and, in the case of Notes being offered or sold in reliance on Category 2 of Regulation S, only to non-U.S. persons outside the United States), will initially be represented by a global note in registered form, without receipts or coupons, (a "**Regulation S Global Note**") deposited with a common depositary for Euroclear and Clearstream, and registered in the name of a nominee of such common depositary. Prior to expiry of the distribution compliance period (as defined in Regulation S) ("**Distribution Compliance Period**") (if any) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States in private transactions (i) to QIBs or (ii) to Institutional Accredited Investors who agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form, without receipts or interest coupons, (a "**Rule 144A Global Note**" and, together with a Regulation S Global Note, the "**Registered Global Notes**") which will be deposited with a custodian for, and registered in the name of DTC or a nominee of, DTC. No sale of Legended Notes (as defined under "*U.S. Information*" above) in the United States to any one purchaser will be for less than U.S.$200,000 (or its foreign currency equivalent) principal amount.

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in registered form.

The Definitive IAI Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof. Unless otherwise set forth in the applicable Pricing Supplement, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.$500,000 and integral multiples of U.S.$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under "*Subscription and Sale*". Institutional Accredited Investors that hold Definitive IAI Registered Notes may elect to hold such Notes through DTC, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144 under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under "*Subscription and Sale*". The Rule 144A Global Note and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.4) as the registered holder of the Registered Global Notes. None of the Issuer, the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of DTC or a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no successor or alternative clearing system satisfactory to the Trustee is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (iii) in the case of Notes registered in the name of nominee for a common depositary for Euroclear and Clearstream, the Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions (see "*Subscription and Sale*").

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued in reliance on Category 1 of Regulation S which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned the same common code and ISIN. In the case of a further Tranche of Notes issued in reliance on Category 2 of Regulation S, the Principal Paying Agent shall arrange CUSIP and CINS numbers which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single series, which shall not be prior to the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream each person (other than Euroclear and/or Clearstream) who is for the time being shown in the records of Euroclear or Clearstream as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, the Issuer and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note and the registered holder of the relevant Registered Global Note shall be treated by the Trustee, the Issuer and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Bearer Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Any reference herein to Euroclear and/or Clearstream and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or otherwise approved by the Issuer, the Trustee, the Principal Paying Agent and the Registrar.

No Noteholder, Receiptholder (as defined below) or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Program.

[*Date*]

State Bank of India
acting through its [Hong Kong]/[London]/[Sydney][●] Branch

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the
U.S.$10,000,000,000
Medium Term Note Program

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated July 19, 2021 [and the supplement[s] to it dated [●] and [●]] (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [*current date*], save in respect of the Conditions which are extracted from the Offering Circular dated [*original date*] and are attached hereto.]

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS —** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[**MIFID II product governance / target market** — [*appropriate target market legend to be included*]]

[**UK MiFIR product governance / target market** — [*appropriate target market legend to be included*]]

[**Notification under Section 309B(1)(c) of the [Securities and Futures Act (Chapter 289) of Singapore** (the "**SFA**")]/[**SFA**] - [To insert notice if classification of the Notes is not "[prescribed capital markets products]/[capital markets products other than prescribed capital markets products]", pursuant to Section 309B of the SFA or "[Excluded Investment Products]/[Specified Investment Products]]".][1]

[*The following to be included for any issuance of Subordinated Notes*]

[By its acquisition of the Notes, each holder and beneficial owner acknowledges and agrees *inter alia* that upon the occurrence of a PONV Trigger Event [or a CET1 Trigger Event], all or some of the rights of holders of Notes [and the Receipts] relating to them shall be subject to Write-Down (as defined in the Conditions) and the right to receive interest on any portion of nominal amount Written-Down will cease and all interest amounts that were not due and payable prior to the Write-Down shall be cancelled. [In addition, (1) interest is payable solely at the Issuer's discretion, and no amount of interest shall become due and payable to the extent that it has been cancelled by the Issuer at its sole discretion and (2) a cancellation of interest (in whole or in part) in accordance with the terms and conditions of such Additional Tier 1 Notes shall not constitute a default in payment or otherwise under the terms thereof. Any interest cancelled (in whole or in part) in the circumstances described herein shall not be due and shall not accumulate or be payable at any time thereafter, and holders and beneficial owners shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation.] See "*Investment Considerations — Risks Relating to the Subordinated Notes*" in the Offering Circular.]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement*]

[*Insert the following language for an issue of AMTNs:*

The Notes will be constituted by a deed poll ("**Note (AMTN) Deed Poll**") dated [●] executed by the Issuer and will be issued in certificated registered form by inscription on a register. The Notes are AMTNs for the purposes of the Offering Circular dated [●] and the Conditions.

Notes will be offered in Australia only in the wholesale capital markets and on the basis that no disclosure to investors is required under Part 6D.2 or Chapter 7 of the Corporations Act 2001 of the Commonwealth of Australia.]

1	Issuer	State Bank of India, acting through its [Hong Kong]/[London]/[Sydney]/[●] Branch
2	(a) Series Number:	[●]

[1] Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA. If there is a change as to product classification for the relevant drawdown, from the upfront classification embedded in the program documentation, then the legend is to be completed and used (if no change as to product classification, then the legend may be deleted in its entirety).

	(b)	[Tranche Number:	[●] (*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*)
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Series: Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur on or about [date]] [Not Applicable]
3		Specified Currency or Currencies:	[●]
4		Aggregate Nominal Amount:	
	(a)	Series:	[●]
	(b)	Tranche:	[●]
5	(a)	Issue Price:	[●]% of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
	(b)	[Net proceeds (Required only for listed issues):	[●]]
	(c)	[Private Bank Rebate/Selling Commission:	[●]]
6	(a)	Specified Denominations:	[●] *(N.B. Notes must have a minimum denomination of €100,000 or equivalent unless the issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive) (NB — Where Bearer Notes with multiple denominations above [€100,000] or equivalent are being used with respect to Bearer Notes, the following sample wording should be followed: "[€100,000] and integral multiples of [€1,000] in excess thereof, up to and including [€199,000] No notes in definitive form will be issued with a denomination above [€199,000].") (In the case of Registered Notes, this means the minimum integral amount in which transfers can be made)* *If the Notes are AMTNs, insert the following:* *Subject to the requirement that the amount payable by each person who subscribed for the Notes must be at least A$500,000 (disregarding monies lent by the Issuer or its associates).*

	(b) Calculation Amount (and in relation to calculation of interest in global form see Conditions):	[●] (*If only one Specified Denomination, insert the Specified Denomination.* *If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7	(a) Issue Date:	[●]
	(b) Interest Commencement Date:	[*Specify/*Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
8	Maturity Date:	[*Fixed rate — specify date/Floating rate — Interest Payment Date falling in or nearest to [specify month and year]*] (*NB: The maturity date of the Notes will be subject to the guidelines issued by the RBI from time to time*)
9	Interest Basis:	[[●]% Fixed Rate] [[LIBOR/EURIBOR] +/- [●]% Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10	Redemption / Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] (*Not applicable to Additional Tier 1 Notes or Tier 2 Notes*) [*Installment*] [*specify other*]
11	Change of Interest Basis or Redemption/Payment Basis:	[Applicable/Not Applicable] (*If applicable, specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis) (N.B.: Conditions related to the maturity, redemption, put/call and similar features of Notes qualifying as regulatory capital will be subject to the guidelines issued by the RBI from time to time*.)
12	Put/Call Options:	[Investor Put] (*N.B. Investor Put is not possible for Subordinated Notes.*)

		[Issuer Call] (*N.B.: Conditions related to the maturity, redemption, put/call and similar features of Notes qualifying as regulatory capital will be subject to the guidelines issued by the RBI from time to time.*) [(further particulars specified below)]
13	Status of the Notes:	[Senior/Subordinated] (*If "Subordinated", specify either "Additional Tier 1" or "Tier 2".*)
14	(a) Date Board approval for issuance of Notes obtained:	[●] [and [●], respectively]/[None required] (*N.B. Only relevant where Board (or similar) authorization is required for the particular tranche of Notes*)
	(b) Date regulatory approval/consent for issuance of Notes obtained:	[●]/[None required] (*N.B. Only relevant where regulatory (or similar) approval or consent is required for the particular tranche of Notes*)
15	Listing:	[Singapore/Global Securities Market of the India INX/specify other/None] (*N.B. Consider disclosure requirements under the EU Prospectus Directive applicable to securities admitted to an EU regulated market) (N.B. For unlisted Notes, and certain other Notes, issued by the London Branch, withholding tax may be applicable. See "Taxation — [United Kingdom Taxation" in the Offering Circular.*)
16	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Rate(s) of Interest:	[●]% per annum payable in arrear on each Interest Payment Date
	(b) Interest Payment Date(s):	[●] in each year up to and including the Maturity Date (*Amend appropriately in the case of irregular coupons*)
	(c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[●] per Calculation Amount
	(d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in Global form see Conditions):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]]/[Not Applicable]
	(e) Day Count Fraction:	[Actual/Actual (ICMA)] [30/360] [Actual/365 (Fixed)] or [*specify other*]

	(f)	Determination Date(s):	[[●] in each year]/[Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*)
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]
18		Floating Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph.*) (*N.B. Presently Subordinated Notes with a floating rate of interest are required to be referenced to a market determined Rupee interest benchmarked rate, under the guidelines issued by the RBI*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[●][, subject to adjustment in accordance with the Business Day Convention set out in (b) below, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be not Applicable.]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not applicable] [specify other]
	(c)	Additional Business Center(s):	[●]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/specify other]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[●]
	(f)	Screen Rate Determination:	
		— Reference Rate:	[●] month [LIBOR/EURIBOR/*specify other Reference Rate*]. (Either LIBOR, EURIBOR or other, although additional information required if other, including fallback provisions in the Agency Agreement)
		— Interest Determination Date(s):	[●] (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)
		— Relevant Screen Page:	[●]

			(*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
	(g)	ISDA Determination:	
		— Floating Rate Option:	[●]
		— Designated Maturity:	[●]
		— Reset Date:	[●] (*in the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*)
	(h)	Linear Interpolation:	[Not Applicable/Applicable — the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
	(i)	Margin(s):	[+/−] [●]% per annum
	(j)	Minimum Rate of Interest:	[●]% per annum
	(k)	Maximum Rate of Interest:	[●]% per annum
	(l)	Day Count Fraction:	[Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360, 360/360 or Bond Basis] [30E/360 or Eurobond Basis] [30E/360 (ISDA)] [Other]
	(m)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
19	Zero Coupon Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
	(a)	Accrual Yield:	[●]% per annum
	(b)	Reference Price:	[●]
	(c)	Any other formula/basis of determining amount payable:	[●]
	(d)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365] [*specify other*]
20	Index Linked Interest Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Index/Formula:	[*give or annex details*]
	(b)	Calculation Agent:	[*give name*]

	(c)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent):	[●]
	(d)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(e)	Specified Period(s)/Specified Interest Payment Dates:	[●]
	(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
	(g)	Additional Business Center(s):	[●]
	(h)	Minimum Rate of Interest:	[●]% per annum
	(i)	Maximum Rate of Interest:	[●]% per annum
	(j)	Day Count Fraction:	[●]
21	Dual Currency Interest Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate of Exchange/method of calculating Rate of Exchange:	[*give or annex details*]
	(b)	Party if any, responsible for calculating the principal and/or interest due (if not the Agent):	[●]
	(c)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(d)	Person at whose option Specified Currency(ies) is/are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

22	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount of each Note and method, if any, of Calculation of such amount(s):	[[●] per Calculation Amount/*specify other*/*see* Appendix]
	(c)	If redeemable in part:	

	(i) Minimum Redemption Amount:	[●]
	(ii) Maximum Redemption Amount:	[●]
	(iii) Notice period (if other than as set out in the Conditions):	[●] (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee*)
23	Investor Put:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Optional Redemption Date(s):	[●]
	(b) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/*specify other*/*see* Appendix
	(c) Notice period (if other than as set out in the Conditions):	[●] (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee*)
24	Final Redemption Amount of each Note:	[●] per Calculation Amount/[*specify other*]
25	Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required):	[[●] per Calculation Amount/specify other/see Appendix] (*N.B. If the Final Redemption Amount is 100% of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100% of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	Australian interest withholding tax:	[The Notes have been issued in a manner intended to satisfy the public offer exemption from Australian interest withholding tax in section 128F of the *Income Tax Assessment Act 1936 (Australia)*] OR [The Notes have not been issued in a manner intended to satisfy the public offer exemption from Australian interest withholding tax in section 128F of the *Income Tax Assessment Act 1936 (Australia)*. [The Issuer is not

obliged to pay any additional amounts under Condition 10 in respect of any withholding or deduction required by law on account of Australian interest withholding tax.]] [*Provide supplementary or additional information/disclosure as required.*]

27 Form of Notes: [Bearer Notes:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]*

[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]*

[Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]*

* *(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect:*

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]". Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Bearer Notes.)

[Registered Notes:

Regulation S Global Note (U.S.$[●] nominal amount)/Rule 144A Global Note (U.S.$ [●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream]/Definitive IAI Registered Notes (U.S.$ [●] nominal amount)]

(*In the case of an issue with more than one Global Note or a combination of one or more Global Notes and Definitive IAI Notes, specify the nominal amounts of each Global Note and, if applicable, the aggregate nominal amount of all Definitive IAI Notes if such information is available*)]

[*If the Notes are AMTNs, insert the following:*

The Notes are AMTNs as referred to in the Offering Circular and will be issued in registered certificated

		form, constituted by the Note (AMTN) Deed Poll and take the form of entries on a register to be maintained by the Australian Agent (as defined below). Copies of the Note (AMTN) Deed Poll are available from the Australian Agent at its principal office in [Sydney/*[name alternative Australian city]*].]
28	Additional Financial Center(s):	[Not Applicable/give details] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purpose of calculating the amount of interest, to which subparagraphs 18(c) and 20(f) relate*)
29	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
30	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. N.B. a new form of Temporary Global Note and*/*or Permanent Global Note may be required for Partly Paid issues*]
31	Details relating to Installment Notes:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
32	Installment Amount(s):	[*give details*]
33	Installment Date(s):	[*give details*]
34	Redenomination applicable:	Redenomination [not] applicable (*If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates)*)
35	Other terms or special conditions:	[Not Applicable/*give details*]
36	Note (AMTN) Deed Poll:	[Not Applicable/*give details*]

DISTRIBUTION

37	(a) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(b) Stabilizing Manager (if any):	[Not Applicable/*give names*]
38	If non-syndicated, name of relevant Dealer:	[●]
39	Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA C/TEFRA not applicable]

40	Whether Category 1 or Category 2 applicable in respect of the Notes offered and sold in reliance on Regulation S:	[Category 1/Category 2] (*Notes offered/sold in reliance on Category 1 must be in registered form*)
41	Additional selling restrictions:	[Not Applicable/*give details*]
42	Additional U.S. federal income tax considerations:	[Not Applicable/*give details*]
43	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable]
44	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable]
OPERATIONAL INFORMATION		
45	Any clearing system(s) other than Euroclear, Clearstream, DTC and the Austraclear System and the relevant identification number(s):	[*Not Applicable/give name(s) and number(s)*]
46	Delivery:	Delivery [against/free of] payment
47	Australian Agent or additional Paying Agent(s) (if any):	[●] If the Notes are AMTNs, insert the following: [●] has been appointed under [●] dated [●] as issuing and paying agent and registrar (Australian Agent) in respect of the AMTNs. The Australian Agent's address is [●].
48	Address of the Issuer if the Issuer is an overseas branch of the Bank that is neither the Hong Kong branch, the London branch nor the Sydney Branch:	[●]
49	Process Agent in Australia:	[Not Applicable/*give details*]
50	Reasons for the Offer:	[●] [Use of proceeds as described in the Offering Circular] [use of proceeds for Eligible Green Projects as defined in the Offering Circular] [Other]
51	ISIN:	[●]
52	Common Code: (*insert here any other relevant codes such as CUSIP and CINS codes*)	[●]

[LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.$10,000,000,000 Medium Term Note Program of State Bank of India, acting through its [Hong Kong]/[London]/[Sydney]/[●] Branch.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: ______________________
Duly authorized

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will (i) be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions and (ii) apply to each AMTN (as defined below). The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note or, in respect of the AMTNs, entered in the A$ Register. Reference should be made to "Form of the Notes" for a description of the content of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes.

The Note is one of a Series (as defined below) of Notes issued by State Bank of India (the "**Issuer**") pursuant to the Agency Agreement or the Australian Agency Agreement (each as defined below) and (other than the AMTNs) is constituted by an amended and restated Trust Deed dated September 10, 2018 (such Trust Deed as further modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") made between the Issuer and Citicorp International Limited (the "**Trustee**" which expression shall include any successor as Trustee). The AMTNs will be constituted by the deed poll as specified in the applicable Pricing Supplement (as amended and supplemented from time to time, the "**Note (AMTN) Deed Poll**"). The Issuer and the registrar and issuing and paying agent in Australia as specified in the applicable Pricing Supplement (the "**Australian Agent**") will have entered into an Agency and Registry Services Agreement (as amended and supplemented from time to time, the "**Australian Agency Agreement**") in relation to the AMTNs. The applicable Pricing Supplement (as defined below) will indicate whether the Issuer is acting in relation to the Notes through its Hong Kong Branch, London Branch, Sydney Branch or any of its other foreign branches.

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency;

(ii) any Global Note;

(iii) any definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form;

(iv) definitive Notes in registered form ("**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form); and

(v) any AMTNs (as defined below).

The Notes (other than Notes denominated in Australian dollars, governed by the law in force in New South Wales, Australia, cleared through the Austraclear System (as defined in Condition 2), issued in the Australian domestic capital market and ranking as senior obligations of the Issuer ("**AMTNs**")), the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement dated September 10, 2018 (such Agency Agreement as further amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and made between the Issuer, the Trustee, Citibank, N.A. London Branch as principal paying agent and agent bank (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), Citibank, N.A. London Branch as exchange agent (the "**Exchange Agent**", which expression shall include any successor exchange agent) and Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression shall include any successor registrar) and transfer agent and the other transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents).

The provisions of these Conditions (as defined below) relating to Bearer Notes, Certificates, Receipts, Coupons and Talons do not apply to AMTNs. The Principal Paying Agent, the Registrar and the Paying Agents and other Transfer Agents are together referred to as the "**Agents**".

Interest bearing definitive Bearer Notes have interest coupons ("**Coupons**") and, in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Definitive Bearer Notes repayable in installments have receipts ("**Receipts**") for the payment of the installments of principal (other than the final installment) attached on issue. Registered Notes, AMTNs and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for a Note (or the relevant provisions thereof) is attached to or endorsed on the Note or, in respect of the AMTNs, entered in the A$ Register (as defined below) and, in each case, supplements these Terms and Conditions ("**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of the relevant Note. References to the "**Applicable Pricing Supplement**" are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on the Note or, in respect of the AMTNs, entered in the A$ Register.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes or AMTNs) the persons in whose name the Notes are registered in the Register of the A$ Register (as defined below), as the case may be, and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons. The Trustee acts for the benefit of the Noteholders, the Receiptholders and the Couponholders, in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal place of business in Hong Kong for the time being of the Trustee (being as at September 10, 2018, at 39/F, Champion Tower, 3 Garden Road, Central, Hong Kong and at the specified office of each of the Principal Paying Agent, the Registrar, the other Paying Agents and the Transfer Agents (the Principal Paying Agent, the Registrar, the other Paying Agents, the Transfer Agents and the Registrar being together referred to as the "**Agents**"). Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of each of the Agents save that, if the Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Note (AMTN) Deed Poll will be held by the Australian Agent and copies of the Note (AMTN) Deed Poll and the Australian Agency Agreement referred to above are available for inspection free of charge during usual business hours at the principal office of the Australian Agent as specified in the applicable Pricing Supplement. If required in connection with any legal proceedings, claims or actions brought by a holder of AMTNs, the Issuer must procure that the Australian Agent provide a certified copy of the Note (AMTN) Deed Poll and the Australian Agency Agreement to such holder within 14 days of a written request to the Issuer to so provide. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, those provisions of the Trust Deed, the applicable Pricing Supplement, the Agency Agreement and, in relation to the AMTNs only, the Australian Agency Agreement and Note (AMTN) Deed Poll which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1 FORM, DENOMINATION AND TITLE

The Notes may be in bearer form or in registered form and, in the case of definitive Notes, will be serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the applicable Pricing Supplement. Save as provided in Condition 2, Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and vice versa. AMTNs will only be issued in registered certificated form.

The Note may be a Senior Note, an Additional Tier 1 Note or a Tier 2 Note, as indicated in the applicable Pricing Supplement.

Additional Tier 1 Notes and Tier 2 Notes (together, "**Subordinated Notes**") will be in registered form unless otherwise specified in the applicable Pricing Supplement.

The Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

The Note may be an Index Linked Redemption Note, an Installment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes and AMTNs will pass upon registration of transfers in the register in accordance with the provisions of the Agency Agreement or the Australian Agency Agreement (as the case may be). The Issuer, the Trustee and any Agent will (except as otherwise ordered by a court of competent jurisdiction or required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**"), each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or Clearstream,

Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note and the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes, as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

For so long as any of the Notes is represented by a Regulation S Global Note, the registered holder of the relevant Regulation S Global Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note.

For so long as The Depository Trust Company ("**DTC**") or its nominee is the registered owner or holder of a Rule 144A Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Rule 144A Global Note for all purposes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, as the case may be. References to DTC, Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Trustee and the Principal Paying Agent.

In the case of AMTNs, the following provisions shall apply in lieu of the foregoing provisions of Condition 1 in the event of any inconsistency.

AMTNs will be debt obligations of the Issuer owing under the Note (AMTN) Deed Poll, will be represented by a certificate (an "**AMTN Certificate**") and will take the form of entries in a register (the "**A$ Register**") to be established and maintained by the Australian Agent in Sydney unless otherwise agreed with the Australian Agent (pursuant to the Australian Agency Agreement). The Agency Agreement is not applicable to the AMTNs.

AMTNs will not be serially numbered. Each entry in the A$ Register constitutes a separate and individual acknowledgement to the relevant Noteholder of the indebtedness of the Issuer to the relevant Noteholder. The obligations of the Issuer in respect of each AMTN constitute separate and independent obligations which the Noteholder is entitled to enforce in accordance with these Conditions and the Note (AMTN) Deed Poll. Other than an AMTN Certificate, no certificate or other evidence of title will be issued by or on behalf of the Issuer unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

No AMTN will be registered in the name of more than four persons. AMTNs registered in the name of more than one person are held by those persons as joint tenants. AMTNs will be registered by name only, without reference to any trusteeship and an entry in the A$ Register in relation to an AMTN constitutes conclusive evidence that the person so entered is the registered owner of such AMTN, subject to rectification for fraud or error.

Upon a person acquiring title to any AMTNs by virtue of becoming registered as the owner of that AMTN, all rights and entitlements arising by virtue of the Note (AMTN) Deed Poll in respect of that AMTN vest absolutely in the registered owner of the AMTN, such that no person who has previously been registered as the owner of the AMTN has or is entitled to assert against the Issuer or the Australian Agent or the registered owner of the AMTN for the time being and from time to time any rights, benefits or entitlements in respect of the AMTN.

Each Tranche of AMTNs will be represented by a single AMTN Certificate substantially in the form set out in the Note (AMTN) Deed Poll. The Issuer shall issue and deliver, and procure the authentication by the Australian Agent of, such number of AMTN Certificates as are required from time to time to represent all of the AMTNs of each Series. An AMTN Certificate is not a negotiable instrument nor is it a document of title in respect of any AMTNs represented by it. In the event of a conflict between any AMTN Certificate and the A$ Register, the A$ Register shall prevail (subject to correction for fraud or proven error).

2 TRANSFERS OF REGISTERED NOTES AND AMTNS

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note of the same series only in the authorized denominations set out in the applicable Pricing Supplement as Specified Denominations and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Rule 144A Global Note shall be limited to transfers of such Rule 144A Global Note, in whole but not in part, to a nominee of DTC or to a successor of DTC or such successor’s nominee.

2.2 Transfers of Registered Notes in Definitive Form

Subject as provided in Conditions 2.5, 2.6 and 2.7 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorized denominations set out in the applicable Pricing Supplement as Specified Denominations). In order to effect any such transfer (i) the holder or holders must (a) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorized in writing and (b) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the transferor.

2.3 Transfers of AMTNs

AMTNs may be transferred in whole but not in part. Unless lodged in the Austraclear System, the AMTNs will be transferable by duly completed and (if applicable) stamped transfer and acceptance forms in the form specified by, and obtainable from, the Australian Agent or in any other manner approved by the Issuer and the Australian Agent. Each transfer and acceptance form must be accompanied by such evidence (if any) as the Australian Agent may require to prove the title of the transferor or the transferor's right to transfer the AMTNs and be signed by both the transferor and the transferee.

AMTNs entered in the Austraclear System will be transferable only in accordance with the Austraclear Regulations.

AMTNs may only be transferred within, to or from Australia if:

(i) the aggregate consideration payable by the transferee at the time of transfer is at least A$500,000 (or its equivalent in any other currency and, in either case, disregarding moneys lent by the transferor or its associates) and the offer or invitation giving rise to the transfer otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act 2001 of the Commonwealth of Australia (the "**Australian Corporations Act**");

(ii) the transfer is not to a **retail client** for the purposes of section 761G of the Australian Corporations Act;

(iii) the transfer is in compliance with all applicable laws, regulations or directives (including, without limitation, in the case of a transfer to or from Australia, the laws of the jurisdiction in which the transfer takes place); and

(iv) in the case of a transfer between persons outside Australia, if a transfer and acceptance form is signed outside Australia. A transfer to an unincorporated association is not permitted.

A person becoming entitled to an AMTN as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Australian Agent considers sufficient, transfer such AMTN or, if so entitled, become registered as the holder of the AMTN.

Where the transferor executes a transfer of less than all of the AMTNs registered in its name, and the specific AMTNs to be transferred are not identified, the Australian Agent may register the transfer in respect of such of the AMTNs registered in the name of the transferor as the Australian Agent thinks fit, provided the aggregate nominal amount of the AMTNs registered as having been transferred equals the aggregate nominal amount of the AMTNs expressed to be transferred in the transfer.

2.4 Registration of Transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 8, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.5 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.6 Transfers of Interests in Regulation S Global Notes

Transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States will only be made:

(i) upon receipt by the Registrar of a written certification substantially in the form set out in Schedule 3 to the Agency Agreement, amended as appropriate (a "**Transfer Certificate**"), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:

(A) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(B) to a person who is an Institutional Accredited Investor,

together with, in the case of (B), a duly executed investment letter from the relevant transferee substantially in the form set out in Schedule 4 to the Agency Agreement (an "**IAI Investment Letter**") and such other satisfactory evidence as the Issuer may reasonably require from the transferor, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States; or

(ii) otherwise pursuant to an effective registration statement under the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require from the transferor, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of Condition 2.5(i)(A) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of Condition 2.5(i)(B) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the Distribution Compliance Period, if applicable, (i) beneficial interests in Regulation S Global Notes may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

2.7 Transfers of Interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream; or

(ii) to a transferee who takes delivery of such interest through a Legended Note:

(A) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(B) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee and such other satisfactory evidence as the Issuer may reasonably require from the transferor, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction;

(iii) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or

(iv) pursuant to an effective registration statement under the Securities Act,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear or Clearstream, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the legend (the "**Legend**") applicable to Legended Notes, the Registrar shall deliver only Legended Notes or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

2.8 Exchanges of Registered Notes Generally

Holders of Registered Notes in definitive form that were sold outside the United States in accordance with Regulation S may exchange such Notes for Regulation S Global Notes at any time and holders of Rule 144A Notes in definitive form may exchange such Notes for interests in a Rule 144A Global Note of the same type at any time.

2.9 Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Installment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 8.3, (iii) after any such Note has been called for redemption (iv) during the period of seven days ending on (and including) any Record Date; or (v) during any period commencing on the date of a Loss Absorption Event Notice and ending on the close of business in London on the effective date of the related Write-Down.

2.10 Definitions

In these Conditions, the following expressions shall have the following meanings:

"**Austraclear**" means Austraclear Ltd (ABN 94 002 060 773);

"**Austraclear Regulations**" means the regulations known as the "Austraclear Regulations", together with any instructions or directions (as amended or replaced from time to time), established by Austraclear to govern the use of the Austraclear System and binding on the participants in that system;

"**Austraclear System**" means the clearing and settlement system operated by Austraclear in Australia for holding securities and electronic recording and the settling of transactions in those securities between participants of that system;

"**Distribution Compliance Period**" means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

"**Institutional Accredited Investor**" means an institutional investor that qualifies as an "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act);

"**Legended Note**" means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

"**Outstanding Nominal Amount**" means the issued nominal amount of a Subordinated Note (the "**Issued Nominal Amount**"), as reduced pursuant to any Write-Down and as increased pursuant to any Reinstatement (to the extent applicable or permitted and in respect of Additional Tier 1 Notes only), from time to time. All references in these Conditions to nominal amount will, in respect of Subordinated Notes, refer to Outstanding Nominal Amount or Issued Nominal Amount, as relevant and unless otherwise specified;

"**QIB**" means a "qualified institutional buyer" within the meaning of Rule 144A; "Regulation S" means Regulation S under the Securities Act;

"**RBI**" or "**Reserve Bank of India**" means the Reserve Bank of India (being the apex central banking and monetary authority of India) and any successor entity having primary bank regulatory authority with respect to the Issuer;

"**Regulation S Global Note**" means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

"**Rule 144A**" means Rule 144A under the Securities Act;

"**Rule 144A Global Note**" means a Registered Global Note representing Notes sold in the United States to QIBs; and

"**Securities Act**" means the United States Securities Act of 1933, as amended.

3 STATUS

3.1 Status of the Senior Notes

Notes the status of which is specified in the applicable Pricing Supplement as Senior (the "**Senior Notes**") and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsubordinated and unsecured obligations of the Issuer, from time to time outstanding.

3.2 Status of the Tier 2 Notes

This Condition 3.2 applies only to Notes specified in the applicable Pricing Supplement as "Tier 2 Notes".

The Tier 2 Notes are not deposits of the Issuer and are not guaranteed or insured by the Issuer or any party related to the Issuer and they may not be used as collateral for any loan made by the Issuer or any of its subsidiaries or affiliates.

(a) Status

The Tier 2 Notes are direct and unsecured obligations of the Issuer and rank *pari passu* without preference among themselves. The rights and claims of Noteholders in respect of, or arising under, the Tier 2 Notes are subordinated in the manner described in Condition 3.2(b).

(b) Subordination

Tier 2 Notes and any relative Receipts and Coupons are unsecured obligations of the Issuer and, in the event of the liquidation or winding up (as determined pursuant to the State Bank of India Act, 1955, as amended (the "**SBI Act**")) of the Issuer, the claims of the holders of Tier 2 Notes and any relative Receipts and Coupons pursuant thereto will be subordinated in right of payment to the claims of all other creditors (other than claims of holders of Subordinated Indebtedness ranking, or expressed to rank equal to or junior to the claims of the holders of Tier 2 Notes and any relative Receipts and Coupons, if any) of the Issuer in the manner and to the extent provided in the Trust Deed. For the avoidance of doubt, the claims of holders of Tier 2 Notes and any relative Receipts and Coupons shall be senior to the claims of holders of Tier 1 capital as defined in the RBI Guidelines. "**RBI Guidelines**" means, in respect of any Series of Notes, the Reserve Bank of India's Master Circular - Basel III Capital Regulations RBI 2015-16/58 DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015, as amended or updated at any time prior to the earliest date on which any Note of such Series was issued.

No Noteholder, Receiptholder or Couponholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Tier 2 Notes and each Noteholder, Receiptholder and Couponholder shall by virtue of its subscription, purchase or holding of any Tier 2 Note, be deemed to have waived all such rights of set-off to the fullest extent permitted by law.

"**Subordinated Indebtedness**" means all indebtedness of the Issuer which by its terms is subordinated, in the event of the liquidation or winding up (as determined pursuant to the SBI Act) of the Issuer, in right of payment to the claims of unsubordinated creditors of the Issuer and so that, for the purpose of this definition, indebtedness shall include all liabilities, whether actual or contingent, under guarantees or indemnities.

3.3 Status of the Additional Tier 1 Notes

This Condition 3.3 applies only to Notes specified in the applicable Pricing Supplement as "Additional Tier 1 Notes".

(a) Status

The Additional Tier 1 Notes are direct and unsecured obligations of the Issuer and rank *pari passu* without preference among themselves. The rights and claims of Noteholders in respect of, or arising under, the Additional Tier 1 Notes are subordinated in the manner described in Condition 3.3(b).

The Additional Tier 1 Notes are not deposits of the Issuer and are not guaranteed or insured by the Issuer or any party related to the Issuer and they may not be used as collateral for any loan made by the Issuer or any of its subsidiaries or affiliates.

(b) Subordination

The Issuer, for itself, its successors and assignees, covenants and agrees, and each Noteholder by subscribing for or purchasing an Additional Tier 1 Note irrevocably acknowledges and agrees, that:

(i) the indebtedness evidenced by the Additional Tier 1 Notes constitutes unsecured and subordinated obligations of the Issuer; and

(ii) the subordination is for the benefit of the holders of indebtedness that ranks senior to the Additional Tier 1 Notes.

In the event of a liquidation or winding up (as determined pursuant to the SBI Act) of the Issuer, claims of the holders of Additional Tier 1 Notes and any related receipts pursuant thereto in respect of the Additional Tier 1 Notes will rank:

(i) senior to the claims of investors in equity shares and perpetual non-cumulative preference shares of the Issuer;

(ii) subordinate to the claims of all depositors and general creditors and holders of subordinated debt of the Issuer (including holders of Tier 2 Notes) other than any subordinated debt qualifying as Additional Tier 1 Capital of the Issuer (as defined under the RBI Guidelines); and

(iii) *pari passu* and without preference among themselves and with any other claims in respect of debt instruments classified as Additional Tier 1 Capital under the RBI Guidelines and, to the extent permitted by the RBI Guidelines, at least *pari passu* with any subordinated obligation that was eligible for inclusion in hybrid Tier I capital under the Basel II guidelines of the RBI prevailing as at its issue date.

The principal of, and interest and any additional amounts payable on, the Additional Tier 1 Notes will be subordinated in right of payment upon the occurrence of any winding up or liquidation proceeding to the prior payment in full of all deposit liabilities and all other liabilities of the Issuer (including liabilities of all offices and branches of the Issuer wherever located and any subordinated debt securities of the Issuer that rank senior to the Additional Tier 1 Notes), except in each case to those liabilities which by their terms rank, or are expressed to rank, equally in right of payment with or which are subordinated to the Additional Tier 1 Notes, in the manner and to the extent provided in the Trust Deed.

No Noteholder or Receiptholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Additional Tier 1 Notes and each Noteholder and Receiptholder shall by virtue of its subscription, purchase or holding of any Additional Tier 1 Note, be deemed to have waived all such rights of set-off to the fullest extent permitted by law.

The Additional Tier 1 Notes are neither secured nor covered by a guarantee of the Issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.

The Additional Tier 1 Notes will not contribute to liabilities exceeding assets if such a balance sheet test forms part of a requirement to prove insolvency under any law or otherwise. Accordingly, a payment in respect of the Additional Tier 1 Notes will not be due and payable to the extent that the Issuer is not solvent (as determined pursuant to Indian law) at the time of such payment or would not be solvent (as determined pursuant to Indian law) immediately after such payment.

As used in these Conditions:

(a) "**Additional Tier 1 Capital**" has the meaning given to it in the RBI Guidelines;

(b) "**Common Equity Tier 1 Capital**" has the meaning given to it in the RBI Guidelines;

(c) "**Group**" means the Issuer and each subsidiary that is part of its prudential consolidated group from time to time; and

(d) "**Tier 1 Capital**" has the meaning given to it in the RBI Guidelines.

As a consequence of these subordination provisions, if a winding up proceeding should occur, the Noteholders and Receiptholders may recover less rateably than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer. Moreover, holders of Additional Tier 1 Notes would likely be required to pursue their claims on the Additional Tier 1 Notes in proceedings in India as further described in Condition 12.3.

Holders of the Additional Tier 1 Notes will not be entitled to receive notice of, or attend or vote at, any meeting of shareholders of the Issuer or participate in the management of the Issuer.

As of March 31, 2020, the Issuer had capital borrowings ranking senior to Additional Tier 1 Notes of an amount of approximately Rs. 260.4 billion. The Additional Tier 1 Notes do not limit the amount of liabilities ranking senior or equal to the Additional Tier 1 Notes.

To the extent that holders of the Additional Tier 1 Notes are entitled to any recovery with respect to the Additional Tier 1 Notes in any Indian proceedings, such holders may not be entitled in such proceedings to a recovery in U.S. dollars and may be entitled to a recovery in Indian Rupees.

For the avoidance of doubt if the Issuer goes into liquidation or winding-up (as determined pursuant to the SBI Act) before any Write-Down under Condition 9, the Additional Tier 1 Notes will absorb losses in accordance with Condition 3.3(b).

4 NEGATIVE PLEDGE

This Condition 4 applies only to Notes specified in the applicable Pricing Supplement as "Senior Notes".

4.1 Negative Pledge

So long as any of the Senior Notes remains outstanding (as defined in the Trust Deed) the Issuer will not, without:

(i) the approval of an Extraordinary Resolution (as defined in the Trust Deed); or

(ii) according to the Senior Notes and any relative Receipts and Coupons, to the satisfaction of the Trustee, the same security or such other security as the Trustee in its absolute discretion, shall deem not materially less beneficial to the interests of the Noteholders,

create or permit to be outstanding any Encumbrance upon the whole or any part of its properties, assets or revenues to secure External Obligations.

4.2 Interpretation

For the purposes of these Conditions:

"**Encumbrance**" means any mortgage, charge, pledge, hypothecation, lien, encumbrance or other security interest securing any obligation of any person or any other agreement or arrangement having the effect of conferring security.

"**External Obligations**" means all obligations, including guarantees, of the Issuer in respect of bonds, debentures, notes or other debt securities which by their terms (a) are payable in a currency other than

Rupees and (b) which are quoted, listed or ordinarily dealt in on any stock exchange or over-the-counter or other securities market outside India.

5 REDENOMINATION

5.1 Redenomination

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders or the Couponholders, on giving 30 days' prior notice to the Trustee, the Principal Paying Agent, Euroclear and/or Clearstream as applicable, and at least 30 days' prior notice to the Noteholders in accordance with Condition 16, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(a) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a nominal amount in euro for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent and the Trustee, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes are for the time being listed and the Agents of such deemed amendments;

(b) save to the extent that an Exchange Notice has been given in accordance with Condition 5.1(d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of €1,000, €10,000, €100,000 and (but only to the extent of any remaining amounts less than €1,000 or such smaller denominations as the Issuer in conjunction with the Principal Paying Agent may determine) €0.01 and such other denominations as the Issuer shall determine and notify to the Noteholders;

(d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "**Exchange Notice**") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the

Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to:

(a) in the case of the Notes represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); and

(b) in the case of definitive Notes, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is the multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

(g) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and

(h) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Trustee and the Principal Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

5.2 Definitions

In these Conditions, the following expressions have the following meanings:

"**Established Rate**" means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"**euro**" and "**€**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

"**Redenomination Date**" means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

"**Treaty**" means the Treaty establishing the European Community, as amended by the Treaty on European Union, as amended.

6 INTEREST

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the nominal amount paid up, or, if it is a Subordinated Note, on its Outstanding Nominal Amount) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up or if Subordinated Notes, Outstanding Nominal Amount); or

(B) in the case of Fixed Rate Notes in definitive form or AMTNs, the Calculation Amount (as defined in the applicable Pricing Supplement) (as modified, in respect of Subordinated Notes, pursuant to any Write-Downs or Reinstatements);

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1:

(a) if "**Actual/Actual (ICMA)**" is specified in the applicable Pricing Supplement:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; or

(b) if "**30/360**" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

(c) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Accrual Period divided by 365; or

(d) if "**RBA Bond Basis**" is specified in the applicable Pricing Supplement, one divided by the number of Interest Payment Dates in a year or, where the Calculation Period does not constitute a Fixed Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:

(i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and

(ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).

In these Conditions:

"**Calculation Period**" means a period in relation to the calculation of an amount of interest on any AMTNs for any period of time (from and including the first day of such period to but excluding the last day of such period);

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

6.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up, or, if it is a Subordinated Note, on its Outstanding Nominal Amount) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified

Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent, or the Australian Agent in the case of AMTNs, under an interest rate swap transaction if the Principal Paying Agent, or the Australian Agent in the case of AMTNs, were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is the day specified in the applicable Pricing Supplement.

For the purposes of this Condition 6.2(b)(i), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Relevant Financial Center time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement and the Australian Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of Condition 6.2(b)(ii)(A) above, no such offered quotation appears or, in the case of Condition 6.2(b)(ii)(B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(c) Minimum and/or maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 6.2(b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 6.2(b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent, in the case of Floating Rate Notes, the Australian Agent in the case of the AMTNs, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same. If required to be calculated by it, the Principal Paying Agent or, as the case may be, the Calculation Agent shall cause the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Installment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders and, if the Notes are listed on a stock exchange and the rules of such stock exchange or other relevant authority so require, such stock exchange or other relevant authority as soon as practicable after calculating the same.

The Principal Paying Agent, or the Australian Agent in the case of AMTNs, will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up);

(B) in the case of Floating Rate Notes which are AMTNs, the aggregate outstanding nominal amount of the Notes; or

(C) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

(i) if "**Actual/Actual**" or "**Actual/Actual (ISDA)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360\ x\ (Y^2 - Y^1)] + [30\ x\ (M^2 - M^1)] + (D^2 - D^1)}{360}$$

where:

"$\mathbf{Y^1}$" is the year, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{Y^2}$" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$\mathbf{M^1}$" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{M^2}$" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$\mathbf{D^1}$" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"$\mathbf{D^2}$" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$Day\ Count\ Fraction = \frac{[360\ x\ (Y^2 - Y^1)] + [30\ x\ (M^2 - M^1)] + (D^2 - D^1)}{360}$$

where:

"**Y^1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y^2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M^1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M^2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D^1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"**D^2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

(vii) if "**30E/360 (ISDA)**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

where:

"**Y^1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y^2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M^1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M^2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D^1**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D^2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent, or the Australian Agent in the case of AMTNs, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter, in the case of Notes, and no later than the fourth Australian Business Day thereafter in the case of AMTNs. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 16. For the purposes of this paragraph, the expression:

(a) "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London; and

(b) "**Australian Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Sydney and Melbourne.

(g) Determination or Calculation by Trustee

If for any reason at any relevant time the Principal Paying Agent, the Australian Agent in the case of the AMTNs, or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with Condition 6.2(b)(i) or Condition 6.2(b)(ii) above or as otherwise specified in the applicable Pricing Supplement, as the case may be, and in each case in accordance with Condition 6.2(d) above, the Trustee may (but shall not be obliged to) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 6.2, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee may (but shall not be obliged to) calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent, the Australian Agent or the Calculation Agent, as applicable.

(h) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Principal Paying Agent, the Australian Agent in the case of AMTNs, or, if applicable, the Calculation Agent or the Trustee, shall (in the case of any certificate, communication, opinion, determination, calculation, quotation or decision given, expressed, made or obtained by the Principal Paying Agent, the Australian Agent in the case of the AMTNs or the Calculation Agent, in the absence of willful default, bad faith, manifest error or proven error or, in the case of any certificate, communication, opinion, determination, calculation, quotation or decision given, expressed, made or obtained by the Trustee, in the absence of manifest error or fraud) be binding on the Issuer, the Trustee, the Principal Paying Agent, the Australian Agent in the case of AMTNs, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent, the Australian Agent in the case of the AMTNs or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6.3 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

6.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

6.5 Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) as provided in the Trust Deed.

6.6 Definitions

In these Conditions, if a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (i) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means a day which is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Center (other than TARGET2 System) specified in the applicable Pricing Supplement;

(b) if TARGET2 System is specified as an Additional Business Center in the applicable Pricing Supplement, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open; and

(c) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than any Additional Business Center and which, if the Specified Currency is Australian dollars, shall be Sydney and Melbourne or, if New Zealand dollars, shall be Auckland and Wellington, respectively) or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.7 Payment limitation — Additional Tier 1 Notes

This Condition 6.7 applies only to Additional Tier 1 Notes.

(a) The Issuer may, at its full discretion and as it deems fit, in accordance with the RBI Guidelines, elect at any time to cancel (in whole or in part) interest otherwise scheduled to be paid on an Interest Payment Date.

Further, the Issuer will cancel (in whole or, as the case may be, in part) the payment of any interest otherwise scheduled to be paid on an Interest Payment Date to the extent that such payment of interest on the Additional Tier 1 Notes is not permitted to be paid under the RBI Guidelines.

Pursuant to the RBI Guidelines, coupons on all Additional Tier 1 instruments (such as the Additional Tier 1 Notes) must be paid out of distributable items. In this context, coupons may be paid out of current year profits. However, if current year profits are not sufficient, coupon may be paid subject to availability of sufficient revenue reserves (those which are not created for specific purposes by a bank) and / or credit balance in profit and loss account, if any. However, payment of coupons on Additional Tier 1 Notes from the revenue reserves is subject to the Issuer meeting minimum regulatory requirements for CET1, Tier 1 and Total Capital ratios at all times and subject to the requirements of capital buffer frameworks (i.e. capital conservation buffer, countercyclical capital buffer and Domestic Systemically Important Banks).

(b) Interest on the Additional Tier 1 Notes will be non-cumulative. If interest is not paid in whole or in part on an Interest Payment Date pursuant to and in accordance with this Condition 6.7, or is cancelled pursuant to Condition 9, such interest will not be due and payable and the right of Noteholders, Receiptholders and Couponholders to receive interest in respect of the Interest Period ending on such Interest Payment Date will be lost and the Issuer will have no further obligation in respect of the interest for such Interest Period, whether or not any amount of interest is paid for any future Interest Period. Non-Payment of interest in accordance with this Condition 6.7 will not constitute an event of default in respect of the Additional Tier 1 Notes. For the avoidance of doubt, no Noteholder shall have any claim in respect of any interest or part thereof cancelled pursuant to this Condition 6.7. Accordingly, such interest shall not accumulate for the benefit of Noteholders or entitle the Noteholders to any claim in respect thereof against the Issuer.

(c) In the event that the Issuer determines that it shall not, or is not permitted to, make a payment of interest on Additional Tier 1 Notes in accordance with this Condition 6.7, the Issuer shall notify or procure notification as soon as possible, but not more than 60 calendar days prior to the relevant Interest Payment Date, to the Trustee (in a certificate signed by two directors of the Issuer), the Paying Agents, the relevant stock exchange(s) (if any) on which the Additional Tier 1 Notes are for the time being listed and the holders of Additional Tier 1 Notes (in accordance with Condition 16) of that fact and of the amount that shall not be paid provided that failure to give such notice shall not affect the cancellation of any interest payment (in whole or, as the case may be, in part) and shall not constitute a default.

(d) If for any reason any payment of interest is not paid in full on an Interest Payment Date then, from the date of which such cancellation has first been notified to any of the Trustee, the Principal Paying Agent or the Noteholders (a "**Dividend Stopper Date**"), the Issuer will not, so long as any of the Additional Tier 1 Notes are outstanding:

(i) declare or pay any discretionary distribution or dividend or make any other payment on, or directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire its Common Equity Tier 1 Capital (other than to the extent that any such distribution, dividend or other payment is declared before such Dividend Stopper Date; or

(ii) pay discretionary interest or any other distribution on, or directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire, any of its instruments or securities ranking, as to the right of payment of dividend, distributions or similar payments, *pari passu* with, or junior to, the Additional Tier 1 Notes (excluding securities the terms of which stipulate a mandatory redemption).

in each case unless or until the next Interest Payment Date following the Dividend Stopper Date on which an interest amount has been paid in full (or an equivalent amount has been separately set aside for payment to the Noteholders), or the prior approval of the Noteholders has been obtained via an Extraordinary Resolution.

(e) Nothing in Condition 6.7(d) will:

(i) stop payment on another instrument where the payments on such an instrument are not fully discretionary;

(ii) prevent distribution to shareholders for a period that extends beyond the point in time at which interest on the Additional Tier 1 Notes is resumed;

(iii) impede the normal operation of the Issuer, including actions in connection with employee share plans or any restructuring activity, including acquisitions and disposals; or

(iv) impede the full discretion that the Issuer has, at all times, to cancel distributions or payments on the Additional Tier 1 Notes nor act in a way that could hinder the recapitalization of the Issuer.

7 PAYMENTS

7.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with a bank in the principal financial center of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney and Melbourne or, if New Zealand dollars, shall be Auckland and Wellington); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

7.2 Presentation of Definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America and its possessions).

Payments of Installment Amounts (if any) in respect of definitive Bearer Notes, other than the final installment, will (subject as provided below) be made in the manner provided in Condition 7.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final installment will be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant installment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 10) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest

Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

If, upon presentation of a Subordinated Note at the specified office of any Paying Agent, the Outstanding Nominal Amount of the Subordinated Note is less than its Issued Nominal Amount, the relevant Paying Agent shall procure that a statement indicating (1) the amount and the date of any Write-Down and (if applicable and only in relation to Additional Tier 1 Notes) any Reinstatement in relation to the Subordinated Note and (2) the Outstanding Nominal Amount of the Subordinated Note as at the date on which it is so presented, be endorsed on the relevant Subordinated Note prior to any payment in respect of such Subordinated Note being made.

7.3 Payments in Respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

7.4 Payments in Respect of Registered Notes (other than AMTNs)

This Condition 7.4 does not apply to AMTNs.

Payments of principal (other than Installment Amounts prior to the final installment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial center of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney and Melbourne or, if New Zealand dollars, shall be Auckland and Wellington) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of Installment Amounts (other than the final installment) in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date of the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which

Euroclear and Clearstream are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**"). Payment of the interest due in respect of each Registered Note on redemption and the final installment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency for conversion into U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.5 General Provisions Applicable to Payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes (other than AMTNs) represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream or DTC, as the case may be, for his share of each payment so made by the Issuer in respect of such Global Note.

Notwithstanding the foregoing provisions of this Condition 7.5, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes (other than AMTNs) will be made at the specified office of a Paying Agent in the United States only if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

7.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 11) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(b) in the case of Notes in definitive form only, the relevant place of presentation; and

(i) any Additional Financial Center (other than TARGET2 System) specified in the applicable Pricing Supplement; and

(ii) if TARGET2 System is specified as an Additional Financial Center in the applicable Pricing Supplement, a day on which the TARGET2 System is open; and

(c) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney and Melbourne or, if New Zealand dollars, shall be Auckland and Wellington) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and

(d) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day other than a Saturday or Sunday or any other day on which commercial banks are not authorized or required by law or regulation to be closed in New York City.

7.7 Interpretation of Principal and Interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 10 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in installments, the Installment Amounts;

(f) in relation to Zero Coupon Notes, the Amortized Face Amount (as defined in Condition 8.6); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7.8 Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases, to (i) any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 10, in the place of payment, and (ii) any withholding or deduction required pursuant to an agreement described in Section 147 1(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 10) any law implementing an intergovernmental approach thereto.

7.9 AMTNs

(a) The Australian Agent will act (through its office as specified in the Pricing Supplement) as paying agent for AMTNs pursuant to the Australian Agency Agreement. For the purposes of this Condition 7.9, in relation to AMTNs, "**Business Day**" has the meaning given in the Australian Agency Agreement.

(b) Payments of principal and interest will be made in Sydney in Australian dollars to the persons registered at the close of business in Sydney on the relevant Record Date (as defined below) as the holders of such AMTNs, subject in all cases to normal banking practice and all applicable laws and regulations. Payment will be made by cheque drawn on the Sydney branch of an Australian bank dispatched by post on the relevant payment date at the risk of the Noteholder or, at the option of the Noteholder, by the Australian Agent giving in Sydney irrevocable instructions for the effecting of a transfer of the relevant funds to an Australian dollar account in Australia specified by the Noteholder to the Australian Agent (or in any other manner in Sydney which the Australian Agent and the Noteholder agree).

(c) In the case of payments made by electronic transfer, payments will for all purposes be taken to be made when the Australian Agent gives irrevocable instructions in Sydney for the making of the relevant payment by electronic transfer, being instructions which would be reasonably expected to result, in the ordinary course of banking business, in the funds transferred reaching the account of the Noteholder on the same day as the day on which the instructions are given.

(d) If a cheque posted or an electronic transfer for which irrevocable instructions have been given by the Australian Agent is shown, to the satisfaction of the Australian Agent, not to have reached the Noteholder and the Australian Agent is able to recover the relevant funds, the Australian Agent may make such other arrangements as it thinks fit for the effecting of the payment in Sydney.

(e) Interest will be calculated in the manner specified in Condition 6 and will be payable to the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date and cheques will be made payable to the Noteholder (or, in the case of joint Noteholders, to the first-named) and sent to their registered address, unless instructions to the contrary are given by the Noteholder (or, in the case of joint Noteholders, by all the Noteholders) in such form as may be prescribed by the Australian Agent. Payments of principal will be made to, or to the order of, the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date, subject, if so directed by the Australian Agent, to receipt from them of such instructions as the Australian Agent may require.

(f) If any day for payment in respect of any AMTN is not a Business Day, such payment shall not be made until the next following day which is a Business Day, and no further interest shall be paid in respect of the delay in such payment.

(g) Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto. Neither the Issuer nor the Australian Agent shall be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from such payments.

In this Condition 7.9 in relation to AMTNs, "**Record Date**" means, in the case of payments of principal or interest, the close of business in Sydney on the date which is the fifteenth calendar day before the due date of the relevant payment of principal or interest.

8 REDEMPTION AND PURCHASE

For the avoidance of doubt, any redemption or repurchase of Tier 2 Notes or Additional Tier 1 Notes under this Condition 8 shall be subject to regulatory preconditions, including the prior approval of the RBI. The RBI, while considering the request of the Issuer to so redeem the securities, may take into consideration, amongst other things, the Issuer's capital adequacy position both at the time of the proposed redemption and thereafter.

8.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note), save for any Additional Tier 1 Note, will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date, subject to compliance with the applicable regulatory requirements.

The Additional Tier 1 Notes are perpetual with no scheduled maturity date and may only be redeemed in accordance with Conditions 8.2, 8.3 or 8.4 and subject to the conditions and limitations set forth therein.

8.2 Redemption or Variation for Tax Reasons (Tax Event Call)

In the case of Senior Notes or Tier 2 Notes with no Optional Redemption Date, at any time prior to the applicable Maturity Date or, in the case of Tier 2 Notes with an Optional Redemption Date or Additional Tier 1 Notes, at any time prior to the first Optional Redemption Date as specified in the applicable Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if the Note is either a Floating Rate Note or an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee, and the Principal Paying Agent and the Australian Agent in the case of AMTNs and, in accordance with Condition 16, the Noteholders (which notice shall specify the date fixed for redemption and which shall, subject to Condition 9 in respect of Subordinated Notes, be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 10, or (in the case of Subordinated Notes only) will, having been entitled to claim a deduction, no longer be entitled to claim a deduction in respect of computing its taxation liabilities with respect to interest on the Subordinated Notes, in each case as a result of any change in, or amendment to, the laws, regulations or rulings of India or, in addition, if the Issuer is acting through a particular branch (as specified in the applicable Pricing Supplement) (the "**Specified Branch**"), the country where that branch is located (the "**Specified Country**"), or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes for such series (or, in the case of Subordinated Notes, the Issue Date of such Notes); and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

(a "**Tax Event**")

provided that (1) in the case of Subordinated Notes, the Conditions for Redemption set out in Condition 8.12 shall have been satisfied and (2) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

In the case of Subordinated Notes, the Issuer may (subject to compliance with the Conditions for Redemption) elect, instead of redeeming the Notes on the occurrence of a Tax Event, to vary the terms of the Subordinated Notes so that they become or remain Qualifying Subordinated Notes.

Prior to the publication of any notice of redemption pursuant to this Condition 8.2, the Issuer shall deliver to the Trustee to make available at its specified office to the Noteholders (1) a certificate signed by an authorized officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (2) an opinion of independent legal advisors of recognized standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

As used in this Condition 8:

(a) **authorized officer of the Issuer** shall mean a person (a) who is duly authorized by the Chairman and Managing Director of the Issuer or (ii) the Fund Management Committee of the Issuer or (b) who is a constituted attorney of the Issuer; and

(b) **Qualifying Subordinated Notes** means instruments issued by the Issuer (or by the State Bank of India acting through another of its branches) that:

(i) will be eligible to constitute (or would, but for any applicable limitation on the amount of such capital, constitute) Additional Tier 1 Capital (in the case of variation of Additional Tier 1 Notes) or Tier 2 Capital (in the case of variation of Tier 2 Notes), including that they are fully paid-in;

(ii) have terms and conditions not materially less favorable to a Noteholder than the Subordinated Notes (as reasonably determined by the Issuer (provided that in making this determination the Issuer is not required to take into account the tax treatment of the new instrument in the hands of all or any holders of the Subordinated Notes, or any transfer or similar taxes that may apply on the acquisition of the new instrument) provided that a certification to such effect of an authorized signatory of the Issuer shall have been delivered to the Trustee prior to the variation of the terms of the instruments);

(iii) shall not at such time be subject to a Tax Event or a Regulatory Event;

(iv) will constitute direct obligations of the Issuer (or the State Bank of India acting through another of its branches, as applicable);

(v) rank, on a liquidation or winding up (as determined pursuant to the SBI Act) of the Issuer, at least *pari passu* with the obligations of the Issuer in respect of other Additional Tier 1 Capital (in the case of variation of Additional Tier 1 Notes) or Tier 2 Capital (in the case of variation of Tier 2 Notes);

(vi) have at least the same Outstanding Nominal Amount and interest payment or distribution dates as the Subordinated Notes and at least equal interest or distribution rate or rate of return as the Subordinated Notes;

(vii) are listed on the same stock exchange as the Subordinated Notes (or another securities exchange of international standing regularly used for the listing and quotation of debt securities offered and traded in the international markets);

(viii) have, to the extent such payment is not cancelled, the same claim to accrued but unpaid interest;

(ix) (where the instruments are varied prior to the first-occurring Optional Redemption Date) have the same issuer call date as the Subordinated Notes;

(x) have the same claim to amounts payable upon any redemption; and

(xi) which may include such technical changes as necessary to reflect the requirements of Additional Tier 1 Capital (in the case of variation of Additional Tier 1 Notes) or Tier 2 Capital (in the case of variation of Tier 2 Notes) under the RBI Guidelines then applicable to the Issuer.

Notes redeemed pursuant to this Condition 8.2 will be redeemed at their Early Redemption Amount referred to in Condition 8.6 below.

8.3 Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, (1) in the case of Subordinated Notes, at its sole discretion but only upon the expiry of five years from the Issue Date and subject to the Conditions for Redemption, and (2) in the case of any Note having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 16; and

(b) not less than seven days before the giving of the notice referred to in Condition 8.3(a), notice to:

(i) the Trustee, the Principal Paying Agent and the Australian Agent in the case of AMTNs; and

(ii) in the case of a redemption of Registered Notes, the Registrar,

(which notices shall specify the date fixed for redemption and which shall, subject to Condition 9 in respect of Subordinated Notes, be irrevocable), redeem all or (except in the case of Subordinated Notes) some only of the Notes then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate (and subject to Condition 6.7 in respect of Subordinated Notes), with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and/or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes other than AMTNs, the Notes to be redeemed ("**Redeemed Notes**") will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or, as the case may be, DTC. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 16 not less than 15 days prior to the date fixed for redemption.

In the case of a partial redemption of AMTNs, the AMTNs to be redeemed must be specified in the notice and selected (i) in a fair and reasonable manner; and (ii) in compliance with any applicable law, directive or requirement of any stock exchange or other relevant authority on which the AMTNs are listed.

Any optional redemption of the Subordinated Notes is subject to compliance with applicable regulatory requirements, including the prior approval of the RBI. The RBI, while considering the request of the Issuer to so redeem any Notes, may take into consideration, amongst other things, the Issuer's capital adequacy position both at the time of the proposed redemption and thereafter.

8.4 Redemption or Variation for Regulatory Reasons (Regulatory Event Call)

Subject to the Conditions for Redemption in Condition 8.12 having been satisfied, the Issuer may elect to redeem the Subordinated Notes in whole, but not in part, at any time prior to the first Optional Redemption Date (or, in the case of Tier 2 Notes with no Optional Redemption Date, at any time prior to the Maturity Date), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agents and, in accordance with Condition 16, the Noteholders (which notice shall specify the date fixed for redemption and which shall, subject to Condition 9, be irrevocable), if a Regulatory Event has occurred and is continuing.

In the case of Subordinated Notes, the Issuer may (subject to compliance with the Conditions for Redemption) elect, instead of redeeming the Notes on the occurrence of a Regulatory Event, to vary the terms of the Subordinated Notes so that they become or remain Qualifying Subordinated Notes.

Prior to the publication of any notice of redemption pursuant to this Condition 8.4, the Issuer shall deliver to the Trustee or the Principal Paying Agent to make available at its specified office to the Noteholders a certificate signed by an authorized officer of the Issuer stating that the circumstances referred to in this Condition 8.4 prevail (including the requirements of Condition 8.12) and setting out the details of such circumstances, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, Receiptholders and Couponholders.

Subordinated Notes redeemed pursuant to this Condition 8.4 will be redeemed at their Early Redemption Amount.

For the purposes of these Conditions:

A "**Regulatory Event**" occurs if, as result of a change in regulation, the Issuer is notified in writing by the RBI to the effect that the Outstanding Nominal Amount (or the amount that qualifies as regulatory capital, if some amount of the Notes is held by the Issuer or whose purchase is funded by the Issuer) of the Notes is fully or partly excluded from, in the case of Tier 2 Notes, the consolidated Tier 2 capital of the Issuer or, in the case of Additional Tier 1 Notes, the consolidated Tier 1 Capital of the Issuer.

8.5 Redemption of the Senior Notes at the Option of the Noteholders (Investor Put)

(a) If Investor Put is specified in the applicable Pricing Supplement

If Investor Put is specified as being applicable in the relevant Pricing Supplement with respect to Senior Notes only, upon the holder of any Senior Note giving to the Issuer in accordance with Condition 16 not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, such Senior Note on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

(b) Put Option Exercise Procedures

If this Senior Note is in definitive form, to exercise the right to require redemption of this Senior Note the holder of this Senior Note must deliver such Senior Note at the specified office of any Paying Agent (together with all unmatured Receipts and Coupons and unexchanged Talons in the case of Bearer Notes) or the Registrar (in the case of Senior Notes that are Registered Notes other than AMTNs) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 8.5 accompanied by, if this Senior Note is in definitive form, this Senior Note or evidence satisfactory to the Paying Agent concerned that this Senior Note will, following delivery of the Put Notice, be held to its order or under its control and, in the case of Senior Notes that are Registered Notes (other than AMTNs), the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. Registered Notes may be redeemed under this Condition 8.5 in any multiple of their lowest Specified Denomination.

8.6 Early Redemption Amounts

For the purpose of Condition 8.2 above and Condition 12:

(a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount;

(b) each Zero Coupon Note will be redeemed at an amount (the "**Amortized Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = RP \text{ X } (1 + AY)y$$

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365); and

(c) each Subordinated Note will be redeemed at its Outstanding Nominal Amount together with any accrued (subject to Condition 6.7) but unpaid interest relating to the then current Interest Period up to (and excluding) the date on which the Subordinated Note is redeemed,

or on such other calculation basis as may be specified in the applicable Pricing Supplement.

8.7 Installments

Installment Notes will be redeemed in the Installment Amounts and on the Installment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 8.6 above.

8.8 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 8 and the applicable Pricing Supplement.

8.9 Purchases

The Issuer or any Subsidiary (as defined in the Trust Deed) of the Issuer may at any time purchase (i) Senior Notes, (ii) (subject to obtaining the prior approval of the RBI (Department of Banking Regulation) or other relevant authority) Subordinated Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer surrendered to any Paying Agent and/or the Registrar for cancellation.

8.10 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 8.9 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and may not be reissued or resold.

8.11 Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 8.1, 8.2, 8.3 or 8.5 above or upon its becoming due and repayable as provided in Condition 12 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.6(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Trustee, the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 16.

If any AMTN represented by an AMTN Certificate is redeemed or purchased and cancelled in accordance with this Condition 8 then (i) the applicable AMTN Certificate will be deemed to be surrendered and cancelled without any further formality, and (ii) where some, but not all, of the AMTNs represented by that AMTN Certificate are so redeemed, the Issuer will, promptly and without charge, issue and deliver, and procure the authentication by the Australian Agent of, a new AMTN Certificate in respect of those AMTNs that had been represented by the original AMTN Certificate and which remain outstanding following such redemption.

8.12 Conditions for Redemption and Variation of Subordinated Notes

The Issuer shall not redeem or vary any of the Subordinated Notes unless:

(i) the Issuer has obtained the prior approval of the Reserve Bank of India (Department of Banking Regulation);

(ii) in the case of a Tax Event Call or a Regulatory Event Call, the change of law or regulation giving rise to the right to redeem or vary the Subordinated Securities has occurred after the Issue Date and the Reserve Bank of India is convinced that the Issuer was not in a position to anticipate the Tax Event or the Regulatory Event at the time of issuance of the Subordinated Notes; and

(iii) in the case of a redemption, either (A) the Issuer replaces the Subordinated Notes with capital of the same or better quality and the replacement is done on conditions which are sustainable for the income capacity of the Issuer or (B) the Issuer demonstrates to the satisfaction of the Reserve

Bank of India that its capital position would, following such redemption, be well above its minimum capital requirements after the call option is exercised,

(collectively, the "**Conditions for Redemption**"). Prior to any redemption of Subordinated Notes under this Condition 8, the Issuer shall deliver to the Trustee a certificate signed by an authorized officer of the Issuer confirming that the Issuer is entitled to effect the redemption and setting forth a statement of facts showing which Conditions have been satisfied. Such certificates shall be made available for inspection by the Noteholders. The Trustee shall be entitled without further action or enquiry to accept the certificate as conclusive and sufficient evidence of the contents and matters set forth therein.

9 LOSS ABSORPTION — SUBORDINATED NOTES

Each holder of Subordinated Notes shall be deemed to have authorized, directed and requested the Trustee, the Registrar and the other Agents, as the case may be, to take any and all necessary action to give effect to any Write-Down required by this Condition 9.

9.1 Principal write-down on PONV Trigger Event

This Condition 9.1 is applicable only to Subordinated Notes.

If a PONV Trigger Event occurs, the Issuer will:

(a) deliver a Loss Absorption Event Notice to Noteholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent;

(b) cancel any interest which is accrued and unpaid up to the relevant Loss Absorption Effective Date; and

(c) in relation to Additional Tier 1 Notes, *pari passu* and pro rata with any other Tier 1 Loss Absorbing Instruments (where possible), or, in relation to Tier 2 Notes, *pari passu* and pro rata with any other Tier 2 Loss Absorbing Instruments and taking into account the prior loss absorption in full of Tier 1 Loss Absorbing Instruments (where possible) irrevocably, without the need for the consent of Noteholders or the Trustee, reduce the Outstanding Nominal Amount of each Note by the relevant Write-Down Amount (such reduction being referred to as a "Write-Down" and "Written Down" being construed accordingly),

subject as is otherwise required by the RBI at the relevant time. The Issuer will effect a Write-Down within 30 days of the Write-Down Amount being determined by the RBI.

If a Write-Down occurs in respect of less than the full Outstanding Nominal Amount of the Subordinated Notes, one or more further Write-Downs may occur in respect of one or more subsequent PONV Trigger Events. Once the Outstanding Nominal Amount of a Note has been Written Down pursuant to this Condition 9.1, the relevant Write-Down Amount will not be restored in any circumstances, including where the PONV Trigger Event has ceased to continue.

Following the giving of a Loss Absorption Event Notice which specifies a Write-Down of Additional Tier 1 Notes, the Issuer shall procure that a similar notice is, or has been, given in respect of each Tier 1 Loss Absorbing Instrument (in accordance with its terms), and the prevailing nominal amount of each Tier 1 Loss Absorbing Instrument outstanding (if any) is permanently written down or converted to equity on a pro rata basis with the Outstanding Nominal Amount of the Additional Tier 1 Notes, as soon as reasonably practicable following the giving of such Loss Absorption Event Notice and, where possible, within 30 days of the amount of the permanent write-down of such Tier 1 Loss Absorbing Instrument being determined by the RBI.

Following the giving of a Loss Absorption Event Notice which specifies a Write-Down of Tier 2 Notes, the Issuer shall procure that a similar notice is, or has been, given in respect of each Tier 1 Loss Absorbing Instrument and Tier 2 Loss Absorbing Instrument (in accordance with its terms), and the prevailing nominal amount of each Tier 1 Loss Absorbing Instrument outstanding (if any) is permanently written down or converted to equity in full and, the PONV Trigger Event having not been cured, the prevailing nominal amount of each Tier 2 Loss Absorbing Instrument outstanding (if any) is permanently written down or converted to equity on a pro rata basis with the Outstanding Nominal Amount of the Tier 2 Notes, as soon as reasonably practicable following the giving of such Loss Absorption Event Notice and, where possible, within 30 days of the amount of the permanent write-down of such Tier 1 Loss Absorbing Instrument or Tier 2 Loss Absorbing Instrument (as the case may be) being determined by the RBI.

For the avoidance of doubt, following any Write-Down of the Notes in accordance with these provisions the principal amount so written down will be cancelled and interest will continue to accrue only on the Outstanding Nominal Amount.

If the Issuer is amalgamated with any other bank before the Notes have been Written Down, the Notes will become, if Additional Tier 1 Notes, part of the Additional Tier 1 capital of the new bank emerging after the merger or, if Tier 2 Notes, part of the Tier 2 capital of the amalgamated bank. For the avoidance of doubt, if the Issuer is amalgamated with any other bank after the Notes have been Written Down pursuant to a PONV Trigger Event, these cannot be reinstated by the new bank emerging after the merger. If the RBI or other relevant authority decides to reconstitute the Issuer or amalgamate the Issuer with any other bank, the Issuer will be deemed as non-viable or approaching non-viability and the PONV Trigger Event will be activated. Accordingly, the Notes will be permanently Written-Down in full prior to any reconstitution or amalgamation.

Following a Write-Down due to a PONV Trigger Event having occurred, all rights of any Noteholder for payment of any amounts under or in respect of the Write-Down Amount in respect of their Notes (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, any default) shall be cancelled and not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Loss Absorption Event Notice or the Loss Absorption Effective Date and even if the PONV Trigger Event has ended.

A Write-Down due to a PONV Trigger Event shall occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.

The RBI Guidelines as at the Issue Date state that, for this purpose, a non-viable bank will be a bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the RBI unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 Capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures would include a permanent write-off in combination with or without other measures as considered appropriate by the RBI.

A bank facing financial difficulties and approaching a point of non-viability shall be deemed to achieve viability if within a reasonable time in the opinion of the RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including a permanent write-off or public sector injection of funds are likely to:

(a) restore confidence of the depositors/ investors;

(b) improve rating/ creditworthiness of the bank and thereby improving its borrowing capacity and liquidity and reduce cost of funds; and

(c) augment the resource base to fund balance sheet growth in the case of fresh injection of funds.

9.2 Principal write-down on CET1 Trigger Event

This Condition 9.2 is applicable only to Additional Tier 1 Notes.

(a) Write-Down on the occurrence of a CET1 Trigger Event

If a CET1 Trigger Event occurs, the Issuer will:

(i) deliver a Loss Absorption Event Notice to Noteholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent;

(ii) cancel any interest which is accrued and unpaid on the Additional Tier 1 Notes up to the relevant Loss Absorption Effective Date; and

(iii) *pari passu* and pro rata with any other Tier 1 Loss Absorbing Instruments (where possible) irrevocably, without the need for the consent of Noteholders or the Trustee, Write-Down the Outstanding Nominal Amount of each Additional Tier 1 Note by the relevant Write-Down Amount.

A Write-Down may occur on more than one occasion and (if applicable) the Additional Tier 1 Notes may be Written Down following one or more Reinstatements pursuant to Condition 9.2(b). Once the nominal amount of an Additional Tier 1 Note has been Written Down pursuant to this Condition 9.2, it may only be restored in accordance with Condition 9.2(b).

Following the giving of a Loss Absorption Event Notice which specifies a Write-Down of the Additional Tier 1 Notes, the Issuer shall procure that a similar notice is, or has been, given in respect of each Tier 1 Loss Absorbing Instrument (in accordance with its terms), and the prevailing nominal amount of each Tier 1 Loss Absorbing Instrument outstanding (if any) is written down or converted to equity on a pro rata basis with the Outstanding Nominal Amount of the Additional Tier 1 Notes, as soon as reasonably practicable following the giving of such Loss Absorption Event Notice.

If the Issuer is amalgamated with any other bank before the Additional Tier 1 Notes have been Written Down, the Additional Tier 1 Notes will become part of the Additional Tier 1 capital of the new bank emerging after the merger. If the Issuer is amalgamated with any other bank after the Additional Tier 1 Notes have been Written Down pursuant to a CET1 Trigger Event, the amalgamated bank can reinstate these instruments according to its discretion, unless the Write-Down was full and permanent.

For the avoidance of doubt, a Write-Down of the Additional Tier 1 Notes on a CET1 Trigger Event is not subject to the prior loss absorption of Common Equity Tier 1 Capital of the Issuer.

The purpose of a Write-Down on occurrence of the CET1 Trigger Event shall be to shore up the capital level of the Issuer. If the Issuer or the Group breaches the CET1 Trigger Event Threshold and equity is replenished through Write-Down of the Additional Tier 1 Notes, such replenished amount of equity will be excluded from the total equity of the Issuer for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining the capital conservation buffer (as described in the RBI Guidelines). However, once the Issuer or the Group (as the case may be) has attained a total Common Equity Tier 1 Ratio of 8% without counting the replenished equity capital, from that point onwards, the Issuer may include the replenished equity capital for all purposes.

(b) Reinstatement

Following a Write-Down pursuant to Condition 9.2(a), the Outstanding Nominal Amount of the Additional Tier 1 Notes may be increased up to the Maximum Reinstatement Amount (a "**Reinstatement**") at the Issuer's option and subject to any conditions specified in (i) the applicable Pricing Supplement or (ii) the RBI Guidelines, or as are otherwise notified to the Issuer by the RBI, from time to time. Additional Tier 1 Notes may be subject to more than one Reinstatement. The Issuer will not reinstate the principal amount of any Tier 1 Loss Absorbing Instrument that has been written down (and which is capable under its terms of being reinstated) unless it does so on a pro rata basis with a Reinstatement on the Additional Tier 1 Notes.

The Issuer must give notice of any Reinstatement to Noteholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent at least 10 Business Days prior to such Reinstatement. The Trustee and Principal Paying Agent shall be entitled to rely absolutely on such notice, which shall be binding upon all Noteholders, Receiptholders and Couponholders.

9.3 Interpretation

In these Conditions:

(a) "**CET1 Trigger Event**" means that the Issuer's or the Group's Common Equity Tier 1 Ratio is at or below the CET1 Trigger Event Threshold;

(b) "**CET1 Trigger Event Threshold**" means:

(i) if calculated at any time prior to 31 March 2019, 5.5%; or

(ii) if calculated at any time from and including 31 March 2019, 6.125%;

(c) "**Common Equity Tier 1 Ratio**" means the Common Equity Tier 1 Capital (as defined and calculated in accordance with the applicable RBI Guidelines) of the Issuer or the Group (as the case may be) expressed as a percentage of the total risk weighted assets (as defined and calculated in accordance with the applicable RBI Guidelines) of the Issuer or the Group (as applicable);

(d) "**Loss Absorption Effective Date**" means the date that will be specified as such in the Loss Absorption Event Notice;

(e) "**Loss Absorption Event Notice**" means a notice which specifies that a PONV Trigger Event or CET1 Trigger Event (as applicable) has occurred, the Write-Down Amount and the date on which the Write-Down will take effect. Any Loss Absorption Event Notice must be accompanied by a certificate signed by an authorized officer of the Issuer (as defined in Condition 8) stating that the PONV Trigger Event or CET1 Trigger Event, as relevant, has occurred. The Trustee and Principal Paying Agent shall be entitled to rely absolutely on such certificate and notice, which shall be binding upon all Noteholders, Couponholders and Receiptholders;

(f) "**Maximum Reinstatement Amount**", in respect of an Additional Tier 1 Note, means the Issued Nominal Amount of such Additional Tier 1 Note as reduced pursuant to: (i) any Write-Down in accordance with Condition 9.1; and (ii) any Write-Down in accordance with Condition 9.2(a) if such Write-Down has been made permanent due to a subsequent PONV Trigger Event;

(g) "**Ordinary Share**" means an ordinary share of the Issuer;

(h) "**PONV Trigger Event**", in respect of the Issuer or the Group, means the earlier of:

(i) a decision that a write-down, without which the Issuer or the Group (as the case may be) would become non-viable, is necessary, as determined by the RBI; and

(ii) the decision to make a public sector injection of capital, or equivalent support, without which the Issuer or the Group (as the case may be) would have become non-viable, as determined by the RBI;

(i) "**Tier 1 Loss Absorbing Instrument**" means, at any time, any instrument issued directly or indirectly by the Issuer, other than the Ordinary Shares and the Notes, which (a) is eligible to qualify as Additional Tier 1 Capital pursuant to the RBI Guidelines; and (b) contains provisions relating to a write down or conversion into Ordinary Shares of the nominal amount of such instrument on the occurrence, or as a result, of a PONV Trigger Event or CET1 Trigger Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied;

(j) "**Tier 2 Loss Absorbing Instrument**" means, at any time, any instrument issued directly or indirectly by the Issuer, other than the Ordinary Shares and the Notes, which (a) is eligible to qualify as Tier 2 Capital pursuant to the RBI Guidelines; and (b) contains provisions relating to a write down or conversion into Ordinary Shares of the nominal amount of such instrument on the occurrence, or as a result, of a PONV Trigger Event or CET1 Trigger Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied; and

(k) "**Write-Down Amount**" means the amount by which the then Outstanding Nominal Amount of each Note is to be Written Down pursuant to a Write-Down, being the minimum of:

(i) the amount (together with the Write-Down of the other Subordinated Notes and the write-down or conversion into equity of, in the case of a Write-down of Additional Tier 1 Notes, any Tier 1 Loss Absorbing Instruments or, in the case of a Write-Down of Tier 2 Notes, any Tier 1 Loss Absorbing Instruments and Tier 2 Loss Absorbing Instruments) that:

(A) in the case of a Write-Down due to a PONV Trigger Event, would be sufficient to satisfy the RBI that the Issuer will not become non-viable; or

(B) in the case of a CET1 Trigger Event, would, as determined by the Issuer in its absolute discretion, immediately return the Issuer's or the Group's (as the case may be) Common Equity Tier 1 Ratio to between the CET1 Trigger Event Threshold and 8%; and

(ii) the amount necessary to reduce the Outstanding Nominal Amount to zero.

For the avoidance of doubt, the Write-Down Amount in the case of a Write-Down due to a PONV Trigger Event will be such amount as is required by the RBI or other relevant authority at the relevant time.

10 TAXATION

10.1 Payment without Withholding

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of India or, in addition, if the Issuer is acting through a Specified Branch, the Specified Country, or, in each case, any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) to, or to a third party on behalf of, a holder who is liable or subject to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon for any reason other than the mere holding, use or ownership or deemed holding, use or ownership of such Note, Receipt or Coupon as a non-resident or deemed non-resident of the jurisdiction imposing such tax, duty, assessment or governmental charge or who would not be liable or subject to such withholding or deduction by making a declaration of non-residence or other similar claim for exemption (including an application for relief under any applicable double tax treaty) to the relevant tax authority;

(b) the holder of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with India or, as the case may be, the Specified Country other than the mere holding of such Note, Receipt or Coupon, provided that (in respect of Australia) a holder is not regarded as being connected with Australia for the reason that the holder is a resident of Australia where, and to the extent that, such tax is payable by reason of section 128B(2A) of the *Income Tax Assessment Act 1936* (Australia);

(c) to, or to a third party on behalf of, an Australian resident holder or a non-resident holder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if that holder has not supplied an appropriate tax file number, an Australian business number or other exemption details;

(d) to, or to a third party on behalf of, a holder who is an associate (as that term is defined in section 128F of the *Income Tax Assessment Act 1936* (Australia)) of the Issuer and the payment being sought is not, or will not be, exempt from interest withholding tax because of section 128F(6) of the *Income Tax Assessment Act 1936* (Australia);

(e) on account of any such taxes, duties, assessments or governmental charges required to be withheld or deducted by any paying agent, collecting agent or other intermediary from a payment on a Note, Receipt or Coupon if such payment can be made without such deduction or withholding by another paying agent, collecting agent or other intermediary; or

(f) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6).

10.2 Interpretation

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16.

11 PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 10) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 11 or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

12 EVENTS OF DEFAULT AND ENFORCEMENT

12.1 Events of Default relating to Senior Notes

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Senior Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice in writing to the Issuer that each Senior Note is, and each Senior Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an "**Event of Default**") shall occur:

(a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or

(b) if the Issuer fails to perform or observe any of its other obligations under these Conditions, the Trust Deed or the Note (AMTN) Deed Poll and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(c) if (i) any other present or future Indebtedness for Borrowed Money of the Issuer becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, or (ii) any such Indebtedness for Borrowed Money is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness for Borrowed Money other than in circumstances where (A) the Issuer is contesting in good faith in appropriate proceedings the fact that any such amount is due or (B) the Issuer is prohibited from making payment of any such amount by the order of a court having appropriate jurisdiction, provided that the aggregate amount outstanding of the relevant Indebtedness for Borrowed Money or amounts payable under the guarantees and/or indemnities in respect of one or more events mentioned above in this Condition 12.1(c) exceeds U.S.$25,000,000 or its equivalent in other currencies; or

(d) if any order of the Government of India is made for the liquidation or winding up (as determined pursuant to the SBI Act) of the Issuer, save for the purposes of reorganization on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or

(e) if the Issuer ceases or threatens to cease to carry on the whole or substantially all of its business, save for the purposes of reorganization on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, or the Issuer stops or threatens to stop or suspend payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due; or

(f) if the Issuer (or its directors) makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally; or

(g) if a moratorium is agreed or declared by the Issuer in respect of any Indebtedness for Borrowed Money (including any obligation arising under any guarantee) of the Issuer; or

(h) if the Issuer is or becomes entitled or subject to, or is declared by law or otherwise to be protected by immunity (sovereign or otherwise) and Condition 21.3 is held to be invalid or unenforceable; or

(i) if a distress, attachment, execution or other legal process is levied or enforced upon or against any material part of the property, assets or revenues of the Issuer and is not either discharged or stayed within 120 days, unless, and for so long as, such levy or enforcement is being contested in good faith and by appropriate proceedings; or

(j) if any event occurs, which, under the laws of India, has or may have an analogous effect to any of the events referred to in Conditions 12.1(e) to (g).

For the purposes of this Condition 12.1, "**Indebtedness for Borrowed Money**" means (i) any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or (ii) any borrowed money or (iii) any liability under or in respect of any acceptance or acceptance credit.

12.2 Rights of Enforcement Relating to Subordinated Notes

Pursuant to Section 45 of the State Bank of India Act, 1955, as amended, Indian statutory provisions relating to winding up do not apply to the Issuer, and it may only be placed in liquidation by order of the Government in such manner as it may direct.

If any order of the Government is made for the liquidation or winding up (as determined pursuant to the SBI Act) of the Issuer, save for the purposes of reorganization on terms previously approved by an Extraordinary Resolution of the Noteholders, the Trustee may, and if so requested in writing by the holders of at least one-fifth in Outstanding Nominal Amount of the Subordinated Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Issuer that the Subordinated Notes are, and they shall, subject to the prior approval of the RBI having been obtained, thereupon immediately become, due or repayable at the amount provided in, or calculated in accordance with, Condition 8.6.

12.3 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

13 REPLACEMENT OF NOTES, AMTN CERTIFICATES, RECEIPTS, COUPONS AND TALONS

Should any Note (other than AMTNs), Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced subject to applicable laws, regulations and relevant stock exchange regulations at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar or the Transfer Agent (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity and/or security as the Issuer, the Principal Paying Agent and the Registrar (as the case may be) may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

Should any AMTN Certificate be lost, stolen, mutilated, defaced or destroyed, upon written notice of such having been received by the Issuer and the Australian Agent:

(a) that AMTN Certificate will be deemed to be cancelled without any further formality; and

(b) the Issuer will, promptly and without charge, issue and deliver, and procure the authentication by the Australian Agent of, a new AMTN Certificate to represent the holding of the AMTNs that had been represented by the original AMTN Certificate.

14 AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee (such approval not to be unreasonably delayed), to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent and (in the case of Registered Notes other than AMTNs) a Registrar and there will at all times be an Australian Agent (in the case of AMTNs);

(b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);

(c) so long as any of the Registered Global Notes denominated in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent;

(d) so long as the Notes are listed on the SGX-ST, if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore unless the Issuer obtains an exemption from the SGX-ST; and

(e) there will at all times be a Paying Agent, a Registrar and a Transfer Agent which, in respect of a payment due on any Note on or after 1 January 2019, able to receive such payment without any withholding or deduction imposed pursuant to FATCA.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 16.

In acting under the Agency Agreement or the Australian Agency Agreement (as the case may be), the Agents (including the Australian Agent) act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation towards, or relationship of agency or trust with, any owners or holders of the Notes, Receipts, Coupons or Talons. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

15 EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 11.

16 NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading daily newspaper of general circulation in Asia or such other English language daily newspaper with general circulation in Asia as the Trustee may approve. It is expected that such publication will be made in the Asian Wall Street Journal. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Bearer Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes and AMTNs will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register or the A$ Register (as the case may be) and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange.

All notices regarding the AMTNs will be deemed to be validly given if sent by pre-paid post or (if posted to an address overseas) by airmail to, or left at the address of, the holders (or the first named of joint holders) at their respective addresses recorded in the A$ Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any AMTNs are admitted to trading on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. For so long as the AMTNs are lodged in the Austraclear System there may be substituted for such publication in the *Australian Financial Review* or *The Australian* or mailing the delivery of the relevant notice to Austraclear for communication by it to the holders of beneficial interests in the AMTNs and, in addition, for so long as any AMTNs are listed on a stock exchange or admitted to trading by any other relevant authority and the rules of that stock exchange, or, as the case may be, other relevant authority so require, such notice or notices will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice will be deemed to have been given to the holders of beneficial interests in the AMTNs on the day on which the said notice was given to Austraclear.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream and/or DTC, be substituted for such publication in such newspaper(s) or such delivery by mail of the relevant notice to Euroclear and/or Clearstream and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear and/or Clearstream and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes other than the AMTNs) or the Australian Agent (in the case of the AMTNs). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar (in the case of Registered Notes other than AMTNs) or the Australian Agent (in the case of AMTNs) and Euroclear and/or Clearstream and/or DTC, as the case may be, may approve for this purpose.

Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this Condition 16.

17 MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee. If the Trustee receives a written request by Noteholders holding at least one-tenth in nominal amount of the Notes for the time being outstanding and is indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses, the Trustee shall convene a meeting of Noteholders. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50.0% in outstanding nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the outstanding nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts, the Coupons or the Trust Deed (including, *inter alia*, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or canceling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in outstanding nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in outstanding nominal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75% of the outstanding nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of at least 75% of the outstanding nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Receiptholders and Couponholders.

The Trustee (i) may (but shall not be obliged to) agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of, or to the waiver or authorization of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Notification Event shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do, provided that such power to agree any modification does not extend to any such modification as is mentioned in the proviso to paragraph 5 of the Third Schedule of the Trust Deed and (ii) may (but shall not be obliged to) agree, without any such consent as aforesaid, to any modification which in the opinion of the Trustee is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provisions of law. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, the Receiptholders and the Couponholders and unless the Trustee agrees otherwise any such modification, waiver, authorisation or determination shall be notified to the Noteholders in accordance with Condition 16 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, rights, powers, authorities and discretions (including, without limitation, any modification, waiver, authorization, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 10 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 10 pursuant to the Trust Deed.

The Trustee, without the consent of the Noteholders, the Receiptholders or the Couponholders, may (but shall not be obliged to) agree with the Issuer at any time to the substitution in place of the Issuer (or of any previous substitute under this Condition 17) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed of any entity owned or controlled by the Issuer, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

Any such modification, waiver, authorization, determination or substitution shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be promptly notified to Noteholders by the Issuer in accordance with Condition 16.

Any modification or substitution in accordance with this Condition 17 is subject to the prior approval of the RBI (if required) having been obtained by the Issuer for such modification or substitution. The Trustee shall have no obligation or duty in obtaining any such approval or in complying with RBI requirements in connection with the exercise by it of any of its trusts, powers, authorities and discretions.

18 INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer or any person or body corporate associated with the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer or any person or body corporate associated with the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

19 FURTHER ISSUES

The Issuer shall be at liberty from time to time (but subject always to the provisions of the Trust Deed) without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

20 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21 GOVERNING LAW OF NOTES OTHER THAN AMTNS AND SUBMISSION TO JURISDICTION

This Condition 21 does not apply to AMTNs.

21.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons and any non-contractual obligations arising out of or in connection with these documents are governed by, and shall be construed in accordance with, English law except that Clause 2(G) of the Trust Deed and, in the case of Tier 2 Notes, Condition 3.2 and, in the case of Additional Tier 1 Notes, Condition 3.3, are governed by, and shall be construed in accordance with, Indian law.

21.2 Submission to Jurisdiction

(a) Subject to Condition 2 1.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (a "**Dispute**") and accordingly each of the Issuer and the Trustee and any Noteholders, Receiptholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 21.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) To the extent allowed by law, the Trustee, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

21.3 Waiver of Immunity

The Issuer irrevocably and unconditionally with respect to any Dispute (i) waives any right to claim sovereign or other immunity from jurisdiction, recognition or enforcement and any similar argument in any jurisdiction, (ii) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any competent jurisdiction in relation to any Dispute and (iii) consents to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, in any jurisdiction, whether before or after final judgment, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Dispute.

22 GOVERNING LAW OF AMTNS AND SUBMISSION TO JURISDICTION

22.1 Governing Law

The AMTNs, the Australian Agency Agreement and the Note (AMTN) Deed Poll shall be governed by the laws in force in New South Wales, Australia.

22.2 Jurisdiction

The courts of New South Wales, Australia and the courts of appeal from them are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with them and any suit, action or proceedings arising out of or in connection with the AMTNs, the Australian Agency Agreement and the Note (AMTN) Deed Poll (together referred to as "**Australian Proceedings**") may be brought in such courts.

22.3 Appointment of Process Agent

For so long as any AMTNs are outstanding, the Issuer will appoint an agent in Sydney, Australia as its agent for service of process in New South Wales, Australia in respect of any Australian Proceedings as specified in the applicable Pricing Supplement, and undertakes that, in the event of such agent ceasing so to act or ceasing to be registered in New South Wales, Australia, it will appoint another person as its agent for service of process in Sydney, New South Wales, Australia in respect of any Australian Proceedings.

USE OF PROCEEDS

The net proceeds from each issue of the Notes will be used to:

(i) meet the funding requirement of the Bank's foreign offices, including the Hong Kong Branch, the London Branch and the Sydney Branch and subject to the approval of the RBI, foreign subsidiaries, and to develop and expand business in these offices; and/or

(ii) strengthen the capital base of the Bank's foreign offices, including the Hong Kong Branch, the London Branch and the Sydney Branch and subject to the approval of the RBI, foreign subsidiaries, with respect to the issuance of qualifying Subordinated Notes and/or to augment the Bank's capital in accordance with relevant regulatory guidelines; and/or

(iii) meet its general corporate purposes.

The proceeds from the issuance of green bonds, as and when issued by the Issuer under the Program, will be applied towards investment in Eligible Green Projects (as defined hereinafter).

THE ISSUER'S GREEN BOND FRAMEWORK

Introduction

As India's largest public sector bank, the Bank has embarked on a journey of sustainability with an objective to create a positive impact on the environment. As early as a decade ago, the concepts of "green banking" and "sustainability" were priority concerns for the Bank.

Among others, the green initiatives undertaken by the Bank include:

- Installing windmills for captive power consumption (a first in the Indian banking industry);
- Providing concessional interest rates for renewable energy projects;
- Separating incremental exposure limits in relation to the renewable energy sector;
- Executing agreements with multilateral and bilateral agencies for lines of credit for launching rooftop solar and other projects in the renewable energy space; and
- Publishing a separate sustainability report (the Bank is the first Indian public sector bank to produce such a separate sustainability report). Furthermore, the Bank has been a signatory to the Carbon Disclosure Project since 2012.

Green Bond Framework Overview

The Bank's "Green Bond Framework" (the "**Green Bond Framework**") has been constructed in accordance with the "**Climate Bonds Standard version 2.1**" developed by Climate Bond Initiative ("**CBI**"). Further details of the Bank's Green Bond Framework can be found at https://www.sbi.co.in/. However, the contents of the Issuer's website are not incorporated by reference into this Offering Circular and may not be relied upon.

The Bank's Green Bond Framework broadly lays down the mechanism that the Bank is required to comply with for purposes of raising funds that are to be used for investment in the green bond portfolio of the Bank that are consistent with the Bank's sustainable values and lays down details for determining the green bond portfolio of the Bank (the "**Eligible Green Projects**") in a manner consistent with the Bank's sustainable values, and in turn provide transparency and relevant disclosure to investors for the purposes of making their investment decisions in relation to a green bond issuance.

Eligible Green Projects will broadly cover projects in relation to the following, subject to the availability of sector-specific technical criteria under the Climate Bonds Standard:

- Renewable energy (including solar, wind, hydropower and geothermal);
- Low carbon buildings (including new residential, new commercial and retrofit);
- Industry and energy-intensive commercial transactions (including energy efficiency processes, energy efficiency products, energy efficient appliances and data centers);
- Waste and pollution control management transactions (including recycling facilities converting waste to energy); and
- Sustainable transportation (including projects aiming at low energy or low emission transportation systems and infrastructure, comprising electrical vehicles and electrified mass transit projects).

Selection and Evaluation of Eligible Green Projects

As part of the Bank's selection and evaluation process of Eligible Green Projects, the Bank will appraise the projects on the basis of a defined set of guidelines which focusses on appraising the project in accordance with the extant guidelines of the Bank and with the laid down delegation of sanctioning powers.

Management of Proceeds

Furthermore, a separate committee called the Green Bond Committee (the "**GBC**") will be set up in order to assess the eligibility of a project under the Green Bond Framework of the Bank and also for regular monitoring of the use of proceeds of the Bank towards Eligible Green Projects. The GBC shall consist of the following persons:

(i) Chief General Manager-Credit Policy and Procedures;

(ii) Deputy General Manager-Green Banking and Sustainability (who shall be the nodal officer);

(iii) Deputy General Manager-Treasury Management Group under the International Banking Division; and

(iv) Deputy General Manager-Credit Policy and Procedures Department.

All projects that are to be considered Eligible Green Projects would first have to be cleared by the GBC in accordance with the above evaluation procedure and such projects thereafter will be monitored and tracked by the Bank's core banking solution system. The overall portfolio position of the Bank's Eligible Green Projects shall be monitored quarterly by the GBC and any changes to the overall portfolio shall also have to be cleared by the GBC.

Furthermore, the Bank proposes to establish a labelling mechanism in the Bank's core banking system, loan life cycle management system and management information system for projects and accounts earmarked as Eligible Green Projects and towards which proceeds from a green bond issuance can be utilized. The relevant labels will enable the Bank to extract and monitor various details in relation to the Eligible Green Projects of the Banks, including loan account number, borrower name, use of proceeds, sanctioned amount, amount of loan drawn and outstanding, loan maturity and other necessary information such that the aggregate of the issue proceeds and the manner of allocation of the proceeds can be recorded on a real time basis. The data on Eligible Green Projects will be regularly updated by the Bank in order to track assets refinanced or repaid and new loans earmarked for utilization from the proceeds of a green issuance. Unallocated proceeds from the issuance of green bonds will be invested or allocated in money market instruments and Government securities, as deemed fit by the Bank.

Reporting

As long as green bonds issued by the Bank remain outstanding, the Bank will report the use of the proceeds by way of sector-wise information of the projects financed under each of the Bank's green bond issuances through a separate section in the Bank's annual sustainability report. Such annual sustainability report will also be published on the Bank's website at https://www.sbi.co.in/ and will provide a confirmation that the use of proceeds towards the Eligible Green Projects is aligned with the Bank's Green Bond Framework. Wherever possible, the Bank shall also attempt to report on the quantitative impacts of the Eligible Green Projects being financed from the proceeds of the issuance of the green bonds.

Assurance

For each green bond issuance under the Bank's Green Bond Framework, the Bank intends to engage a Climate Bonds Initiative approved independent assurance provider to assure and certify compliance of the green bond issuance as well as utilization of the proceeds from such green bond issuance with the requirements of the Climate Bonds Initiative standards, both at the pre-issuance and post-issuance stage. The Bank will also seek pre- and post-issuance certification from the Climate Bonds Initiative based on the assurance statement provided by such verifier.

CAPITALIZATION

The following table sets out the Bank's capitalization (on a standalone basis) as of March 31, 2021, derived from the Bank's standalone financial statements, which have been prepared in accordance with Indian GAAP and audited by the Bank's statutory auditors. This table should be read in conjunction with the Bank's financial statements as of and for the fiscal year ended March 31, 2021 as well as the schedules and notes thereto presented elsewhere herein.

	As of March 31, 2021	
	(Rs. in millions, except %)	*(U.S.$ in millions)*[(1)]
Short-term liabilities		
Deposits due to banks[(2)]	58,155.19	795.45
Other deposits[(2)]	2808,818.74	38,419.08
Demand liabilities	1,3845,838.89	189,383.65
Total	**1,6712,812.82**	**228,598.18**
Long-term liabilities		
Term deposits[(3)]	20,099,957.98	274,927.62
Other liabilities[(4)]	1,819,796.63	24,891.21
Total	21919754.61	299,818.83
Borrowings[(5)]	4,172,976.99	5,078.06
Total[(6)]	**42,805,544.42**	**585,495.07**
Shareholders' funds		
Share capital[(7)]	8,924.60	122.07
Reserves and surplus	2,529,827.29	34,603.03
Total shareholders' funds	2,538,751.89	34,725.10
Total capitalization[(8)]	**45,344,296.31**	**620,220.17**
Capital Adequacy Ratio (Basel III)		
Tier I	11.19%	
Tier II	2.63%	
Total Capital Adequacy Ratio	**13.82%**	

Notes:

(1) For the reader's convenience, U.S. dollar translations of Rupee amounts have been provided based on the exchange rate of U.S.$1.00 = Rs. 73.11 as of March 31, 2021.

(2) Excluding term deposits.

(3) Including current portion of term deposits.

(4) Including interest accrued, provisions, and contingencies and other liabilities which have not been segregated as short-term or long-term.

(5) Borrowings include short-term and long-term borrowings.

(6) Represents the sum of short-term liabilities, long-term liabilities and borrowings.

(7) As of March 31, 2021, there were 50,000,000,000 authorized and 8,924,611,534 outstanding and fully paid shares of Rs. 1 each.

(8) Represents the sum of short-term liabilities, long-term liabilities, borrowings and shareholders' funds.

The Bank's consolidated contingent liabilities were Rs. 17,069.50 billion as of March 31, 2021, Rs. 12,210.83 billion as of March 31, 2020 and Rs. 11,212.46 billion as of March 31, 2019.

There has been no material change to the Bank's indebtedness and capitalization since March 31, 2021. There is increase in contingent liability mainly due to increase in forward contracts outstanding.

INVESTMENT CONSIDERATIONS

This Offering Circular contains forward-looking statements that involve risks and uncertainties. Prospective investors should carefully consider the risks described below, together with the risks described in the other sections of this Offering Circular, including the financial statements included in this Offering Circular, before making any investment decision relating to the Notes. The occurrence of any of the following events could have a material adverse effect on the Bank's business, including its ability to grow its asset portfolio, the quality of its assets, its liquidity, its financial performance, its stockholders' equity, its ability to implement its strategy and its ability to repay the interest or principal on the Notes in a timely fashion or at all.

Risks Relating to the Bank's Business

The outbreak, or threatened outbreak, of any severe communicable disease or any other serious public health concerns in Asia, such as the ongoing COVID-19 pandemic, could have a material adverse effect on the Bank's business, financial condition and results of operations.

The outbreak, or continued or threatened outbreak, of any other severe communicable disease, such as Severe Acute Respiratory Syndrome (SARS), Middle East Respiratory Syndrome-Corona virus, avian influenza (commonly known as bird flu), H1N1 or any another similar disease could materially and adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. More recently, the outbreak or continued outbreak of the novel strain of coronavirus ("**COVID-19**") first detected in the PRC, which has been declared a global pandemic by organizations such as the World Health Organization in the first quarter of 2020, has severely affected and continues to seriously affect the global economy and the Bank's business, financial condition and results of operations. The Bank's business has been, and will continue to be, adversely affected by the COVID-19 pandemic. The COVID-19 pandemic is ongoing and rapidly evolving.

Governments of many countries have declared a state of emergency, closed their borders to international travelers, and issued stay-at-home orders with a view to containing the pandemic. In particular, the Indian government imposed a nationwide lockdown on March 25, 2020. Subsequently, the lockdown was lifted by the Indian government for certain activities in a phased manner outside specified containment zones. The COVID-19 pandemic and policies implemented by governments to deter the spread of the disease have had, and may continue to have, an adverse effect on consumer confidence and the general economic conditions the Bank's business is subject to. Furthermore, the lockdown amidst COVID-19 could impact trade dynamics, weakening trade activities and denting imports and exports. There is no assurance that such measures will be effective in ending or deterring the spread of COVID-19. For example, many countries have experienced a second wave of the COVID-19 virus within the community once such measures had been eased.

Furthermore, widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic will significantly disrupt the global economy and global markets and is likely to result in a global economic recession. In addition, COVID-19 has led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. Domestically, the markets in India had witnessed their steepest decline in March 2020. Such uncertainties and volatilities may adversely affect the Indian economy and the economy globally, the Bank, its business and financial condition, results of operations, prospects, liquidity and capital position. The spread of COVID-19 across the globe has resulted in a decline in economic activity and increase in volatility in financial markets. In this situation, though the challenges continue to unfold, the Bank is gearing itself on all fronts to meet the same. The situation continues to be uncertain and the Bank is evaluating the situation on an ongoing basis. Major challenges for the Bank would arise from extended working capital cycle and declining cash flows for the industry. The Bank is proactively providing against the likely stress, hence no significant impact on the liquidity or profitability of the Bank is expected.

As of March 31, 2021, 2020 and 2019, the Bank's gross NPAs represented 5.0%, 6.2% and 7.5%, repressively, of its gross customer assets, and the Bank's NPA, net of provisions, represented 1.50%, 2.2% and 3.0%, respectively, of its net customer assets. While the Bank's asset quality outcomes were more positive than its expectations, there can be no assurance that the Bank will be able to improve its collections and recoveries in relation to its NPAs, or otherwise adequately control its level of NPAs in the future. The Supreme Court, in a public interest litigation (*Gajendra Sharma v. Union of India & and another*) pursuant to an interim order dated September 3, 2020, directed accounts which were not declared as NPA until August 31, 2020 to retain *status quo* until its further orders. While this petition stands disposed pursuant to an order issued on November 27, 2020, the interim order dated September 3, 2020 has been independently challenged by, among others, the Indian Banks' Association. The Supreme Court has reserved judgment on these pleas pertaining to the extension of loan moratorium. The Bank did not declare any domestic loan account as NPA which was standard on August 31, 2020. Accordingly, the Bank's gross NPA and NPA, net of provisions as of March 31, 2021 stood at 5.0% and 1.50% respectively, as against 6.2% and 2.2% as of period ended on March 31, 2020.

During for fiscal year 2021, the Bank made an additional provision of Rs. 51.74 billion on COVID-19 related accounts. Accordingly, the total provision made by the Bank on COVID-19 related accounts as of March 31, 2021, stood at Rs. 63.46 billion. In terms of RBI circular DOR No. BP. BC/3/21.04.048/2020-21 dated 6 August 2020, total 55,617 accounts where resolution plan was implemented with amount of Rs 53.16 billion as per the resolution framework for COVID-19 related stress during the fiscal year.

If the Bank is not able to control or reduce the level of NPAs, the overall quality of the Bank's loan portfolio may deteriorate, and the Bank's results of operations and/or cash flows may be adversely affected. Furthermore, although the Bank believes that its current provisioning for NPAs is comparable with industry standards, in the future, the Bank's provisions may not be adequate when compared to the loan portfolios of other banks and financial institutions. Moreover, there also can be no assurance that there will be no further deterioration in the Bank's provisioning coverage as a percentage of gross NPAs or otherwise, or that the percentage of NPAs that the Bank will be able to recover will be similar to its past experience of recoveries of NPAs. In the event of any deterioration in the Bank's NPA, there could be an even greater adverse impact on the results of its operations and/or cash flows. Furthermore, other uncertainties in the global economy and the Indian economy may also adversely affect the Bank's business, financial condition and results of operations in many ways, including, among others:

- during a period of economic slowdown, there is a greater likelihood that more of the Bank's customers or counterparties could become delinquent in respect of their loan repayments or other obligations to the Bank, which, in turn, could result in a higher level of NPAs, allowances for impairment losses and write-offs;
- the increased regulation and supervision by the financial services industry in response to the financial crisis in certain jurisdictions where the Bank operates may restrict our business flexibility and increase our compliance costs;
- the value of the Bank's investments in the equity and debt securities issued by overseas governments and financial institutions may significantly decline;
- the Bank's ability to raise additional capital on favourable terms, or at all, could be adversely affected; and trade and capital flows may further contract as a result of protectionist measures being introduced in certain markets, which could cause a further slowdown in economies and adversely affect our business prospects.

Any potential market and economic downturns, economic slowdown or geopolitical uncertainties in India, its neighboring countries or regions or the rest of the world may exacerbate the risks relating to the capital markets. In addition, global economic uncertainty and the slowdown in India's economic growth have precipitated, and may continue to raise the possibility of, fiscal, monetary, regulatory and other governmental actions. The Bank cannot predict whether or when such actions may occur, nor can the Bank predict what ultimate impact, if any, such actions or any other governmental actions could have on our business, results of operations and financial condition. There can be no assurance that India's economy or the global economy will continue to improve or maintain sustainable growth. If further economic downturn occurs or continues, the Bank's business, financial condition and results of operations could be materially and adversely affected. The extent to which the COVID-19 pandemic impacts the Bank will depend on future developments, such as the timeliness and effectiveness of actions to contain the spread or to mitigate the impact of COVID-19 in India and globally and the development and dissemination of an effective and economical vaccine, each of which are highly uncertain and cannot be predicted. There can be no assurance that the Bank's financial performance will not be materially and adversely affected by any such effects, whether direct or indirect, of COVID-19. Investors must exercise caution before making any investment decisions. See further "*Description of the Bank — Recent Developments*".

The Bank's business is particularly vulnerable to interest rate risk, and volatility in interest rates could adversely affect its net interest margin, the value of its fixed income portfolio, its income from treasury operations and its financial performance.

The Bank could be materially adversely impacted by a rise in generally prevailing interest rates on deposits, especially if the rise were sudden or sharp. If such a rise in interest rates were to occur, the Bank's net interest margin could be adversely affected because the interest paid by the Bank on its deposits could increase at a higher rate than the interest received by the Bank on its advances and other investments.

The requirement that the Bank maintains a portion of its assets in fixed income Government securities could also have a negative impact on its net interest income and net interest margin because the Bank typically earns interest on this portion of its assets at rates that are generally less favorable than those typically received on its other interest-earning assets.

The Bank is also exposed to interest rate risk through its treasury operations and through one of its subsidiaries, SBI DFHI Limited, which is a primary dealer in Government securities. A rise in interest rates or greater interest rate volatility could adversely affect the Bank's income from treasury operations or the value of its fixed income securities trading portfolio. Sharp and sustained increases in the rates of interest charged on floating rate home loans, which are a material proportion of its loan portfolio, would result in the extension of loan maturities and higher monthly installments due from borrowers, which could result in higher rates of default in this portfolio.

In each of June and August 2018, the RBI increased the policy repo rate (a key short-term interest rate at which the RBI lends to Indian banks) by 0.25%, reflecting growing inflationary pressures. These were the first increases in official interest rates since January 2014. The RBI reduced the repo rate in February 2019 by 0.25%, in April 2019 by 0.25% and again by 0.25% in June 2019. In March 2020, the RBI reduced the repo rate by 0.75%. The repo rate as of the date of this Offering Circular is 4%. Additionally, to address the stress caused by COVID-19 on the economy, the RBI also announced a slew of measures including further cuts in interest rates. Changes in official interest rates tend to flow through into changes in commercial interest rates, including rates for deposits and lending. However, the rates applying to the Bank's funding (including deposits) and its lending may not move at the same time and the same rate.

In the future, if the yield on the Bank's interest-earning assets does not increase at the same time or to the same extent as its cost of funds, or if its cost of funds does not decline at the same time or to the same extent as the yield on its interest-earning assets, its net interest income and net interest margin would be adversely impacted.

If the Bank fails to maintain desired levels of customer deposits or loans, its business operations may be materially and adversely affected.

Customer deposits are the Bank's primary source of funding. However, many factors affect the growth of deposits, some of which are beyond the Bank's control, such as economic and political conditions, availability of investment alternatives and retail customers who may change their perceptions toward savings. For example, retail customers may reduce their deposits and increase their investment in securities for higher returns, while small- and medium-sized enterprises ("**SMEs**") and mid-corporate customers may reduce their deposits in order to fund projects in a favorable economic environment. If the Bank fails to maintain its desired level of deposits, the Bank's liquidity position, financial condition and results of operations may be materially and adversely affected. In such a situation, the Bank may need to seek more expensive sources of funding. The Bank's ability to raise additional funds may be impaired by factors over which it has little or no control, such as poor market conditions or severe disruptions in the financial markets.

Conversely, the Bank may slowly reduce the interest rates it offers on deposits (if required) to protect the spread it enjoys if the Indian banking system is showing a lower rate of credit growth. Further, the Bank must devise certain strategies to lend surplus funds to existing or new borrowers in order to earn interest income and protect its net interest margin. If the Bank cannot secure sufficient loan volumes or earn sufficient interest on its lending due to economic conditions or other factors, its ability to earn income and maintain and increase its net interest margin may be materially adversely affected.

The Bank has a large portfolio of Government securities that may limit its ability to deploy funds into higher yielding investments.

As a result of Indian reserve requirements, the Bank is more structurally exposed to interest rate risk than banks in many other countries. Under RBI regulation, the Bank's liabilities are subject to the statutory liquidity ratio ("**SLR**") requirement, which requires that a minimum specified percentage of a bank's demand and term liabilities be invested in approved securities. The RBI may increase the SLR requirements to curb inflation or absorb excess liquidity. The SLR is presently 18%. For further information, see "*Regulations and Supervision — Legal Reserve Requirements*".

The SLR requirements are subject to increases by the RBI in order to curb inflation or absorb excess liquidity. The SLR has been reduced to 18.25% with effect from January 4, 2020. See "*Regulation and Supervision — Legal Reserve Requirements*." As of March 31, 2021, Government securities represented 80.29% of the Bank's domestic investment portfolio and comprised 29.21% of the Bank's demand and term liabilities. The Bank earns interest on such Government securities at rates which are less favorable than those which it typically receives in respect of its retail and corporate loan portfolio, which impacts the Bank's net interest income and net interest margin. In addition, the market and accounting value of such securities could be adversely affected by overall rising interest rates.

As of March 31, 2021, 72.22% of the Bank's Government securities portfolio, amounting to Rs. 7,620.84 billion was held under the "Held to Maturity" portfolio. Although many of these Government securities are short-term in nature, the market value of the Bank's holdings could decrease if interest rates increase. Under such a scenario, the Bank would face a choice to either liquidate its investments and realize a loss or hold the securities and possibly be required to recognize an accounting loss upon marking to market the value of such investments, either of which outcomes could adversely impact its results of operations.

A substantial portion of the Bank's income is derived from its Government operations, a slowdown in which could adversely affect the Bank's business.

The Government generates significant business activity in the economy. For fiscal year 2021, the Bank's total Government business turnover was Rs. 50,774.46 billion and the Bank earned commission from Government transactions of Rs. 36.18 billion, or 8.32% of the Bank's other (non-interest) income. For fiscal year 2021, the Bank's market share of Government business was approximately 67.18% and includes such transactions as handling payment and receipts for the Central Governments. The Bank has been able to retain its position as the market leader in this business segment. However, while the Bank has enjoyed a strong working relationship with the Government in the past, there is no assurance that this relationship will continue in the future.

For example, on July 1, 2012, the RBI declared that all private sector banks would be eligible to handle Central and State Government business and would be considered on an equal basis with public sector banks. Prior to this declaration by the RBI, only public sector banks and three designated private banks could conduct Government business. Furthermore, three public-sector banks, Dena Bank, Vijaya Bank and Bank of Baroda, merged in April 2019, as a result of which, Bank of Baroda is now the second largest public sector bank by asset size. If the Government decides to utilize the merged bank for handling the Government's business to a greater extent than it previously had with the three public-sector banks prior to the merger, this may negatively impact the Bank's market share of the Government's business. The Government is not obligated to choose the Bank to conduct any of its transactions. If the Bank cannot successfully compete with private banks for Government business or the Government chooses other public sector banks to conduct transactions currently performed by the Bank or if the rates paid by the Government to the dealing banks decline, the Bank's business and/or the income derived from its Government operations will be adversely affected.

If the Bank is not able to control or reduce the level of non-performing assets ("NPAs") in its portfolio, its business will be adversely affected.

The Bank's gross NPAs decreased from Rs. 1,727.5 billion as of March 31, 2019 to Rs. 1,490.9 billion as of March 31, 2020 and decreased to Rs. 1,263.9 billion as of March 31, 2021, representing 7.5%, 6.15% and 4.98%, respectively, of gross customer assets; net NPAs decreased from Rs. 658.95 billion as of March 31, 2019 to Rs. 518.71 billion as of March 31, 2020 and decreased to Rs. 368.10 billion as of March 31, 2021, representing 3.0%, 2.2% and 1.50% respectively, of net customer assets. The Bank's NPAs may increase in the future and any significant increase in NPAs may have a material adverse effect on the Bank's financial condition and results of operations. See "*Selected Statistical Information — Non-Performing Assets*." The Bank's NPAs can be attributed to several factors, including increased competition arising from economic liberalization in India, inconsistent industrial growth, the high level of debt in the financing of projects and capital structures of companies in India and the high interest rates in the Indian economy during the period in which a large number of projects contracted their borrowings, which reduced profitability of some of the Bank's borrowers. Furthermore, with the economic impact caused by COVID-19, there is a greater likelihood that more of the Bank's customers or counterparties could become delinquent in respect of their loan repayments or other obligations to the Bank resulting in an increase in NPA. Although the Bank's loan portfolio contains loans to a wide variety of businesses, financial difficulties experienced by the Bank's customers or by sectors of the Indian economy to which the Bank has exposure could increase the Bank's level of NPAs and adversely affect its business, future financial performance, shareholders' funds and the trading price of the Notes. For example, the Bank is required by RBI regulations to extend 40.0% of its net bank credit to certain "priority sectors," such as agriculture, and economic difficulties may affect borrowers in priority sectors more severely. Economic downturns experienced in priority sectors would likely have a direct adverse effect on the Bank's NPA levels.

Financial difficulties and other problems in certain financial institutions in India could adversely affect the Bank's business and the trading price of the Notes.

The Bank is exposed to the risks inherent in the Indian financial system. These risks are driven by the financial difficulties faced by certain Indian financial institutions, whose commercial soundness may be closely interrelated as a result of credit, trading, clearing or other relationships among them. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom the Bank interacts on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect the Bank's business and the trading price of the Notes. As the Indian financial system operates within an emerging market, the Bank faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. See "*Overview of the Indian Financial Sector*."

In September 2018, India's leading non-banking financial company, the Infrastructure Leasing and Financial Services Limited ("**IL&FS**"), reported that it had defaulted on several of its bank loan repayment obligations. In June 2019, Dewan Housing Finance Limited failed to make interest payments on its debt payment obligations. These have led to volatility in the Indian debt and equity markets and heightened investors' concern about the systematic risks that Indian financial institutions face. There is no assurance that these defaults by NBFCs will not have more significant repercussions on India's financial market as a whole, which may adversely affect the Bank's business, operations, financial performance and the trading price of the Notes.

The Bank has high concentrations of loans to certain customers and if a substantial portion of these loans were to become non-performing, the quality of its loan portfolio could be adversely affected.

As of March 31, 2021, the Bank's total exposure to borrowers (fund-based, including derivatives, investments and non-fund-based, including guarantees) was Rs. 40,979.28. The 20 largest borrowers in aggregate accounted for 14.56% of the Bank's total exposure as of March 31, 2021. The largest individual borrower as of March 31, 2021 accounted for 18,65% of the Bank's total capital funds (tier 1 and tier 2 capital). The largest individual borrower group as of March 31, 2021 accounted for 29.53% of the Bank's total capital funds. Credit losses on these large single borrower and group exposures could adversely affect the Bank's financial performance and the trading price of the Notes.

An increase in the Bank's portfolio of NPAs and provisioning requirements mandated by the RBI may adversely affect its business.

As of March 31, 2021, 2020 and 2019, the Bank's gross NPAs represented 4.98%, 6.15% and 7.53% of gross customer assets, respectively, while net NPAs represented 1.50%, 2.23% and 3.01% respectively, of net customer assets as of such dates. As of March 31, 2021, 2020 and 2019, the Bank had provided for 87.75%, 83.62% and 78.73% respectively, of its total NPAs (including prudential write-offs) pursuant to applicable regulatory guidelines and the quality of security available to the Bank. If the level of NPAs in the Bank's portfolio increases, or if there is any deterioration in the quality of the Bank's security or further aging of the assets after being classified as non-performing, an increase in provisions will be required. This increase in provisions may adversely impact the Bank's financial performance and the trading price of the Notes.

There can be no assurance that the percentage of the face value of the NPAs that the Bank will be able to recover will be similar to the Bank's past experience of recoveries of NPAs. The Bank's retail loan portfolio has grown in recent years, but there is limited data on historical loss ratios in retail loans, especially in the event of an economic slowdown. The tension in U.S. and China trade relations, continuing European sovereign credit crisis and the impact of global and Indian economic conditions on equity and debt markets may also lead to an increase in the level of NPAs in the Bank's corporate loan portfolio. Furthermore, under the backdrop of COVID-19, the Bank may see an increase in NPA levels.

There can be no assurance that the RBI will not increase provisioning requirements. In 2009, the RBI adopted rules requiring banks to increase their provisioning coverage ratio ("**PCR**") to 70.0% of their gross NPA position. In order to achieve this ratio, the Bank made provisions of Rs. 23.3 billion in fiscal year 2011 and Rs. 11.0 billion during the first two quarters of fiscal year 2012 as counter-cyclical provision. While the RBI has since relaxed this requirement, there can be no assurance that provisioning requirements will not increase in future. The Bank's PCR as of March 31, 2021, 2020 and 2019, was 87.8%, 83.6% and 78.7%, respectively. The surplus from the provisioning under the PCR as against the provisioning required under the prudential provisioning norms is to be segregated into an account named counter-cyclical provisioning buffer. Any future RBI-mandated increases in provisions or other regulatory changes (including as a result of the Covid-19 pandemic) could lead to an adverse impact on the Bank's business, future financial performance and the trading price of the Notes. See "*Regulation and Supervision — Prudential norms on income recognition, asset classification and provisioning pertaining to advances*."

The level of restructured loans in the Bank's portfolio may increase and the failure of its restructured loans to perform as expected could affect the Bank's business.

The Bank's standard assets include restructured standard loans. As a result of rising interest rates and the limited ability of corporations to access capital due to the volatility in global markets, there has been an increase in restructured loans in the banking system as well as in the Bank's portfolio since fiscal year 2012. The loan portfolio of the Bank's international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (as permitted by regulation) as well as for their overseas ventures, including cross-border acquisitions. This exposes the Bank to specific additional risks, including the failure of the acquired entities to perform as expected and the Bank's inexperience in various aspects of the economic and legal framework in overseas markets. Further, the quality of the Bank's long-term project finance loan portfolio could be adversely impacted by several factors, including the implications due to the COVID-19 pandemic related lockdowns. Economic and project implementation challenges in India and overseas, could result in additions to restructured loans and the Bank may not be able to control or reduce the level of restructured loans in its project and corporate finance portfolio.

The RBI imposes various requirements on banks, including disclosing the accounts restructured on a cumulative basis (excluding the standard restructured accounts which cease to attract higher provision and/or higher risk weight), the provisions made on restructured accounts under various categories and details of movement of restructured accounts. While continued initiatives and efforts by the RBI aim to provide banks with more powers to acquire control over their borrowers and for resolution of large stressed accounts, there can be no assurances that such efforts will lead to the turnaround in profitability or viability of such assets. The combination of changes in regulations regarding restructured loans, provisioning, and any substantial increase in the level of restructured assets and the failure of these restructured loans to perform as expected could adversely affect the Bank's business, future financial performance and the trading price of the Notes.

The insolvency laws of India may differ from other jurisdictions with which holders of Notes are familiar.

As the Bank is incorporated under the laws of India, any insolvency proceeding relating to the Bank is likely to involve the insolvency laws of India, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

The Bank may experience delays in enforcing its collateral when borrowers default on their obligations to the Bank, which may result in a failure to recover the expected value of collateral security, exposing the Bank to a potential loss.

A substantial portion of the Bank's loans to corporate customers is secured by real assets, including property, plant and equipment. The Bank's loans to corporate customers also include working capital credit facilities that are typically secured by a first charge on inventory, receivables and other current assets. In some cases, the Bank may have taken further security of a first or second charge on fixed assets, including investments in immovable properties and a pledge of financial assets like marketable securities, corporate guarantees and personal guarantees. A substantial portion of the Bank's loans to retail customers is also secured by the financed assets, predominantly property and vehicles. However, an economic downturn could result in a fall in the value of the collateral securing the Bank's loans. In addition, in India, foreclosure on immovable property generally requires a written petition to an Indian court or tribunal. An application, when made, may be subject to delays and administrative requirements that may result in, or be accompanied by, a decrease in the value of the immovable property. Security created on shares of a borrower can be enforced without court proceedings. However, there can be delays in realization in the event that the borrower challenges the enforcement in an Indian court. In the event that a corporate borrower makes a reference to the specialized judicial authority called the National Company Law Tribunal (the "**NCLT**") under the Insolvency and Bankruptcy Code ("**IBC**"), foreclosure and enforceability of collateral is stayed.

The Insolvency and Bankruptcy Code enacted in 2016 provides for a time-bound mechanism to resolve stressed assets. The process of resolution of accounts referred to under the Insolvency and Bankruptcy Code is still evolving, with periodic amendments being incorporated through both legislation and judicial decisions. This could delay the resolution of accounts which have been referred for resolution under the Insolvency and Bankruptcy Code. Should the resolution of accounts not be achieved within the stipulated time of 180 days (extendable to maximum 270 days), the borrowers will go into compulsory liquidation, and the market value of the collateral may decrease, thus impacting the recovery of dues by lenders. While the time provided for recovery under liquidation is one year, the actual time of recovery may be longer as India is gradually developing an efficient secondary market for such distressed and second hand assets.

The 'Prudential Framework For Resolution Of Stressed Assets By Banks' (the "**New Framework**") has been issued by RBI on June 07, 2019 with a view to providing a framework for early recognition, reporting and time-bound resolution of stressed assets. These directions have been issued without prejudice to the issuance of specific directions, by the RBI to banks, in terms of the provisions of Section 35AA of the Banking Regulation Act, 1949, for initiation of insolvency proceedings against specific borrowers under the Insolvency and Bankruptcy Code. The RBI has further mandated that the extant instructions on resolution of stressed assets, including the Resolution of Stressed Assets Framework for Revitalising Distressed Assets and Corporate Debt Restructuring Scheme stand withdrawn with immediate effect.

The New Framework requires banks to implement a plan to resolve (with effect from June 7, 2019), any overdue account where the aggregate exposure of the lenders is Rs. 20.0 billion or more, within 210 days, failing which the borrower would have to be referred for resolution under the Insolvency and Bankruptcy Code. For borrowers with an exposure of Rs. 15.0 billion up to Rs. 20.0 billion, the cut-off date for resolution is January 1, 2020. Under the New Framework, the RBI has formalized an inter-creditor agreement ("**ICA**") framework and made it mandatory, not only for all lenders in consortium or syndicate but also for asset reconstruction companies and, or NBFCs, as well. Other regulators such as SEBI and Insurance Regulatory Authority of India are also in the process of making it mandatory for regulated entities such as mutual funds, bond trustees, insurance companies to join the ICA framework for a quick resolution. Further, a resolution plan proposed in respect of a borrower is now required to be approved by only 75.0% of the lenders by value and 60.0% by number, as against unanimous approval from all lenders under the previous framework. While it is expected that these changes will facilitate the resolution of many large exposures in an expeditious manner without recourse to the Insolvency and Bankruptcy Code, there can be no assurance that the New Framework will result in favorable impact on the Bank's operations. However, in the event that the New Framework fails to arrive at an acceptable resolution plan within 210 days, any of the lenders can approach the National Company Law Tribunal for an initiation of corporate insolvency resolution process against the corporate debtor. The New Framework has provided disincentives by way of additional loan loss provision of up to 35% of the outstanding loan should the lenders defer such initiation of corporate insolvency resolution process under IBC post failure of ICA resolution.

As of March 31, 2021, the Bank had 760 outstanding accounts in relation to IBC matters where the borrower or the bank or another creditor had made a reference under IBC and as of the same date the amount involved in such matters stood at Rs. 1,506.29 billion, against which the Bank had made a provision of Rs. 1,473.04 billion. Further, as of March 31, 2021, of the 760 accounts referred to NCLT, 111 accounts were pending admission. In accordance with the RBI guidelines, no incremental provision is required on these accounts for fiscal year 2021. The Bank may not be able to realize the full value of its collateral as a result of, among other factors, delays in bankruptcy and foreclosure proceedings (including as a result of stay orders prohibiting the lender from selling the assets of a defaulted borrower), defects in the registration of collateral and fraudulent transfers by borrowers. In addition, there is also no assurance that the Insolvency and Bankruptcy Code will continue to have a favorable impact on the Bank's efforts to resolve NPAs. A failure to recover the expected value of collateral security could expose the Bank to a potential loss and any, unexpected losses could adversely affect the Bank's business, it's future financial performance and the trading price of the Notes.

The Bank's unsecured loan portfolio is not supported by any collateral to ensure repayment of the loan, and any such non-payment may adversely affect its financial condition.

The Bank and certain other members of the Group offer unsecured personal loans and credit cards to the retail customer segment, including to salaried individuals and self-employed professionals. In addition, they offer unsecured loans to small businesses and individual businessmen. The Bank has also previously sanctioned advances to below-rated and unrated borrowers. In fiscal year 2021, the Bank offered Rs. 5,928.22 billion of unsecured advances, which represented 24.20% of its net advances in those periods. The Bank's unsecured loans and advances to unrated borrowers are subject to greater credit risk than its secured loan portfolio because they may not be supported by realizable collateral. Although the Bank typically obtains direct debit instructions or post-dated cheques from its customers for its unsecured loan products, it may be unable to collect in part or at all in the event of non-payment by a borrower. Further, any expansion in its unsecured loan portfolio could require it to increase its provision for credit losses, which would decrease its earnings and adversely affect its financial condition.

The Indian banking industry is very competitive and the Bank's growth strategy depends on its ability to compete effectively.

The Bank faces competition from Indian and foreign commercial banks in all of its products and services. The Bank competes with non-banking financial companies in its retail products and services. In addition, since the Bank raises funds from market sources and individual depositors, it faces increasing competition for such funds. Applicable regulations currently permit foreign banks to establish wholly owned subsidiaries ("**WOS**") in India and to own up to 74.0% of equity in Indian private sector banks.

In November 2013, the RBI introduced the regulatory framework applicable to foreign banks in India. Pursuant to such framework, foreign banks may operate in India by establishing WOS. WOS of foreign banks are allowed to raise Rupee-denominated resources through the issue of non-equity capital instruments. Further, WOS of foreign banks may be allowed to open branches in Tier 1 to Tier 6 centers, except at specified locations considered sensitive for national security reasons.

In addition, the Bank Licensing Guidelines were issued by the RBI in February 2013, which specified that selected entities or groups in the private sector, entities in the public sector and non-banking financial companies with a successful track record of at least ten years would be eligible to provide banking services. In April 2014, the RBI granted in-principle approval to two applicants to set up banks under the New Bank Licensing Guidelines. To promote further financial inclusion in India, the RBI has issued licenses to 11 "Payment Banks" and 10 "Small Finance Banks" in 2015, with the objective to provide banking facilities to the sections of the Indian population that have yet to utilize banking services. These new banks will operate mostly in rural areas. In August 2016, the RBI issued new Guidelines for 'on tap' Licensing of Universal Banks in the private sector which stated that the initial minimum paid-up equity capital for a bank should be Rs. 5,000.0 million and thereafter, the bank should have a minimum net worth of Rs. 5,000.0 million at all times. Further, these new Guidelines provided for the setting up of a Standing External Advisory Committee by the RBI to deal with applications for new banking licenses. A review of the performance of the "Small Finance Banks" reveals that they achieved their priority sector targets and thus attained their mandate for furthering financial inclusion. Accordingly, there is a case for more players to be included to enhance access to banking facilities to small borrowers and to encourage competition. The RBI has in its press release dated June 6, 2019, proposed to issue draft guidelines for 'on tap' licensing of Small Finance Banks by the end of August 2019. The RBI has also decided that more time is needed to review the performance of payments banks before considering the licensing of this category of banks to be put 'on tap.' In order to give further impetus to digital retail payments, the RBI has decided that member banks shall not levy any charges from their savings bank account holders for funds transfers done through NEFT system which are initiated online.

Due to competition, the Bank may be unable to successfully execute its growth strategy and offer products and services at reasonable returns and this may adversely impact its business, future financial performance and the trading price of the Notes.

The Bank is subject to credit, market and liquidity risk which may have an adverse effect on its credit ratings and its cost of funds.

To the extent that any of the instruments and strategies the Bank uses to hedge or otherwise manage its exposure to market or credit risk are not effective, the Bank may not be able to mitigate effectively its risk exposures, in particular to market environments or against particular types of risk. The Bank's balance sheet growth depends on economic conditions, as well as on its decisions to sell, purchase, securitize or syndicate particular loans or loan portfolios. The Bank's trading revenues and interest rate risk exposure depend on its ability to properly identify, and mark to market, changes in the value of financial instruments caused by changes in market prices or rates. The Bank's earnings also depend on the effectiveness of its management of migrations in credit quality and risk concentrations, the accuracy of its valuation models and its significant accounting estimates and the adequacy of its allowances for loan losses. To the extent that its assessments, assumptions or estimates prove inaccurate or not predictive of actual results, the Bank could suffer higher than anticipated losses. The successful management of credit, market and operational risk is an important consideration in managing its liquidity risk because it affects the evaluation of its credit ratings by rating agencies. As of the date of this Offering Circular, the Bank is rated "BBB- Stable" by S&P Global Ratings, "Baa3 Negative" by Moody's and "BBB-/Negative" by Fitch Ratings. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. See also "*Risk Factors — Risks Relating to India — A downgrade in ratings of India, the Indian banking sector or the Bank may affect the trading price of the Notes*." The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in its ratings. Any reduction in the Bank's ratings (or withdrawal of ratings) may increase its borrowing costs, limit its access to capital markets and adversely affect its ability to sell or market its products, engage in business transactions, particularly longer-term and derivatives transactions, or retain its customers. This, in turn, could reduce its liquidity and negatively impact its operating results and financial condition.

There are limitations in the scope of the procedures adopted by the Auditors in the audit and review of the Bank's financial statements.

The Bank is India's largest bank, with 22,219 branches in India as of March 31, 2021. As noted in the audit reports for the audited financial statements of the Bank for fiscal years 2021, 2020 and 2019, included elsewhere in this Offering Circular there are certain limitations in the scope of the audit of such financial statements and results. For example, the financial statements for fiscal year 2021 incorporate financial information from 10,842 branches in India and other accounting units which have not been subject to audit. Most of these branches consist of branches in smaller towns and villages, often in relatively remote areas. These unaudited branches accounted for Rs. 34,444.85 billion in total assets and Rs. 2,836.73 billion in total revenue as at and for the fiscal year 2021. If the Bank fails to maintain an effective internal audit system and if proper procedures are not followed by the Bank's officials acting as concurrent auditors in the audit or review of the Bank's financial statements and results, the audit or review of such financial statements and results may not be reliable which could adversely and materially affect the Bank's results of operations and financial condition.

The Bank could be subject to volatility in income from its treasury operations that could adversely impact its financial condition.

The Bank's treasury operations are vulnerable to changes in interest rates and exchange rates as well as other factors, all of which are trading risks that are faced by the Bank. Any decrease in income from the Bank's treasury operations could adversely affect the Bank's business if it were unable to offset the same by increasing returns on its loan assets.

The Bank is exposed to various industry sectors. Deterioration in the performance of any of these industry sectors where the Bank has significant exposure may adversely impact the Bank's business.

The Bank's credit exposure to corporate borrowers is divided among various industry sectors, the most significant of which are infrastructure, iron and steel, textiles, petroleum and petrochemicals and engineering. As of March 31, 2021, the top five industry sectors accounted for 12.53% of the Bank's outstanding domestic fund-based loans.

The table below sets out the Bank's five largest domestic industry exposures (fund-based, excluding retail) as of March 31, 2021.

Industry	**As of March 31, 2021**	
	(Rs. in billions)	*(%)*
Infrastructure	469.56	1,81
Iron and steel	630.41	2,43
Textiles	382.44	1,48
Petroleum and petrochemicals	874.54	3.37
Food Processing	887.10	3.42
Others	22,672.00	87.48
Total	**25,916,05**	**100.0**

The global and domestic trends in these industrial sectors may have a bearing on the Bank's gross financial position.

The Bank is exposed to risks of significant deterioration in the performance of a particular sector, which may be driven by events not within the Bank's control. Regulatory action or policy announcements by the Central or State Government authorities may also adversely impact the profitability of an industry and, therefore, the ability of borrowers in that industry to service their debt obligations, which could adversely affect the Bank's business and operating results. For instance, weakened financial performance by key players in an industry, such as in the infrastructure sector, could materially impact the industry as a whole as well as the financial market. See "*Risk Factors — Risks Relating to India — Financial difficulties and other problems in certain financial institutions in India could adversely affect the Bank's business and the trading price of the Notes*." Increasing competition from other economies such as Bangladesh, Cambodia and Sri Lanka has softened the demand for India's textile export, which contributes to the significant portion of the Bank's exposure to the textile sector coming under stress. Although the Bank's portfolio contains loans to a wide variety of businesses, financial difficulties in these industry sectors may increase the level of NPAs and restructured assets, and adversely affect the Bank's business, its future financial performance, shareholders' funds and the trading price of the Notes.

The Bank's loan portfolio contains significant advances to the agricultural sector.

The Bank's loan portfolio contains significant advances to the agricultural sector amounting to Rs. 2,128.19 billion as of March 31, 2021. Agricultural production is heavily dependent on weather cycles and is affected by general economic cycles, creating inherent risks in agricultural lending. Deterioration in the performance of the agricultural sector may lead to an increase in delinquency and adversely affect the Bank's business and financial condition. For example, any major floods or droughts which occur in the country will have a negative impact on customers in the affected regions, and in turn affect their ability to make timely payment on their loans. Meanwhile, the Government's proposed agricultural lending plans may contemplate state-owned banks, including the Bank, lending at below-market rates in the agricultural sector. The RBI guidelines stipulate that the Bank's agricultural advances be 18.0% of adjusted net bank credit and the Bank's objective is to increase agricultural spending to achieve this benchmark. The international financial market may perceive the Bank's exposure of state-owned banks to the agricultural sector to involve higher risks, whether or not the Government mandates lending, which may negatively affect the Bank's access and cost of funding, and adversely affect the Bank's business, future financial performance and the trading price of the Notes.

Recently, several Indian states have announced farm loan waiver programs, with an estimated cost in the billions of Rupees. If such farm loan waivers become more widespread in the future, this could result in a loss of short-term liquidity for affected public sector banks, including the Bank, while such banks wait for the reimbursement of such waived loans from the state government. In addition to a loss of short-term liquidity for affected banks, such farm loan waivers may also have a negative impact on borrower behavior such as the farmers' willingness to make repayments as they may anticipate further farm loan waivers. The farm loan waiver programs may have an adverse impact on the banking sector as a whole as well as the Bank's business, future financial performance and the trading price of the Notes.

The Bank's loan portfolio contains significant exposures to home loans.

The Bank's loan portfolio contains significant exposure to retail loans for residential construction, purchase or renovations, amounting to Rs. 5,037.79 billion, or 23.10% of the Bank's total gross domestic advances, as of March 31, 2021. This was an increase of 10.51% compared to March 31, 2021. As of March 31, 2021, 71.85% of the Bank's loans were secured by tangible assets, 3.94% of the loans were covered by the Bank's or Government guarantees, with remaining 24.21% of the Bank's loans unsecured. Repayment of these loans depends on various factors, including the health of the overall economy, whether its borrowers are able to repay the Bank, whether builders and developers are able to complete their projects on time and prevailing residential real estate prices. These and other factors could lead to an increase in impairment losses, and the Bank's financial condition and results of operations may be adversely affected.

The Bank faces significantly different credit risks than banks in developed countries.

The Bank's principal business is providing financing to its clients, most of which are based in India. The credit risk profiles of its borrowers differ significantly from those of borrowers of most banks in developed countries, due to such factors as a high level of uncertainty in the Indian regulatory, political, economic and industrial environment and difficulties that many of the Bank's borrowers face in adapting to instability in world markets and technological advances taking place across the world. Unlike developed countries, India does not have a fully operational nationwide credit information bureau. This may affect the quality of information available to the Bank about the credit history of its borrowers, especially individuals and small businesses. See "*Risk Management — Credit Risk Management*."

Several of the Bank's corporate borrowers in the past suffered from low profitability due to, among other factors, increased competition arising from economic liberalization in India, variable industrial growth, a sharp decline in commodity prices, the high level of debt in the financing of projects and capital structures of companies in India, and the high interest rates in the Indian economy during the period in which a large number of the projects were entered into. The Bank's loans to SMEs can be expected to be more severely affected by adverse developments in the Indian economy than loans to large corporations. An economic slowdown and a general decline in business activity in India could impose further stress on these borrowers' financial soundness and profitability and thus expose the Bank to increased credit risk. The Bank is subject to the credit risk that its borrowers may not pay in a timely fashion or at all. See "*Risks relating to India — Economic conditions in India could adversely affect the Bank's business*."

A substantial portion of the Bank's loans have a tenor exceeding one year, exposing the Bank to risks associated with economic cycles and project success rates.

As of March 31, 2021, loans with a remaining tenor exceeding one year represented 84.93% of the Bank's total term loan portfolio. The long tenor of these loans may expose the Bank to risks arising out of economic cycles. In addition, some of these loans are project finance loans. There can be no assurance that these projects will perform as anticipated or that such projects will be able to generate cash flows to service commitments under the loans. The Bank is also exposed to infrastructure projects that are still under development and are open to risks arising out of delay in execution, failure of borrowers to execute projects on time, delay in getting approvals from necessary authorities, and breach of contractual obligations by counterparties, all of which may adversely impact the projected cash flows. Although the Bank has in place certain procedures to monitor its project finance borrowers, these procedures may not be effective, especially given the size and scope of the Bank's loan portfolio and the number of its borrowers. Risks arising out of a recession in the economy or a delay in project implementation or commissioning could lead to a rise in delinquency rates and, in turn, adversely impact the Bank's future financial performance and the trading price of the Notes.

The Bank's funding is primarily short-term and if depositors do not roll over deposited funds upon maturity the Bank's business could be adversely affected.

A significant proportion of the Bank's funding is considered short term, including demand deposits and time deposits that mature within one year. As at March 31, 2021, demand deposits and term deposits with maturities of less than one year constituted 37.84% of the Bank's total deposits. At certain points in the Bank's profile of asset and liabilities maturities, there is a mismatch between the amount of short-term funding that matures or could be demanded and the portion of the Bank's assets that matures or could be immediately liquidated. Historically, this theoretical liquidity gap has not materialized because a substantial portion of the

Bank's term deposits have been rolled over, meaning that the Bank retains the funds for a further term, and because a substantial portion of the Bank's demand deposits have consisted of "core" deposits, which the Bank assesses, based on a number of factors including past customer behavior, type and size of account, are less likely to be withdrawn in the foreseeable future. During the 12 month period ended March 31, 2021, approximately 62.55% of the funds in maturing term deposits were rolled over, and as of March 31, 2021, the Bank estimated that 85% of its current deposits and 95% of its savings deposits consisted of core deposits.

Nevertheless, changes in customer behavior with respect to rolling over term deposits and withdrawing on-demand deposits could significantly affect the Bank's liquidity position. If the Bank experienced a liquidity gap, it would look initially to short-term funding options such as the repo facilities provided by the RBI or private money market or repo transactions. However, such facilities may not be available when the Bank needs them and may result in significant costs. Any long-term decrease in the rate at which customers roll over term deposits or a significant reduction in the Bank's level of core deposits is likely to require it to seek more expensive sources of funding, which would have an adverse impact on the Bank's profitability and financial condition.

The Bank is exposed to fluctuations in foreign exchange rates.

As a financial organization with operations in various countries and loans and borrowings denominated in a range of currencies, the Bank is exposed to exchange rate risk. The Bank complies with regulatory limits upon its unhedged foreign currency exposure by making foreign currency loans on terms that are generally similar to its foreign currency borrowings and thereby transferring the foreign exchange risk to the borrower or through use of cross-currency swaps and forwards to generally match the currencies of its assets and liabilities.

However, the Bank is exposed to fluctuations in foreign currency rates for its unhedged exposure. Adverse movements in foreign exchange rates may also impact the Bank's borrowers adversely, which may in turn impact the quality of its exposure to these borrowers. Volatility in foreign exchange rates could adversely affect the Bank's business, future financial performance and the trading price of the Notes. See also "*Risk Factors — Risks relating to the Bank's Business — The Bank's ability to repay foreign currency debt may be affected by exchange rate fluctuations*."

While the Group's insurance businesses are becoming an increasingly important part of its business, there can be no assurance of their future rates of growth or levels of profitability.

The Group's life insurance and general insurance joint ventures are becoming an increasingly important part of the Group's business. See "*Business — Subsidiaries and Joint Ventures in India*". While these businesses have seen moderate growth since fiscal year 2009, there can be no assurance of their future rates of growth. The Group's life insurance business offers life, pension and health products. Reductions in capital market valuations and volatility in capital markets have had an adverse impact on the demand for unit-linked products. The Bank's life insurance subsidiary has also been impacted by the substantial changes in unit-linked product regulations specified by the Insurance Regulatory and Development Authority (the "**IRDA**") effective September 1, 2010. The regulatory changes include caps on charges including surrender charges, an increase in the minimum premium paying term and the introduction of minimum guaranteed returns on pension products. In March 2013, the IRDA issued further guidelines on non-linked and linked life insurance products which include limits on the commission rates payable by insurance companies, the introduction of a minimum guaranteed surrender value and minimum death benefits for non-linked products. The new guidelines require life insurance companies to modify existing products to comply with the revised guidelines. These revisions could impact the growth, margins and profitability of the Group's life insurance products.

The growth of the Group's general insurance business has been adversely impacted by the deregulation of pricing on certain products since 2007, which has resulted in a reduction in premiums for those products.

There can be no assurance of the future rates of growth in the insurance business. A slowdown in the Indian economy, further regulatory changes or customer dissatisfaction with the Group's insurance products could adversely impact the future growth of these businesses. Any slowdown in these businesses and in particular in the life insurance business could have an adverse impact on the Bank's business and the trading price of the Notes.

Actuarial experience and other factors could differ from assumptions made in the calculation of life actuarial reserves.

The assumptions made by the Group's life insurance subsidiary, SBI Life Insurance, in assessing its life insurance reserves may differ from what it experiences in the future. The assumptions include an assessment of the long-term development of interest rates, investment returns, the allocation of investments between equity, fixed income and other categories, mortality and morbidity rates, policyholder lapses, policy discontinuation and future expense levels. SBI Life Insurance monitors its actual experience of these assumptions and where it considers there to be any deviation from these assumptions in the long term, it refines its long-term assumptions. Changes in any such assumptions may lead to changes in the estimates of life and health insurance reserves, and if any of its material assumptions prove to be incorrect, the business may experience losses on its insurance products.

Loss reserves for the Group's general insurance business are based on estimates of future claims liabilities and any adverse developments relating to such claims could lead to further reserve additions and could have a materially adverse effect on the operation of the Group's general insurance subsidiary.

In accordance with general insurance industry practice and accounting and regulatory requirements, the Group's general insurance subsidiary establishes reserves for loss and loss adjustment expenses related to its general insurance business. Reserves are based on estimates of future payments that will be made in respect of claims, including expenses relating to such claims. Such estimates are made on both a case-by-case basis, based on the facts and circumstances available at the time the reserves are established, as well as in respect of losses that have been incurred but not reported. These reserves represent the estimated ultimate cost necessary to bring all pending claims to final settlement.

Reserves are created based on actuarial valuations and are subject to change due to a number of variables which affect the ultimate cost of claims, such as changes in the legal environment, results of litigation, costs of repairs and other factors such as inflation and exchange rates. The Group's general insurance subsidiary's reserves for environmental and other latent claims are particularly subject to such variables. The results of operations of the Group's general insurance subsidiary depend significantly upon the extent to which its actual claims experience is consistent with the assumptions it uses in setting the prices for products and establishing the liabilities for obligations for technical provisions and claims. To the extent that its actual claims experience is less favorable than the underlying assumptions used in establishing such liabilities, it may be required to increase its reserves, and this may have a materially adverse effect on the results of Group's operations.

Established loss reserves estimates are periodically adjusted using the most current information available to management, and any adjustments resulting from changes in reserve estimates are reflected in the current results of operations. The Group's general insurance subsidiary also conducts reviews of various lines of business to consider the adequacy of reserve levels. Based on current information available and on the basis of internal procedures, the management of the Group's general insurance subsidiary considers that these reserves are adequate.

However, because the establishment of reserves for loss and loss adjustment expenses is an inherently uncertain process, there can be no assurance that ultimate losses will not materially exceed the established reserves for loss and loss adjustment expenses and have a material adverse effect on the results of operations of the Group's general insurance subsidiary.

The financial results of the Group's general insurance business could be materially adversely affected by the occurrence of a catastrophe.

Portions of the Group's general insurance business may cover losses from unpredictable events such as hurricanes, windstorms, monsoons, earthquakes, fires, industrial explosions, floods, riots and other man-made or natural disasters, including epidemics and acts of terrorism. The incidence and severity of these catastrophes in any given period are inherently unpredictable.

The Group's general insurance business monitors its overall exposure to catastrophes and other unpredictable events in each geographic region, and imposes underwriting limits related to insurance coverage for losses from catastrophic events. In addition, it seeks to reduce its exposure through the purchase of reinsurance, selective underwriting practices and by monitoring risk accumulation. However, notwithstanding these measures, any claims relating to catastrophes may result in unusually high levels of losses that may require additional capital to maintain solvency margins, which could in turn have a material adverse effect on the Group's financial position or results of operations.

The Bank's risk management policies and procedures may leave the Bank exposed to unidentified or unanticipated risks, which could negatively affect its business or result in losses.

The Bank's hedging strategies and other risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up to date or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. Although the Bank has established these policies and procedures, they may not be fully effective. See also "*Risk Management — Risk Management Structure*."

Operational risks such as fraud and errors may have an adverse impact on the Bank's business.

The Bank, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing its business activities), or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. The Bank outsources some functions to other agencies, such as certain data entry, automated teller machines ("**ATM**") management and rural outreach business correspondent functions. Given its high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, its dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. The Bank may also be subject to disruptions of its operating systems arising from events that are wholly or partially beyond its control (including, for example, computer viruses or electrical or telecommunication outages), which may give rise to a deterioration in customer service and to loss or liability to the Bank. The Bank is further exposed to the risk that external vendors may be unable to fulfill their contractual obligations to the Bank (or will be subject to the same risk of fraud or operational errors by their respective employees as the Bank is), and to the risk that its (or its vendors') business continuity and data security systems prove not to be sufficiently adequate. The Bank also faces the risk that the design of its controls and procedures may prove inadequate, or are circumvented, thereby causing delays in detection or errors in information. Although the Bank maintains a system of controls designed to keep operational risk at appropriate levels, like all banks, the Bank has suffered losses from operational risk and there can be no assurance that the Bank will not suffer losses from operational risks in the future that may be material in amount, and its reputation could be adversely affected by the occurrence of any such events involving its employees, customers or third parties. For a discussion of how operational risk is managed, see "*Risk Management — Operational Risk Management*."

The Bank may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and harm its business or reputation.

The Bank is required to comply with applicable anti-money-laundering ("**AML**") and anti-terrorism laws and other regulations in India and in other jurisdictions where it has operations. These laws and regulations require the Bank, among other things, to adopt and enforce "know-your-customer" ("**KYC**") policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. While the Bank has adopted policies and procedures aimed at detecting and preventing the use of its banking networks for money-laundering activities and by terrorists and terrorist-related organizations and individuals generally, such policies and procedures may not completely eliminate instances where the Bank may be used by other parties to engage in money-laundering and other illegal or improper activities. The Bank's business and reputation could suffer if any such parties use the Bank for money-laundering or illegal or improper purposes.

A penalty of Rs. 70.0 million was imposed by the Enforcement Directorate of India on the Bank in May 2018 under section 13 of the Foreign Exchange Management Act, 1999 for irregularities in respect of remittances of foreign exchange. The Bank filed an appeal before the Appellate Tribunal on June 13, 2018 along with a stay application requesting for a waiver from the requirement of depositing the penalty amount. The Appellate Tribunal for Foreign Exchange at Delhi granted an interim order on August 7, 2018 in favour of the Bank against the order dated May 31, 2018 issued by the Special Director of Enforcement (WR) Mumbai.

In February 2019, the RBI imposed a penalty of Rs. 10.0 million on the Bank under Sections 46 and 47 A of the (Indian) Banking Regulation Act 1949 for failure to monitor the end-use of funds in respect of a corporate customer. The Bank paid the penalty to the RBI on February 14, 2019. To avoid recurrence of such events and to ensure compliance with the RBI's instructions, the Commercial Clients Group of the Bank proposed that all stakeholders Business Groups, CPPD, Compliance Department, jointly review the extant instructions in line with the regulatory guidelines pertaining to monitoring of end-use of funds and restructuring of accounts and suitable methodology and policy be devised for the benefit of operating staff among all verticals.

The RBI also imposed a penalty of Rs. 10.0 million on the Bank in February 2019 under Sections 46 and 47 A of Banking Regulation Act 1949 for failing to complete and prepare an independent reconciliation of logs generated from SWIFT. The Bank paid the penalty to the RBI on March 12, 2019. The RBI mandated that independent, daily reconciliation of all logs generated from SWIFT with effect from February 20, 2018 should be done either by an internal audit team or by concurrent auditors. Out of 609 SWIFT enabled branches, 597 branches were individually covered by concurrent auditors. For the remaining 12 SWIFT enabled branches, the Bank initiated daily reconciliation by concurrent auditors with effect from December 11, 2018.

In July 2015, the Hong Kong Monetary Authority ("**HKMA**") imposed a penalty of HK$7,543,000 (equivalent to U.S.$967,742) on the Bank's Hong Kong branch for deficiencies in relation to anti-money laundering ("**AML**") or combating financing of terrorism control processes that were detected during the HKMA's onsite visit to the Bank's Hong Kong branch, during the period from August 2012 to October 2012. Regulators from other jurisdictions may also observe similar deficiencies in the Bank's financial control framework. Although the fines imposed by the HKMA did not materially impact the Bank's profitability, there can be no assurance that this or similar punitive actions by the HKMA and/or other regulators in the future will not have a material adverse effect on the Bank's financial position, results of operations or its reputation or that the measures taken by the Bank to remedy such detected deficiencies in its control processes would be sufficient.

The Bank or its customers may engage in certain transactions in or with countries or persons that are subject to U.S. and other sanctions.

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of sanctions (such as Cuba, North Korea, Ukraine, Russia, Iran, Sudan and Syria, among others) and with certain persons or businesses that have been specially designated by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions.

The Bank provides transfer, settlement and other services to customers doing business with, or located in, countries to which certain OFAC-administered and other sanctions apply, such as Iran. Although the Bank believes it has compliance systems in place that are sufficient to block prohibited transactions, there can be no assurance that the Bank will be able to fully monitor all of its transactions for any potential violation. Although it does not believe that it is in violation of any applicable sanctions, if it were determined that transactions in which the Bank participates violate U.S. or other sanctions, the Bank could be subject to U.S. or other penalties, and the Bank's reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions, could be adversely affected. Further, investors in the Notes could incur reputational or other risks as a result of the Bank's and the Bank's customers' dealings in or with countries or with persons that are the subject of U.S. or other sanctions.

Significant security breaches could adversely impact the Bank's business.

The Bank seeks to protect its computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems. Computer break-ins and power disruptions could affect the security of information stored in and transmitted through these computer systems and network infrastructure. There may be areas in the systems that have not been properly protected from security breaches and other attacks. The Bank employs security systems, including firewalls and password encryption, designed to minimize the risk of security breaches. Although the Bank intends to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that these security measures will be adequate or successful. Failed security measures could have a material adverse effect on the Bank's business, its future financial performance and the trading price of the Notes. The Bank's business operations are based on a high volume of transactions. Although the Bank takes measures to safeguard against system-related and other fraud, there can be no assurance that it would be able to prevent fraud. The Bank's reputation could be adversely affected by significant fraud committed by employees, customers or outsiders.

Significant fraud or system failures could harm the Bank's reputation and adversely impact its business and operations.

The Bank's business is highly dependent on its ability to efficiently and reliably process a high volume of transactions across numerous locations and delivery channels. The Bank's principal delivery channels include ATMs, internet banking, mobile banking and call centers. It places heavy reliance on its technology infrastructure for processing data and therefore ensuring system security and availability is of paramount importance. The Bank's systemic and operational controls may not be adequate to prevent adverse impact from errors, hacking and system failures. The Bank's operational controls are also susceptible to the risk of fraud, including by its employees, customers, lenders or outsiders, or by its perceived inability to properly manage fraud-related risks. Frauds committed by customer and non-customers have increased in recent years with an aggregate of 660 cases of fraud amounting to Rs. 99.63 billion during fiscal year 2021. The major areas of fraud were with respect to advances under three categories, (i) diversion of funds; (ii) fake security documentation; and (iii) false financial statements. The Bank's inability or perceived inability to manage these risks could also lead to enhanced regulatory oversight and scrutiny. For example, the RBI has in the past imposed a fine of Rs. 10.0 million on the Bank for its failure to verify SWIFT transaction logs, make appropriate entries of transactions pertaining to letters of comfort and letters of undertaking in the Bank's accounting system and for delayed reporting of certain frauds to the RBI and a fine of Rs 5.0 million for non-compliance of its directions issued with respect to the reporting of frauds. Any failure in the Bank's systems, particularly for retail products and services and transaction banking, could significantly affect the Bank's operations and the quality of its customer service and could result in business and financial losses and adversely affect the trading price of the Notes.

Banking is a heavily regulated industry and material changes in the regulations which govern the Bank could cause its business to suffer.

Banks in India are subject to detailed regulation and supervision by the RBI. In addition, banks are generally subject to changes in Indian law, as well as to changes in regulations, government policies and accounting principles. The laws and regulations governing the banking sector, including those governing the products and services that the Group provides or proposes to provide, such as its life insurance or asset management business, or derivatives and hedging products and services, could change in the future. Any such changes may adversely affect the Bank's business, future financial performance and the trading price of the Notes by, for example, requiring a restructuring of the Bank's activities or increasing its operating costs. See "*Regulation and Supervision*."

The RBI requires every scheduled commercial bank to extend 40.0% of its net bank credit to certain eligible sectors, such as agriculture, small-scale industries and individual housing finance up to Rs. 2.5 million (which are categorized as "priority sectors"). Economic difficulties are likely to affect those borrowers in priority sectors more severely. As a result of these requirements, we may extend loans to borrowers that we would not make on purely commercial criteria, and our loan portfolio may include higher exposure to priority sectors than we would choose to have without these requirements. As of March 31, 2021, the Bank's lending to priority sectors accounted for 39.57% of adjusted net bank credit, with 18.27% of net credit going to the agricultural sector. See "*Regulation and Supervision — Priority Sector Lending*."

If the Bank does not effectively manage its foreign operations or its international expansion, these operations may incur losses or otherwise adversely affect the Bank's business and results of operations.

As of March 31, 2021, the Bank had a network of 229 international offices in 31 countries including in such locations as New York, London, Frankfurt, Singapore, Hong Kong and the Maldives. In addition, given the opportunities arising from the substantial Indian population in the region, the Bank has entered into tie-ups with exchange companies and banks in the Middle East to facilitate non-resident Indian and other customer remittances to India. The Bank's own international network is supported by correspondent relationships with leading banks in countries across the world and also by relationship management arrangements with several other banks. As of March 31, 2021, the Bank maintained correspondent relationships with 227 leading banks in 56 countries. As of March 31, 2021, the Bank also had 4,241 relationship management application arrangements through the SWIFT network, facilitating interbank financial telecommunications. The Bank intends to further expand its international operations. As of March 31, 2021, the international banking group's loan portfolio was equal to 14.05% of the Bank's total advances.

Additionally, the Bank has plans to open and upgrade branches in certain foreign jurisdictions with the aim of operating as a local bank, providing commercial and retail products and services to attract both non-resident Indians and non-Indian customers. For example, the Bank expanded its operations into Africa through opening its seventh foreign subsidiary in Botswana in 2013. However, there is no assurance that the Bank will be able to successfully compete with existing banks in such foreign jurisdictions.

As the Bank has or plans to open a number of foreign branches, joint ventures and associates, it is subject to or may become subject to additional risks related to complying with a wide variety of national and local laws, restrictions on the import and export of certain intermediates, banking regulations, technologies and multiple and possibly overlapping tax structures. For instance, with the introduction of the General Data Protection Regulation in the European Union, the Bank's offices in the United Kingdom, Frankfurt and Antwerp may need to comply with certain additional requirements, including appointing data protection officers. As a result, successful foreign expansion requires substantial capital, and it will be costly for the Bank to fund organic growth and to conduct acquisitions of foreign businesses. Acquisitions involve various risks that are difficult for the Bank to control and the Bank cannot be certain that any acquired or new businesses will perform as anticipated. The Bank may also face difficulties integrating new facilities in different countries into its existing operations, as well as integrating employees that the Bank hires in different countries into its existing corporate culture or complying with unfamiliar laws and regulations. If the Bank does not effectively manage its foreign operations and expansion, it may lose money in these countries, which could adversely affect the Bank's business and results of operations.

The Bank needs to comply with regulatory requirements in jurisdictions in which it operates.

The Bank and its overseas branches are required to maintain monitoring systems and controls, risk management structures, operational compliances and processes that meet regulatory requirements in their jurisdictions. The failure to comply may subject the Bank or its overseas branches to regulatory action from foreign and Indian regulators. For example, in December 2013, the Authority of Prudential Control and Resolution ("**APCR**"), the banking regulation authority in France, instituted disciplinary proceedings against the Bank's operations in Paris on the basis that the APCR found certain deficiencies in the Bank's control system during its on-site examination in 2012. After the disciplinary proceedings, in February 2015, the APCR imposed certain financial and other penalties on the Bank for failure to comply with the APCR's regulatory standards. Similarly, a financial penalty was imposed on the Muscat Branch in August 2015 for failure to report information on returned cheques to the regulator which was caused by a technical glitch in the Bank's Cheque Return System Interface. The Bank has also been subject to a penalty imposed by the Central Bank of Oman on the Bank's Muscat Branch relating to non-compliance with regulatory provisions as well as by Botswana regulators on the Bank's Botswana subsidiary for failure to submit daily liquidity schedules as required. In addition, regulators in the UK, Belgium, Hong Kong, New York and Sri Lanka raised various issues and concerns with respect to the Bank's operations in their respective jurisdictions. The Bank of Russia imposed penalties on the Bank's Russian subsidiary, Commercial Indo Bank LLC, Moscow for failure in reporting or incorrect regulatory reporting in 2018 and 2019 and for shortfall in maintaining obligatory reserves with the Central Bank in July 2019 to August 2019. Otoritas Jasa Keuangan, the Financial Services Authority of Indonesia has also fined the Bank's Indonesian subsidiary, Bank SBI Indonesia in December 2019 for an error in regulatory reporting during 2016 to 2018. With the Bank's widespread overseas presence, despite the Bank's ongoing efforts to enhance the systems and controls to meet regulatory expectations in all jurisdictions in full, the relevant governments and regulatory agencies to which the Bank reports have the authority to impose penalties and other punitive actions. Any such adverse action taken by such agencies could adversely affect the Bank's business, financial performance and reputation.

Regulatory changes in India or other jurisdictions in which the Bank operates could adversely affect its business.

The laws and regulations or the regulatory or enforcement environment in any of those jurisdictions in which the Bank operates may change at any time and may have an adverse effect on the products or services the Bank offers, the value of its assets or its business in general.

The RBI, as the central banking institution leading India's monetary policy, has many objectives across wide ranging issues including promoting economic growth, ensuring price stability, controlling inflation, managing India's foreign exchange reserves and supervising the banking and financial institutions. In carrying out its objectives, the RBI may enact measures that result in a more challenging environment or competitive landscape for the Bank to operate in. Future changes in the stance of the RBI could have an adverse impact on the Bank's business, operations and profitability. For example, the RBI's ongoing efforts to tighten the framework on public and private sector banks' NPAs may limit the Bank's flexibility to resolve stressed credit and bad loans problems. The RBI may also direct banks to increase the PCR on credit portfolios which may adversely affect the Bank's financial condition and results of operations. Any change by the RBI to the directed lending norms may also result in the Bank being unable to meet the priority sector lending requirements, as well as requiring the Bank to increase its lending to relatively riskier segments which could result in an increase in NPAs in the Bank's directed lending portfolio. Consequently, the Bank's levels of yield-generating assets may be reduced, or the Bank may be forced to recognize accounting losses, which could materially adversely affect its recognized profits, financial condition and results of operations.

Any such change in law or regulations in India and other jurisdictions in which the Bank operates may present the Bank with a number of risks and challenges, some or all of which could have an adverse effect on the Bank's business and financial performance.

The Bank is subject to capital adequacy and liquidity requirements stipulated by the RBI, including Basel III, and any inability to maintain adequate capital or liquidity due to changes in regulations, a lack of access to capital markets or otherwise may impact the Bank's ability to grow and support its businesses.

With effect from April 1, 2013, banks have complied with Basel III capital adequacy framework as stipulated by the RBI. The Basel III guidelines, among other things, impose a minimum Common Equity Tier 1 risk-based capital ratio of 5.5%, a minimum Tier 1 risk-based capital ratio of 7.0% and a minimum total risk-based capital ratio of 9.0%; require banks to maintain a Common Equity Tier 1 capital conservation buffer of 1.875% (and at 2.5% with effect from October 1, 2021) of risk-weighted assets above the minimum requirements to avoid restrictions on capital distributions and discretionary bonus payments; establish new eligibility criteria for capital instruments in each tier of regulatory capital; require more stringent adjustments to and deductions from regulatory capital; provide for more limited recognition of minority interests in the regulatory capital of a consolidated banking group; impose a 4.5% Basel III leverage ratio of Tier 1 capital to exposure; and modify the RBI's Basel II guidelines with respect to credit risk, including counterparty credit risk and credit risk mitigation, and market risk. The guidelines were required to be fully implemented from March 31, 2019. Applying the Basel III guidelines, capital ratios of the Bank as of March 31, 2021 were: Common Equity Tier 1 risk-based capital ratio of 10.02%; Tier 1 capital ratio of 11.44%; and total capital ratio of 13.74%.

The RBI may require additional capital to be held by banks as a systemic buffer. Globally, capital regulations continue to evolve, including additional capital requirements for domestic systemically important banks. The RBI has also released guidelines for dealing with domestic banks that are of systemic importance in June 2014. It also released guidelines on counter-cyclical capital buffers ("**CCCB**") in February 2015 which were to be activated as and when the appropriate circumstances arose. However, in April 2018, the RBI deferred the implementation of CCCB on banks till further notice. In addition, with the approval of the RBI, banks in India may migrate to advanced approaches for calculating risk-based capital requirements in the medium term. These evolving regulations may impact the amount of capital that the Bank is required to hold. The Bank's ability to grow its business and execute its strategy is dependent on its level of capitalization. See "*Regulation and Supervision — The RBI and its Regulations*." Any increase in capital adequacy requirements applicable to the Bank or any deterioration in the Bank's capital ratios may require it to raise additional regulatory capital, limit its ability to grow its business and may affect the Bank's future performance and strategy.

As the Bank's majority shareholder, the Government controls the Bank and may cause the Bank to take actions which are not in the interests of the Bank or of the holders of the Notes.

In accordance with the State Bank of India Act 1955 ("**SBI Act**"), the Government, in consultation with the RBI, has the power to appoint and/or nominate the Chairman, a maximum of four Managing Directors and a majority of the directors of the Bank's Central Board ("**Central Board**" or "**Board**"), which determines the outcome of the actions relating to the general direction of the affairs of the Bank, including payment of dividends. See "*Regulation and Supervision — The Bank's relationships with the Government and the RBI*." Under the SBI Act, the Government, after consultation with the RBI and the Chairman of the Bank, may also issue directives on matters of policy involving the public interest that may affect the conduct of the business affairs of the Bank. Decisions taken by the Government under the SBI Act may affect the Bank and its business in ways that are detrimental to other Securityholders including holders of the Notes. Further amendments to the SBI Act have also enabled the Bank to issue preference shares. There can be no assurance that the SBI Act will not be repealed or significantly amended in the future. In addition, there can be no assurance that the RBI or the Government will not take action or implement policies that are averse to the interests of the investors in the Notes. See "*Regulation and Supervision — Statutory Framework*."

The legal requirement that the government maintain a majority shareholding interest in the Bank of at least 51.0% may limit the ability of the Bank to raise appropriate levels of capital financing.

The SBI Act prohibits the Government's shareholding in the Bank's issued capital consisting of equity shares from falling below 51.0%. This requirement could result in restrictions in the equity capital raising efforts of the Bank as the government may not be able to fund any further investments that would allow it simultaneously to maintain its stake at a minimum of 51.0% and permit the Bank to raise equity capital. As the Indian economy grows, more businesses and individuals will require capital financing. In order to meet and sustain increasing levels of growth in capital demand, the Bank will need to increase its capital base over time, whether through organic growth or, more likely, capital market financing schemes. If the Bank is unable to grow its capital base in line with demand, its business, financial prospects and profitability may be materially and adversely affected.

The Group may not be successful in implementing its growth strategies or entering new markets.

One of the Group's principal business strategies is to expand into new businesses and financial services product offerings. To this end, the Group has launched initiatives in general insurance, private equity funds and cash management services, among other businesses, in recent years. This strategy exposes the Group to a number of risks and challenges, including, among others, the following:

- growth will require greater marketing and compliance costs than experienced in the past, diverting operational, financial and managerial resources away from the existing businesses of the Group;

- growth plans and new investments in businesses may not develop and materialize as the Group anticipates and there can be no assurances that new product or service lines will become profitable;
- the Group may fail to identify appropriate opportunities and offer attractive new products in a timely fashion putting its businesses at a disadvantage as compared to its competitors;
- compliance with new market standards and unfamiliar regulations will place new demands upon management and create new and possibly unforeseen risks to the Group;
- the Group will need to hire or retrain skilled personnel who are able to supervise and conduct the relevant new business activities, adding to the Group's cost base; and
- competitors in the different business segments that the Group operates in may have more experience and resources than the Group which may affect its ability to compete.

In addition, the Group's growth strategy in the future may involve strategic acquisitions and reconstructions, partnerships, joint ventures and exploration of mutual interests with other parties.

These acquisitions and investments may not necessarily contribute to business growth and the Group's profitability or be unsuccessful. In addition, the Group could experience difficulty in assimilating personnel, integrating operations and cultures and may not realize the anticipated synergies or efficiencies from such transactions. These difficulties could disrupt the Group's ongoing business, distract its management and employees and increase its expenses.

If the Bank is not able to integrate any future acquisitions, the Bank's business could be disrupted.

The Bank may seek opportunities for growth through acquisitions or be required to undertake mergers mandated by the RBI. For example, in 2017, the Bank merged with five of its associate banks — State Bank of Bikaner, State Bank of Jaipur, State Bank of Mysore, State Bank of Travancore, State Bank of Hyderabad and State Bank of Patiala — as well as with Bhartiya Mahila Bank. The Bank continues to deal with various aspects of the integration process, including rebranding of the associate banks and consolidating internal policies. This merger and any future acquisitions or mergers may involve a number of risks, including diversion of its management's attention required to integrate the acquired business and failure to retain key acquired personnel and clients, leverage synergies, rationalize operations, or develop the skills required for new businesses and markets, or unknown and known liabilities, some or all of which could have an adverse effect on its business.

If the Bank is unable to adapt to rapid technological changes, its business could suffer.

The Bank's future success will depend in part on its ability to respond to technological advances and to emerging banking industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entail significant technical and business risks. There can be no assurance that the Bank will successfully implement new technologies effectively or adapt its transaction processing systems to meet customer requirements or emerging industry standards. If the Bank is unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, its business, the future financial performance of the Bank and the trading price of the Notes could be materially affected.

The Bank implements new information technology systems as it expands and may experience technical difficulties with their implementation.

The Bank implemented and continues to implement new information technology ("**IT**") systems to facilitate and complement its growth. As the Bank implements additional IT platforms which become integral to the Bank's product offering, unforeseen technical difficulties may cause disruption in the Bank's operations. For example, in February 2012, the Bank updated several of its application servers. While it took various precautions such as replacing and reintegrating only one server at a time, the Bank experienced disruptions such as the disruption of uploading of bulk transactions for a day. Such disruptions could significantly affect the Bank's operations and quality of its customer service and could result in business and financial losses, which could adversely affect the profitability of the Bank and the trading price of the Notes. As the Bank's risk management systems evolve and as its operations become more reliant upon technology to manage and monitor its risk, any failure or disruption could materially and adversely affect its operations and financial position.

The Bank depends on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or to enter into other transactions with customers and counterparties, the Bank may rely on information furnished to the Bank by or on behalf of customers and counterparties, including financial statements and other financial information. The Bank may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit, the Bank may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. The Bank's financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or with other information that is materially misleading.

The Bank's employees are highly unionized and any union action may adversely affect the Bank's business.

Most of the Bank's employees are represented by one of two unions: the All India State Bank Officers' Federation ("**AISBOF**") and the All India State Bank of India Staff Federation ("**AISBISF**"). Both unions are non-political. Approximately 91.67% of the Bank's Award Staff (clerical and subordinate staff) are members of AISBISF, and 91.44% of the Bank's Officers are members of AISBOF as of the date of the Offering Circular. AISBISF is affiliated with the National Confederation of Bank Employees ("**NCBE**"), and AISBOF is affiliated to the All India Bank Officers Confederation. There have been strikes led by NCBE and AIBOC in the past in which the Bank's employees have participated. The Indian Banks' Association and the Award Staff Unions and Officers Federation signed a settlement with AISBOF and AISBISF on May 25, 2015, which resulted in an upward revision in the public sector bank employees' salaries. While the Bank believes it has a strong working relationship with its unions, associations and employees, there can be no assurance that the Bank will continue to maintain such a relationship in the future. It is possible that future calls for work stoppages or other similar actions could force the Bank to suspend part of its operations until disputes are resolved. Such suspension of the Bank's operations could adversely affect the Bank's business and operations.

The Bank's remuneration scheme may not be as attractive as other banks with which it competes which may affect its ability to attract and maintain a skilled and committed workforce.

The Bank's remuneration scheme for employees up to the level of the general manager position is guided by an industry-wide bipartite settlement between the Indian Banks' Association and the public sector bank employees represented by their respective unions or associations. The Indian Banks' Association and the Award Staff Unions and Officers Federation signed the tenth bipartite wage settlement on May 25, 2015, which provided for an upward revision of salary for public sector bank employees. All negotiations are subject to final approval by the Government, which limits the Bank's flexibility in implementing performance-linked pay. Permanent employees constitute more than 99.0% of the Bank's total staff. Although the Bank's remuneration packages may not be comparable at certain levels with those offered by private sector banks, the Bank believes that other benefits allow it to effectively compete for qualified employees. Excluding retirement, the general attrition rate of the Bank is in the range of 1.0% to 2.0% among its permanent staff. When required, the Bank also employs officers with specialized skills on a contract and on a cost-to-company basis, offering competitive salaries. The attrition rate in this category is slightly higher than the rate in the Bank's permanent staff, but comparable with market levels for contract officers. To incentivize high performers, the Bank operates a performance-linked incentive scheme, which is intended to reduce employee attrition and improve productivity. If the general banking industry increasingly moves toward incentive-based pay schemes, the Bank's attrition rates could increase and the Bank could be forced to alter its remuneration scheme. Such pressures may negatively affect the Bank's operations and profitability, especially if employee productivity or output does not experience a commensurate rise.

The Bank is involved in various litigation matters. Any final judgment awarding material damages against the Bank could have a material adverse impact on its future financial performance and the trading price of the Notes.

The Bank is involved in certain litigation matters in the ordinary course of its business. These matters generally arise because the Bank seeks to recover from borrowers or because customers seek claims against it. Although it is the Bank's policy to make provisions for probable loss, the Bank does not make provisions or disclosures in its financial statements where its assessment is that the risk is insignificant. The Bank cannot guarantee that the judgments in any of the litigation in which the Bank is involved would be favorable to it and if its assessment of the risk changes, its view on provisions will also change. Increased provisioning for such potential losses could have a material adverse effect on the Bank's results of operations and financial condition. If the Bank's provisioning is inadequate relative to actual losses on final judgment, such additional losses could have an adverse impact on the Bank's business. For details, please see the section titled "*Business — Legal and Regulatory Proceedings.*".

The Group has contingent liabilities.

As of March 31, 2021, the Group had contingent liabilities of Rs. 17,069.5 billion, recording an increase of 39.8% in comparison to the Group's contingent liabilities of Rs. 12,210.8 billion and Rs. 11,212.5 billion as of March 31, 2020 and 2019, respectively. This increase in contingent liabilities since March 31, 2020 was primarily due to liabilities on account of outstanding forward exchange contracts and derivatives.

If the Group's contingent liabilities are realized, this may have an adverse effect on the Bank's future financial performance and the trading price of the Notes.

A reduction in long-term interest rates may increase the Bank's pension liabilities which may adversely affect the Bank's future financial performance and results of operations.

The Bank operates a defined benefit pension fund scheme. The Bank uses a discount rate linked to the long-term yield of government securities to calculate the present value of the Bank's future liabilities in relation to the scheme. A reduction in the long-term interest rate would increase the present value of the Bank's pension obligations. In the past, there have been instances of the Bank's pension liabilities being underfunded. The Bank may be required to make further cash contributions to cover the deficit, which may in turn lead to an increase in its pension expenses. In a falling interest rate scenario, the held-to-maturity value of the securities in which the Bank has invested may increase, thereby offsetting the increase in the present value of the Bank's pension obligations.

Investors may have limited recourse to the assets of the Bank in view of the overarching powers of the Government to order winding-up of the Bank.

The Bank can be placed in liquidation only by an order of the Government pursuant to Section 45 of the SBI Act, which exempts the Bank from provisions of Indian law relating to the winding-up of companies generally and stipulates that the Bank cannot be placed in liquidation except by order of the Government. Accordingly, in the event of default of the Bank under the Notes, the Noteholders will have no ability to wind up the Bank. There can be no assurance that the claims of the Noteholders would be treated as senior unsecured obligations of the Bank as the Government would have the sole ability to determine the ranking of claims of the Bank in liquidation.

Risks Relating to India

Economic conditions in India could adversely affect the Bank's business.

A substantial part of the Bank's business is focused in India. As a result, the Bank's operations and financial performance are closely linked to the economic conditions of India, which exposes the Bank to risks that are beyond its control. For example, any slowdown in the growth of the housing, automobile and agricultural sectors in India could adversely impact the Bank's business, financial condition and results of operations given the importance of the Bank's retail banking portfolio and its agricultural loan portfolio to its business. India's economic conditions may also be affected by macroeconomic conditions such as its global commodity prices and trade deficits, which could adversely affect the Indian economy and consequently, the Bank's borrowers and contractual counterparties.

The gross NPAs in the Indian banking system have grown, while stressed advances, including standard restructured loans, have risen since September 2014. This deterioration in asset quality is expected to continue into the next few quarters, however, profitability measured by return on assets and return on equity remained around the same level during the last two years. The overall risk to the banking sector remains elevated due to asset quality concerns. However, the banking stability map suggests that the overall risk to the banking sector has moderated marginally. Nonetheless, concerns remain over the continued weakness in asset quality and profitability. With deterioration in asset quality and the progressive implementation of Basel III warranting higher buffers, troubled public sector banks received capital infusions via the issuance of recapitalization bonds and budgetary support.

The COVID-19 pandemic is exacerbating pre-existing vulnerabilities related to poverty, high informality, environmental degradation and lack of employment opportunities. To increase resilience, the Government has responded with three stimulus packages, but additional fiscal measures are needed to mitigate the damage, together with a credible medium-term consolidation plan. The reform effort has continued, notably in the areas of agriculture and employment. However, poor performance of public banks, a pervasive regulatory burden, and understaffing of the judiciary hinder the proper allocation of resources needed for inclusive growth. This and any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material adverse effect on the Bank's business, financial condition and results of operations.

Banks will witness further deterioration in their NPAs due to the "economic situation prevailing" in the current financial year as a result of the COVID-19 pandemic. Going forward, the gross non-performing assets ratio of scheduled commercial banks may increase further. Accordingly, the combined impact of the increase in provisioning against NPAs and mark-to-market treasury losses on account of the hardening of yields eroded the profitability of banks, resulting in net losses.

The effects of inflation, particularly fluctuations in commodity prices, may have a significant effect on the Indian economy and the Bank's business

In recent years, the Indian economy has experienced periods of high inflation. High inflation can adversely affect the Bank's business in a number of ways, including impeding economic growth and reducing borrowing because of reduced investment and consumption and higher interest rates. While inflation has since returned to lower levels, a return to high rates of inflation may have a material adverse effect on the Bank's business.

India's economy and inflation rate are particularly susceptible to increases in the price of crude oil. Global crude oil prices have been volatile, fluctuating significantly as a result of factors including changes in supply, including as a result of OPEC actions, worldwide economic, financial and market conditions, military conflicts and geopolitical tensions, and changes in energy consumption, including as a result of new technology. A significant increase in crude oil prices could result in lower economic activity in India and place the Bank's customers under stress, which would adversely affect the Bank's profitability.

A slowdown in economic growth in India could cause the Bank's business to suffer.

The Bank's performance and the growth of its business are necessarily dependent on the health of the overall Indian economy. As a result, any slowdown in the Indian economy could adversely affect the Bank's business. The economic growth of India is officially estimated to have contracted to -7.3% in fiscal year 2021 from 4.2% in fiscal year 2020 and compared to 6.1% in fiscal year 2019. A further decline in the growth rate is anticipated as a result of the COVID-19 pandemic. Any substantial decrease in the rate of economic growth or adverse conditions in Indian economy in general, would be expected to adversely affect the Bank's business, results of operations, financial conditions and prospects.

A significant change in the Government's policies could adversely affect the Bank's business and the trading price of the Notes.

The Bank is incorporated in India, derive its revenues from operations in India and all of its assets are located in India. Consequently, the Bank's performance may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

The Indian Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the Indian economy. The Government's economic policies have had and could continue to have a significant effect on public sector entities, including the Bank, and on market conditions and prices of Indian securities, including securities issued by the Bank. See "*Regulation and Supervision — The Bank's relationships with the Government and the RBI*."

In recent years, the Indian governments have generally pursued a course of economic liberalization and deregulation aimed at accelerating the pace of economic growth and development. This has included liberalizing rules and limits for foreign direct investment in a number of important sectors of the Indian economy, including infrastructure, railways, services, pharmaceuticals and insurance. In addition, the current Indian government has pursued a number of other economic reforms, including the introduction of a goods and services tax, increased infrastructure spending and a new Insolvency and Bankruptcy Code.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government's policies in the future could affect business and economic conditions in India in general. In addition, any political instability in India or geopolitical instability affecting India will adversely affect the Indian economy and the Indian securities markets in general.

There can be no assurance that the government's policies will succeed in their aims, including facilitating high rates of economic growth. Likewise, there can be no assurance that the government will continue with its current policies. New or amended policies may be unsuccessful or have detrimental effects on economic growth. In the past, government corruption scandals and protests against economic reforms, as well as social and ethnic instability and terrorist incidents have hampered the implementation of economic reform.

Financial instability in India, other countries where the Bank has established operations, or globally could adversely affect the Bank's business and the trading price of the Notes.

Certain global market and economic conditions have been unprecedented and challenging, with tighter credit conditions and recessions in most major economies. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for western and emerging economies, as well as for the United States and international capital and credit markets. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

The Indian economy is influenced by the global economic and market conditions, including conditions in the United States, in Europe and in certain emerging market countries. The Bank has established operations in several other countries, including the United States, certain European countries, and certain emerging market countries. A loss of investor confidence in the financial systems of other markets and countries where the Bank has established operations or any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business. The outlook provides a list of downside risk factors, including mounting trade tensions, rising interest rates, political uncertainty and complacent financial markets. These factors, and any prolonged financial crisis, may have an adverse impact on the Indian economy, thereby resulting in a material adverse effect on our business, financial condition and results of operations.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The dislocation of the sub-prime mortgage loan market in the United States since September 2008, and the more recent European sovereign debt crises, have led to increased liquidity and credit concerns and volatility in the global credit and financial markets. On January 31, 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed in October 2019. The United Kingdom and the European Union will have a transition period until December 31, 2020 to negotiate, among others, trade agreements in details. Given the lack of precedent and uncertainty of the negotiation, the effect of Brexit remains uncertain, and Brexit has and may continue to create negative economic impact and increase volatility in the global market. A lack of clarity over the process for managing the exit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets. These and other related events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States and global credit and financial markets.

As a result of these market conditions, the cost and availability of credit have been, and may continue to be, adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce and, in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike and corresponding decreases in global infrastructure spending and commodity prices. Continued turbulence in the United States and international markets and economies and prolonged declines in business consumer spending may adversely affect the liquidity and financial condition of the Bank's customers, as well as the Bank's ability to access the capital markets to meet liquidity needs. These global market and economic conditions have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which in turn may continue to have a material adverse effect on the Bank's business and financial performance.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and indirectly in the Indian economy in general. Any worldwide financial instability could influence the Indian economy. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. See "*Regulation and Supervision*." However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on the Bank's cost of funding, loan portfolio, business, future financial performance and the trading price of the Notes. Adverse economic developments overseas in countries where the Bank has operations could have a material adverse impact on the Bank and the trading price of the Notes.

A downgrade in ratings of India, the Indian banking sector or the Bank may affect the trading price of the Notes.

Because the Bank's foreign currency ratings are pegged to India's sovereign ceiling, any adverse revision to India's credit rating for international debt will have a corresponding effect on the Bank's ratings. India's sovereign rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside the Issuer's control. While Standard and Poor's ("**S&P**") and Fitch Ratings, Inc. ("**Fitch**") currently have stable outlooks, Moody's Investor Services ("**Moody's**") has a negative outlook on their sovereign rating for India. They may lower their sovereign ratings for India or the outlook on such ratings, which would also impact the Bank's ratings. In June 2020, S&P retained India's sovereign ratings at "BBB minus" with the "stable" outlook. S&P however pointed out that India's fiscal position remains precarious, with elevated fiscal deficits and net government indebtedness. On June 1, 2020, Moody's Investor Services downgraded Government of India's foreign currency and local currency long term issuer ratings to "Baa3" from "Baa2" while maintaining the "negative outlook" due to relatively weak implementation of reforms since 2017, sustained period of relatively low growth, significant deterioration in the fiscal position of the government and the rising stress in the financial sector. Going forward, the sovereign ratings outlook will remain dependent on whether the Government is able to transition the economy out of a low-growth and high inflation environment, as well as exercise adequate fiscal restraint. There is no assurance that India's credit ratings will not be downgraded in the future. Any adverse change in India's credit ratings by international rating agencies may adversely impact the Issuer's business and limit its access to capital markets. See "**—** *A significant change in the Government's policies could adversely affect the Bank's business and the trading price of the Notes*.

If regional hostilities, terrorist attacks or social unrest in some parts of the country increase, the Bank's business and the trading price of the Notes could be adversely affected.

India has from time to time experienced social and civil unrest and hostilities both internally and with neighboring countries. Present relations between India and Pakistan continue to be fragile on the issues of terrorism, armament and the control of Kashmir. In November 2008, several coordinated shooting and bombing attacks occurred across Mumbai, India's financial capital, which resulted in the loss of life, property and business. India has also experienced terrorist attacks in other parts of the country. In February 2019, a car bombing in Jammu and Kashmir killed 40 Indian security personnel. The Islamist group Jaish-e-Mohammad claimed responsibility for the attack. In response, the Indian air force bombed targets in north-eastern Pakistan, and Pakistan conducted a retaliatory airstrike in north-western India. An Indian air force pilot was captured in Pakistan after his aircraft was shot down, but was subsequently released. In June 2020, the clash between China and Indian soldiers in the Galwan River Valley resulted in numerous fatalities, which led to increased tension between the two countries. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Bank's business, its future financial performance and the trading price of the Notes. Furthermore, India has also experienced social unrest in some parts of the country. If such tensions spread and lead to overall political and economic instability in India, it may adversely affect the Bank's business, future financial performance and the trading price of the Notes.

Natural calamities could adversely affect the Indian economy, the Bank's business and the trading price of the Notes.

India has experienced natural calamities such as earthquakes, floods and droughts in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. For example, in fiscal year 2015, the agricultural sector was adversely affected by unseasonal rains and hailstorms in northern India in March 2015. As a result, the gross value added, which is the value of output less the value of intermediate consumption, in the agricultural sector increased only 0.2% in fiscal year 2015 as compared to 3.7% growth in fiscal year 2014. In August 2018, severe floods in the state of Kerala also caused significant damage to the agricultural production of the state. However, the occurrence of similar or other natural calamities could have a negative impact on the Indian economy, affecting the Bank's business and potentially causing the trading price of the Notes to decrease.

Investors in the Notes may not be able to enforce a judgment of a foreign court against the Bank, its directors or executive officers.

The Bank is constituted under an Indian statute, the SBI Act. Substantially all of the Bank's Directors and executive officers and key managerial personnel are residents of India and most of the assets of the Bank and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon the Bank or such persons outside India, or to enforce judgments obtained against such parties in courts outside of India.

Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that foreign judgments shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title, except: (a) where it has not been pronounced by a court of competent jurisdiction; (b) where it has not been given on the merits of the case; (c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (d) where the proceedings in which the judgment was obtained are opposed to natural justice; (e) where it has been obtained by fraud; and (f) where it sustains a claim founded on a breach of any law in force in India.

Under the Civil Code, a court in India shall presume, upon the production of any document purporting to be a certified copy of a foreign judgment, that such judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on the record, but such presumption may be displaced by proving want of jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside of India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and does not include arbitration awards, save and except for any reciprocal arrangement that India has with foreign countries such as Singapore, Malaysia, Canada, and Australia under Section 44(b) of the Arbitration and Conciliation Act of 1996.

The United Kingdom, Singapore and Hong Kong, United Arab Emirates, among others, have been declared by the Government of India to be a "reciprocating territory" for the purposes of Section 44A of the Civil Code, but the United States has not been so declared. A judgment of a court of a country which is not a reciprocating territory may be enforced only by a fresh suit resulting in a judgment or order and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A judgment of a superior court of a country which is a reciprocating territory may be enforced by proceedings in execution, and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. The latter suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Execution of a judgment or repatriation outside of India of any amounts received is subject to the approval of the RBI, wherever required. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

Significant differences exist between Indian GAAP and other accounting principles, which may be material to investors' assessments of the Bank's financial condition.

The Bank's financial statements, including the financial statements included in this Offering Circular, are prepared in accordance with Indian GAAP. The Bank has not attempted to quantify the impact of other accounting principles, such as U.S. GAAP or International Financial Reporting Standards ("**IFRS**"), on the financial data included in this Offering Circular, nor does the Bank provide a reconciliation of its financial statements to those prepared pursuant to U.S. GAAP or IFRS.

GAAP and IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Offering Circular will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Persons not familiar with Indian accounting practices should, accordingly, consult their own professional advisors before relying on the financial disclosures presented in this Offering Circular.

The Bank's transition to the use of the IFRS converged Indian Accounting Standards may result in changes in the presentation of its financial statements and could result in operational delays and resulting penalties.

On February 16, 2015, the Ministry of Corporate Affairs ("**MCA**") of the Government published the Companies (Indian Accounting Standards) Rules, 2015, which are effective from April 1, 2015, which provides that IFRS converged Indian Accounting Standards ("**IND-AS**") will be mandatorily implemented by the companies specified in the roadmap for the accounting periods beginning on or after April 1, 2016, with the comparatives for the period ended March 31, 2016, or thereafter. However, banking, insurance and non-banking finance companies were exempted from this road map.

On February 11, 2016, the RBI issued a notification for the implementation of IND-AS by banks. Under this notification, all scheduled commercial banks (excluding Regional Rural Banks) was to follow IND-AS as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the RBI in this regard from the accounting periods beginning on or after April 1, 2018 with the comparatives for the period ending March 31, 2018. The subsidiaries, joint ventures and associates of such banks shall also follow the road map applicable to banks. However, in April 2018, the RBI deferred the implementation of IND-AS for banks by a year, to April 1, 2019. On March 22, 2019, the RBI again deferred implementation of IND-AS, this time indefinitely. With some of the key reserve requirements getting further leeway for implementation, it is likely that the adoption of IND-AS for banks may be further extended by two years. The RBI could defer the implementation of IND-AS – the Indian version of global accounting standards – to fiscal year 2024. The new rules are expected to add to the burden of higher capital requirement for banks, especially loan loss provisions.

The Bank has not determined with any degree of certainty the impact that such adoption will have on its financial reporting. Furthermore, the new accounting standards will change, among other things, the Bank's methodology for estimating allowances for probable loan losses and for classifying and valuing its investment portfolio and its revenue recognition policy. For estimation of probable loan losses, the new accounting standards may require the Bank to calculate the present value of the expected future cash flows realizable from its loans, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This may result in the Bank recognizing allowances for probable loan losses in the future which may be higher or lower than under current Indian GAAP. Therefore, there can be no assurance that the Bank's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND-AS than under Indian GAAP. In the Bank's transition to IND-AS reporting, the Bank may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IND-AS financial statements. Furthermore, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that the Bank's adoption of IND-AS will not adversely affect its reported results of operations or financial condition and any failure to successfully adopt IND-AS could adversely affect the Bank's business and the trading price of the Notes.

There may be less company information available in the Indian securities markets than securities markets in developed countries.

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of the markets in the United States and other developed countries. The Securities and Exchange Board of India ("**SEBI**") is responsible for approving and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in developed countries.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy which could adversely impact the banking industry in general. A rapid decrease in reserves may also create a risk of higher interest rates and a consequent slowdown in growth.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy which could adversely impact the banking industry in general. A rapid decrease in reserves may also create a risk of higher interest rates and a consequent slowdown in growth. India's foreign currency assets increased to U.S.$537.9 billion as of March 26, 2021. As of June 18, 2021, India's foreign currency assets were record high at U.S.$561.5 billion. There can, however, be no assurance that India's foreign exchange reserves will continue to increase in the future. An increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect the Bank's business, its future financial performance and the trading price of the Notes.

New tax laws in India could adversely affect the Bank's business and the trading price of the Notes.

The Government has introduced two major reforms in Indian tax laws, namely the goods and services tax and provisions relating to General Anti-Avoidance Rules ("**GAAR**"). From July 1, 2017, the goods and services tax ("**GST**") replaced the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state value added tax ("**VAT**"), surcharge and cess. While implementation of the new tax appears to have been generally effective, with limited disruption to economic activity, the longer-term effects of the GST remain to be seen.

Under the IT Act, there are both specific as well as generic anti-avoidance provisions relating to tax such as transfer pricing provision and GAAR provisions. Under the transfer pricing provisions, any income arising from an international transaction between two associated enterprises has to be computed having regard to the arm's length price ("**ALP**"). In the event that the Notes are transferred by a non-resident investor to another non-resident investor and such non-resident investors are associated enterprises, then the transactions must be at ALP and there are necessary consequential compliances.

With respect to GAAR, the provisions came into effect from April 1, 2018. The GAAR provisions intend to cover arrangements that are deemed "impermissible avoidance arrangements," which are defined under Section 96 of the IT Act, which is any arrangement with the main purpose or one of the main purposes of obtaining a tax benefit and which satisfies at least one of the following tests: (i) create rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) result, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) are entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The onus to prove that the transaction is an "impermissible avoidance arrangement" is on the tax authorities. If the GAAR provisions are invoked, then the tax authorities have wide powers, including disregarding, combining or re-characterizing any step in or part or whole of the impermissible avoidance arrangement, considering or looking through any arrangement by disregarding any corporate structure, and the denial of tax benefit or the denial of a benefit under a tax treaty. An arrangement shall be presumed, unless it is proved to the contrary by the assessee, to have been entered into, or carried out, for the purpose of obtaining a tax benefit, if the main purpose of a step in or a part of the arrangement is to obtain a tax benefit even if the main purpose of the entire arrangement is not to obtain a tax benefit. Once tax authorities invoke the GAAR provisions, they are given power to deny tax benefit among others. The GAAR provisions are relatively untested. As the taxation system is intended to undergo significant overhaul, its consequent effects cannot be determined, at present with respect to the banking sector. The manner in which these new rules are interpreted and implements and their effects on the Bank's customers and economic activity generally is uncertain. There can be no assurance that such effects would not adversely affect its business, future financial performance and the trading price of the Notes. Arrangements are presumed to have been entered into or carried out for the main purpose of obtaining a tax benefit when the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.

SEBI introduced changes to the listing agreement, which may subject the Bank to higher compliance requirements and increase the Bank's compliance costs.

SEBI issued revised corporate governance guidelines under the equity listing agreement which have been effective from October 1, 2014 and April 1, 2015. Pursuant to the revised guidelines, the Bank is required to appoint at least one female director on the Board, establish a mechanism for directors and employees and reconstitute certain committees in accordance with the revised guidelines, among other things. The Bank may face difficulties in complying with any such requirements. Furthermore, the Bank cannot currently determine the impact of provisions of the revised SEBI corporate governance guidelines, which have come into force.

The role of Chairman and Managing Director has been separated in many banks, including public sector banks (PSBs), following the recommendations of PJ Nayak Committee (2014). The RBI issued operative guidelines with regard to the appointments of Managing Director and Chief Executive Officer, Whole Time Director, Chairperson, Non-Executive Directors and composition of important committees last month, as part of its measures to strengthen corporate governance standards in commercial banks.

SEBI is in "active discussions" with various stakeholders to bring in greater granularity in disclosures by listed companies in environmental, social and corporate governance space to issue relevant guidelines. RBI has issued instructions dated April 26, 2021 entitled "*Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board*". In respect of the Bank and nationalized banks, these guidelines would apply to the extent the stipulations are not inconsistent with provisions of specific statutes applicable to these banks or instructions issued under the statutes.

Any increase in the Bank's compliance requirements or compliance costs may have an adverse effect on its business, cash flows and results of operations.

The Indian banking sector is subject to external economic forces.

In its latest financial stability report dated June 2021, the RBI highlighted the collective assessment of the Sub-Committee of the Financial Stability and Development Council ("**FSDC**") on risks to financial stability, and the resilience of the financial system in the context of contemporaneous issues relating to development and regulation of the financial sector. The RBI observed that sustained policy support, benign financial conditions and the gathering momentum of vaccination are nurturing an uneven global recovery. Policy support has helped in shoring up financial positions of banks, containing non-performing loans and maintaining solvency and liquidity globally. On the domestic front, the ferocity of the second wave of COVID-19 has dented economic activity, but monetary, regulatory and fiscal policy measures have helped curtail the solvency risk of financial entities, stabilize markets, and maintain financial stability. The capital to risk-weighted assets ratio ("**CRAR**") of scheduled commercial banks ("**SCBs**") increased to 16.03% and the provisioning coverage ratio ("**PCR**") stood at 68.86% in March 2021. Macro stress tests indicate that the gross non-performing asset ("**GNPA**") ratio of SCBs may increase from 7.48% in March 2021 to 9.80% by March 2022 under the baseline scenario; and to 11.22% under a severe stress scenario, although SCBs have sufficient capital, both at the aggregate and individual level, even under stress. Going forward, as banks respond to credit demand in a recovering economy, they will need to reinforce their capital and liquidity positions to fortify themselves against potential balance sheet stress.

In the June 2021 monetary policy statement, the RBI highlighted that the global economic recovery has been gaining momentum, driven mainly by major advanced economies ("**AEs**") and powered by massive vaccination programs and stimulus packages. Activity remains uneven in major emerging market economies (EMEs), with downside risks from renewed waves of infections due to contagious mutants of the virus and the relatively slow progress in vaccination. World merchandise trade continues to recover as external demand resumes, though elevated freight rates and container dislocations are emerging as constraints. CPI inflation is firming up in most AEs, driven by release of pent-up demand, elevated input prices and unfavorable base effects. Inflation in major EMEs has been generally close to or above official targets in recent months, pushed up by the sustained rise in global food and commodity prices. Global financial conditions remain benign.

The Indian banking sector, as a whole, has maintained its capital to risk (weighted) assets ratio ("**CRAR**") above the regulatory requirement of 9% under the Basel III Guidelines. As of March 31, 2021, the banking system's CRAR increased to 13.7% from 13.1% as of March 31, 2020. Although the financial conditions in India have put pressure on the asset quality of Indian banks, the banking system has shown improvement. It is now well recognized that an efficient bankruptcy regime is essential for timely resolution and liquidation of stressed companies. The Insolvency and Bankruptcy Code, 2016, has significantly altered the financial landscape as it provides a market mechanism for time-bound insolvency resolution enabling maximization of value. The new regime is a paradigm shift in which creditors take control of the assets in contrast to the earlier systems in which debtors remained in possession of the assets till its resolution or liquidation, leading to an improvement in the credit culture of the country.

The gross non-performing assets in the Indian banking system have grown, while stressed advances, including standard restructured loans, have risen since September 2014. This deterioration in asset quality is expected to continue into the next few quarters, however, profitability measured by return on assets and return on equity remained around the same level during the last two years. The overall risks to the banking sector remain elevated due to asset quality concerns. In addition, the banking stability map suggests that the overall risks to the banking sector have moderated marginally. Nonetheless, concerns remain over the continued weakness in asset quality and profitability. Deterioration in the asset quality and the progressive implementation of Basel III norms, which require greater buffers, have led to public sector banks (PSBs) receiving capital infusions through the issuance of recapitalization bonds and budgetary support.

The RBI's revised prompt corrective action framework became effective in April 2017. Eleven PSBs placed under this framework so far have been restricted in their operations and have been subjected to remedial action plans to prevent further capital erosion. The stress tests carried out by the RBI suggest that, under the baseline assumption of the prevailing economic situation and COVID-19 related stress, the gross non-performing assets ratio of scheduled commercial banks may increase in 2020-2021, as per RBI's latest annual report. Further, the gross non-performing assets of scheduled commercial banks reduced to 8.5 per cent of the gross advances at the end of March 2020 due to past efforts aimed at solution of stressed assets.

Due to weak capital position of banks and risk aversion on their part, credit growth remained subdued in recent years. However, with initial signs of improvement in the health of banks, credit growth is picking up.

The Bank has little or no control over any of these risks or trends and may be unable to anticipate changes in economic conditions. Adverse effects on the Indian banking system could impact the Bank's funding, profitability, asset quality or NPAs and adversely affect the Bank's business growth and, as a result, impact future financial performance and the trading price of the Notes.

Risks Relating to the Notes

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, the appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the nature of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and investors may purchase such instruments as a way to manage risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes are unsecured obligations, the repayment of which may be jeopardized in certain circumstances.

Because the Notes are unsecured obligations, their repayment may be compromised if:

- the Bank enters into bankruptcy, liquidation, reorganization or other winding-up procedures;
- there is a default in payment under the Bank's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Bank's indebtedness.

If any of these events occur, the Bank's assets may not be sufficient to pay amounts due on any of the Notes.

Payment of principal of the Notes may be accelerated only in certain events involving the Bank's bankruptcy, winding-up or dissolution or similar events, or if certain conditions have been satisfied.

The Notes are not guaranteed by the Republic of India.

The Notes are not the obligations of, or guaranteed by, the Government. Although the Government owned 56.92% of the Bank's issued share capital as of March 31, 2021, the Government is not providing a guarantee in respect of the Notes. In addition, the Government is under no obligation to maintain the solvency of the Bank. Therefore, investors should not rely on the Government ensuring that the Bank fulfills its obligations under the Notes.

Notes issued as green bonds may not be a suitable investment for all investors seeking exposure to green assets.

The Bank may issue Notes under the Program as green bonds and the proceeds from the issuance of green bonds, as and when issued by the Issuer under the Program, will be applied towards investment in Eligible Green Projects. The Bank has agreed that Eligible Green Projects will broadly cover projects that fulfil certain criteria under the Climate Bonds Standard (see "*Use of Proceeds*").

There is currently no market consensus on what precise attributes are required for a particular project to be defined as "green", and therefore no assurance can be provided to potential investors that the relevant Eligible Green Projects will continue to meet the relevant evaluation and eligibility criteria. Although applicable green projects are expected to be selected in accordance with the categories recognized by the ICMA Green Bond Principles and the Bank's evaluation criteria as described in the section titled "*The Issuer's Green Bond Framework*", there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such green projects. Where any negative impacts are insufficiently mitigated, green projects may become controversial and/or may be criticized by activist groups or other stakeholders.

Prospective investors should have regard to the relevant evaluation and eligibility criteria described in this Offering Circular. Each potential purchaser of any green bonds should determine for itself the relevance of the information contained in this Offering Circular and regarding the use of proceeds and its purchase of any green bonds should be based upon such investigation as it deems necessary.

Where the AMTNs are lodged with the Austraclear System, investors will have to rely on the procedures of Austraclear for transfer, payment and communication with the Issuers.

AMTNs will be issued in registered certificated form. Each Tranche of AMTNs will be represented by an AMTN Certificate. Each AMTN Certificate is a certificate representing the AMTNs of a particular Tranche and will be substantially in the form set out in the Note (AMTN) Deed Poll, duly completed and signed by the Issuers and authenticated by a registrar in Australia in respect of AMTNs. An AMTN Certificate is not a negotiable instrument nor is it a document of title. Title to any AMTNs, which is the subject of an AMTN Certificate, is evidenced by entry in the A$ Register and, in the event of a conflict, the A$ Register shall prevail (subject to correction for fraud or proven error).

The Issuers may procure that the AMTNs are lodged with the Austraclear System. On lodgment, Austraclear will become the sole registered holder and legal owner of the AMTNs. Subject to the rules and regulations of the Austraclear System (the "**Austraclear System Regulations**") established by Austraclear (as amended or replaced from time to time) to govern the use of the Austraclear System, participants of the Austraclear System ("**Accountholders**") may acquire rights against Austraclear in relation to those AMTNs as beneficial owners and Austraclear is required to deal with the AMTNs in accordance with the directions and instructions of the Accountholders. Investors in AMTNs who are not Accountholders would need to hold their interest in the relevant AMTNs through a nominee who is an Accountholder. All payments made by the Issuers in respect of AMTNs lodged with the Austraclear System will be made directly to an account agreed with Austraclear or as it directs in accordance with the Austraclear System Regulations.

Where the AMTNs are lodged with the Austraclear System, any transfer of AMTNs will be subject to the Austraclear System Regulations. Secondary market sales of AMTNs cleared through the Austraclear System will be settled in accordance with the Austraclear System Regulations.

An active trading market for the Notes may not develop.

There can be no assurance as to the liquidity of the Notes or that an active trading market will develop. If such a market were to develop, the Notes may trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Issuer's operations and the market for similar securities. The Dealers are not obliged to make a market in the Notes and any such market making, if commenced, may be discontinued at any time at the sole discretion of the relevant Dealers. No assurance can be given as to the liquidity of, or trading market for, the Notes.

Investment in the Notes may subject investors to foreign exchange risks.

The Notes, as and when issued, will be denominated and payable in the applicable Specified Currency. If an investor measures its investment returns by reference to a currency other than the applicable Specified Currency, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of the applicable Specified Currency relative to the currency by reference to which an investor measures its investment returns, due to, among other things, economic, political and other factors over which the Bank has no control. Depreciation of the applicable Specified Currency against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign exchange gains resulting from any investment in the Notes.

The Bank is not prohibited from issuing further debt which may rank pari passu with the Notes.

There is no restriction on the amount of debt securities that the Bank may issue that rank *pari passu* with the Notes. The issue of any such debt securities may reduce the amount recoverable by investors in the Notes upon the Bank's bankruptcy, winding-up or liquidation. As of March 31, 2021, the Bank had Rs. 3,489.79 billion of outstanding borrowings (debts) that ranks *pari passu* with the outstanding Notes.

Payments made on the Notes are subordinated to certain tax and other liabilities preferred by law.

The Notes will be subordinated to certain liabilities preferred by law such as to claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of the Bank's trading or banking transactions. In particular, in the event of bankruptcy, liquidation or winding-up, the Bank's assets will be available to pay obligations on the Notes only after all of those liabilities that rank senior to such Notes have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Notes.

A downgrade in ratings may affect the trading price of the Notes.

Any ratings assigned to the Notes that may be issued under the Program do not reflect the Bank's ability to make timely payments of principal and interest on senior unsecured debts. A rating is not a recommendation to buy, sell or hold any security, does not address the likelihood or timing of repayment of the Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization. There can be no assurance that the ratings assigned to it or the Notes will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant. A downgrade in ratings may affect the trading price of the Notes.

The Notes are subject to transfer restrictions.

The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except to QIBs in reliance on the exemption from the registration requirement of the Securities Act provided by Rule 144A, and may be offered and sold only to certain persons in offshore transactions in reliance on Regulation S, or pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws. For a further discussion of the transfer restrictions applicable to the Notes, see "*Transfer and Marketing Restrictions*."

The Notes (other than AMTNs) are governed by English law.

The terms and conditions of the Notes (other than AMTNs) are governed by English law and, in the case of AMTNs, the law of New South Wales, Australia. No assurance can be given as to the impact of any possible judicial decision or change in English law or Australian law or administrative practice after the date of the issue of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

Decisions may be made on behalf of all Noteholders that may be adverse to the interests of individual Noteholders.

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Payments under the Notes may be subject to RBI guidelines regarding remittances of-funds outside India.

If the Bank is unable to make payments with respect to the Notes from its overseas branches and instead makes payments from India, such payments shall be subject to RBI regulations governing the remittance of funds outside of India. The Bank is under no obligation to maintain liquidity at its overseas branches to make interest payments due on the Notes. Any approval for the remittance of funds outside of India is at the discretion of the RBI and the Bank can give no assurance that it will be able to obtain such approvals.

The interest rate on the Notes may be reset, which may affect the market value of the Notes.

The interest rate on the Notes may be reset and this reset rate could be less than the initial rate of interest and/or the interest rate that applies immediately prior to such reset, which could affect the amount of any interest payments under the Notes and so the market value of an investment in the Notes.

Risks Relating to the Subordinated Notes

The Notes which are Subordinated Notes are subordinated and have only limited rights of acceleration.

The relevant Pricing Supplement may specify that the Notes will be Subordinated Notes (as defined in Condition 1 of the Terms and Conditions of the Notes) which will be subordinated obligations of the Bank. The Subordinated Notes will constitute unsecured and subordinated obligations of the Bank. Each of the Additional Tier 1 Notes and the Tier 2 Notes will rank *pari passu* and without preference among the Additional Tier 1 Notes and the Tier 2 Notes respectively. The Subordinated Notes are not deposits and are not insured by the Bank or guaranteed or insured by any party related to the Bank and they may not be used as collateral for any loan made by the Bank. In the event of a liquidation or winding up (as determined pursuant to the SBI Act) of the Bank, the claims of the holders of Tier 2 Notes and any relative receipts pursuant thereto will be subordinated in right of payment to the claims of all other creditors (other than claims of holders of Subordinated Indebtedness (as defined in the terms and conditions of the Notes) ranking equal to or lower than the claims of the holders of Tier 2 Notes and any relative receipts, if any) of the Bank in the manner and to the extent provided in the Trust Deed. In the event of a liquidation or winding up (as determined pursuant to the SBI Act) of the Bank, claims in respect of the Additional Tier 1 Notes will rank: (a) senior to the claims of investors in equity shares and perpetual non-cumulative preference shares of the Bank; (b) subordinate to the claims of all depositors and general creditors and holders of subordinated debt of the Bank other than any subordinated debt qualifying as Additional Tier 1 Capital (as defined in the terms and conditions of the Notes) of the Bank (as defined under the RBI Guidelines); and (c) *pari passu* and without preference among themselves and with any other claims in respect of debt instruments classified as Additional Tier 1 Capital under the RBI Guidelines and, to the extent permitted by the RBI Guidelines, with any subordinated obligation that was eligible for inclusion in hybrid Tier I capital under the then prevailing Basel II guidelines of the RBI. As a consequence of these subordination provisions, in the event of a winding-up of the Bank's operations in accordance with the SBI Act, the holders of the Subordinated Notes may recover proportionately less than the holders of more senior-ranking liabilities, including the Bank's deposit liabilities and other unsubordinated liabilities.

In the event of the Bank's winding-up or liquidation, holders of Subordinated Notes may claim for the Outstanding Nominal Amount of their Notes (that is, the amount of such Notes following any Write-Down or, in the case of Additional Tier 1 Notes, Reinstatements) plus any accrued but unpaid interest. Furthermore, if the Bank's indebtedness were to be accelerated, its assets may be insufficient to repay in full borrowings under all such debt instruments, including the Notes.

Subordinated Notes may be subject to write off on the occurrence of a PONV Trigger Event, or, in the case of Additional Tier 1 Notes only, a CET1 Trigger Event.

The Basel Committee recommended a number of fundamental reforms to the regulatory capital framework for internationally active banks which are designed, in part, to ensure that capital instruments issued by such banks fully absorb losses before tax payers are exposed to loss (the "**Basel III Reforms**"). The principal elements of the Basel III Reforms are set out in the Basel Committee paper dated December 16, 2010 (as revised in June 2011) and in a press release dated January 13, 2011. The Basel III Reforms were implemented in India, through the Basel III Guidelines, with effect from April 1, 2013, and are subject to a series of transitional arrangements to be phased in over a period of time. The capital ratios specified in the Basel III Guidelines will be fully implemented on March 31, 2019.

The Basel III Reforms include a requirement for all Additional Tier 1 instruments and Tier 2 instruments (such as the Additional Tier 1 Notes and the Tier 2 Notes) to be written off or converted into ordinary shares upon the occurrence of a PONV Trigger Event (the "**PONV rule**"). The PONV rule may be met contractually (by the inclusion of appropriate provisions in the terms and conditions of the instrument) or by the existence of laws in a jurisdiction that give relevant authorities appropriate powers. In India, the PONV rule has been implemented as a requirement for appropriate provisions to be included in the terms and conditions of the instrument. A "**PONV Trigger Event**" under the Indian regulations means, in respect of the Bank or the Group, the earlier of: (a) a decision that a write-down, without which the Bank or the Group (as the case may be) would become non-viable, is necessary, as determined by the RBI; and (b) the decision to make a public sector injection of capital, or equivalent support, without which the Bank or the Group (as the case may be) would have become non-viable, as determined by the RBI. The Subordinated Notes will be permanently written-down on the occurrence of such PONV Trigger Event (see Condition 9.1). In the event of a Write-Down, investors may lose the entire amount of their investment in any Subordinated Notes. In the event that a PONV Trigger Event or CET1 Trigger Event (in the case of Additional Tier 1 Notes only) occurs, all or some of the rights of holders of Subordinated Notes and the Receipts and Coupons relating to them shall be subject to Write-Down. This may not result in the same outcome for Subordinated Noteholders as would have occurred upon the occurrence of any winding-up proceedings of the Bank.

Furthermore, upon the occurrence of a Write-Down of any Subordinated Notes, the right to receive interest on any portion of a nominal amount Written-Down will cease and all interest amounts that were not due and payable prior to the Write-Down shall be cancelled. Consequently, Noteholders will not be entitled to receive any interest that has accrued on such portion of a nominal amount of Subordinated Notes Written Down from (and including) the last Interest Payment Date falling on or prior to the Loss Absorption Event Notice. In the case of a Write-Down in respect of a PONV Trigger Event only, any such Write-Down will be permanent and the Noteholders will, upon the occurrence of such Write-Down, not receive any shares or other participation rights of the Bank or be entitled to any other participation in the upside potential of any equity or debt securities issued by the Bank, or be entitled to any subsequent write-up or any other compensation in the event of a recovery of the Bank.

It will be difficult to predict when, if at all, a principal Write-Down of Subordinated Notes will occur. The RBI has provided limited guidance as to how it would determine non-viability. Under RBI regulations, non-viability could result from the Bank's financial and other difficulties likely to result in financial losses and affect its ability to continue as a going concern. Non-viability may be declared if the resultant augmentation of equity is likely to restore depositors' and investors' confidence or improve the rating and creditworthiness of the Bank. However, it is possible that the RBI's position on these matters may change over time. Non-viability may be significantly impacted by a number of factors, including factors which affect the business, operation and financial condition of the Bank. For instance, systemic and non-systemic macroeconomic, environmental and operational factors, domestically or globally, may affect the viability of the Bank. Accordingly, trading behavior in respect of any Additional Tier 1 Notes or Tier 2 Notes may not follow the trading behavior associated with other types of securities. Potential investors in any Additional Tier 1 Notes or Tier 2 Notes should consider the risk that a holder may lose all of its investment, including the principal amount plus any accrued interest, if such regulatory loss absorption measures are acted upon.

Furthermore, there can be no assurance that the Basel Committee will not propose further amendments to the Basel Accord or that the relevant authorities in India will not impose requirements on banks that are more onerous than those contained in the Basel III Reforms. Further changes in law after the date hereof may affect the rights of holders of the Subordinated Notes as well as the market value of the Subordinated Notes.

In addition, Additional Tier 1 Notes will be Written-Down upon the occurrence of a CET1 Trigger Event. If the Bank's or the Group's Common Equity Tier 1 Ratio is at or below 6.125%, accrued interest on the Additional Tier 1 Notes will be cancelled and the Outstanding Nominal Amount of the Additional Tier 1 Notes may be reduced (see Condition 9.2 of the terms and conditions of the Notes). Holders may lose all or some of their investment as a result of a Write-Down. During the period of any Write-Down, interest will accrue on the Outstanding Nominal Amount of the Additional Tier 1 Notes, which shall be lower than their Issued Nominal Amount.

Following a Write-Down pursuant to a CET1 Trigger Event, the Outstanding Nominal Amount of the relevant Additional Tier 1 Notes may be increased up to the Maximum Reinstatement Amount (each as defined in the Conditions). However, such Reinstatement is at the discretion of the Issuer and is subject to any conditions specified in (i) the applicable Pricing Supplement or (ii) the RBI Guidelines, or as are otherwise notified to the Issuer by the RBI, from time to time. There can be no assurance that the Issuer will, or will be able to, exercise its discretion to reinstate any principal amount of Additional Tier 1 Notes which has been Written-Down.

The market price of the Additional Tier 1 Notes is expected to be affected by fluctuations in the Bank's and/or the Group's Core Equity Tier 1 Capital Ratio. Any indication that the Bank's and/or the Group's Core Equity Tier 1 Capital Ratio is trending towards 6.125% may have an adverse effect on the market price of the Additional Tier 1 Notes. The level of the Bank's and/or the Group's Core Equity Tier 1 Capital Ratio may significantly affect the trading price of the Additional Tier 1 Notes.

The terms of the Subordinated Notes contain no limitation on issuing debt or senior or pari passu securities.

The Additional Tier 1 Notes, the Tier 2 Notes, the Trust Deed and the Agency Agreement do not limit the amount of liabilities ranking senior to the relevant Subordinated Notes which may be hereafter incurred or assumed by the Bank. Pursuant to Condition 3.2 and 3.3 of the terms and conditions of the Notes respectively, the Additional Tier 1 Notes will rank *pari passu* with the claims of subordinated obligations of the Bank which rank, or are expressed to rank, *pari passu* with the claims in respect of the Additional Tier 1 Notes, and any subordinated obligations of the Bank that were eligible for inclusion in hybrid Tier 1 capital under the Basel II guidelines, only to the extent permitted by the RBI guidelines at the relevant time, and the Tier 2 Notes will rank *pari passu* with the claims of subordinated obligations of the Bank which rank, or are expressed to rank, *pari passu* with the claims in respect of the Tier 2 Notes. As at the date of this Offering Circular, the interpretation of the RBI guidelines on this point is unclear. Accordingly, investors should be aware that a particular series of the Additional Tier 1 Notes may rank junior to other Additional Tier 1 Notes and any outstanding instrument that qualified as hybrid tier I capital under the Basel II Guidelines in any winding-up proceedings of the Bank.

The Bank may vary the terms of Subordinated Notes.

The Bank may, without the consent or approval of the Noteholders or the Trustee, but subject to the prior approval of the RBI, vary the terms of any Subordinated Notes, so that they remain or, as appropriate, become

Qualifying Subordinated Notes, subject to certain conditions. The terms of such varied Subordinated Notes may contain one or more provisions that are substantially different from the terms of the original Notes, provided that the Subordinated Notes remain Qualifying Subordinated Notes in accordance with the Conditions. While the Bank cannot make changes to the terms of the Subordinated Notes that would result in the varied securities having terms and conditions materially less favorable to a Noteholder than the Subordinated Notes, the Bank will determine whether such terms and conditions are materially less favorable and will not be required to take into account the tax treatment of the varied securities in the hands of all or any holder of Subordinated Notes. Furthermore, the Trustee has no obligation or ability to verify whether the requirements for such variations have been satisfied and will have no discretion in determining whether any such variation results in terms that are materially less favorable to the holders of Subordinated Notes. Accordingly, the tax and stamp duty consequences of holding such varied Notes could be different for some categories of Noteholder from the tax and stamp duty consequences of holding the Notes prior to such variation.

Upon the occurrence of a PONV Trigger Event or a CET1 Trigger Event, clearance and settlement of the Subordinated Notes will be suspended and there may be a delay in updating the records of the relevant clearing system to reflect the amount Written-Down.

Following the receipt of a Loss Absorption Event Notice, all clearance and settlement of the Subordinated Notes will be suspended. As a result, Noteholders will not be able to settle the transfer of any Subordinated Notes during the Suspension Period (as defined in the Terms and Conditions of the Notes) and any sale or other transfer of the Subordinated Notes that a Noteholder or may have initiated prior to the commencement of the Suspension Period that is scheduled to settle during the Suspension Period will be rejected by the relevant clearing system and will not be settled within the relevant clearing systems. The update process of the relevant clearing system may only be completed after the date on which the Write-Down is scheduled. Notwithstanding such delay, holders of the Subordinated Notes may lose the entire value of their investment in the Subordinated Notes on the date on which the Write-Down occurs. No assurance can be given as to the period of time required by the relevant clearing system to complete the update of their records or the availability of procedures in the relevant clearing systems to effect any Write-Down. Furthermore, the conveyance of notices and other communications by the relevant clearing system to their respective participants, by those participants to their respective indirect participants, and by the participants and indirect participants to beneficial owners of interests in the Global Note will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Interest amounts on the Additional Tier 1 Notes are not cumulative. Interest amounts may be cancelled at the Bank's discretion and must not be paid in certain circumstances.

Interest amounts on the Additional Tier 1 Notes are discretionary and non-cumulative. The Bank may elect at its full discretion not to pay and, in the circumstances outlined below, must not pay, all or some of the interest falling due on the Additional Tier 1 Notes on any Interest Payment Date. Any interest not so paid on any such Interest Payment Date shall be cancelled and shall no longer be due and payable by the Bank. A cancellation of interest pursuant to Condition 6.7 of the terms and conditions of the Notes does not constitute a default under the Additional Tier 1 Notes for any purpose.

Further, pursuant to Condition 6.7 of the terms and conditions of the Notes, the Bank may only pay interest on the Additional Tier 1 Notes to the extent that such payment of interest is permitted to be paid under the RBI Guidelines. Where the current year's profits are not sufficient and such payment needs to be made out of revenue reserves, such payments are subject to the Bank meeting its minimum regulatory capital requirements at all times including the requirements of capital buffer frameworks (i.e. capital conservation buffer, countercyclical capital buffer and Domestic Systemically Important buffers) as set out in the RBI Guidelines. A failure to meet these requirements will result in a mandatory cancellation of interest payments.

Condition 6.7 of the Terms and Conditions of the Notes sets out the circumstances in which the Bank is required to cancel interest payments on Additional Tier 1 Notes pursuant to the RBI Guidelines. Investors should be aware that any change to the RBI Guidelines requiring the Bank to cancel interest payments in other or additional circumstances could be complied with by the Bank through its general discretion to cancel interest payments under Condition 6.7.

In addition, if the Bank's total Common Equity Tier 1 capital does not exceed the amount required to fulfil its capital buffer requirement (including the capital conservation buffer and any countercyclical capital buffer and D-SIBs buffer), the Bank will be required to conserve a percentage of its earnings (including through cancellation of interest payments on Tier 1 capital instruments such as the Additional Tier 1 Notes) in accordance with the following table:

	As of March 31			
Minimum Capital Adequacy Ratios (%)	**2018**	**2019**	**2020**	**2021**
Common Equity Tier 1 (CET 1)	5.50	5.50	5.50	5.50
Capital Conservation Buffer (CCB)............	1.875	1.875	1.875	1.875
D-SIB..	0.45	0.45	0.60	0.60
Minimum CET 1 + CCB + D-SIB	7.825	7.825	7.975	7.975
Minimum Tier I Capital..............................	7.00	7.00	7.00	7.00
Minimum Tier I Capital + CCB + D-SIB	9.325	9.325	9.475	9.475
Minimum Total Capital	9.00	9.00	9.00	9.00
Minimum Total Capital + CCB + D-SIB.....	11.325	11.325	11.475	11.475

Note:

The applicable rate on the Bank is 0.30%, 0.45%, 0.45% and 0.60%, as of March 31, 2018, 2019, 2020 and 2021.

Any actual or anticipated cancellation of interest on the Additional Tier 1 Notes will likely have an adverse effect on the market price of Additional Tier 1 Notes. In addition, as a result of the interest cancellation provisions of the Additional Tier 1 Notes, the market price of the Additional Tier 1 Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Bank's financial condition.

The Additional Tier 1 Notes have no fixed maturity date and investors have no right to call for redemption of the Additional Tier 1 Notes.

The Additional Tier 1 Notes are perpetual unless the Bank elects to redeem the Additional Tier 1 Notes to the extent allowed by the Terms and Conditions of the Notes, the applicable pricing supplement and the applicable RBI Guidelines. Accordingly, the Additional Tier 1 Notes have no fixed final redemption date. In addition, holders of the Additional Tier 1 Notes have no right to call for the redemption of the Additional Tier 1 Notes. Although the Bank may redeem the Additional Tier 1 Notes at its option on the Optional Redemption Date or at any time following the occurrence of certain tax and regulatory events, there are limitations on redemption of the Additional Tier 1 Notes, including obtaining the prior written approval of the RBI and satisfaction of any conditions that the RBI and other relevant Indian authorities may impose at the time of such approval. During any period when the Bank may elect to redeem or vary the terms of the Additional Tier 1 Notes, the market value of the Additional Tier 1 Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. As such, the optional redemption feature that the Bank has upon the occurrence of certain tax and regulatory events prior to the first Optional Redemption Date may result in the Additional Tier 1 Notes not being redeemed at their market value.

There is no assurance that the holders of the Additional Tier 1 Notes will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Additional Tier 1 Notes. During any period when the Bank may redeem the Additional Tier 1 Notes, the market value of the Additional Tier 1 Notes generally will not rise substantially above the Early Redemption Amount (as defined in the Conditions) payable. Potential investors should consider re-investment risk in light of other investments available at that time.

Investors will have limited rights under the Additional Tier 1 Notes.

Holders of the Additional Tier 1 Notes will not be entitled to receive notice of, or attend or vote at, any meeting of shareholders of the Bank or participate in the management of the Bank, except in limited circumstances (including certain instances of failure by the Bank to make payments of amounts due in relation to the Additional Tier 1 Notes). In the event of a default in payment on the Additional Tier 1 Notes, investors will have no right to accelerate payments on the Additional Tier 1 Notes, except if a court order is made or an effective resolution is passed for the winding up of the Bank.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks".

Interest rates and indices which are deemed to be 'benchmarks' (including but not limited to LIBOR and EURIBOR) are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On July 27, 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (or at all) (the "**FCA Announcement**") and, on July 12, 2018, announced that the LIBOR benchmark may cease to be a regulated benchmark under the Benchmark Regulation. Such announcements indicate that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Subsequent speeches by the Chief Executive of the FCA and other FCA officials emphasized that market participants should not rely on the continued publication of LIBOR after the end of 2021. Furthermore, on March 5, 2021, the FCA announced that: (i) the publication of 24 LIBOR settings (as detailed in the FCA announcement) will cease immediately after December 31, 2021, (ii) the publication of the overnight and 12-month U.S. dollar LIBOR settings will cease immediately after June 30, 2023, (iii) immediately after December 31, 2021, the 1-month, 3-month and 6-month sterling LIBOR settings will no longer be representative of the underlying market and economic reality that they are intended to measure and representativeness will not be restored (and the FCA will consult on requiring the ICE Benchmark Administration Limited (the "**IBA**") to continue to publish these settings on a synthetic basis, which will no longer be representative of the underlying market and economic reality they are intended to measure, for a further period after end 2021), and (iv) immediately after June 30, 2023, the 1-month, 3-month and 6-month U.S. dollar LIBOR settings will no longer be representative of the underlying market and economic reality that they are intended to measure and representativeness will not be restored (and the FCA will consider the case for using its proposed powers to require IBA to continue publishing these settings on a synthetic basis, which will no longer be representative of the underlying market and economic reality they are intended to measure, for a further period after end June 2023).

It is not possible to predict with certainty whether, and to what extent, LIBOR, EURIBOR and/or other benchmark rates will continue to be supported going forwards. This may cause LIBOR, EURIBOR and/or other benchmark rates to perform differently than they have done in the past and may have other consequences which cannot be predicted. The elimination of any benchmarks, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark, (ii) trigger changes in the rules or methodologies used in the benchmark; or (iii) lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark”.

DESCRIPTION OF THE BANK

Overview

The Bank is India's largest bank, with 22,219 branches in India, 229 international offices in 31 countries and more than 459 million customer accounts as of March 31, 2021. The Group had deposits, advances and a total assets base of Rs. 37,153.31 billion, Rs. 25,005.99 billion and Rs. 48,456.19 billion, respectively, as of March 31, 2021, the largest by each measure among banking institutions in India. As of March 31, 2021, the Bank's market share of aggregate deposits was 23.29%, and the Bank's market share of domestic advances was 19.77%, among all RBI-scheduled commercial banks in India, based on the RBI data.

The Government of India is the majority shareholder of the Bank, owning 56.92% of the Bank's issued shares as at March 31, 2021. The Bank's shares are listed on the Bombay Stock Exchange ("**BSE**") and the National Stock Exchange of India ("**NSE**") and its global depositary receipts are listed on the London Stock Exchange. As of March 31, 2021, the Bank had a market capitalization of approximately Rs. 3,251.24 billion.

The Bank organizes its client relationships, marketing and product development, as well as non-customer facing activities, through its principal business groups. The Bank's business groups are as follows:

- The Corporate Accounts Group, which provides corporate banking services to corporations and institutions based on quality (external or internal rating) of the account, the potential to do business, and the client's reputation or strategic importance, to focus on the highest priority and quality individual and group relationships with differentiated coverage.

- The Commercial Clients Group, which provides corporate banking services to corporations and institutions other than having relationship with Corporate Accounts Group and enjoying credit facilities of more than Rs. 0.5 billion.

- The Retail and Digital Banking Group services the Bank's personal banking customers in urban, metropolitan, rural and semi-urban areas, small-scale industries, including state-owned enterprises, and corporate customers which are not serviced by either the Corporate Accounts Group or the Commercial Clients Group. The Retail and Digital Banking Group also provides financial services to the Government and state governments.

- The International Banking Group, which through its international branches, subsidiaries, representative offices and joint ventures, provides a range of international banking services to Indian and foreign companies with operations within and outside India, non-resident Indians in international markets, as well as the local population in such jurisdictions.

- The Global Markets Unit, which is responsible for the Bank's treasury functions, managing domestic liquidity, its investment portfolio and foreign currency exposure. The Global Markets Unit also provides foreign exchange and risk hedging derivative products.

- The Stressed Assets Resolution Group, which is responsible for managing the Bank's NPAs in accordance with the Bank's credit policy and procedures committee's policies, including managing the feasibility of restructuring of debt.

The range of products and services offered by the Bank includes loans, advances and deposits (both retail and wholesale), foreign exchange and derivatives products, retail lending and deposits, fee-and commission-based products and services, as well as alternative payment products. The Bank is also present, through its subsidiaries and joint ventures, in diverse segments of the Indian financial sector, including asset management, investment banking, factoring and commercial services, treasury operations, credit cards, payment services, life insurance and general insurance. See "— *Subsidiaries and Joint Ventures in India — Non-Bank Subsidiaries and Joint Ventures*."

The Group comprises both banking and non-banking operations. Banking operations are the largest part of the Group in terms of total assets and net profit, representing 94.14% of the Group's total assets as of March 31, 2021. The Group also conducts operations outside India, both through branches operated by the Bank's International Banking Group and through subsidiaries, associates, joint ventures and investments outside India.

For fiscal year 2021, the Group's net profit amounted to Rs 224 billion, which was an increase of Rs 26 from Rs. 198 billion for fiscal year 2020.

The Bank paid a dividend of Rs 4 per share for the year ended March 31, 2021. The Bank did not pay dividends for the years ended March 31, 2020 and 2019.

Recent Developments

Impact of COVID-19

The ongoing spread of COVID-19 since early 2020 has created significant increase in volatility in the capital and commodities markets, and asset commodity prices, uncertainty in the global economy with fears of a global recession. Domestically, India has moderated its growth to -7.3% in fiscal year 2021, with the lockdown impairing economic activity since the last quarter of fiscal year 2020. Due to the ongoing vaccination program, India will likely witness growth in the fiscal year 2022, despite the second wave of the pandemic interrupting economic activities in the first quarter of fiscal year 2022. The Bank is confident in its durability given its strong liability franchise. The Bank will continue to closely monitor the progression of the pandemic, evaluate and proactively assess and respond to its impact on the Bank's financial position and operating results.

The ongoing spread of COVID-19 across the globe has resulted in a decline in economic activity and an increase in volatility in financial markets. The major challenges for the Bank arise from extended working capital cycles and declining cash flows. As the situation remains uncertain, the Bank has proactively introduced measures to mitigate the stress from the macroeconomic environment. The RBI had pursuant to circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 and circular DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 (together referred to as "**COVID-19 Regulatory Package**") announced measures to mitigate the burden of debt servicing brought about by disruptions caused on account of COVID-19. Amongst various measures announced to mitigate the economic impact from COVID-19 pandemic, the COVID-19 Regulatory Package allows lending institutions to offer a moratorium to customers on payment of instalments in respect of various types of term loans falling due between March 1, 2020 and August 31, 2020. In accordance with the COVID-19 Regulatory Package, the Bank has granted a moratorium on payment of instalments and/or interest, as applicable for accounts falling due between March 1, 2020 and August 31, 2020 to eligible borrowers classified as standard, even if overdue as on February 29, 2020, without treating the same as restructuring.

During fiscal year 2021, the Bank made an additional provision of Rs. 51.74 billion on COVID-19 related accounts. Accordingly, the total provision made by the Bank on COVID-19 related accounts as of March 31, 2021, stood at Rs. 63.46 billion. The Bank's decision to make this provision is based on historical experience, collection efficiencies post completion of moratorium period provided by the Government, related schemes by the Government and an internal assessment of factors on account of the COVID-19 pandemic. While the Bank's management is continuously monitoring the situation and the economic factors affecting the operations of the Bank, the actual impact may vary due to prevailing uncertainty caused by the COVID-19 pandemic. Furthermore, for fiscal year 2021, though the Bank's asset quality outcomes have been better than expectations, due to the limited information available currently, the Bank is not able to quantify the full impact of the containment measures related to COVID-19 on its financials. In the event that the containment measures have a significant adverse impact on the economic health of the Bank's customers in particular and the economy in general, the Bank's future prospects, profitability and results of operations may in turn be negatively impacted. Depending on the duration of the pandemic, impact on the global and domestic economy, containment progress and implementation of relevant control policies, the outbreak may materially and adversely affect the Bank's business, financial condition and results of operations. Please also refer to the following risk factor in the section "*Investment Considerations — Risks Relating to the Bank's Business — The outbreak, or threatened outbreak, of any severe communicable disease or any other serious public health concerns in Asia, such as the ongoing COVID-19 pandemic, could have a material adverse effect on the Bank's business, financial condition and results of operations.*"

In response to the COVID-19, the Bank took multiple actions, such as the following:

- Procuring personal protective equipment kits for healthcare professionals in government hospitals and the police force. Providing dry ration kits, food packets or freshly cooked meals to vulnerable women, migrant workers, daily wage earners, individuals and families who were stranded due to the ongoing nation-wide lockdown;
- *Project ECHO*: Partnering with ECHO India for training and mentoring healthcare providers across various states in India. ECHO India in association with its government and non-government partners has successfully trained more than 326,343 participants on prevention and management of COVID-19;
- *Research and development projects to combat COVID-19*: The Bank has through its SBI Foundation ("**SBI Foundation**"), a non-profit company incorporated under Section 7(2) of the Companies Act, 2013, funded two projects through Indian Institute of Science to combat the COVID-19 pandemic in India;
- *Project Praana – Electro-Mechanical Ventilator Design*: Project Praana aims to design an electro-mechanical ventilator with locally available components so that the production of the ventilators can be rapidly scaled up. The Bank was instrumental in developing the laboratory-grade prototype of an electro-mechanical ventilator based on the novel ventilator design;
- *Mobile Molecular Diagnostics and Testing Lab*: Through the SBI Foundation, the Bank has supported the design and development of the internal infrastructure of two mobile vans as per the approved design for the mobile diagnostic labs;
- *India Health Alliance*: Through SBI Foundation, the Bank launched India Health Alliance, a collaborative healthcare program to support the Government in its efforts to combat current and future healthcare challenges in India.

History

The origins of the State Bank of India date back to the establishment of the Bank of Calcutta (later renamed the Bank of Bengal) in 1806. The Bank of Bombay was created in 1840 and the Bank of Madras in 1843. These three banks catered mainly to the needs of the mercantile community and pioneered modern banking in India. In 1876, the Government transferred its shareholding in the three banks to private shareholders. However, the Government retained controlling powers over the banks' functioning and constitution. In 1921, the three banks were merged by an Act of the legislature to form the Imperial Bank of India. On July 1, 1955, the Imperial Bank of India was nationalized and the Bank was constituted under the State Bank of India Act 1955 ("**SBI Act**") with the RBI holding 92.0% of its share capital.

The Bank's original mandate was to spread banking facilities on a large scale and make credit more readily available in India, especially in rural and semi-urban areas. In compliance with its mandate, the Bank expanded its network of 480 offices by opening over 400 new branches within five years, and continued the rapid expansion. Over the subsequent decades, the Bank has become India's largest bank, with 22,219 branches in India, 229 international offices in 31 countries and more than 459 million customer accounts as of March 31, 2021. As of the date of this Offering Circular, the Bank competes in all major banking sectors while still fulfilling its original mandate.

In accordance with Government directives, the Bank introduced liberalized lending facilities to small-scale industries, small businesses and the agricultural sector, which later evolved into the RBI's priority sector lending program applicable to all banks in India.

Under the SBI Act, the Government or government agencies are required to maintain majority ownership of the Bank. See "*Regulation and Supervision — Statutory Framework*." In fiscal year 1994, in compliance with regulatory reforms, the Bank completed a public offering. The RBI's holding was transferred to the Government in June 2007.

Competitive Strengths

The following core competitive strengths have historically contributed to the Bank's success and record of growth and the Bank believes that these strengths will continue to do so in the future:

Relationship with the Government, state governments and state-owned enterprises

As of the date of this Offering Circular, the Government owns 56.92% of the Bank. Historically, the Bank has enjoyed support from the Government including capital injections and preferential access to Government business. Since March 30, 2015, the Government has made the following contributions of equity capital: On April 1, 2015, September 30, 2015 and January 20, 2017, the Government injected Rs. 29.7 billion, Rs. 53.9 billion and Rs. 56.8 billion, respectively, through preferential allotment of equity shares. On June 12, 2017, the Bank offered equity shares to qualified institutional investors amounting to Rs. 150.0 billion and in May 2018, the Bank had made a preferential allotment of Rs. 88.0 billion of equity shares to the Government. The Bank believes its strong relationships with both the Government and state governments are key factors driving asset growth and providing a stable source of business. The Government generates significant business activity in the economy. For the year ended March 31, 2021, 2020 and 2019, the Bank's turnover from Government business was Rs 50,774.5 billion, Rs. 52,626.4 billion and Rs. 57,479.9 billion, respectively. For the year ended March 31, 2021, for the year ended March 31, 2020 and for the year ended March 31, 2019, the Bank earned commissions from Government transactions of Rs 36.2 billion, Rs. 37.4 billion and Rs. 39.7 billion, respectively, or 8.3%, 8.3% and 10.8%, respectively, of the Bank's other (non-interest) income. For fiscal year 2021, the Bank's market share of Government business based on the Government commission, was approximately 80% including such transactions as handling payment and receipts for both the Government and state governments.

In many instances, the Bank acts as the sole agent for certain Government transactions. The Bank acts as the RBI's agent for certain banking businesses of the Government and state governments. The Bank also handles payment functions of the Government through its branches, including salary and pension payments and expenditure payments of various ministries. The Bank believes that this relationship with the Government is instrumental in attracting new customers. In addition, the Bank handles a significant portion of the banking requirements for India's public sector enterprises ("**PSEs**"), including administering payments and loans to employees and offering life insurance and pension plans. As of March 31, 2021, the total net advances to PSEs in India were Rs. 2,572.41 billion. SBI Pension Fund is one of a select few entities in India with a mandate from the Pension Fund Regulatory and Development Authority to hold pension funds for the benefit of Government employees. The Bank is also the designated exclusive refund bank for the Income Tax Department of India to handle income tax refunds.

Well-known brand with the largest branch and ATM network in India and extensive portfolio of products and services

With over 65 years of operations in India, the Bank believes that it has the country's best-known banking brand. The Bank is India's largest bank, with 22,219 branches in India, 229 international offices in 31 countries and more than 459 million customer accounts as of March 31, 2021. The Bank also has the largest ATM network in India with 62,617 ATMs (including Automated Deposit and Withdrawal Machines ("**ADWMs**")) as of March 31, 2021. The Bank also had deposits, advances and a total assets base of Rs. 36,812.8 billion, Rs. 24,495.0 billion and Rs. 45,344.3 billion, respectively, as of March 31, 2021, which was the largest by each measure among banking institutions in India. As a result of its unparalleled position in India, the Bank has a leading market position in several of its business segments, including deposits and advances, foreign exchange trading, loan funding (education loans, home loans and auto-loans), credit cards and payment services. The Bank believes it is India's leading provider of education loans, home loans and car loans.

The Bank's extensive branch and ATM network allows it to provide banking services to a large and growing customer base, including large corporations, institutions and state-owned enterprises, as well as commercial, agricultural, industrial and retail customers throughout India. The assets of the Bank are diversified across business segments, industries and groups, which gives the Bank stability. Moreover, the Bank offers a full range of banking products and services, including short-term and long-term deposits, secured and unsecured loans, internet banking, mobile banking, credit cards, life insurance, merchant banking, agricultural and micro-finance banking products and project finance loans. The Bank is also the sponsoring bank for DBTL transactions, a program launched by the Government for effecting direct transfers of entitlements to LPG subsidies. As a result of its extensive network and product offerings, the Bank is able to meet the full range of its customers' banking needs throughout India. In addition, the Bank's comprehensive product and service offerings provide the Bank with numerous opportunities for cross-selling. Finally, the Bank is increasing its emphasis on a relationship management model in order to provide more tailored products and services, especially for its key corporate and mid-corporate customers.

The Bank continues to enhance its brand by making significant investments in the products and services it offers to its customers in and outside of India through a process of regular review of the Bank's operations and processes with a view to updating the Bank's technology, accommodating customer preferences and adjusting to market demands. It has undertaken a business process re-engineering initiative designed to enhance the sales and service at its branches. The Bank believes this initiative has resulted in an increased ability to acquire new customers, build stronger relationships with existing customers and provide customers with the highest quality of service across multiple delivery channels in the shortest time possible. The Bank has created product/customer-focused sales forces to aggressively promote the Bank's products so as to increase market penetration, strengthened low-cost alternative channels and redesigned key processes in important areas such as retail, corporate and international banking. See "— *Business Process Review*."

Strong deposit base providing stable and low-cost funding

The Bank believes that its large distribution network enables it to provide convenient services to a broad customer base across India. The Bank has the largest deposit base among all commercial banks in India, amounting to Rs. 32,416.2 billion as of March 31, 2021, representing a market share of approximately 23.29% of aggregate deposits among all RBI-scheduled commercial banks, according to RBI data. The Bank also has a large and growing percentage of relatively low-cost current and savings account ("**CASA**") deposits within its deposit mix, with the ratio of CASA deposits to its total deposits as of March 31, 2021 standing at 46.13%. For the year ended March 31, 2021, the Bank's average cost of domestic deposits was 4.20%, which was an increase of 74 basis point compared to the year ended March 31, 2020.

Regularly enhanced risk management and internal control functions

The Bank regularly strengthens its risk management and internal control capabilities by improving its policies and procedures and introducing advanced risk management tools, including IT-enabled credit risk modeling, industry studies, risk analytics, value-at-risk limitation, risk mitigation and validation procedures. The Bank has adopted an independent risk management system, which addresses the risks faced in all of its banking activities, including several board-level risk management committees under the Risk Management Committee of the Board, several independent risk management departments, such as Enterprise, Operational, Credit, Market and IT Risk Management departments, and established procedures for reporting risk-focused data to the relevant board-level committees. The independent risk management system seeks to identify and manage risks such as credit, market, operational and IT related risks at the Bank's business group level, using technology to allow each business group to manage its risks effectively and within the Bank's policies.

The Bank has maintained adequate capital reserves in accordance with Basel II since March 31, 2008 and has also maintained Basel III compliant measures since April 1, 2013. The Bank has implemented new credit risk assessment models, independent validation of internal ratings and new IT applications to improve the quality of loan data. The Bank conducts regular stress tests which are forward-looking economic assessments of the Bank's financial health, based on a number of economic scenarios and will take remedial measures, if necessary, depending on the outcome of the tests. The Bank also has a limitation framework in place for its trading and investment portfolio, including monitoring and reporting procedures. See "*Risk Management*."

Strong financial performance and stable capital position

The Bank has been able to maintain its strong financial performance as reflected in its performance ratios, such as a net interest margin of 3.04%, 2.97% and 2.78% for fiscal years 2021, 2020 and 2019, respectively. The Bank's financial strength is also reflected in its ability to diversify its revenue streams from its non-banking businesses. The Bank's non-interest income, including income from fees and commissions, has risen steadily over the last three fiscal years. The Group's Tier I capital adequacy ratio was 11.44%, 11.0% and 10.65% as of March 31, 2021, 2020 and 2019, respectively. The Group's capital position, as measured by its overall capital adequacy ratios was 13.74%, 13.06% and 12.72% as of March 31, 2021, 2020 and 2019, respectively. All ratios exceeded the mandatory minimum ratio of 11.475%, which positions the Bank to take advantage of growth opportunities in the market.

Experienced management team

The Bank has an experienced management team staffed with a significant concentration of career banking professionals. The Bank's central management committee members have on average more than 30 years of banking and financial experience. The rest of the senior management team has expertise in key areas, including retail, corporate and international banking. The management team's extensive and diverse expertise provides the Bank with a broad perspective from which it can make strategic management and operational decisions. The Bank believes that its management team has created a clear, strategic direction for the Bank that will allow it to expand and maintain its position as the leading bank in India.

Strategy

The Bank's strategy is to enhance its position as the largest and leading provider of banking and other financial services in India, while remaining focused on its profitability. The Bank plans to execute this strategy in the following ways:

Continue expansion of the Bank's distribution network and banking products

The Bank intends to increase revenues generated from its banking business by expanding its distribution network, growing its customer base and diversifying its banking product mix. The Bank intends to use its strong financial position to take advantage of increasing growth opportunities within and outside of India, recruiting new employees, opening new branches and establishing new ATMs. The Bank plans to increase its effort to cross-sell a wide variety of banking products across its business groups and through numerous distribution channels, while also expanding its banking product offerings. The Bank is also pursuing strategic relationships with businesses and government departments to provide finance products to their employees and customers. In addition, the Bank is expanding into the more rural areas of India where growth potential is significant. The Bank also intends to grow its business through further overseas expansion to meet the growing needs of Indian corporations operating overseas and non-resident Indians living abroad.

Diversify revenue mix by increasing the Bank's non-banking products and businesses

The Bank plans to further diversify its revenues by expanding its products and service offerings, particularly its fee- and commission-based products and businesses, including:

- financial planning and advisory services;
- online securities trading;
- general insurance services;
- inward and outward remittances;
- private equity and venture capital;
- merchant banking;
- custodial services; and
- pension fund management.

Increase cost consciousness by optimization of resources

The Bank aims to improve its productivity by creating a culture of cost control and cost consciousness within the organization. To achieve this, the Bank aims to optimize allocation and utilization of resources, with an efficient balance between people, processes and technology. The Bank also plans to redeploy staff from administrative roles to customer facing units with a view to improve revenues and decrease costs. The Bank has engaged HR consultants to develop an operations model to assess staffing levels and determine the appropriate incumbency required in branches and administrative offices. The Bank has also shifted the Management Information System ("**MIS**") and other reporting functions to a centralized back office with a view to increasing the cost efficiency of the organization.

Utilize technology to enhance delivery of banking products and services

The Bank is committed to its ongoing effort to deploy new technology to maximize efficiency in its operations and expand the modes of delivery of its services, enabling it to increase penetration into existing customer segments. To achieve this, the Bank has migrated all of its branches to the core banking application platform and expanded its ATM and internet banking networks. The Bank also plans to continue offering an expanding suite of mobile banking, debit and prepaid card services to its customers and to continue investing in payment systems to make them more robust and efficient. See "— *Information Technology Systems and Infrastructure*."

Continue to strengthen the Bank's risk management and internal control capabilities

The Bank plans to continue enhancing its risk management and internal control capabilities, leveraging new or upgraded IT systems where appropriate, in order to ensure a sound governance structure, independent credit risk management system and strong risk management culture shared by all employees. The Bank continues to implement Basel II and Basel III guidelines by applying advanced risk management tools and by continuously enhancing the Bank's risk identification, measurement, monitoring and control capabilities. The Bank regularly examines its internal control policies and procedures to enhance the effectiveness of the entire internal control system. For example, in order to improve the Bank's internal control capabilities, the Bank established a board-level committee to develop a plan to improve the Bank's culture of compliance with internal procedures, including enhancing the role of IT in monitoring compliance and reducing non-compliance.

Attract and develop talented and experienced professionals

The Bank plans to recruit, retain, motivate and develop talented and experienced professionals in a number of ways, including providing extensive on-the-job and classroom training, offering a variety of placement choices, including overseas posts and offering expeditious promotion opportunities to high-potential candidates as part of the Bank's growth plan and business needs. The Bank has created an internal social media platform on which employees can interact with senior management to provide suggestions and feedback, thereby enhancing employee engagement. The Bank's other initiatives, including its e-learning platform and other social media initiatives, have also enabled it to effectively increase its interaction with its employees.

Focus on asset quality and reduction in NPA levels

The Bank aims to increase its focus on asset quality and reduce the NPA levels of the Bank. The Bank has recently put in place administrative structures to enable more effective follow-up and resolution of impaired assets. The Bank plans to adhere to a system of specific account by account solution for the resolution of NPAs. The Bank is setting up early warning signals systems for capturing internal triggers and external events in that indicate a risk of loans becoming non-performing in a timely manner. The Bank has deployed specialized officials such as law officers and officers with recovery skills wherever necessary as well as organized recovery camps at rural and semi-urban centers to enable quick cash recoveries of the Bank's NPAs. In cases where "soft" recovery measures such as tele-calling and sending recovery notices are ineffective, the Bank has initiated legal action. The Bank's policy is to take action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act 2002 ("**SARFAESI Act**") promptly to recover the dues by sale of secured assets. The Bank appoints and closely monitors resolution agents for quick enforcement of security.

Business Groups

The Bank organizes its client relationships, marketing and product development, as well as non-customer facing activities, through its principal business groups. The Bank's principal business groups are as follows:

- The *Corporate Accounts Group* provides corporate banking services to many of India's largest and most prominent corporations and institutions, including state-owned enterprises. The Corporate Accounts Group caters to customers with on annual turnover of over Rs. 5.0 billion.

- The *Commercial Client Group* ("**CCG**") came into existence with effect from June 1, 2018. This Business unit caters to all corporate banking relationships apart from CAG relationships with exposures greater than Rs. 500.0 million.

- The *Retail and Digital Banking Group* services the Bank's personal banking customers in urban, metropolitan, rural and semi-urban areas, small-scale industries, including state-owned enterprises, and corporate customers which are not serviced by either the Corporate Accounts

Group or the Commercial Clients Group. The Retail and Digital Banking Group also provides financial services to the Government and state governments.

- The *International Banking Group*, through its international branches, subsidiaries, representative offices and joint ventures provides a range of international banking services to Indian and foreign companies with operations within and outside India, non-resident Indians ("**NRIs**") in international markets as well as the local population in such jurisdictions.
- The *Global Markets Unit* operates the Bank's treasury functions, managing domestic liquidity, its investment portfolio and foreign currency exposure. Global Markets also enters into foreign exchange and risk hedging derivative products on behalf of the Bank's customers.
- The *Stressed Assets Resolution Group* is responsible for managing the Bank's NPAs in accordance with the Bank's credit policy and procedures committee's policies, including managing the feasibility of restructuring of debt.

The Bank's administrative services and management, including risk management, IT, inspection and audit, legal and human resources functions are common to all of its principal business groups. Within the Retail and Digital Banking Group, which accounts for the largest number of the Bank's branches, these common services are organized on the basis of administrative units, referred to within the Bank as "circles," "networks," "administrative zonal offices" and "branches." Circles are the largest administrative unit and constitute 16 geographic regions covering the entire country. Networks are the next largest administrative unit; each circle administers two or three networks. Each network administers five or six administrative zonal offices. Each administrative zonal office administers approximately 100 to 300 branches. Depending on the size of the administrative units under it, a network may cover up to 600 branches and a circle may cover up to 1,200 branches. The Bank is re-aligning its administrative structure to improve oversight and increase recovery rates for non-performing loans, including reducing the number of branches administered by one regional manager from 60 to 40.

The risk management department has operational risk managers and risk raters located at each circle's headquarters, as well as risk raters within the Commercial Clients Group (who also serve the Corporate Accounts Group) and the International Banking Group. The IT department provides support to all business groups. A senior officer responsible for IT coordination across the Group sits at the Bank's corporate headquarters to prioritize and coordinate IT-related issues among the various business groups, human resources and industrial relations.

Corporate Accounts Group

The Corporate Accounts Group provides corporate banking services to many of India's largest and most prominent corporations and institutions, including state-owned enterprises, and offers fund-based and non-fund-based lending products, fee- and commission-based products and services, deposits, foreign exchange services and derivatives. Each customer is assigned a relationship manager, who serves as a single point of contact for all of the customer's financial service requirements, including loan products, deposit accounts, international funding for cross-border transactions and interest rate and foreign exchange hedging products. As of March 31, 2021, 2020 and 2019, the value of the Bank's portfolio (including fund-based and non-fund based exposure with CAG) of large corporate loans was Rs 5,428.81 billion, Rs. 5,372.44 billion and Rs. 5,362.53 billion, respectively.

The Corporate Accounts Group is a dedicated strategic business unit of the Bank handling the portfolio of 'high value credit' with a specialized and efficient delivery platform. The Corporate Accounts Group strategic business unit has 4 specialized branches headed by General Managers located in Mumbai, Delhi and Chennai.

As of March 31, 2021, total outstanding loans to customers of the Corporate Accounts Group were Rs. 1,814.72 billion in respect of fund-based products and Rs. 3,614.09 billion in respect of non-fund based products.

In the Bank, the Corporate Accounts Group is a one stop shop which provides a wide range of financial products and services, exclusively to top rated corporates including their foreign associates and subsidiaries.

The business model of the Corporate Accounts Group is based on the relationship management concept and each client/business group is mapped to a relationship manager who spearheads a cross-functional client service team consisting of highly skilled credit and operations functionaries.

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

Apart from a variety of core credit products, the Corporate Accounts Group offers various customer specific products such as cash management products, treasury and forex products and merchant banking products in association with other the Corporate Accounts Groups and subsidiaries of the Bank such as SBI Capital Markets Ltd. and SBI Gilts Ltd. ("**SBI GILTS**").

Client service teams at the branches of the Corporate Accounts Group help customers in selection and delivery of a wide variety of products/services offered by the Bank's associates and subsidiaries as listed below:

- For capital market requirements — SBI Capital Markets Ltd.
- For treasury and investments — SBI GILTS and SBI SECURITIES
- For investments — SBI Mutual Fund Ltd.
- For general & life insurance — SBI General Insurance Co. Ltd & SBI Life Insurance Co. Ltd
- For receivables factoring — SBI Global Factors Ltd.

To align with the changing banking landscape, the Bank has created two specialized business units vertically within the business of the Corporate Accounts Group:

- Credit Light Group - for looking at 360° banking requirements of customers, especially in credit light sectors such as the pharmaceutical, fast-moving consumer goods, IT and automobile industries.
- Financial and Institutional Group - to address credit and transactional banking requirements of financial institutions such as insurance companies, brokerage firms, banks (private and foreign) and mutual funds.

Major top corporates of the country and Navratna PSUs are esteemed customers of the Corporate Accounts Group's business vertically.

Other Corporate Banking Services

The Bank also offers loan syndication, corporate cash management, trade finance and funds transfer and settlement services to Corporate Accounts Group customers.

Loan Syndication

Through its subsidiary, SBI Capital Markets Ltd., the Bank has developed significant syndication capabilities, structuring and arranging the syndication of large financial transactions. During fiscal year ended March 31, 2021, SBI Capital Markets Ltd. arranged the syndication of over Rs. 1,420 billion of loans.

The Bank seeks to leverage these syndication capabilities to arrange project and corporate finance for its corporate customers and earn fee income. The Bank also seeks to increase its advisory business with respect to mergers and acquisitions, infrastructure projects and securitization. By leveraging the experience of SBI Capital Markets Ltd. and the extensive customer relationships of the Bank, this strategic relationship has made a significant contribution to the Bank's ability to cross-sell the products and services of its various business groups and subsidiaries.

Corporate Cash Management

The Bank provides cash management services to corporate customers under the brand name "SBI FAST Plus", which stands for "funds available in shortest time." As of March 31, 2021, more than 9,000 corporate customers and 10 Central/State Governments across India have been on-boarded on the portal. The services aim to reduce costs and provide profit opportunities for the Bank's customers by allowing online processing of transactions for better liquidity management. Through SBI FAST Plus, the Bank has also extended virtual account number-based collections, and mandate management modules to corporate clients. The Bank's cash management product operation center in Hyderabad provide a product range of collections, payments, liquidity management, mandates processing, printing bulk checks, and drafts and agency services.

All of the Bank's branches in India are equipped to provide quick, time-sensitive bulk payments to any beneficiary in India on behalf of the Bank's corporate customers.

Trade Finance

Trade finance services offered by the Corporate Accounts Group include the issuance and advising of domestic and foreign letters of credit, the confirmation of export letters of credit, the issuance of guarantees on behalf of domestic customers in favor of domestic and foreign beneficiaries, and on behalf of foreign correspondent banks to beneficiaries in India, domestic and foreign bill discounting against letter of credit as well as non-letter of credit bills and similar services.

The Bank trade finance services include an IT-driven supply chain financing product developed by the Retail and Digital Banking Group. The Bank expects that supply chain financing will enable it to leverage its links with major existing corporate customers to offer the financing services of small- and medium-sized vendors and dealers to such major customers. The target vendors would typically be SMEs or members of small-scale industries that are typically, although not exclusively, customers of the Bank. Supply chain financing is being marketed to corporations for use by their vendors. It is anticipated that this activity will bring into the Bank a number of new vendors who serve the mid-corporate and SME segments. See "*—Retail and Digital Banking Group — Small and Medium-Sized Enterprises*."

The Bank operates a centralized trade finance solutions platform, EximBills Enterprise, which has been customized and extended across all of the Bank's branches conducting trade finance activities. EximBills Enterprise automates the full range of trade finance activities from document preparation, calculation of commissions and foreign exchange to accounting, the generation of SWIFT messages and report management. The application supports a wide range of trade finance functions, such as letters of credit, bank guarantees, bills, pre-shipment and post-shipment credit, forward contracts, shipping guarantees and standby letters of credit. A web based application (e-Trade SBI) has a facility for customers to access relevant services over the internet.

EximBills Enterprise has been integrated with the core banking application and treasury applications to facilitate the seamless flow of data entered across multiple systems resulting in various benefits including multi-currency accounting, faster turnaround for clients and data integrity across systems. As of March 31, 2021, 9,141 branches (including trade finance central processing centers and their linked branches) were enabled for the Bank's EximBills Enterprise application and over 14,198 corporate customers have been provided with similar functions through Customer Enterprise applications over the internet.

Funds Transfer and Settlement

The Bank offers Real-Time Gross Settlement ("**RTGS**"), National Electronic Funds Transfer ("**NEFT**") and National Electronic Clearing Service ("**NECS**") fund transfer facilities for qualifying transactions at its branches as well as through its internet banking system. The Bank's mobile banking services also offer NEFT. NEFT and RTGS continue to be the most cost-effective and time efficient modes for remittance. The volume (number) of outward fund transfers through NEFT increased by 7.69% in fiscal year 2021 compared to that in fiscal year 2020. The volume (number) of outward fund transfers through RTGS increased by 3.34% in fiscal year 2021 compared to that in fiscal year 2020. The Bank has major share in NEFT outward remittance, with a market share of over 9.01% as of March 31, 2021 according to the RBI, and with respect to RTGS outward remittance, the Bank held a market share of over 11.72% as of March 31, 2021, according to the RBI. NEFT fund transfer transactions through the Bank's mobile banking service have also increased significantly in recent years.

Retail and Digital Banking Group

The Retail and Digital Banking Group is the largest business of the Bank with 99.45% of total branches and 98.04% of total human resource of the Bank. The Retail and Digital Banking Group has strategic business units, which is the largest branch network in India. The Bank is committed to providing excellent customer service by adapting to evolving customer preferences, particularly the younger population. There is increasing focus on enhancing convenience for customers which transforms the retail banking landscape. The Bank's customer base is steadily increasing in India. The Retail and Digital Banking Group is the most prolific segment of the Bank in terms of deposit mobilization as well as extending customized credit. The Bank continues to be the largest provider for home loans and education loans in India. The Bank continues to be at the forefront in digital banking domain with a steady stream of technology-driven innovations. It has a multi-channel delivery model which offers its customers a wide range of choice to perform transactions anywhere at any time. The Bank has increased its offerings across various channels such as digital, mobile, ATM, internet, social media and branches. YONO is the Bank's flagship mobile banking and lifestyle app which is a one-stop shop offering for financial services, investment, insurance and shopping solutions. In addition, the Bank also offers YONO Krishi, a comprehensive multi-lingual platform for customers in the agriculture segment, simplified financing solutions such as KCC Review and Agri Gold Loans, advisory, market intelligence related services such as Mitra as well as market linkage through online marketplace such as Mandi. YONO has over 79.60 million downloads and approximately 37.10 million registrations as at March 31, 2021. The Bank is committed to promote risk awareness at all levels. It also aims at constantly upgrading the appropriate security measures, including cyber security processes to ensure mitigation of various risks is properly executed.

The Retail and Digital Banking Group includes four customer-facing business groups — Personal Banking, Rural Business, SME and Government Banking. The Retail and Digital Banking Group encompasses 17 administrative circles and 1 administrative and business unit covering the Bank's branch network as of March 31, 2021.

Personal Banking

The Bank has one of the largest branches and ATM networks in India, which, as of March 31, 2021, totaled 22,219 branches, of which 7,815 were in urban and metropolitan areas and 14,409 of which were in rural and semi-urban areas. The total numbers of branches as of March 31, 2021, 2020 and 2019 were 22,219, 22,141, and 22,010, respectively.

The Bank's ATM network (including ADWMs) as of March 31, 2021, 2020, and 2019, totaled 62,617, 58,555, and 58,415, respectively. Together with its subsidiaries and joint ventures, in both the banking and non-banking sectors, the Bank offers a broad range of products and services to its retail customers, including lending products such as home finance loans, automobile finance loans, and personal loans, deposit products, such as demand deposits, term deposits and savings accounts, and credit cards.

In addition, the Bank goes beyond traditional banking services to provide access to fee- and commission-based products such as life insurance and mutual funds as well as providing services tailored to NRIs, such as money transfer services through tie-ups with companies such as Western Union and Moneygram.

The Bank has made a concerted effort to diversify its client base in various ways. In addition to the high net worth and affluent client segments, which the Bank places a high importance on, the Bank has also opened "SBI Intouch" and "SBI Intouch Lite" branches in 2015 and 2016 to attract young and tech-savvy customers. In addition, the Bank also offers a special corporate salary package to its employees consisting of enhanced products with reduced fees and charges.

Deposit products offered to personal banking customers include savings accounts, term deposit accounts and hybrid accounts that combine features of savings and term deposit accounts. The total domestic deposit base (including NRI deposits) of personal banking was approximately Rs. 25,975.43 billion, of which CASA constituted 47.07% (Rs. 12,227.04 billion) as of March 31, 2021.

The Bank's retail lending products include home, auto, education and personal loans. The Bank's retail loan portfolio (including personal, SME and agriculture) was equal to approximately 62.48% of the Bank's total domestic advances as of March 31, 2021. According to RBI data, the Bank had a 34.53% share of the home loan market, a 31.74% share of the retail auto loan market, and a 29.52% share of the education loan market (as measured by amounts outstanding) among scheduled commercial banks in India as of March 31, 2021.

- *Home Loans*. The Bank is one of the leading providers of home loans within India, in terms of aggregate amount outstanding during fiscal year 2021. As of March 31, 2021, home loans constituted approximately 57.85% of the personal banking loan portfolio of the Bank by total outstanding amounts. In addition to home loans for the purpose of construction, purchase and repair of personal residences, the Bank has introduced more sophisticated products such as reverse mortgages and home equity loans. The Bank's home loans outstanding as of March 31, 2021, 2020 and 2019 were Rs 5,037.8 billion, Rs. 4,558.7 billion and Rs. 4,003.8 billion, respectively. In particular, the Bank has recently deployed fresh resources and rolled out a quick approval process to meet the rising demand for affordable home loans. With the merger of the Bank's five associate banks into the Bank, the Bank believes it has wider channels for the marketing and sale of home loan products.

- *Auto Loans*: Auto Loans are loans for the purchase of new and used cars and utility vehicles, as well as for two-wheeled vehicles such as scooters, motorcycles and mopeds including battery operated vehicles. The Bank offers a number of auto loan products to meet the requirements of various customer segments. The retail auto loans portfolio contributes approximately 20.8% of the total retail personal loan portfolio (excluding home loans) of the Bank as of March 31, 2021. The Bank's retail auto loans outstanding as of March 31, 2021, 2020 and 2019 were Rs 763.2 billion, Rs. 726.6 billion and Rs. 718.9 billion, respectively.

- *Education Loans*: In India, the Bank is the largest provider of education loans among all scheduled commercial banks as of March 31, 2021. Education loans include targeted products such as SBI Scholar Loans, which include loans to students securing admissions in 217 elite institutions, such as the Indian Institute of Management and the Indian Institute of Technology and other reputable institutions, at concessional terms and interest rates. SBI Student Loans is another product offered by the Bank. The scheme is extended to provide financial assistance to Indian nationals for pursuing higher education in India and abroad. The maximum loan amount under the student loan schemes for each student availing such loan is Rs. 1 million for studies in

India and Rs. 2 million for studies abroad. Under the “Scholar Loan Scheme”, the maximum loan amount is up to Rs. 3.0 million. The SBI GlobalEd-vantage scheme is targeted at students going abroad for higher studies, with loan limits up to Rs. 15.0 million. The Bank also offers the “SBI Skill Loan Scheme” for vocational education and training. During fiscal year 2021, the Bank provided financial assistance to more than 47,959 students in the amount of Rs. 59.8 billion. Approximately 39% of the loans were provided to female students.

- *Personal Loans*: The Bank offers a wide range of personal loan products targeting specific customer segments or funding purposes. Major personal loan products include *Xpress Credit, SBI Pension Loans, Loans Against Deposits* and gold loans. The following table sets out the total amounts outstanding of auto loans, education loans and personal loans in the Bank’s personal banking loan portfolio as of the last three fiscal years:

	As of March 31,		
	2019	**2020**	**2021**
		(Rs. in billion)	
Auto Loans	718.9	726.6	763.2
Education Loans	207.8	228.3	235
Personal Loans	1,755.83	2,060.67	2,906.10

Deposit products offered to personal banking customers include savings, term deposit and hybrid products that combine features of savings and term deposit accounts.

In select branches, the Bank offers advisory services to assist customers to shape their lifelong financial and investment goals. A tailored suite of products comprising mutual funds, fixed deposits and insurance products is offered. The Bank plans to introduce wealth management service in a phased manner to assist high-net worth clients seeking wealth preservation and capital appreciation. The Bank offers relationship banking facilities at select branches to extend personalized service to high value customers.

NRI Banking Business

The Bank is a global Indian bank, with 229 international offices in 31 countries, covering all major time zones. As of March 31, 2021, the Bank has 366 dedicated NRI branches in India, has correspondent banking relations with 233 global banks and ties up with 50 exchange houses and six banks across the Middle East so that NRIs can enjoy “anywhere — anytime” banking facilities.

The services offered to NRIs include bank deposits, loans and remittances to investments, online equity trading, portfolio investment schemes, structured products, mutual funds and insurance. The total NRI deposit base as of March 31, 2021 was U.S.$ 31.47 billion with a market share of 22.18% based on total amount of deposit base.

Delivery Channels

The Bank is committed to offering advanced technology to its customers for their convenience. In line with this objective, delivery channels available to the Bank’s personal banking customers include the following.

<u>ATM Cards</u>

The Bank has the largest ATM network in India. The Bank operates a network of 49,380 ATM and 13,237 Automated Deposit and Withdrawal Machines as of March 31, 2021, which represents approximately 29.32%

of the total number of ATMs in India based on RBI data. Based on RBI data, the Bank transacts 34.02% of the country's total ATM transactions.

The Bank's ATMs transacted approximately Rs 10,389.87 billion, Rs. 12,033.84 billion and Rs. 12,387.0 billion of cash withdrawals in fiscal years 2021, 2020 and 2019, respectively. On average, over 11.2 million transactions per day were routed through the Bank's ATM network during fiscal year 2021. The Bank's ATM network is one of the busiest in India with an average usage rate of approximately 155 transactions per day per ATM as of March 31, 2021.

The Bank's customers can conduct a range of transactions at the Bank's ATMs, including cash withdrawals, balance enquiries, mini-statements, fund transfers, utility payments, mobile recharges, life insurance premium payments, credit card account payments, religious or charitable donations, educational fees for selected schools and colleges, mobile banking registration and SMS alerts registration.

Merchant Acquiring Business

The Bank established its Merchant Acquiring Business to enable it to realize the credit and debit card market's significant potential. To promote its point-of-sale ("**POS**") terminals and credit and debit card usage, the Bank has entered into strategic relationships with businesses in the retail trade and services sector. In September 2018, the Bank formed a subsidiary known as SBI Payment Services Private Limited ("**SBIPSPL**") with itself and Hitachi as its joint venture partner. This was done to give more thrust to its Merchant Acquiring Business and to promote digital transactions. The number of transactions undertaken through the Bank's merchant acquiring business has increased from over 540.5 million during fiscal year 2019 to 593.32 million during fiscal year 2020 and to 419.71 million during fiscal year 2021. The value of transactions increased from Rs. 1,033,783.3 million during fiscal year 2019 to approximately Rs. 1,009,948.5 million during fiscal year 2020, and to approximately Rs. 844,890.8 million during fiscal year 2021. The Bank has deployed over 747,205 terminals as of March 31, 2021 through its subsidiary SBIPSPL.

Credit Cards

SBI Cards & Payment Services Limited ("**SBICPSL**"), formerly called SBI Cards and Payment Services Private Limited is a subsidiary of the Bank wherein SBI has a 69.39% stake in it% as of March 31, 2021. SBI Business Process Management Services Private Limited was amalgamated with SBICPSL with effect from April 1, 2018 with the latter being the surviving entity. During the fourth quarter ended March 31, 2020, SBICPL did an IPO of 137,149,314 equity shares, each comprising of a fresh issue of 6,622,516 equity shares and an offer for sale of 130,526,798 equity shares. On March 16, 2020, SBICPSL was listed on BSE and National Stock Exchange of India Limited. As of March 31, 2021, SBICPSL has a total card base of over 11.8 million and with a market share of 19% in term of cards. SBICPSL posted a profit after tax of Rs. 9,850 million for fiscal year 2021. In terms of customer spending, SBICPSL had a 19.50% market share of the total credit card spending in India as of March 2021 according to RBI.

Debit Cards

The Bank continues to lead debit card issuance in India with 294.02 million debit cards outstanding as of March 31, 2021. According to the RBI, as of March 31, 2021, the Bank has the highest market share of debit card spends in India with approximately 29.23%. The Bank is the largest debit card issuer in India. For fiscal year 2021, the Bank recorded 1,188.50 million in digital transactions via debit card spending. The total spending was approximately Rs. 1,883.09 billion in fiscal year 2021.

The Bank has been actively promoting debit card usage through its various promotional campaigns.

Prepaid Cards

The Bank's Rupee prepaid cards include Gift Cards, eZ-Pay Cards, Smart Payout Cards, Achiever Cards and Foreign Travel Cards catering to various payment needs of the customers.

The Foreign Travel Card, which is now a chip-based, Europay Mastercard Visa-compliant card, is available in nine currencies: U.S. dollar, British pound sterling, euro, Canadian dollar, Australian dollar, Japanese yen, Saudi riyal, Singapore dollar and U.A.E. dirham, providing safety, security and convenience to overseas travelers. The Foreign Travel Card is issued on both VISA and MasterCard networks providing safety, security and convenience to overseas travelers. On the VISA network, it is available as a single currency card, while on the MasterCard network, it is available as a multicurrency card. The Bank has introduced corporate variants of State Bank Foreign Travel Cards ("**SBFTC**") to cater to varying needs of corporate customers. Sales from SBTFC during fiscal year 2021 were U.S.$ 19 million.

eZ-Pay Cards have been issued mostly for social benefit schemes of State and Central Governments in addition to salary payments by corporate entities. Sales from eZ-Pay Cards during fiscal year 2021 were Rs. 2,434 million.

The State Bank Gift Card is a prepaid card for customers to give as gifts to friends and family. Customers can create the State Bank Gift Cards online. The Bank also launched the Achiever Card during fiscal year 2013, which is a reloadable corporate incentive card with a validity of ten years for payments of incentives and awards. Sales from State Bank Gift Cards during fiscal year 2021 were Rs. 134 million.

IT-Based Channels

For a discussion of the Bank's telephone banking, internet banking and other IT-based products and services available to personal banking customers, see "— *Information Technology Systems and Infrastructure*."

Rural Business

The Rural Business Group focuses on developing innovative and effective modes of delivering banking services to all customers located in the rural and semi-urban areas of India. The Rural Business Group is subdivided into two business units: Rural Business and Agri-Business.

The Bank continues to focus on rural banking as a key driver of future growth. The Bank has been involved in extending banking facilities in rural areas in India long before it became mandatory for all banks in India. The Bank is also an active participant in financial inclusion programs. The Bank has expanded its network in rural and semi-urban areas in India by setting up a large number of branches. The number of rural branches has increased from 7,965 as of March 31, 2020 to 8,313 as of March 31, 2021. The Bank has a pan-India presence and chairs the State Level Bank Committee as Chairman of the convener bank in 12 states and one union territory. Rural banking requires an innovative, technology-based and low-cost approach in respect of delivery of services in remote areas, to a population with high illiteracy rates, and involves a large number of small-value transactions. In order to cater to rural customer needs, the Bank has developed an alternative delivery channel for banking services and products through a business correspondent model ("**Business Correspondent**"), in which entities or persons act as agents of the Bank at places other than the Bank's premises. The Bank has leveraged its technological capabilities for financial inclusion programs by introducing internet-based kiosk banking, card-based and cellular phone messaging channels. As of March 31, 2021, the Bank had engaged over 71,968 Business Correspondents in rural areas.

In line with *Pradhan Mantri Jan DhanYojana* ("**PMJDY**"), India's national mission for financial inclusion to ensure access in an affordable manner, the Bank has opened 129 million accounts as of March 31, 2021 and has issued a total of 120 million RuPay debit cards to eligible customers. The Bank is committed to serving residents across all areas of India. The Bank's number of basic savings bank accounts and small accounts has also increased from 142.5 million as of March 31, 2019to Rs. 155.3 million as of March 31, 2020, and to Rs. 163.05 million as of March 31, 2021. The value of transactions handled through the Bank's Business Correspondents increased from Rs. 1,733.8 billion in fiscal year 2019 to Rs. 2,274.7 billion in fiscal year 2020 and to Rs. 2,524.70 billion in fiscal year 2021. The Bank plans to increase revenue from its Business Correspondent model through the build-up of deposits and loans and advances.

The Bank has participated in self-help groups ("**SHG**"), bank credit linkage program, since its founding in 1992 by the Government. SHGs consists of 10 to 20 volunteers from underprivileged members of society, comprising small and marginal farmers, landless laborers and rural residents with low income (particularly women) engaged in agricultural, allied agricultural activities and small business in rural areas, with common interest of, among other things, promoting personal savings, asset building and community development and improving empowerment. As of March 31, 2021, the Bank is the market leader in SHG financing with a credit deployment of Rs. 171 billion to approximately 0.78 million SHGs. The Bank's continued focus on the development of innovative and technology enabled channels for delivering banking services among the rural population has resulted in the successful launch of several new initiatives such as Aadhaar enabled Payment systems ("**AEPS**"), automated e-KYC, immediate payment service, micro ATM rollout, savings bank-overdraft facility under PMJDY and direct benefit transfer ("**DBT**") or direct benefit transfer in LPG ("**DBTL**"), the world's largest account-based subsidy transfer program. The Bank is the sole sponsor bank for the DBTL subsidy.

Although the individual accounts acquired through the Bank's financial inclusion program are typically low value, the Bank expects to benefit from the low-cost funds, cross-selling of social security schemes and DBT handling commissions in the future.

Agricultural Business

Since its inception, the Bank has played an important role in the development of Indian agriculture. The Bank had 353 agriculture development branches as of March 31, 2021, which are specialized branches located throughout India used exclusively for the development of the agriculture sector and its related industries.

The Bank's agricultural development branches offer products such as crop financing, farm equipment financing, and agricultural value chain financing and serve customers involved in a wide range of agricultural activities such as crop production, horticulture, plantation crops, floriculture, farm mechanization, biotechnology, land development and reclamation, irrigation projects and well-digging, as well as activities linked to agriculture such as cold storage, trading and food processing. The Bank also finances activities such as dairy production, fisheries, livestock management, and silkworm farming. The Bank's focus has been on cultivating direct relationships with the farmers, thereby allowing it to offer more customized products to these customers. Initiatives aimed at strengthening ties with the farming community include attending farmers' meetings and events as well as developing a village adoption program, whereby each region "adopts" certain villages in order to build banking relationships there and to support integrated development of the village. Recent initiatives include opening agri-commercial branches that cater to high-value agricultural projects, establishing "*SBI kaapnagaon*" centers (pursuant to the Bank's village adoption scheme for financial inclusion), conducting "credit and recovery camps" and setting up farmers' clubs.

Some of the other initiatives taken by the Bank include providing a collateral free production loan with limits up to Rs. 0.2 million (as against RBI's stipulation up to Rs. 0.1 million) for farmers with satisfactory repayment track records, liberalizing scales of finance up to 200.0% more than the amount fixed by the state level bankers' committees or district level technical committees, and the deployment of junior assistant/associates (as Rural Marketing and Recovery Officers who specialize in the field) to improve the agricultural banking skills.

In order to ease the flow of credit for agriculture, the Bank has raised the limit for the renewal of mortgage-free crop loans from Rs. 100,000 to Rs. 150,000. The Bank also introduced a scheme for financing of dairy units under the Mudra scheme with liberalized terms for loans up to Rs. 100,000 as allied agricultural activity is a means of increasing farmers' income.

The Bank launched a product which is designed to meet the general needs of farmers by offering loans against the collateral of property called the Asset Backed Agri Loan (“**ABAL**”). This product has been popular among customers because of the flexibility it offers.

The Bank is de-risking its agri-portfolio and supporting farmers at the same time by entering into local and national level tie-ups with agri-corporates, wherein the supply chain helps ensure cash flows for timely renewal of loan and better incomes for the farmers. The Bank is also lending under a cluster-based approach to tap opportunities that revolve around areas and centers which have traditionally been known for activities such as shrimp farming, dairy, poultry and higher value horticulture crops such as pineapple and mango.

Given the large number of customers it serves, the Bank took the lead in organizing mass contact programs on three occasions during fiscal year 2021. Under this initiative, on a pre-fixed day, all rural and semi-urban branches of the Bank held informal meetings with farmers to improve customer connect and spread awareness about the Bank’s and the Government’s schemes.

Other important initiatives during the year included the implementation of Retail Asset Credit Centres for centralized sanction of loan proposals in Rural and Semi Urban branches. The Bank also launched YONO-KRISHI’ mobile app for sanctioning of Agri Gold Loans and had sanctioned more than 3,380,000 Agri Gold loans, amounting to approximately Rs. 514 billion through the YONO-Krishi platform.

As in its other lending operations, the Bank uses a scoring model for credit assessment of borrowers under several of its programs. The percentage of net NPAs to net advances as of March 31, 2021 stood at 13.98% and various steps have been taken to contain NPA levels since lending by individual branches under certain loan programs is linked to NPA levels and NPA levels exceeding certain benchmarks will lead to a tightening of certain credit lines. In addition, recovery agents are increasingly being used by the Bank to address debt collection, generally by enforcing on the underlying collateral securing the loans. NPAs are also being controlled through programs designed to improve loan initiation and monitoring, such as increased training for Bank representatives, use of regular audio and video conferencing, in-person visits and increased recruitment of specialists such as marketing and recovery officers, organization of special recovery and counseling camps in all agri-business intensive branches, wide publicity of additional incentives from the Government (3% interest subvention) on timely basis, recognizing borrowers whose accounts are regular, hard recovery options in respect of recalcitrant borrowers, special recovery teams to tackle high value NPAs and effective follow-up of suits filed and decreed accounts including the ones involving Lok Adalat. “Lok Adalat” is a forum organized under Chapter VI of the Legal Services Authorities Act, 1987 (“**LSA Act, 1987**”) where the disputes pending in the court of law or at pre-litigation stage are settled by agreement with the assistance of a statutory conciliator. Under the LSA Act, 1987, the award made by the Lok Adalats is deemed to be the decree of a civil court and is final and binding on all parties with no right of appeal.

Small and Medium-Sized Enterprises

The SME Business Group focuses on servicing the specific credit needs of small- and medium-sized enterprises as defined by the Micro, Small and Medium Enterprises Development Act, 2006. The SME Business Group had a loan portfolio of approximately Rs. 2,789.49 billion as of March 31, 2021, equal to 11.39% of the Bank’s total advances as of such date and including some indirect financing of the agricultural sector and allied activities. As of March 31, 2021, 2020 and 2019, the SME Business Group had loan portfolios of Rs 2,789.49 billion, Rs. 2,237.10 billion and Rs. 2,401.60 billion, respectively.

The revival of business sentiment and contribution of SMEs to GDP and employment has brought the focus sharply on the growth and viability of SME units. The Government’s initiatives *Make in India, CGTMSE cover, MUDRA, Stand Up India* are providing a significant boost to the SME segment.

The Bank is the pioneer and market leader in financing SMEs, serving more than 1.4 million SME borrowers in the largest core banking platform. The Bank believes that SMEs are a major driving force behind

India’s recent economic success. Accordingly, the Bank has dedicated specific resources to this customer segment. As of March 31, 2021, the Bank had 670 SME intensive branches and 1,063 MSME branches located in the areas where there is greater potential for SME activity. These branches provide focused attention to SMEs through specially trained relationship managers, whose sole responsibility is to look after SME customers. Currently there are 1,791 relationship managers providing personalized services to medium enterprises and small enterprises. These relationship managers provide easy, quick and transparent access to banking services (including day-to-day operations) to SME clients. The Bank has created a new position, AGM (SME-Credit), across 80 Administrative Offices to improve the connection with SME customers and to function as a single point of contact. The Bank has focused on developing SME intensive branches into dedicated platforms for SME lending.

Products and services offered specifically to SMEs include term loans, working capital loans, standby lines of credit, bank guarantees, letters of credit, export finance, various types of current accounts and transaction related products. Some of the Bank’s initiatives in catering to SMEs and for the growth of SME sector are:

- *Contactless Lending Platform (“**CLP**”) for loans above Rs. 1.0 million to Rs. 10.0 million*: The Bank has partnered with SIDBI for the development of a digital CLP for lending to Micro and Small enterprises. Under the platform, SME customers logs into the platform with GST and ITR login credentials. CLP platform based on the standardized credit model, supported by data (GST, Income Tax, Credit Bureaus and Bank account statements) and machine based analytics accords in-principle sanction to SME units in less than an hour and actual sanction and disbursement happens within seven days compared to the average of 30 days prior to the adoption of CLP.

- *Project Vivek*: The Bank has redesigned and transformed SME Credit rating and appraisal process for loans up to Rs. 500.0 million from traditional balance sheet based financing to cash flow based financing.

- *Cluster Finance Approach*: Based on the potential identified in the geographical area, the Bank’s SME intensive branches in particular will cater to the financing needs of these clusters. Based on the cluster studies conducted, separate lending packages are being developed for each cluster.

- *E-Commerce*: The exponential growth in e-Commerce has opened a world of opportunities for micro, small and medium enterprises. New players have entered the market space and Business to Business & Business to Customer space is growing in demand. The Bank has gained first mover advantage in this area, working on various initiatives to pioneer ecosystem lending through partnerships with new business models. The Bank has entered into tie-ups with major e-commerce players such as Amazon and Flip Kart to leverage the partnership for the growth in MSE loans.

- *Customized Products*: To cater to the specific needs of its clients the Bank has devised customized products for the SMEs as follows:

  - SME Gold Loan to provide hassle free and quick loans of up to Rs. 2 million to existing micro, small and medium enterprise units, in addition to providing existing finance by way of working capital or term loans with attractive rates of interest

  - Pre-Approved Business Loans: An end-to-end pre-approved offer and cash-flow based digital product for existing current account holders of the Bank for loans up to Rs. 1 million. A pre-approved offer and Cash Flow Based digital lending

    - SME Construction Equipment Loan to provide loans for purchase of construction equipment for contractors or firms engaged in construction activity
    - Dal Mill Plus Scheme to provide loans for acquisition of fixed assets and working capital needs for dal millers
    - SBI Fleet Finance Scheme to provide loans for purchase of new transport vehicles
    - Open Term Loan which is a pre-approved term loan facility for both manufacturing and service sector enterprises up to Rs. 80.00 million for capital and business development expenditure

- *Supply Chain Finance Unit*: This unit provides a user-friendly, end to end internet banking platform for the funding needs of dealers of industry majors under the Electronic Dealer Financing Scheme and an end to end internet banking platform for the funding needs of vendors of industry majors under Electronic Vendor Financing Scheme. The Bank has financed more than 40,070 dealers and vendors through tie ups with more than 326 industry majors.
- *Healthcare Business Loan* to meet funding requirements of medical practitioners for setting up of clinics, nursing homes and for purchase of medical equipment and funding for ancillary equipment
- *Agri Supply Chain Finance*: Commodity Backed Warehouse Receipt Financing- The Bank extends finance to traders/manufacturers against goods stored in their warehouses.
- *TReDS (Trade Receivables Discounting System)*: An online platform to provide financing to SMEs through discounting their receivables from the large corporates, public sector undertakings and government departments, which alleviates the problem of inadequate and expensive finance to SMEs. The Bank has onboarded two TReDS platforms, RXIL (Receivable Exchange of India Ltd.) and M-One (Mynd-Online National Exchange) to finance SMEs at competitive rates.
- Other Schemes/Products for smooth and faster credit delivery to SME sector:
    - *SME Credit Card* to provide loans for micro enterprises up to Rs. 1.0 million to meet any kind of credit requirement including purchase of a shop or furniture.
    - *SME Smart Score-Bank* has simplified the credit appraisal process and reduced credit delivery time through SME Smart Score, which is based on a scoring model system to simplify the approval process for loans up to Rs. 5.0 million for manufacturing units, trade and services.
- The Bank is extending collateral free lending of up to Rs. 20.0 million under the credit guarantee scheme of Credit Guarantee Fund Trust for Micro and Small Enterprises.
- The Bank also offers robust internet banking facilities to SMEs.
- Bank offers technical and managerial assistance to SMEs through its consultancy services cell.
- Bank has adopted the Code of Bank’s Commitment to Micro and Small Enterprises as prescribed by the Banking Codes and Standards Board of India.

These initiatives have resulted into partnerships with various Industry Majors and SMEs, it provides an important cross-selling opportunity by connecting various stakeholders of the SME ecosystem.

Government Banking

The Bank handles government transactions as an agent of the RBI on behalf of the Government and various state governments. As of March 31, 2021, the Bank's market share of Government business was approximately 80%, including such transactions as handling payment and receipts for both the Government and state governments, according to RBI data. The Bank acts as agent for the receipt and payment of government transactions. The Bank collects government revenues by way of taxes, such as central excise and service taxes, through its branches. The Bank also handles government payment functions through its branches, including pension payments and expenditures payments of various ministries. Further, the Bank remits funds deposited by departments such as post and telecommunications, railways, defense and other government departments.

The Bank earns commission income on the payment services it provides. Receipts and pension payments made by the Bank are subject to a fixed fee per transaction, irrespective of the transaction amount. Fees for payments, other than pension payments, made by the Bank are calculated as a fixed percentage of the payment amount.

Commercial Client Group

With an objective of strengthening credit risk management function and to widen the universe of clients to focus on groups where coverage is weak, an exercise on revamping of corporate credit structure and systems and procedures was carried out. The CCG is the outcome of this revamping exercise and has come into existence with effect from June 1, 2018. This business unit caters to all corporate banking relationships apart from CAG relationships with exposures greater than Rs. 0.5 billion. The total advances level of the CCG as of March 31, 2021 was Rs. 4,081.10 billion.

The CCG seeks to cater to the overall banking requirements of the corporate clients through a relationship management model. It aims to minimize turnaround time for credit assessment and delivery, provide customized solutions to meet the financial and other banking products requirements of the corporate clients.

Corporate customers have been and continue to be an integral part of India's economic development. High concentrations of these customers are located in five centers (Mumbai, New Delhi, Hyderabad, Bangalore and Chennai), and are served by the Bank's extensive branch network at those centers. The Bank has 50 dedicated branches that cater exclusively to corporate customers, which includes three new additional, namely Rajkot Commercial Branch, Bhubaneswar Commercial Branch and Guwahati Commercial Branch. These branches were earlier under the Retail & Digital Banking department. Relationship managers, who are well versed in credit, foreign exchange, and trade finance, act as a single point of contact for the Bank's corporate customers.

The Bank focuses its attention to business areas such as consortium advances to well-rated customers, taking over selective high-value well rated (investment grade) accounts from other banks, project finance proposals, dills discounting business and non-fund based business such as letters of credit and bank guarantees and buyer's credit through SBI foreign offices against stand-by letters of credit issued by CCG branches, extending selective concessions in high-volume/high-income accounts. The Bank offers supply chain finance to leverage the Bank's customer base by offering vendor and dealer financing to link large corporate, mid-sized corporates and SME customer segments. Customers of the Bank are either industry majors or vendors or dealers.

Relationship managers are assigned to all corporate customers. These relationship managers are mandated to attract more banking business from corporate customers by building close relationships with existing customers, as well as reaching out to potential customers, and familiarizing customers with the various banking products and services offered by the Bank's specialized business groups. Relationship managers focus on cross-selling retail banking services to the customer's management or employees, global markets' interest rate and currency hedging products, mutual fund and life insurance products offered by the Bank's subsidiaries, corporate strategy and new businesses group's point-of-sale machines, cash management products and other products from the Bank's other business groups. A typical relationship manager handles approximately 15 to 20 mid-corporate units and is a customer's central point of contact at the Bank.

The Bank has nine regional offices at eight locations at Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, Mumbai, New Delhi and Pune. An Account Management Team ("**AMT**") model, with a manageable number of accounts in each team, consisting of a relationship manager, a credit analyst and a service officer, caters to the entire gamut of customer relationships.

In addition to the monthly review meetings, the Bank has periodical structured interactions among key functionaries of the Bank, to discuss the various complexities and trends in the business of the Bank. The exchange of ideas and views in these interactions, between the top executives and the operating officials on the ground, becomes useful in the Bank's business growth planning and asset quality management.

The Bank uses Pace Tool, a data analytics tool for the assessment of fund based working capital requirements of borrowers, through capturing the borrower's actual cash flow, for better monitoring of accounts. CCG has introduced digital applications such as YONO for corporate clients. CCG has taken a big stride in bringing the letter of credit business to the digital platform. 34% of CCG's overall transactions for import letters of credit are digital, on par with the Bank's global peers.

The Bank assists customers in India to expand their business activities by helping customers to acquire assets and companies overseas and provides support for such expansion plans, including by way of providing loans to overseas subsidiaries and joint venture companies.

Project Finance and Structuring

The Bank's special business unit known as Project Finance and Structuring Strategic Business Unit ("**PF&S SBU**") deals with the appraisal and arrangement of funds for large projects in infrastructure sector such as power, roads, ports, railways and airports. It also handles projects under non-infrastructure sectors such as metals, fertilizers, cements, oil and gas amongst others, with certain threshold on minimum project cost. PF&S SBU also provides support to other verticals for vetting their large ticket term loan proposals.

Some of the major projects recently financed by the Bank include setting up of integrated steel plant of 3 Mt/Yr in Chhattisgarh by NMDC Ltd, construction of 8 lane greenfield Delhi – Mumbai Expressway of approximately 1,276.70 km by DME Development Ltd, setting up of 23.33 km elevated urban rail transit system between Pune city and the Hinjewadi IT hub by Pune IT City Metro Rail Ltd and setting up of integrated fertilizer and chemical complex comprising of Coal Gasification & Gas Purification plant in Odisha by Talcher Fertilizer Ltd. As of March 31, 2021, the value of the PF&S SBU portfolio of project finance loans was Rs. 1,216 billion.

Threshold limits for appraisal of projects of infrastructure & non — infrastructure projects at PF&S SBU is Rs 2.5 billion and Rs 7.5 billion respectively. However, proposals below the above thresholds may be referred to PF&S SBU for vetting both in respect of Infrastructure & Non-Infrastructure Projects, with the approval of Head of the Business Verticals / Sanctioning Authority.

PF&S SBU normally monitors sanctioned project loans up to 2 years after the date of commencement of commercial operations for infrastructure projects and 9 months after the date of commencement of commercial operations for renewable projects like wind and solar projects. In case of non-infrastructure projects or commercial projects, control of such accounts continues to vest with PF&S SBU for a period of six months after the date of commencement of commercial operations or up to the stabilization of the project, whichever is later.

Marking a shift towards 'Originate to Distribute' business model, the structuring team has been set up at PF&S SBU to provide customized structuring solutions for financing structure of projects while prioritising the return on equity from the transaction. Experienced officials have been recruited from different sectors and industries to provide structuring solutions to the Bank's clients.

The Government as customer

The SBI Act specifically provides that the Bank, if required by the RBI, shall act as the agent of the RBI for certain banking businesses of the central and state government. The Bank also has regular transactions with PSEs.

In addition to the services described in previous sections, the Bank is a significant lender to both the Government and state governments, primarily in the form of loans to support the governments' food grain procurement and sale activities. As of March 31, 2021, the Bank's loan portfolio for food credit totalled Rs. 878.25 billion. It is the policy of the Bank to only enter into transaction with PSEs in which the terms of the business are no less favorable than those which would have been obtained by the Bank in the normal course of its business.

International Banking Group

As of March 31, 2021, the Bank had a network of 229 foreign offices in 31 countries covering all major time zones. Among its other locations, it is present in New York, London, Frankfurt, Singapore, Hong Kong and the Maldives. Given the opportunities arising from the substantial Indian population in the region, the Bank has entered into tie-ups with exchange companies and banks in the Middle East to facilitate NRI's and other customer's remittances to India. The Bank's own international network is supported by correspondent relationships with leading banks in countries across the world and also by relationship management arrangements with several other banks. The Bank has also recently entered into a memorandum of understanding with Bank of China with the purpose of developing business cooperation. As of March 31, 2021, the Bank maintains correspondent relationships with 227 leading banks in 56 countries. The Bank also has 4,241 relationship management application arrangements through the SWIFT network, facilitating interbank financial telecommunications.

The Bank's international banking products and services include corporate lending, loan syndications, letters of credit and guarantees, short-term financing, project export finance, and collection of documentary credits and remittances, as well as the raising of funds and other borrowings outside India. The International Banking Group's core activity is to provide these services to Indian and foreign companies with operations inside of India as well as NRIs conducting business in foreign markets. The Bank has executed plans to open branches in certain select foreign jurisdictions with the aim of operating as a local bank, providing commercial and retail products and services to attract both NRI and non-Indian customers.

As part of the centralization of treasury activities of foreign offices, the Bank has set up central treasury hubs in Hong Kong and London. These hubs are intended to aggregate market risks and achieve economies of scale. Besides meeting the foreign exchange and money market needs of their linked branches and undertaking proprietary trading in currencies, the Bank expects that the central treasury hubs will expand their activities to cover interest rate, foreign exchange, credit structures and bond trading.

Leveraging off the Bank's foreign branches, the International Banking Group participates in foreign currency-denominated syndicated loans to large international corporations both in the primary and secondary markets. The Bank's foreign offices have had success in managing documentary credits, and have also been active in providing loans to joint ventures or the wholly-owned subsidiaries of Indian corporates which have acquired companies or set up projects outside India. The Bank's foreign offices have also achieved significant growth in the area of trade finance, particularly by entering into risk participation agreements with several banks. The Bank periodically revises its investment policy for foreign offices in line with international market practice and available products, emphasizing investments in the fixed income products of sovereign, banking and corporate issuers. The International Banking Group's loan portfolio was equal to approximately 14.05% of the Bank's total advances as of March 31, 2021.

The Bank's emphasis on technology is an integral part of its international banking business. A common and modern banking application software, customized to meet local requirements, has been introduced across the Bank's international branches and subsidiaries. Internet banking facility is available at all these foreign offices with special focus on remittance services. Customers at foreign offices now benefit from the instant remittance facility for credits to accounts maintained in Indian offices through centralized SWIFT operations. Remittances to accounts in other banks are routed through the NEFT scheme of the RBI. Anti-money laundering ("**AML**") and Office of Foreign Assets Control ("**OFAC**") monitoring is done at all foreign offices with advanced tools.

Global Link Services

Global Payment and Services ("**GP&S**"), a unit under the International Banking Group, comprise three branches/offices i.e., Global Link Services ("**GLS**"), International Service Branch Mumbai ("**ISBM**"), and International Services Branch Ernakulam ("**ISBE**"). It facilitates online inward remittances from overseas locations in India, foreign currency cheque collection, the opening and maintenance of Vostro Accounts, Asian Clearing Union transactions and the Bank for Foreign Economic Affairs of Russia.

During fiscal year 2021, GP&S on behalf of the domestic branches handled 2,949 export bills aggregating to EUR 0.20 billion, 43,702 export bills aggregating to U.S.$8.78 billion and 15,439 foreign cheque collection aggregating to U.S.$ 0.036 billion. In addition, during fiscal year 2021, GP&S handled 9.04 million inward remittance transactions amounting to U.S.$ 6.28 billion, received from various global centers.

Project Export Finance

The Bank is an active participant in financing of project export activities of Indian corporations involving bidding for and execution of turnkey and civil construction contracts, export of engineering goods on a deferred payment basis and service exports. The Bank can approve projects without any monetary limits. The Bank also provides bond guarantees for projects during the bidding stage. Once projects are approved, the Bank provides performance guarantees and other non-fund based facilities as well as construction funding if required by the customer.

Foreign Subsidiaries, Joint Ventures and Associates

The following table sets out details of certain of the Bank's subsidiaries, joint ventures and associates outside of India as of and for the year ended March 31, 2021.

	As of March 31, 2021					
Name	**Date of Establishment**	**Bank's share-holdings**	**Number of branches**	**Total Owned Funds**	**Total Assets**	**Net Profit**
		(%)			**(Rs. in million)**	
Foreign Subsidiaries						
Bank SBI (Canada)[1]................	May 5, 1982	100.0	6	9,373	75,995	308
SBI (California)[1].....................	September 3, 1982	100.0	7	10,853	64,849	551
SBI (Mauritius) Ltd[1]	October 12, 1989	96.6	13	11,226	64,724	390
PT Bank SBI Indonesia[1]	October 24, 1970	99.0	10	7,382	28,080	186
Nepal SBI Bank Ltd[1][2]............	July 7, 1993	55.0	88	9,674	87,522	636

Name	Date of Establishment	Bank's share-holdings	Number of branches	Total Owned Funds	Total Assets	Net Profit
	As of March 31, 2021					
		(%)			(Rs. in million)	
Bank SBI (Botswana) Ltd..........	November 26, 2013	100.0	1	757	810	-11
SBI (UK) Ltd............................	April 1, 2018	100.0	12	24,645	177,752	794
CBIL Moscow(1)	December 5, 2003	60.0	1	2,195	6,831	65
Foreign Joint Ventures/Associates						
Bank of Bhutan Ltd.	May 28, 1968	20.0	43	7,207	89,107	53
Total		—	**181**	**83,312**	**595,670**	**2,972**

Notes:

(1) Foreign currency translations of Rupee amounts have been made using following approximations of market exchange rates effective as of March 31, 2021: Canada CAD = Rs 58.025; United States U.S.$ = Rs. 73.11; Mauritius MUR = Rs. 1.8100; Botswana BWP = Rs. 6.6200; Indonesia IDR = Rs. 0.005; Nepal NPR = Rs. 0.625; and Russia RUB = Rs. 0.97.

(2) Nepal SBI Bank Ltd., formerly an associate of the Bank, became its subsidiary with effect from June 14, 2009 as the Bank acquired a 5.0% additional stake from Agricultural Development Bank Limited, Nepal.

Global Markets Unit

The Bank's Global Markets Unit is responsible for the Bank's domestic treasury operations, managing its domestic liquidity and funding position in accordance with regulatory reserve requirements and the objectives of the Bank's management. The Bank's overseas treasury operations are conducted by the Treasury Management Group under the International Banking Group. As part of asset liability and liquidity management, the Global Markets Unit invests in sovereign and corporate debt instruments, commercial paper and other securities. The Global Markets Unit also manages the Bank's foreign currency exposure, engages in proprietary and client trading of currency futures and offers tailor-made structures to the Bank's corporate customers, including foreign exchange and risk hedging derivative instruments such as forward contracts, interest rate swaps, currency swaps, foreign currency options and proprietary trading of interest futures. The Global Markets Unit also handles equity trading for the Bank's trading and banking books.

The Global Markets Unit manages the Bank's required regulatory reserves and investment portfolio with a view to maximizing efficiency and return on capital. The Bank also seeks to optimize profits from its trading portfolio by taking advantage of market opportunities. The Bank's trading portfolio includes its regulatory portfolio as there are no restrictions on active management of the regulatory portfolio.

The Bank maintains its statutory liquidity ratio by investing in Government securities and actively manages such investments to optimize yield and benefit from price movements. The RBI prescribes the maintenance of a cash reserve ratio of 4.00% of the total demand and time liabilities. Pursuant to the RBI (Amendment) Act, 2006, which came into force with effect from April 1, 2007, the RBI does not pay any interest on banks' cash reserve ratio balances. Due to these regulatory reserve requirements, a substantial portion of the Bank's trading and securities portfolio consists of Government and state government securities. As of March 31, 2021, Government securities constituted 57.21% of the Bank's total trading and available-for-sale securities portfolio, while the remainder included corporate debt securities and equity securities. The Bank had outstanding Government securities worth Rs. 2,932.05 billion under the available-for-sale and held-for-trading categories as of March 31, 2021. The RBI reduced the SLR to 18% of the net demand and time liabilities.

The Global Markets Unit conducts domestic and foreign exchange operations from its integrated treasury located in its headquarters in Mumbai. The Bank undertakes foreign exchange sales and purchases on behalf of its customers through cover operations. The Bank also sells RBI-permitted hedging products to the Bank's large-and medium-sized corporate customers through seven regional treasury marketing units which work in close coordination with the relationship managers in the CCG and the Corporate Accounts Group. The hedging products include permitted derivative structures such as foreign exchange forward contracts, options, and currency and interest rate swaps.

The Global Markets Unit focuses on increasing marketing of treasury services to the Bank's customers. The Treasury Marketing unit is the client interface for both institutional and corporate clients and is the link between customers, Bank branches and the Global Markets Unit. It focuses on proactively advising clients on trends and products, including customized structured products and foreign exchange products, employing "straight-through" processing to reduce operational risk, innovating new products that respond to customers' needs and providing transparent and competitive pricing.

Stressed Assets Resolution Group

The Stressed Assets Resolution Group ("**SARG**") focuses on the timely resolution of NPAs of Rs. 2 million and above. The Bank's Credit Policy and Procedures Committee formulates NPA policy, while the SARG handles the NPAs in accordance with these policies. As of March 31, 2021, the SARG operates with 65 branches throughout India exclusively dedicated to the recovery or rehabilitation of NPAs referred from other business groups within the Bank, including 17 stressed assets management branches and 48 stressed assets recovery branches. The Bank's gross restructured assets as a proportion of its gross customer assets were 0.24%, 0.37% and 0.90% as of March 31, 2021, 2020 and 2019, respectively.

These branches report directly to a group head based in the Bank's corporate headquarters, which has enabled the Bank to centralize its efforts to improve the Bank's overall asset quality. SARG first examines the feasibility of restructuring debts referred to it by extending appropriate relief, concessions or soft repayment terms with a view to upgrading such debts into performing assets. If the NPAs are found unsuitable for restructuring, the group takes steps to recover the amounts due to the Bank either by a one-time settlement with the borrower or by selling the NPAs to other banks, financial institutions or other entities. In addition, to reduce small value NPAs (below Rs. 10.0 million), stressed assets resolution centers have been set up in major cities across India. Some of the other strategies adopted by the Bank for resolving NPA issues are restructuring of assets, corporate debt restructuring, organizing recovery camps, settling of dues in a one-time settlement, legal action, initiating action before the debt recovery tribunals, sale of NPAs to asset reconstruction companies, reporting defaulting borrower as willful defaulters to credit information companies, initiating action under the SARFAESI Act, reporting defaulting borrowers as willful defaulters to credit information companies, employing account tracking centers, employing special recovery teams, including in rural areas, and dedicated establishments for recovery and resolution. See "*Selected Statistical Information — Non-Performing Assets*."

Additionally, the Bank also has a duly constituted special committee of the Board for monitoring of large value frauds involving an amount of Rs. 500.0 million and above, to monitor and review all large value frauds in order to identify any systemic lapses, reasons for delay in detection and reporting, and progress of regulatory investigations and recovery positions. The objective of the committee is to ensure that staff accountability exercises are completed efficiently, and to review the efficiency of fraud prevention measures.

Subsidiaries and Joint Ventures in India

In the Group's financial statements, investment in subsidiaries and joint ventures (both in India and abroad) are valued at historical cost after netting of provisions, if any. The Associate Banks Department of the Bank coordinates the Group's management of the subsidiaries.

In addition to its banking subsidiaries, the Group also has a network of non-bank subsidiaries and joint ventures engaged in businesses other than commercial banking. The Group's non-bank subsidiaries include merchant banking, fund management and factoring services. As of March 31, 2021, 2020 and 2019, such non-bank subsidiaries and joint ventures accounted for Rs 2,870.00 billion, Rs. 2,148.97 billion (excluding SBI payments) and Rs. 1,836.0 billion, respectively, of the Bank's total assets. In the Group's financial statements, investments in subsidiaries and joint ventures in India and abroad are valued at historical cost net of provisions, if any, in accordance with Indian GAAP.

The following table sets forth information relating to certain of the Group's non-banking subsidiaries. For a complete list, please refer to the financial statements included in this Offering Circular.

		As of March 31, 2021			
Non-Banking Subsidiaries	**Business**	**Bank's Ownership[(1)]**	**Investment**	**Assets**	**Net Profit/(Loss)**
		(%)		**(Rs. in million)**	
SBI Capital Markets Ltd..................	Finance syndication; debt and equity; project structuring and due diligence mergers and acquisitions; advisory; infrastructure project advisory; securitization	100	580.3	5,1528.4	2,732.5
SBICAP Securities Ltd[(2)].................	Stock brokering	100	Wholly owned by SBICAP	9,586.3	2,071.2
SBICAP Ventures Ltd.[(2)].................	Venture capital	100	Wholly owned by SBICAP	1,396.7	370.4
SBICAP Trustee Co. Ltd.[(2)].............	Trustee company	100	Wholly owned by SBICAP	1,580.0	129.8
SBICAP (Singapore) Ltd.[(2)].............	Financial services and advisory	100	Wholly owned by SBICAP	602.7	41.6
SBI Funds Management Pvt. Ltd.[(3)]..	Asset management	63	315.0	28,277.2	8,604.0
SBI Funds Management (International) Private Limited[(3)]	Managing offshore funds	63	Wholly owned by SBI Funds Management Pvt. Ltd	25.8	9.7
SBI Mutual Fund Trustee Co. Pvt. Ltd..	Trustee company	100	1.0	350.2	27.4
SBI Life Insurance Co. Ltd..............	Life Insurance	56	5,550.0	2,268,300.0	14,558.4

Non-Banking Subsidiaries	Business	As of March 31, 2021 Bank's Ownership[1]	Investment	Assets	Net Profit/(Loss)
		(%)		(Rs. in million)	
SBI DFHI Ltd..................................	Primary dealer trading in Government securities, trustee services	69	1,315.2	10,0139.0	25,16.7
SBI Cards & Payment Services Ltd..	Credit cards	69	6,526.3	270,130.0	9,845.2
SBI Pension Funds Pvt. Ltd[3]..........	Pension funds	60	180.0	461.6	34.4
SBI Global Factors Ltd....................	Factoring (domestic and international) services	86	1,379.9	13,176.9	184.7
SBI-SG Global Securities Pvt. Ltd[2]	Custody fund accounting services	65	520.0	3,045.5	870.2
SBI Payment Services Private Ltd....	Merchant Acquiring Business General insurance	74	45.0	7,594.7	1,399.5
SBI General Insurance Company Ltd.[2]	General Insurance	70	1,510.0	113,810.0	5,435.9
SBI Infra Management Solutions Pvt. Ltd..	Real Estate Management Consultancy Services to SBI	100	400.0	169.34	(152.22)
Total			**17,920.6**	**2,870,174.3**	**48,596.2**

Notes:

(1) Shareholding amounts are the aggregate of the Bank's direct and indirect shareholdings.

(2) Represents companies which are jointly controlled entities in terms of the relevant shareholders' agreement but are consolidated as subsidiaries in accordance with AS 21 "Consolidated Financial Statements" as the Bank's holding in these companies is in excess of 50.0%.

(3) SBI Capital Markets Ltd and SBI Funds Management Pvt. Ltd. each own 20%.

Life Insurance

SBI Life Insurance Company Limited ("**SBI Life**") is one of the most trusted life insurance companies in India. It was incorporated in October 2000 and is registered with the Insurance Regulatory and Development Authority of India in March 2001. As of March 31, 2021, the Bank holds 55.5% of shareholding of SBI Life.

Serving millions of families across India, SBI Life's diverse range of products caters to individuals as well as group customers through protection, pension, savings and health solutions. According to the data from Insurance Regulatory and Development Authority of India, SBI Life was one of the largest private life insurers in India with a New Business Premium Market Share of 21.9%, 20.5% and 19.0% in fiscal years 2021, 2020 and 2019 respectively. As of March 31, 2021, SBI Life held its leadership position amongst private life insurers on Individual Rated Premium basis with a Market Share of 22.6%. In fiscal year 2021, SBI Life's gross written premium was Rs. 502.5 billion, which comprised Rs. 206.2 billion of new business regular premium and Rs. 296.3 billion of renewal premium. According to Life Insurance Council of India, SBI Life has also issued the highest number of individual life policies annually among private life insurers since fiscal year 2014 as of March 31, 2021.

SBI Life's products are distributed through the Bank's branches as the primary distribution channel by leveraging the Bank's brand, reputation and large customer base. In fiscal year 2021, approximately 56% of SBI Life's new business premiums were sourced through bancassurance. As a secondary distribution channel, SBI Life works with a large number of licensed advisors. SBI Life's agency network is one of the most productive agency channels in India. As of March 31, 2021, there were 170,096 licensed advisors. In fiscal year 2021, SBI Life's agency channel contributed 17% of SBI Life's new business premiums. SBI Life also distributes its insurance products through corporate agents, brokers, insurance marketing firms and other platforms including direct sales, which accounted for approximately 27% of its new business premiums in fiscal year 2021. SBI Life strives to make insurance accessible to all with its extensive presence of 947 offices and 17,464 employees across India.

SBI Life's profit after tax increased by 2% to Rs 14.6 billion for the year ended March 31, 2021 as compared to Rs. 14.2 billion for the year ended March 31, 2020. SBI Life demonstrates a high level of operating efficiency through low operating expense ratio which stands at 4.8% as of March 31, 2021. In fiscal year 2021, SBI Life had 13th month and 61st month persistency ratios of 87.9% and 61.6%, respectively. SBI Life is one of the biggest fund managers amongst private life insurers as it manages assets worth Rs 2,208.7 billion as of March 31, 2021.

On actual tax rate basis, the embedded value (i.e., the sum of the net asset value and present value of future profits) was Rs 333.9 billion as at March 31, 2021 as compared to Rs. 262.9 billion as at March 31, 2020. The value of new business for fiscal year 2021 was Rs. 23.3 billion and the value of new business margin was 20.4%. On effective tax rate basis, the embedded value was Rs. 364.0 billion as at March 31, 2021 as compared to Rs. 262.9 billion as at March 31, 2020. The value of new business was Rs. 26.6 billion; growth of 32% and 20%, respectively. The value of new business margin stands at 23.2% as at March 31, 2021, which is an improvement of 250 basis point from the year ended March 31, 2020.

SBI Life strongly encourages a culture of giving back to the society and has made substantial contribution in child education, healthcare, disaster relief and environmental upgrade. As at March 31, 2021, SBI Life reached 0.43 million direct beneficiaries through various corporate social responsibility initiatives.

SBI Life's brand, business reputation and customer satisfaction are critical factors in developing new business and maintaining its leadership position. SBI Life received "Insurer of the Rear – Life Category" at the FICCI Insurance Industry Awards 2020. SBI Life also won Gold award at Asia Consumer Engagement Awards for rural marketing under the category "Long Term Rural Engagement Program of The Year", "Best Rural Activation Sales Volume" and "Small Budget On-Ground Program of The Year". SBI Life won a Silver award in the 'COVID-10 Relief Project' under the CSR Health Impact Awards. In addition, SBI Life won marketing awards at Campaign India Digital Crest Award, Bandwagon ACE Awards 2020 and Shark Awards 2020. SBI Life has also received Best CFO award under BFSI – Large Cap Category at Magzter Awards 2021. Outlook Money Awards 2020 awarded SBI Life with "Gold honour in Editor's Choice for Customer Orientation in Life Insurance".

General Insurance

SBI General Insurance Company Limited ("**SBI General**") was originally a joint venture between the Bank and IAG International Pty Limited ("**IAG**"), a subsidiary of Insurance Australia Group Limited. After a small divestment in mid-2018, the Bank, as of the date of this Offering Circular, owns 70% of the total capital of SBI General. In March 2020, IAG had completely divested its stake of 26% in SBI General. While the Bank's divested equity of 4% is held by PI Opportunities Fund - I with a 2.35% stake and Axis New Opportunities-AIF-I with a 1.65% stake, IAG's stake of 26% has been bought by Napean Opportunities LLP and Honey Wheat Investments Ltd, holding 16.01% and 9.99% respectively.

The overall market share of SBI General among all general insurance companies stands at 4.2% in fiscal year 2021 as compared to 3.59% in the corresponding period for fiscal year 2020. In terms of market ranking in the industry, SBI General is ranked the seventh among private insurers and 12th in the industry. SBI General remains one of the market leaders “Personal Accident” and “Fire” insurance segment amongst private insurers in fiscal year 2021.

COVID-19 has redefined the way of insurers working for business continuity in a pandemic. SBI General has a robust business continuity plan in place and adapt to the situation from time to time. For instance, SBI General’s digital infrastructure and processes have helped SBI General providing seamless service to its customers.

SBI General revamped new brand identity with “Suraksha aur Bharosa Dono”, which reinstates and resonates trust and protection. SBI General focusses on providing simple and affordable products that are easily understandable through a robust multi-distribution model encompassing bancassurance, agency, broking and retail direct channels. SBI General’s distribution family includes over 25,000 IRDAI certified employees including the Banks’ employees and over 13,000 agents to make insurance easily available even in the remote areas of India. SBI General has also entered into strategic partnerships with India’s leading automobile manufactures, web aggregators and brokers with an endeavor to create long-term sustainable value. As at Merch 31, 2021, SBI General has generated a profit after tax of Rs 5.44 billion with a year-on-year gross written premium growth of 22% compared to the year ended March 31, 2020.

SBI General is assigned ‘AAA/Stable’ rating by CRISIL, which is the highest corporate credit rating. SBI General has been awarded with the prestigious “General Insurance Provider of the Year” at the 25th edition of Business Today - Money Today Financial Services Awards 2021. SBI General has won Finnoviti 2021 Award for its innovation in making health insurance available on WhatsApp. In addition, SBI General’s corporate social responsibility initiatives are also recognized with two awards under the ‘Empowering Rural Population’ category and the ‘Clean, Water and Sanitation’ category from ICC Social Impact and Awards 2021 towards empowering the rural population with clean water and sanitation drive-by.

In 2020, SBI General received the “Silver Shield” award for “Excellence in Financial Reporting, 2019-20” in the Non-Life Insurance category by the Institute of Chartered Accountants of India. SBI General has also been awarded the “Company with Great Managers” at the Great Managers Awards 2020 and an award from Learning Space Foundation by BFSI Digital Stallion Awards 2021.

Credit Cards

SBICPSL is a subsidiary of the Bank wherein the Bank holds 69.39% stake as of March 31, 2021. SBICPSL (formerly known as SBI Cards and Payment Services Private Limited) is a non-banking financial company that offers extensive credit card portfolio to individual cardholders and corporate clients which includes lifestyle, rewards, travel & fuel and banking partnerships cards along with corporate cards covering all major cardholders’ segments in terms of income profile and lifestyle. It has diversified customer acquisition network that enables to engage prospective customers across multiple channels. SBICPSL is a technology driven company. SBICPSL has been listed on the BSE and National Stock Exchange of India Limited since March 16, 2020. SBICPSL has a total card base of over 11.8 million as of March 31, 2021 with a market share of 19.1% market share in terms of cards and 19.4% in terms of spending according to RBI.

SBICPSL posted net profit (after tax) of Rs. 9,850 million in fiscal year 2021.

Asset Management Services

SBI Funds Management Private Limited. (“**SBI Funds**”), the asset management company of SBI Mutual Fund, is a joint venture with Amundi. SBI Mutual Funds celebrated over 33 years of investment management in fiscal year 2021. SBI Funds Management (International) Pvt. Ltd., is a wholly owned subsidiary of SBI

Funds. SBI Funds has emerged as one of the largest players in India advising various financial institutions, pension funds, and local and international asset management companies. SBI Funds had average assets under management of Rs. 5,044.55 billion for the quarter ended March 31, 2021.

Specialized Financial Services

SBI Global Factors Limited ("**SBIGFL**"), a subsidiary of the Bank, is a non-banking financial company regulated by the RBI. SBIGFL provides domestic and export factoring services. SBIGFL was established following a merger of two leading factoring companies, SBI Factors & Commercial Services Pvt. Ltd and Global Trade Finance Ltd. in 2010. After the merger, SBIGFL was renamed SBI Global Factors Ltd. from March 2010. As of March 31, 2021, the Bank held an 86.18% stake in SBI Global Factors Ltd. SBI Global Factors Ltd. registered a net profit of Rs. 184.7 million in fiscal year 2021.

Custodial Services

SBI-SG Global Securities Services Private Limited ("**SBI-SG**") was set up as a joint venture between SBI and Société Générale Securities Services in 2008. As of March 31, 2021, the Bank held a 65% equity shareholding in SBI-SG Global. SBI-SG Global's clients include international investors including global custodians, foreign institutional investors as well as domestic investors such as financial institutions, mutual funds, insurance companies, portfolio management services, private banks, corporate brokers and retail investors.

SBI-SG is the first stand-alone company in India that offers a comprehensive array of custodial and fund accounting services to both foreign and domestic investors. This allows SBI-SG to focus on custodial activities enabling SBI-SG to offer exclusive, specialized services to SBI-SG customers.

SBI-SG is a SEBI registered designated depository participant authorised to grant access to foreign portfolio investors desirous of investing in India.

Private Equity

The Neev Fund, a social infrastructure focused venture capital fund, with a fund size of approximately Rs. 5.0 billion, is operated by the Bank jointly with DFID (UK), SBICAP Ventures Limited and SIDBI. This fund has made investments in the wind energy, cold storage, dairy sectors, solar energy, education and agriculture. This fund is now fully invested with its capital of Rs. 4,479.9 million deployed over 10 portfolio companies. Neev II, SVL-SME fund is expected to be launched in the first quarter of fiscal year 2022. SBICAP Ventures Ltd is the asset manager to SWAMIH Investment Fund I, which achieved its first close on December 6, 2019 at Rs. 100,375.0 million with the Government of India, the Bank, LIC, HDFC Ltd and all major public sector banks as investors in SWAMIH Investment Fund I. SBICAP Ventures Ltd has the mandate to provide last mile funding to stalled housing projects. SWAMIH Investment Fund I has disbursed Rs. 12,684.0 million in 38 projects as of March 31, 2021. SBICAP Ventures Limited also launched two additional funds which are in the process of operationalization during fiscal year 2021: Self Reliant India Fund and UK India Development Cooperation Fund.

Portfolio Investment

The Bank offers a Portfolio Investment Scheme service to NRIs on a repatriable and non-repatriable basis.

Regional Rural Banks

The Bank has sponsored, in accordance with the Regional Rural Banks Act, 1976 (the "**RRB Act**"), 14 RRBs covering over 216 districts in 13 states with a network of 4,726 branches as of March 31, 2021. Over the years, changes have been brought in RRBs through various guidelines issued by the RBI and the Government, to align their products, services and process with commercial banks to a large extent. As provided for in the RRB Act and subsequent amendments thereto and in accordance with the various guidelines issued by the Government from time to time, a sponsor bank owes certain responsibilities towards RRBs. These responsibilities include approving annual business plans and quarterly monitoring of performance, extending managerial assistance through secondment of high-level staff, undertaking management audit, facilitating training, guidance and support through the Bank's Treasury and Markets Group and its IT department. The Government holds 50.0% and each relevant state government holds 15.0% of the shares in each RRB As of March 31, 2021, the Bank's shareholding in each RRB was 35%.

RRBs cater to the banking needs of customers who are predominantly from rural and semi-urban areas and their operations are concentrated in a cluster of districts in each state. Their target customer group comprises, to a large extent, people engaged in agriculture, small business, retail and services, to whom the RRBs provide banking and financial services such as accepting deposits, providing remittance facilities, extending credit support and cross-selling. RRBs also actively participate in various Central Government initiatives such as, among others, PMEGP, NRLM and PMJDY. The Bank constantly endeavors to strengthen RRBs by enabling the implementation of various IT initiatives such as, among others, EMV Cards, Micro ATMs, Kiosk BC solution, Aadhar Enabled Payment Systems, APBS, IMPS, RTGS and NEFT. RRBs are also operating though BC channel and have operationalized Aadhar Centers at select locations. In order to stay competitive alongside new age banks by way of digital presence, 2 of the Bank's largest RRBs, i.e. Andhra Pradesh Grameena Vikas Bank and Telangana Grameena Bank, have launched mobile applications for digital account opening with video KYC facility which is being implemented in the other RRBs.

Information Technology Systems and Infrastructure

The Bank's IT infrastructure provides connectivity across its large branch network both in India and globally. The Bank has made significant investments in developing its IT infrastructure over the years to improve operational efficiencies and meet customer requirements and market expectation. The Bank continues to focus on developing technology-based products related to its core banking application, internet banking, ATMs, payment systems and trade finance as well as other products, services and systems relating to its internal operational infrastructure and customer-interface. The Bank has received several awards in recognition of its technology infrastructure and operations, including "Asian Banking and Finance Retail Banking Awards 2018 and "Intelligent Enterprise Award 2018" for its mobile banking project YONO, "CSI IT Innovation and Excellence Award 2018" for the implementation of cognitive technologies, "Technology Bank of the Year", "Enhanced Customer Experience", "Best Use of Digital and Channels Technology", "Best Use of Data", "Best Financial Inclusion Initiatives", "Best Risk Management, Fraud and Cyber Security Initiatives", "Excellence in Innovation", "Best Smart Technology", "Best Electronic Payment System", "Green IT Award" and "Training and Human Resources and e-learning Initiatives, IT-Based Products and Services" awards at the Indian Banks' Association — Banking Technology Conference, Expo and Awards in 2017.

Mobile Banking Services

The Bank is one of the market leaders in a competitive and dynamic mobile banking market, with a market share of 25.83% in terms of the number of transactions and 19.90% in terms of the total value of transactions as of March 31, 2021 according to the RBI. The Bank's mobile based solutions, YONO ("You Only Need One"), YONO business, YONO Lite and BHIM SBI Pay, offer low cost, round-the-clock and real-time banking services to customers, with a focus on efficient use and ensuring security. As of March 31, 2021, the Bank had more than 17.81 million customers on its mobile banking platform and had 134.68 million registered users on its unified payments interface platform.

Customers are able to transfer funds with a 24-hour and 365-days available mode of remittances such as the unified payments interface platform and immediate payment service, making bill payments, recharging their mobile/direct-to-home top-up, viewing their bank balance as well as transaction summaries. For investment services, customers can expediently open e-fixed deposits, recurring deposits and multi option deposit schemes with options for pre-mature closures as they wish. Non-financial transactions services offered include ordering cheque books and managing or blocking debit cards.

The Bank has entered into a partnership with Reliance Industries Limited for a collaboration of the YONO and MyJio applications. MyJio, one of India's largest over-the-top mobile applications is expected to add financial services capabilities to YONO and the Bank's customers will be offered additional loyalty reward earning opportunities as well as increased redemption opportunities through the partnership.

Paperless Banking

The Bank has implemented a number of paperless banking solutions, including its Green Channel Counter and Green Remit Card. The Bank's Green Channel Counters enable a branch customer to conduct various transactions such as making deposits, withdrawals and fund transfers without filling out any paperwork, which allows customers to save time and paper resources. A customer swipes their ATM or debit card on a point-of-sale machine located at the bank teller's window, selects a transaction type and amount and inputs a personal identification number. The information is electronically delivered to the terminal of the bank teller for completion of the transaction.

The Bank's Green Remit Card is a paperless banking solution that allows customers to transfer funds into the accounts of others. The Bank also introduced a "virtual" debit card called State Bank Virtual to address customer concerns relating to debit card fraud in ecommerce transactions. This enables a customer to log into his or her online banking account to create a virtual debit card which will expire in 48 hours and can be used for only one transaction. The Bank believes this service will promote e-commerce by providing additional security and reliability for making online purchases.

Internet Banking

As of March 31, 2021, all of the Bank's domestic branches were authorized to register customers for internet banking services, and approximately 80.29 million customers in the retail segment and approximately 2.85 million customers in the corporate segment were registered for internet banking. The internet banking service is accessed through the Bank's website at www.onlinesbi.com. The Bank's internet banking solution is a cost-effective channel and a comprehensive product for both retail and corporate users, including public sector undertakings and government agencies. In fiscal years 2021, 2020 and 2019, the Bank's internet banking enabled approximately 1,395.9 million, 1,580 million and 1,620.6 million transactions. The Bank's corporate internet banking solution enables small, medium and large corporates to establish an effective interaction with the government treasury and accounts departments. The Bank has optimized its internet banking platform for visually impaired customers.

For retail users, the Bank's internet banking portal offers a host of services, such as balance inquiry, e-account statements, interbank and intra-bank fund transfers, online bill payments, online tax payments, online creation and closure of fixed deposits, request for issuance of check books, demand drafts, banker's checks, gift cards, as well as stop payment requests for checks. It also enables viewing and downloading of dematerialized account statements, online applications for initial public offerings ("**IPOs**") through the applications supported by blocked amount ("**ASBA**") process, donations to charitable and religious organizations and relief funds, mobile and DTH recharging and payment of insurance premiums.

For corporate customers, including SMEs, the Bank offers dedicated internet banking services that include specifically tailored features including various online features such as account inquiry, funds transfer to personal and third party accounts, various tax payments, online payment of customs duty, e-collection facilities, payments to registered suppliers, bulk upload facilities for the payment of bills, salary and taxes, top-up of pre-paid cards, remittance to intrabank and interbank beneficiaries, electronic dealer and vendor financing, issuance of online drafts in bulk, a direct debit facility, IPO subscription through the ASBA process, viewing and downloading of dematerialized account holdings as well as online payment of employee provident fund subscriptions.

The number of internet banking users at the Bank was 83.1 million, 67.7 million, 54.8 million and 42.4 million as of March 31, 2021, 2020 and 2019, respectively.

Dematerialized and Online Trading

SBICAP Securities Limited ("**SSL**") is the brokerage arm of the Bank and a wholly owned subsidiary of SBI Capital Markets Ltd. SSL commenced operations in the first quarter of the fiscal year 2007 with a view to providing primary and secondary capital market access to investors both within the Bank and also in the wider public domain. The Bank's online trading services arrangement with SSL is available at over 100 branches across India. The service provides access to dematerialized trading in equities, derivatives and investments in initial public offerings, follow on public offerings, mutual funds, exchange traded funds from home or office through www.sbismart.com. As of March 31, 2021, over 2.4 million customers held dematerialized accounts with SSL. The Bank's objective is to continue to broaden its customer base, while continuously improvising its dematerialized and online trading products with additional value-added services and features.

IT Infrastructure

Core Banking Solution

The Bank has an extensive core banking platform in India and has been benchmarked to process an average transaction load of over 23,000 transactions per second, up to 500 million transactions per day and processing capability of two billion accounts. All of the Bank's branches are connected to the Bank's core banking application, a centralized database that provides for online real-time transaction processing efficiently across branches, through a centralized processing center. The core banking application includes a disaster recovery site which can host critical banking applications in the event of a disaster at the primary site. Since its implementation, the core banking application has been refined to enhance processing capabilities, improve management information systems, increase efficiencies relating to asset-liability management, reduce transaction costs and improve overall operating efficiency.

With all domestic branches of the Bank connected through the core banking application, the Bank is able to process bulk direct debits, direct credits and other centralized solutions, without having to utilize the services of any intermediate banks in the payment chain, ensuring a high level of data privacy for corporate clients. In addition, this extensive network of branches connected to the core banking application has increased the Bank's transaction processing capacity and efficiency, enabling customers to carry out their payments and collections across all of India, while centralizing their cash management in Mumbai. The Bank's cash management product ("**CMP**") platform has enabled corporations to improve their liquidity management.

The Bank has implemented biometric authentication at all branches as a second level authentication system for core banking application users with a view to prevent fraud perpetrated through the misuse of passwords. The Bank has also conducted a performance benchmarking exercise for its core banking application for establishing scalability and capacity of core banking infrastructure to meet future business requirements. In addition, the Bank's international offices also use the core banking solutions assimilated with various add-on and support applications to meet all the regulatory requirements in addition to providing superior customer experience.

Other IT-based Services

The Bank provides e-Freight, an online payment facility for railway freight. E-Freight is supported by a guarantee from the Bank. The Bank also provides e-Auction services for the Government, state governments and public sector undertakings, a system to optimize the price of goods to be auctioned to ensure an open and transparent auction process. The Bank's IT-based initiatives also include cyber treasury, e-tendering, e-tax and i-collect. The Bank facilitates the online collection of taxes, fees, earnest money deposit towards e-trading and e-auction through a multi-option payment system interface with portals of public sector undertakings, corporations and government departments.

State Bank Connect

State Bank Connect is the Bank's principal connectivity platform and is the backbone for its overall technology infrastructure. The Bank depends on State Bank Connect to support business-critical applications such as the Bank's core banking application, trade finance software, ATMs, payment systems, cash management, corporate email and internet portals. State Bank Connect is a secure, robust WAN, connecting all branches and ATMs of the Bank through wired data circuits, very-small-aperture terminals and other wireless connectivity technologies. State Bank Connect's primary point-to-point data links have recently migrated to multiprotocol label switching infrastructure to increase uptime and enable upgrade of bandwidth.

Trade Finance Project

The Bank operates a centralized trade finance solutions platform, EximBills Enterprise, which has been customized and extended across all of the Bank's branches conducting trade finance activities. EximBills Enterprise automates the full range of trade finance activities from document preparation, calculation of commissions and foreign exchange to accounting, the generation of SWIFT messages and report management. The application supports a wide range of trade finance functions, such as letters of credit, bank guarantees, bills, pre-shipment and post-shipment credit, forward contracts, shipping guarantees and standby letters of credit. A web based application (e-Trade SBI) has a facility for customers to access relevant services over the internet.

EximBills Enterprise has been integrated with the core banking application and treasury applications to facilitate the seamless flow of data entered across multiple systems resulting in various benefits including multi-currency accounting, faster turnaround for clients and data integrity across systems. As of March 31, 2021, 9,141 branches (including trade finance central processing centers and their linked branches) were enabled with the Bank's EximBills Enterprise application and over 4,929 corporate customers have been provided with similar functions through Customer Enterprise applications over the internet.

Recent Initiatives

The Bank focuses on leveraging centralized IT administration to maximize the benefits of IT across its branches and banking operations, including lower total cost of technology management and reduced time and cost to set up a new branch.

Under its check truncation initiative, the Bank has reduced the time it takes for checks to clear and settle by converting physical checks into digital copies for onward transmission.

The Bank has developed a single repository of enterprise data as part of its Enterprise Data Warehouse Project. The Enterprise Data Warehouse Project integrates master and transaction data from major source systems in the Bank, including foreign offices and subsidiaries. The Enterprise Data Warehouse Project integrated the two different core banking systems that the Bank had for domestic and overseas customers which enabled a complete review of a customer's accounts with the Bank. This information is made available to customer facing departments to enable them to offer enhanced customer service to a customer.

The Bank conducts reviews and analyzes business operations integral to the Bank including channel performance and profitability, channel migration, product and customer profitability, customer one view, stressed assets, branch productivity, remittances and KYC and AML compliance, and provides the results of such analytics with the business units for further action. The Bank has developed and made available to business units and branches various business dashboards and analytical reports, which also allow audit departments to inspect and share information at various levels for effective decision making. Data is also shared with certain credit information agencies, such as CIBIL, Highmark, Experian and Equifax. In addition, the Bank has developed an analytics policy to focus on key business areas such as customer acquisition and retention, cross-selling or up-selling of products, NPA recovery and reduction, risk management, product profitability, staff productivity and cost reduction. The Bank has also developed certain predictive models to carry out analytical studies in these areas. The Bank is also in the process of expanding its analytical capabilities in niche areas such as digital and data domains.

The Bank's recent initiatives include the introduction of linking Aadhar numbers to the Bank's newly opened accounts under the Bank's financial inclusion programs, a new screen in the core banking system to reflect LPG-ID registration information, SBIINTOUCH machines for the younger generation of customers to open bank accounts, access internet banking, generate debit cards and obtain approvals for loans instead of having to physically visit the Bank's branch and a mobile banking application called "State Bank Anywhere." In addition, the Bank also launched SBI Quick, which is a simpler and more efficient way to obtain a mini-statement of accounts through mobile phones.

The Bank has also recently expanded its collection related solutions based on virtual account numbers, in order to maintain its leadership in cash management solutions in the Indian market. New services such as Real Time Demand Loan for e-Commerce Transactions; Pre-Approved Merchant Loan; Integration with Merchants in the UPI Platform for providing financial services through online and QR Applications; equated monthly installment at point of sale (EMI@POS) functionality; National Common Mobility Rupay Cards on qSparc specification to ensure seamless mobility to commuters across the country have also been introduced. New developments such as "YONO Cash@PoS" and "YONO Sale@PoS", metro projects in effecting payments to the merchants, equated monthly installment on SBI debit cards on Pinelabs managed terminals are other initiatives which have shown further adoption of latest technology in order to enhance customer satisfaction.

Business Process Review

The Bank seeks to continually review its operations and processes in light of changing market demand and customer needs. Initiatives seek to reach out to acquire new high net worth customers, build deep and lasting relationships with existing customers and provide all customers with the best quality of service across multiple channels.

Developing new IT-supported delivery channels is an important initiative designed to meet changing market demand. The Bank has migrated a significant number of transactions over the years from its branches to alternate service channels including ATMs, internet business correspondents and point-of-sales. For the year ended March 31, 2021, 93% of the Bank's transactions were conducted through alternate channels. Sales and service activities have been segregated and specialized sales teams have been created to cater to customers' specific requirements. Relationship managers have been deployed to cater to specific segments of customers. The Bank now promotes multi-city checks, which can be paid at all Bank branches across India.

As a result of such initiatives, the Bank is handling an increased volume of customer transactions and deriving the benefits of standardization, skill pooling, economies of scale, improved ambience and significantly increased and accommodative customer space. Current initiatives focus on new processes and technology upgrades in order to create and sustain market-leading practices so as to retain a leadership position in the Indian banking industry.

Awards

The Bank has received notable awards including, most recently:

- "Best Transaction Bank in India" – 2020 (The Asian Banker, fourth consecutive year)
- "Best Payment Bank in India" – 2020 (The Asian Banker, Singapore, second consecutive year)
- "Syndicated Loan House of the Year" – India by APLMA (Asia Pacific Loan Market Association)
- "The Best Trade Finance Bank (India) – 2020" (Global Finance Magazine, ninth consecutive year)
- Brandon Hall Excellence Awards 2020 for "Best Use of Blended Learning", "Best Learning Program supporting a change Transformation Business Strategy", "Best unique or innovative Learning & Development Program", "Best Advance in Technology for Crisis Management" for e-RBCs and "Best Advance in Social Learning Technology" for e-Gyanshala
- Iconic Brand of India 2020 at the Economic Times Iconic Brand Digital Conclave held on 30th June 2020
- Bronze Award for "Best-in-Class Contact Centre (Over 100 seats)" at the Customer Contact Week Asia Excellence Awards 2020
- SBI Card Pay and Mahindra Comviva jointly won InnTech2020 Award
- SBI Card received two awards under the 'Disaster Recovery' category and the 'Storage Technology' category from The Express Computer Data Center Awards
- SBI Card received the "Best Advance in Mobile Learning Technology 2020" under the category of Disaster Recovery and Storage Technology
- SBI Card awarded for the "Best-in-Class Enterprise-wide Digital Transformation" by The Economic Times in 2021
- SBI General awarded with the prestigious "General Insurance Provider of the Year" at the 25th edition of Business Today - Money Today Financial Services Awards 2021.
- SBI General won Finnoviti 2021 Award
- SBI Foundation won "Grant Thornton SABERA 2020 Awards" and Corona Warriors Award by the Governor of Maharashtra
- SBI Foundation won the ICC Social impact Awards 2021

Competition

The Bank faces competition in all its principal areas of business. Private sector banks, foreign banks and other public sector banks are the Bank's main competitors, followed closely by non-banking finance companies, mutual funds and investment banks. The Bank may also face increased competition from foreign banks if the Indian retail market is further liberalized or if regulations and restrictions upon branch network growth by foreign banks are simplified or reduced. The Bank seeks to gain a competitive advantage by offering innovative products and services, maximizing the functions of its extensive branch network, in particular in rural and semi-urban areas, investing in technology and building on relationships with the Bank's key customers. See "*Risk*

Factors — Risks relating to the Bank's Business — The Indian banking industry is very competitive and the Bank's growth strategy depends on its ability to compete effectively."

Corporate Banking

Corporate banking faces competition from foreign and private banks in such areas as pricing, Rupee loans, foreign currency loans, foreign exchange transactions, trade finance services and cash management services. The lower risk rating of corporate clients, as well as the higher income generating capacity due to the volume and diversity of their business, attracts foreign and private banks to this sector. Foreign banks also have the advantage of their home country connections, with much larger and cost effective resource raising abilities. However, the Bank believes its extensive low-cost deposit base in India and its large branch network in India and abroad provides it with a competitive advantage in meeting customers' borrowing expectations.

Traditional corporate banking also faces competition from the disintermediation of financial products. Customers increasingly have multiple financing sources available to them beyond those generally provided by traditional banks, which in turn is putting pressure on margins. The Corporate Accounts Group has been able to counter this competition through strong customer relationships, as well as through efficient and focused delivery of products and services. This has been most noticeable in the area of trade finance services, including letters of credit. To further counter the downward pressure on margins, the Bank intends to focus on developing new fee-based services, such as supply chain financing and wholesale banking services such as payment and collections services through its CMP platform.

Retail Banking

In the retail banking sector, the Bank faces competition primarily from foreign and Indian commercial banks and housing finance companies. Foreign banks typically focus on limited customer segments, such as high net worth individuals and mass affluent, and geographic locations due to limitations of their smaller branch networks relative to Indian commercial banks. Indian commercial banks generally have wider distribution networks than foreign banks, but relatively weaker technology and marketing capability. The Bank seeks to compete in this sector by offering a wide product portfolio through its extensive branch network and by leveraging its client relationships in diverse market and geographic segments. In addition, in rural banking and micro finance, the Bank believes it can build on the strength of its extensive geographic presence and reputation to continue to expand in these areas.

The Bank has sought to capitalize on its extensive and diverse corporate relationships to gain individual customer accounts through payroll management products. Furthermore, it intends to continue to pursue a multi-channel distribution strategy using physical branches, ATMs, call centers and the internet to reach customers.

In recent years, investment in mutual funds has become an increasingly viable alternative to traditional banking products, since they offer tax advantages and have the capacity to earn competitive returns. This has resulted in competition for the deposit base of the Bank's retail customers. The Bank has sought to address the competitive pressure by offering a wider range of mutual fund products to its customers in addition to traditional deposits.

International Banking

The Bank's international strategy is focused on India-linked opportunities, and the Bank also intends to expand its banking operations to serve non-resident Indians as well as local clients in its host countries. In its international operations, the Bank faces competition from other Indian banks with overseas operations, as well as foreign banks with products and services targeted at non-resident Indians and Indian businesses and other service providers. The Bank intends to leverage its strong relationships with Indian corporations in its international business.

Government Banking

The RBI conducts Government and state government business through all public sector banks and only three private sector banks. Private sector banks have gradually increased their market share in government operations, and if the Bank is unable to successfully compete with private sector banks or other public sector banks for such business or if the commission rates paid by the RBI to dealing banks are reduced, the Bank's business and/or income derived from such government operations will be adversely affected. The Bank intends to meet these challenges by leveraging its strong historical relationship with Government departments and ministries, robust core banking solution-enabled branch network, state-of-the-art technology, proven capabilities to meet Government requirements in providing customized e-solutions, as well as a dedicated, well trained work force that handles Government business effectively and efficiently.

Legal and Regulatory Proceedings

The Bank is involved in certain legal proceedings in the ordinary course of its business. However, as of the date of this Offering Circular, the Bank is not a party to any proceedings, and is not aware of any current, pending or anticipated proceedings by governmental authorities or third parties, which, if adversely determined, would have material adverse effect on the Bank's financial condition results of operations. See "*Risk Factors — Risks Relating to the Bank's Business — The Bank is involved in various litigation matters. Any final judgment awarding material damages against the Bank could have a material adverse impact on its future financial performance, stockholders' equity and the trading price of the Notes*."

Insurance

The Bank maintains its own insurance policies and coverage that it deems to be appropriate. The Bank's standard insurance policies cover for losses of or damage to property including furniture, fixtures, computer hardware, ATMs and vehicles. Cash-in-transit, cash, securities and precious metals and other valuables are covered against theft. In addition, the Bank has also obtained a fidelity policy for employees, as well as directors' and officers' liability insurance to cover the Bank's directors and other key management members. The Bank believes it carries insurance coverage commensurate with its level of operations and risk perception.

Employees

As of March 31, 2021, the Bank had 245,192 employees (including contractual officers and officers posted abroad) of whom 42.93% were officers, 41.11% were associates and 15.96% were subordinate staff and others. The Bank's employees include professionals in business management, accountancy, engineering, law, computer science, economics and other relevant disciplines. The Bank's team of employees is guided by a common vision, shared values and the highest standards of integrity and governance.

The following table sets forth, for the period indicated, the average business per employee and average business per branch.

	As of and for the year ended March 31,		
	2019	**2020**	**2021**
		(Rs. in million)	
Average business per employee[2]	187.7	210.5	237.3
Average business per branch[3]	2,198.2	2,375.1	2,627.1
Net profit per employee[1][2]	0.03	0.58	0.83

	As of and for the year ended March 31,		
	2019	2020	2021
		(Rs. in million)	
Net profit per branch[3]	0.39	6.53	9.17

Notes:

(1) Calculated on the basis of net profit for the year or period as divided by the average total number of employees of the bank as of the last day of the relevant year or period.

(2) The number of employees includes employees in foreign offices and contractual employees.

(3) The number of branches includes foreign branches.

The Bank believes that its employees are its most valuable assets. The Bank has implemented e-learning to provide online training and assessment as well as an internal social networking website for employee interaction. The Bank's training system functions under the supervision and guidance of the Bank's Strategic Training Unit with six apex training institutes and 51 State Bank Institutes of Learning and Development under them.

The Bank faces competition for the recruitment and retention of its employees. Losing qualified employees to competitors has been a concern for the Bank in the past and is likely to be a continuing concern for the Bank in the future. In order to keep the employees engaged and motivated for high levels of productivity, the Bank has modified and implemented an IT-based "One Umbrella" performance-linked incentive scheme, which covers both the Bank's core and non-core business operations. The incentive payment to employees is linked to the category of an employee's position vis-à-vis his or her level of performance.

The Ethics and Business Control Department of the Bank was established in 2017 under the management of the Bank's Chief Ethics Officer, who plays a major role in maintaining business ethics in the Bank.

Human capital is the most critical component for the Bank to achieve its strategic corporate goals. The Bank's HR policy is being constantly reviewed to align with its business goals. The Bank's HR vision has been built around the principles of inclusiveness, empowerment and development. The Bank has also commenced various initiatives for the benefit of its employees to promote a healthy work-life balance.

The Bank has rolled out the scheme called 'SBI Gems'. Senior officials may award "gems" to junior colleagues across the Bank as a token of appreciation for their quality of performance. The Bank also launched the 'SANJEEVANI-SBI HR helpline. It is a two-way communication channel between employees and the HR Team through an interactive voice response system to provide quick and meaningful resolution of HR matters. Employees can utilize the SANJEEVANI helpline facilities by phone, SMS and e-mail.

In addition, the Bank has launched the Career Development System ("**CDS**") or "Saksham" with the objective of approaching performance review of employees and resource planning in a scientific and objective way at all levels in the Bank. CDS is designed to help ensure transparency and to provide an opportunity for systematic, dynamic and progressive career planning to an individual. CDS is intended to be an effective tool for promotion, incentives and rewards for the Bank's employees.

Properties

The Bank's principal network consists of 22,219 branches and 62,617 ATMs (including ADWMs) as of March 31, 2021. These facilities are located throughout India. In addition to the branches, extension counters and ATMs, the Bank maintains 17 administrative circles. The Bank undertook a revaluation of its immovable properties for the first time in June 30, 2016 in accordance with the RBI Guidelines. Under the Bank's policy, properties are revalued once every three years and the properties acquired during the last three years are excluded from such revaluation exercise. The Bank's last revaluation was performed on June 30, 2019. The next revaluation is scheduled for June 30, 2022. The Bank's total revaluation reserve amounted to Rs. 235.77 billion as of March 31, 2021.

DESCRIPTION OF ASSETS AND LIABILITIES OF THE BANK

The total assets of the Bank increased by 7.35% from Rs. 36,809.14 billion as of March 31, 2019 to Rs. 39,513.93 billion as of March 31, 2020 which in turn increased by 14.76% to Rs. 45,344.30 billion as of March 31, 2021. The Bank's loan portfolio increased by 6.38% from Rs. 21,858.77 billion as of March 31, 2019 to Rs. 23,252.90 billion as of March 31, 2020, which in turn increased by 5.34% to Rs. 24,494.98 billion as of March 31, 2021. The Bank's investments increased by 8.27% from Rs. 9,670.22 billion as of March 31, 2019 to Rs. 10,469.55 billion as of March 31, 2020, which in turn increased by 29.11% to Rs. 13,517.05 billion as of March 31, 2021. The Bank's portfolio of outstanding borrowers comprises companies representing a full range of industrial activities. The Bank's estimated market share in advances was 19.77% as of March 31, 2021, according to RBI statistics.

The following table sets out the assets of the Bank as of the dates indicated below.

	As of March 31, 2021					
	2019		2020		2021	
Assets	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
			(Rs. in millions, except %)			
Cash in hand	187,779	0.51	201,045	0.51	234,034	0.52
Balance with RBI	1,581,545	4.30	1,466,312	3.71	1,897,981	4.19
Balances at banks and money at call and short notice	455,577	1.24	843,612	2.13	1,298,372	2.86
Investments	9,670,219	26.27	10,469,545	26.50	13,517,052	29.81
Advances	21,858,769	59.38	23,252,896	58.85	24,494,978	54.02
Premises, less depreciation	296,204	0.80	288,141	0.73	285,670	0.63
Assets under construction (including premises)	6,886	0.02	4,159	0.01	3,518	0.01
Other fixed assets (including furniture & fixture) less depreciation	88,885	0.27	92,092	0.23	95,004	0.21
Other assets	2,663,277	7.24	2,896,136	7.33	3,517,687	7.76
Leased assets	0.00	0.00	0.00	0.00	0.00	0.00
Total Assets	**36,809,142**		**39,513,939**		**45,344,296**	

The following table sets out the advances of the Bank as of the dates indicated below.

Advances	As of March 31, 2021		
	2019	2020	2021
		(Rs. in millions)	
Bills purchased and discounted	802,789	840,175	950,351
Cash credits, overdrafts and loans repayable on demand	7,766,335	7,087,269	6,764,393
Term loans	13,289,646	15,325,452	16,780,234
Total	**21,858,769**	**23,252,896**	**24,494,978**
Secured by tangible assets (includes advances against book debts)	15,827,644	16,739,254	17,601,532
Covered by bank/government guarantees	801,732	921,177	965,227
Unsecured	5,229,393	5,592,464	5,928,218
Total	**21,858,769**	**23,252,896**	**24,494,978**
Advances in India			
Priority sector	5,207,298	5,266,759	5,645,709
Public sector	2,402,959	2,875,043	2,572,413
Banks	91,741	81,252	46,188
Others	11,146,797	11,541,878	12,677,137
Total	18,848,795	19,691,805	20,941,447
Advances outside India			
Due from banks	699,757	803,728	797,138
Due from others			
(A) bills purchased and discounted	267,409	310,911	349,936
(B) syndicated loans	1,381,913	1,724,825	1,702,436
(C) others	660,895	721,628	704,021
Total	3,009,975	3,561,091	3,553,531
Grand Total	**21,858,769**	**23,252,896**	**24,494,978**

Lending

As of March 31, 2021, the Bank's gross loan portfolio was Rs. 25,393.93 billion and its gross credit substitutes outstanding were Rs. 10,279.75 billion. The majority of the Bank's gross loans and credit substitutes are to borrowers in India. For a description of the Bank's consumer loan products, see "*Description of the Bank — Business Groups — National Banking Group — Personal Banking*".

The Bank makes loans to a wide range of public sector and private sector commercial and industrial customers, agricultural customers and individual customers, in each case within the guidelines issued by RBI. Working capital facilities consist of revolving cash credit facilities and short-term loans. Revolving cash credit facilities, based on a traditional overdraft system of lending, have been the most common form of working capital financing in India. Pursuant to RBI guidelines, only a specified percentage of a working capital facility can be accessed as cash credit, with the balance being short-term loans having a minimum maturity of one year.

The following table sets forth, for the periods indicated, the Bank's domestic loan portfolio classified by product groups.

	As of March 31, 2021		
	2019	**2020**	**2021**
		(Rs. in billions)	
Corporate loans	8,516.4	8,442.1	8,187.0
SME loans	2,885.8	2,676.1	2,789.5
Agriculture loans	2,026.8	2,060.7	2,141.5
Retail loans	6,478.4	7,475.9	7,475.9
Food advances and others	–	–	–
Total domestic loans	**19,907.5**	**20,654.8**	**20,654.8**

Industry Concentration

The following table sets out an analysis of gross outstanding domestic loans (fund based) by industry or sector as of the dates indicated.

		As of March 31, 2021					
		2019		**2020**		**2021**	
	Category	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
				(Rs. in millions, except %)			
1	Coal	23,067.8	0.10%	87,745.2	0.35%	88,332.9	0.34%
2	Mining	44,164.2	0.19%	81,795.1	0.33%	61,589.1	0.24%
3	Iron & Steel	914,699.2	3.92%	722,071.8	2.92%	630,406.4	2.43%
4	Metal Products	344,885.8	1.48%	282,732.3	1.14%	377,344.1	1.46%
5	All Engineering	428,364.6	1.83%	426,863.4	1.73%	382,500.1	1.48%
5.1	Of which Electronics	90,605.8	0.39%	42,706.0	0.17%	42,490.5	0.16%
6	Electricity	99,034.6	0.42%	54,150.0	0.22%	54,159.8	0.21%
7	Cotton Textiles	283,302.9	1.21%	245,759.5	0.99%	239,721.5	0.92%
8	Jute Textiles	4,235.9	0.02%	8,956.5	0.04%	10,471.3	0.04%
9	Other Textiles	143,102.5	0.61%	132,492.6	0.54%	132,251.6	0.51%
10	Sugar	85,057.3	0.36%	78,164.9	0.32%	64,169.6	0.25%
11	Tea	7,279.5	0.03%	9,248.3	0.04%	9,116.6	0.04%
12	Food Processing	549,596.7	2.35%	667,476.5	2.70%	887,091.9	3.42%
13	Vegetable Oils & Vanaspati	57,864.6	0.25%	53,316.3	0.22%	57,225.3	0.22%
14	Tobacco/Tobacco Products	7,400.4	0.03%	2,871.1	0.01%	1,796.4	0.01%

		As of March 31, 2021					
		2019		2020		2021	
	Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
		(Rs. in millions, except %)					
15	Paper/Paper Products……..	47,817.0	0.20%	53,900.7	0.22%	58,613.7	0.23%
16	Rubber/Rubber Products….	82,566.7	0.35%	80,550.5	0.33%	84,545.8	0.33%
17	Chemicals/Dyes/Paints etc.	1,036,028.9	4.44%	995,111.5	4.03%	864,640.6	3.34%
17.1	Of which Fertilizers………	169,797.5	0.73%	193,273.5	0.78%	180,396.7	0.70%
17.2	Of which Petrochemicals…	622,861.3	2.67%	550,147.0	2.23%	430,379.2	1.66%
17.3	Of which Drugs & Pharma.	136,516.9	0.58%	129,786.9	0.52%	126,199.0	0.49%
18	Cement……………………	151,256.1	0.65%	155,047.6	0.63%	124,745.3	0.48%
19	Leather & Leather Products	26,294.6	0.11%	34,312.0	0.14%	34,451.9	0.13%
20	Gems & Jewellery………..	132,059.9	0.57%	123,870.5	0.50%	125,126.1	0.48%
21	Construction………………	304,410.5	1.30%	442,817.1	1.79%	469,553.8	1.81%
22	Petroleum…………………	365,419.5	1.57%	438,021.5	1.77%	444,163.7	1.71%
23	Automobiles & Trucks……	159,290.2	0.68%	182,832.9	0.74%	172,100.0	0.66%
24	Computer Software……….	18,701.1	0.08%	61,987.4	0.25%	67,846.3	0.26%
25	Infrastructure……………...	3,619,580.6	15.50%	3,605,504.5	14.58%	3,595,121.5	13.87%
25.1	Of which Power…………..	2,040,018.3	8.74%	2,055,473.6	8.31%	1,914,408.0	7.39%
25.2	Of which Telecommunications……...	263,449.1	1.13%	35,240.8	0.14%	278,437.5	1.07 %
25.3	Of which Roads & Ports….	547,769.3	2.35%	602,242.0	2.44%	865,594.3	3.34%
26	Other Industries…………..	3,234,913.4	13.85%	2,527,614.3	10.22%	2,334,496.7	9.01%
27	NBFCs & Trading………..	3,563,113.6	15.26%	3,934,305.1	15.91%	3,803,465.8	14.68%
28	Residual Advances……….	7,615,938.9	32.62%	9,233,321.8	37.35%	10,742,807.6	41.45%
	Total……………………..	**23,349,467.0**	**100.00%**	**24,722,841.8**	**100.00%**	**25,916,055.4**	**100%**

	As of March 31, 2021			
	2020		2021	
Industry Type	Amount	% of Total	Amount	% of Total
	(Rs. in billions, except %)			
Infrastructure	3,435.23	16.63%	3,285.79	15.06%
of which Power...	2,035.32	9.85%	1,855.89	8.50%
Telecommunication	378.04	1.83%	291.4	1.34%
Roads & Ports...	560.60	2.71%	827.64	3.79%
Other Infrastructure	461.26	2.23%	310.85	1.42%
Services	2,504.56	12.13%	2,469.02	11.31%
Iron & Steel	550.89	2.67%	457.94	2.10%

Industry Type	As of March 31, 2021			
	2020		2021	
	Amount	% of Total	Amount	% of Total
	(Rs. in billions, except %)			
Trade	–	–%	0	-%
Textiles	338.04	1.64%	333.18	1.53%
Petroleum & Petrochemicals	470.60	2.28%	482.08	2.21%
Engineering	233.22	1.13%	192.82	0.88%
Comm. Real Estate	412.51	2.0%	462.28	2.12%
Other Industries	3,173.24	15.36%	3,293.43	15.09%
Home Loans	4,558.65	22.07%	5,037.79	23.08%
Auto Loans	726.62	3.52%	763.22	3.50%
Other Retail Loans	2,190.62	10.61%	2,906.1	13.32%
Agriculture	2,060.67	9.98%	2,141.51	9.81%
Total Domestic Advances	**20,654.8**	**100.00%**	**21,825.16**	**100.00%**

As of March 31, 2021, aggregate fund based advances to the Bank's top ten largest single borrowers amounted to Rs. 2,739.85 billion, representing approximately 88.70% of its total Tier I and Tier II capital. As of March 31, 2021, the Bank had an exposure of Rs. 576.15 billion, for its single largest borrower, representing 18.65% of its Tier I and Tier II capital.

Regional Concentration

The Bank's widespread branch network enables the Bank to diversify its lending risks geographically. The following table presents an analysis of the Bank's domestic advances by region as at the dates indicated.

Circle	As of March 31, 2021		
	2019	2020	2021
	(Rs. in billions, except %)		
Ahmedabad	3%	3%	3%
Amravati	4%	5%	5%
Bengaluru	4%	5%	6%
Bhopal	4%	4%	4%
Bhubaneswar	1%	2%	3%
Chandigarh	4%	4%	3%
Chennai	5%	5%	4%
Guwahati	2%	2%	4%
Hyderabad	4%	4%	3%
Jaipur	4%	4%	4%
Kolkata	2%	2%	2%

Circle	As of March 31, 2021		
	2019	2020	2021
	(Rs. in billions, except %)		
Lucknow	2%	2%	2%
Maharashtra	5%	5%	5%
New Delhi	4%	4%	4%
Patna	2%	2%	4%
Thiruvananthapuram	3%	3%	5%
Mumbai (metro)	2%	2%	2%
Corporate Center(1)	45%	42%	38%
Total domestic advances	**100%**	**100%**	**100%**

Note:

(1) The Corporate Center houses the Corporate Banking Group and the Commercial Clients Group. The Corporate Banking Group comprises three strategic business units, namely Corporate Accounts, Project Finance and Leasing, and the Financial Institution Business Unit. Also housed at the Corporate Center is the SARG. The Corporate Accounts group has offices in Chennai, Mumbai, Kolkata, New Delhi, Hyderabad and Ahmedabad and the Project Finance and Leasing group's office is located in Mumbai. However, these two business groups extend loans to borrowers located throughout India. The SAMG has offices at 14 centers, namely Ahmedabad, Bangalore, Bhopal, Bhubaneswar, Chandigarh, Chennai, Ernamulam, Kolkata, Lucknow, Ludhiana Mumbai, New Delhi, Patna and Secunderabad. The Commercial Clients Group has nine regional offices at eight locations at Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, Mumbai, New Delhi — I, New Delhi — II and Pune.

The Bank's loans to its ten largest individual borrowers as of March 31, 2021 totalled approximately Rs. 2,739.85 billion, or approximately 12.55% of its total loan portfolio.

Asset and Liability Maturity Profile

The following tables set out the maturity profile of the Bank's assets and liabilities as at the dates indicated.

Loans and Advances

	As of March 31, 2021		
	2019	2020	2021
	(Rs. in millions)		
Due in one year or less	3,209,317	3,980,895	5,084,416
Over 1 year to 3 years	10,918,906	10,821,139	8,708,707
Over 3 years to 5 years	2,902,207	2,097,661	3,192,499
Over 5 years	4,828,340	6,353,201	7,509,356

Investment Securities

	As of March 31, 2021		
	2019	2020	2021
	(Rs. in millions)		
Due in one year or less	1,215,804	1,946,107	2,118,758
Over 1 year to 3 years	1,667,585	1,827,411	3,312,724
Over 3 years to 5 years	1,815,384	1,551,265	2,254,960
Over 5 years	4,971,446	5,144,761	5,830,610

Deposits

	As of March 31, 2021		
	2019	2020	2021
	(Rs. in millions)		
Due in one year or less	12,477,028	14,256,071	13,930,391
Over 1 year to 3 years	5,316,718	5,928,066	7,954,522
Over 3 years to 5 years	3,036,305	3,249,136	3,813,830
Over 5 years	8,283,809	8,982,935	11,114,028

Borrowings

	As of March 31, 2021		
	2019	2020	2021
	(Rs. in millions)		
Due in one year or less	2,720,419	1,743,029	2,683,968
Over 1 year to 3 years	472,582	783,681	680,899
Over 3 years to 5 years	288,961	490,932	506,672
Over 5 years	548,210	128,915	301,439

Foreign Currency Assets

	As of March 31, 2021		
	2019	2020	2021
	(Rs. in millions)		
Due in one year or less	1,720,232	2,075,404	1,833,897
Over 1 year to 3 years	958,160	1,124,032	1,212,574
Over 3 years to 5 years	836,232	834,455	786,659
Over 5 years	399,883	474,351	611,162

Foreign Currency Liabilities

	As of March 31, 2021		
	2019	2020	2021
		(Rs. in millions)	
Due in one year or less	2,351,292	2,508,351	2,059,767
Over 1 year to 3 years	591,142	641,140	578,637
Over 3 years to 5 years	478,392	465,769	395,988
Over 5 years	157,427	137,582	145,117

Investment Portfolio

As of March 31, 2021, the Bank's investments comprised 29.81% of its total unconsolidated assets, while total advances were 54.02% of the Bank's total unconsolidated assets. The Bank carries out its investment activities according to various investment and trading policies. These policies set forth delegation of powers, types of instruments, maximum limits on investments in different types of securities, position limits, stop loss limits, duration limits, and minimum acceptable credit spreads.

The Bank attempts to achieve the highest risk-adjusted returns on its funds. The Bank is required to maintain a minimum holding of 18.25% of its demand and time liabilities in SLR securities. In addition, the surplus funds of the Bank's deposits and advances are invested by the domestic Treasury. These investments are in conformity with the Bank's policy on investments and the risk limits set by the Bank's Board.

The following table details the Bank's investment portfolio in the last three fiscal years.

	As of March 31, 2021		
Investments	**2019**	**2020**	**2021**
		(Rs. in millions)	
Investments in India in			
Government securities	7,618,831	8,032,701	10,552,886
Other approved securities	0	–	–
Shares	98,787	82,214	79,814
Debentures and bonds	849,484	1,023,638	1,518,123
Subsidiaries/joint ventures (including associates)	56,080	117,441	134,752
Others (units of mutual funds commercial papers priority sector deposits etc.)	533,885	740,572	757,166
Total	**9,157,068**	**9,996,567**	**13,042,741**
Investments outside India in			
Government securities (including local authorities)	116,448	170,628	179,463
Subsidiaries/joint ventures abroad	42,985	42,985	47,682
Other investments (shares, debentures, etc.)	353,718	259,365	247,166
Total	**513,152**	**472,978**	**474,311**

Investments	As of March 31, 2021		
	2019	2020	2021
	(Rs. in millions)		
Grand total	**9,670,219**	**10,469,545**	**13,517,052**
Investments in India			
Gross value of investments	9,266,506	10,105,990	13,144,241
Less: aggregate of provisions/depreciation	109,438	109,424	101,499
Net investments (vide I above)			
Total	**9,157,068**	**9,996,567**	**13,042,741**
Investments outside India			
Gross value of investments	514,734	474,487	474,614
Less: aggregate of provisions/depreciation	1,582	150,823	303
Net investments (vide II above)	513,152	472,978	474,311
Total	**9,670,219**	**10,469,545**	**13,517,052**

Credit Management Policies and Procedures

Credit Approval and Monitoring

The Bank's credit approval process involves multiple levels of loan approval authority, depending on the loan amount and other factors such as the nature of the credit, the conditions of the transaction and whether or not the loan is secured.

At each level of authority, loan applications are reviewed on the basis of the feasibility of the project from a technical, financial and economic point of view, and to ensure that the loan application falls within the realm of fair banking risk. In conducting such a review the following factors are considered: the borrower's profile, management structure, past financial performance and credit ratings, the Bank's exposure to the company, industrial group and/or industry in light of prudential exposure norms, industry outlook and financial projections for the borrower company and/or project. In the case of overseas financing, appraisals also include an assessment of the overseas venture in terms of commercial risk, political risk and currency risk, an assessment of the relevant international market, an analysis of the benefits from the overseas venture likely to accrue to the Indian promoter, and compliance with regulatory guidelines. The Bank may also conduct a sensitivity analysis which includes variables such as debt servicing ratios and internal rates of return, and study the likely impact of changes in, among other things, price/unit cost.

The Bank has internal guidelines that limit the amounts of loans that can be authorized. This amount differs depending on the type of loan and certain other factors, such as type of borrowers or type of facilities.

The Bank disburses funds to a borrower in strict compliance with the terms of the sanction, after all necessary documentation has been executed. Specific approval is sought from the original sanctioning authority, or as delegated in accordance with the policy approved by the Executive Committee of the Central Board ("**ECCB**") or the Credit Policy and Procedures Committee ("**CPPC**") in case of any deviation from the terms of the sanction.

Examples of the types of procedures in place for various finance divisions include:

Corporate Finance Procedures

As part of the corporate loan approval procedures, the Bank carries out a detailed analysis of funding requirements including normal capital expenditure, long-term working capital requirements and liquidity. The Bank's corporate term loans are generally available for periods of three to ten years. The Bank's corporate term loans may carry fixed or floating rates, as befit the requirements of the client and the risk profile. The repayment plan is generally linked to the cash flows of the company. The Bank's credit analysts gauge the applicant's particular funding requirements and evaluate the company's credit worthiness, factoring in the cash flows generated by it. Approved facilities will lapse within six months of the date of approval, unless they are used within that time.

Retail Loan Procedures

The Bank's retail loan customers are typically middle or high-income, salaried or self-employed individuals. The Bank's retail credit product operations are sub-divided into various product lines. Each product line is further sub-divided into separate sales, marketing and credit groups. The Bank has an established process for giving and collecting retail credits. In most cases, the Bank requires a contribution from the borrower and the loans are secured by the asset financed.

Working Capital Finance Procedures

The Bank carries out a detailed analysis of its borrowers' working capital requirements. The Bank's dedicated credit team has a deep understanding of the intricacies of various industries and is experienced in evaluating the business potential of companies. The credit team assesses the customer's specific credit requirements and customizes financial solutions to suit the business requirements of the customer and its risk profile. Working capital finance limits are normally valid for one year and repayable on demand. Approved facilities will lapse within three months of the date of approval unless they are used within that time.

Project Finance and Leasing Procedures

The Bank believes it has a strong framework for the appraisal and execution of project finance proposals and that this framework allows for risk identification, allocation and mitigation, and helps minimize residual risk. The Bank has formed a dedicated Project Finance unit to assess credit proposals and extend term loans for large industrial and infrastructure projects. Apart from this, project term loans for medium sized projects and smaller clients are delivered through the Corporate Banking Group, Commercial Clients Group and the National Banking Group. The loans are approved on the basis of in-house appraisal of the cost and viability of the venture as well as the credit standing of promoters. Project finance is typically structured as long-term loans. Maturity periods and repayment modes are structured in line with the specific aspects of each project and industry, factoring in a timeframe for the venture to generate a stable revenue stream.

The Finance and Leasing unit is dedicated to lease financing for procuring equipment for projects or plants. The Bank enters into lease agreements as stand-alone contracts or as part of a structured package. The Bank typically undertakes leasing contracts with a minimum ticket size of Rs. 50 million, generally restricted to 50.0% of the total net worth of the lessee. Lease contracts are usually structured for a tenor of five to seven years. The Bank, however, has stopped encouraging new leases due to a change in tax law that has resulted in unfavorable tax treatment with respect to such lease contracts.

RBI Classification and Provisioning Requirements

The Bank classifies its assets in accordance with RBI guidelines. Under these guidelines, an asset is classified as non-performing if any amount of interest or principal remains overdue for more than 90 days in respect of term loans. In respect of overdraft and cash credit, an asset is classified as non-performing if the account remains out of order for a continuous period of 90 days, and in respect of bills, if the account remains overdue for more than 90 days.

Assets are classified as described below:

Standard asset..	A standard asset is one which does not disclose any problem and which does not carry more than normal risks attached to the business. Such asset is not an NPA.
Sub-standard asset...	A sub-standard asset is one which has remained an NPA for a period of less than or equal to 12 months.
Doubtful asset	A doubtful asset is one which has remained in the sub-standard category for a period of 12 months and more.
Loss asset	A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection, but the amount has not been written off wholly. In other words, such an asset is considered uncollectible.

The Bank's NPAs include loans and advances as well as credit substitutes, which are funded credit exposures such as debentures and preference shares.

The following table provides a summary of the Bank's gross loan assets as of the periods indicated, in accordance with RBI classifications.

	As of March 31, 2021		
Asset Category	**2019**	**2020**	**2021**
		(Rs. in billions)	
Standard	21,207.04	22,737.53	24,130.04
Sub-standard	258.75	358.36	195.90
Doubtful...	1,376.18	886.15	817.65
Loss..	92.57	246.41	250.34
Total...	**22,934.54**	**24,228.45**	**25,393.93**

The following table sets forth the Bank's provisions for possible credit losses at the dates indicated.

	As of March 31, 2021		
Asset Category	**2019**	**2020**	**2021**
		(Rs. in billions)	
Provision held	1,065.6	972.2	895.8
Provision held as % of gross advances............................	5.50%	4.01%	3.53%
Provision held as % of gross NPAs..................................	50.38%	65.21%	70.88%

Restructured Assets

RBI has issued separate guidelines for restructured assets. A fully secured standard asset can be restructured by rescheduling principal repayments and/or the interest element, but it must be separately disclosed as a restructured asset. The amount of sacrifice, if any, in the element of interest, measured in present value terms, is either written-off, or provision is made to the extent of the sacrifice involved. Similar guidelines apply to sub-standard assets. The sub-standard accounts which have been subjected to restructuring, whether in respect of a principal installment or an interest amount, are eligible to be upgraded to the standard category only after the specified period, which is a period of one year after the date when first payment of principal or interest, whichever is earlier, falls due, subject to satisfactory performance during the period.

Provisioning and Write-Offs

RBI guidelines on provisioning and write-off are as follows:

Assets are classified as described below:

Standard asset...	The general provisioning requirement for "Standard Advances" has now been increased by the RBI from 0.25% to 0.40%, with the exception of banks' direct advances to agricultural and SME sectors. For specific sectors, such as commercial real estate, provisioning at 1% is required.
Sub-standard asset..	A general provision of 10.0% on total outstanding and 20.0% of the outstanding on the "unsecured exposures" identified as "sub-standard". Unsecured exposure is an exposure where realizable value of security is not more than 10.0%, ab-initio, of the outstanding exposure.
Doubtful asset	Provision at 100.0% of the extent to which the advances are not covered by realizable value of security. In regard to the secured portion, provision is to be made as under:

Period for which advance remained in "Doubtful" category	Provision requirement
	(%)
Up to one year..	25
One to three years	40
More than three years.....................................	100
Loss Assets...	The entire asset is written off or 100% provision is made on outstanding amount.

Non-Performing Assets

The Bank has in the past suffered losses through impairment of loans as some borrowers were impacted by negative trends in the global market place, recessionary conditions in the domestic economy, increased competition and volatility in industrial growth and commodity prices. The Bank has adopted several measures to refine its credit selection processes and appraisal capabilities, including the establishment of SARG. See "*Description of the Bank — Business Groups— Stressed Assets Resolution Group*".

The management of NPAs has been one of the focus areas of the Bank with the objective to achieve global benchmarks. Towards this goal, the Bank has focused on:

- identification and monitoring of Special Mention Accounts according to RBI guidelines in order to check the movement of standard assets into the NPA category, conducting regular reviews and taking quick corrective action;

- restructuring impaired standard accounts as well as viable NPAs, as under the Bank's own scheme for limiting NPAs;
- upgrading the Bank's assets; and
- high-value accounts and cases referred to the NCLT, especially in the doubtful and loss categories, through 20 specialized Stressed Assets Management branches.

As of March 31, 2021, 2020 and 2019, the Bank's gross NPAs represented 5.0%, 6.2% and 7.5%, repressively, of its gross customer assets, and the Bank's NPA, net of provisions, represented 1.5%, 2.2% and 3.0%, respectively, of its net customer assets.

See "*Investment Considerations — Risks Relating to the Bank's Business — If the Bank is not able to control or reduce the level of NPAs in its portfolio, its business will be adversely affected*".

The following table sets forth, for the periods indicated, information about the Bank's unconsolidated NPA portfolio.

	As of March 31, 2021		
	2019	2020	2021
	(Rs. in billions, except %)		
Gross NPAs	1,727.50	1,490.9	1,263.9
Specific provisions	1,066.64	970.41	893.88
Floating provisions	1.93	1.93	1.92
NPA net of provisions	658.95	518.71	368.10
Gross customer assets	22,934.54	24,228.45	25,393.93
Net customer assets	21,858.76	23,252.90	24,494.98
Gross NPAs/gross customer assets (%)	7.53%	6.15%	4.98%
Net NPAs/net customer assets (%)	3.01%	2.23%	1.50%
Specific provision as a % of gross NPAs	**61.74%**	**65.08%**	**70.72%**
Total provisions as a % of gross NPAs	**61.86%**	**65.21%**	**70.88%**

The Bank's net provisioning coverage ratio as of March 31, 2021, March 31, 2020, and March 31, 2019 computed according to RBI guidelines, was 87.75%, 83.62% and 78.73%, respectively.

The Bank's SARG was established to ensure close and continuous monitoring and timely management of NPAs of Rs. 50 million and above. Since the beginning of fiscal year 2017, the Group has taken over the responsibility from the Bank for dealing with all NPAs of Rs. 1 million (from 2008 to 2016, all NPAs above Rs. 10 million were under the control of the Bank's SAMB) and above in order to provide a greater focus on recovery. These NPAs are mostly held by SAMG branches which are under direct control of SARG at the Corporate Center. A high-power task force at Corporate Center reviews NPAs of Rs. 2 billion and above periodically. The NPA position of the Bank is also reviewed by the Central Management Committee of the Bank at monthly intervals.

The following table sets forth the classification of gross loan assets of the Bank at the dates indicated.

	As of March 31, 2021		
	2019	2020	2021
	(Rs. in billions)		
Standard	21,207.04	22,737.53	24,130.04
Restructured assets	205.62	88.80	62.16
Non-performing assets	1,727.50	1,490.92	1,263.89
Sub-standard assets	258.75	358.36	195.90
Doubtful assets	1,376.18	886.15	817.65
Loss assets	92.57	246.41	250.34

The following table sets forth the Bank's NPAs for its ten largest accounts, broken down by industry, as of March 31, 2021.

	Gross principal outstanding
	As of March 31, 2021
Industry (no. of accounts)	(Rs. in billions)
Power (5)	97.84
NBFC (1)	71.71
Telecom (2)	80.64
Cement (1)	36.99
Engineering (1)	12.25
Total (10)	299.43

Interests under the SARFAESI Act

To assist banks and financial institutions in recovering their unpaid advances and to ensure financial discipline among borrowers, the Government enacted the SARFAESI Act in December 2002. The SARFAESI Act provides the legal framework for (i) the securitization of financial assets by setting up a securitization company ("**SC**") or a reconstruction company ("**RC**"); (ii) the foreclosure of assets through a SC or RC; and (iii) the foreclosure of NPA accounts.

During fiscal year 2021, the Bank issued notices under the SARFAESI Act to 9,480 borrowers with an aggregate principal outstanding of Rs. 131.14 billion. Of these, Rs. 38.61 billion has been recovered out of which Rs. 6.08 billion has been recovered through compromise. The Bank has been applying all available methods for the recovery of unpaid advances, including reporting the name of willful defaulters to the RBI together with commencing the necessary steps for recovery. The Bank has also initiated aggressive one-time settlement measures to recover unpaid loans.

Pursuant to the SARFAESI Act, a bank which is a secured creditor may, in respect of loans classified as NPAs, give notice in writing to the borrower (the term includes guarantor) who had created the charge requiring them to discharge its liabilities within 60 days, failing which, and in the absence of any satisfactory objections or representations made by the borrower, such a secured creditor may take the following measures to recover the dues:

- taking possession of the secured assets of the borrower, including the right to transfer these assets by way of lease, assignment or sale for realizing the secured assets;
- taking over the management of the business of the borrower, including the right to transfer assets by way of lease, assignment or sale for realizing the secured assets;
- appointing any person to manage the secured assets after taking possession; or
- advising any person who owes money because of acquiring any of the secured assets from the borrower, to pay the money directly to the banks or secured creditors.

If required, the secured creditors may request the Chief Metropolitan Magistrate or the District Magistrate to take possession of part or whole of the secured assets and other related documents and forward the assets and documents to the secured creditors. On sale of the secured assets, the proceeds would first be utilized to meet all the expenses incurred in enforcement of security interest and then for payment of dues of secured creditors. The remaining amount would be paid to others in accordance with their rights and interests. In case the dues are not fully recovered by sale of secured assets, then the secured creditors may, within the relevant limitation period, file an application to the Debt Recovery Tribunal for the remaining dues. The secured creditors are also entitled to proceed against the guarantors and sell the charged assets independent of their action for enforcement of security interests against the borrower.

On April 8, 2004 the Supreme Court of India pronounced a judgment upholding the constitutional validity of the SARFAESI Act (with the exception of section 17(2)). The Government has since enacted the Enforcement of Security Interest and Recovery of Debts Laws (Amendment) Act 2004 (the "**Amended Act**").

The salient features of the Amended Act are as follows:

- The Amended Act makes it mandatory for the secured creditor to consider any representation or objection raised by the borrower (on whom notice had been served) and communicate reasons for non-acceptance of the representation or objection within one week from the date of receipt of such representation or objection.
- Section 13(4)(b) empowers the secured creditor to take over the management of business of such borrower, to the extent it is related to the security of the debt. Where a substantial part of the business of the borrower is held as security for the debt, the secured creditor is also empowered to take over the management of the entire business, including the right to transfer by way of lease, assignment or sale for realizing the secured asset. However, the term "substantial part of the business" has not been defined.
- The Recovery of Debts Due to Banks and Financial Institution Act 1993 ("**DRT Act**") was amended to allow banks and financial institutions to withdraw a recovery application filed by them before the Debt Recovery Tribunal ("**DRT**") should they propose to initiate action under the SARFAESI Act. However, a judgment issued by the Supreme Court of India on November 29, 2006 indicated that there are no legal impediments for taking simultaneous action under the DRT Act and the SARFAESI Act.
- Under the Amended Act, an aggrieved borrower can make an application to the DRT to stay action taken under the SARFAESI Act and the same is required to be decided within 60 days. Further an appeal can be filed against an order of the DRT before the Debt Recovery Appellate Tribunal

("**DRAT**") after the borrower has deposited 50% of the amount of debt (such sum may be reduced to 25.0% of the debt by the DRAT for reasons to be recorded in writing).

Corporate Debt Restructuring Mechanism

The following table shows loan assets subjected to restructuring under the CDRM during the periods indicated and as a percentage of the Bank's total loans on those dates.

	As of and for the year ended March 31, 2021					
	2019		2020		2021	
	Rs.	%	Rs.	%	Rs.	%
	(Rs. in billions)					
Total loan assets which have been restructured	70.39	0.31	24.32	0.10	13.98	0.06
Total sub-standard assets which have been restructured	–	–	–	–	-	-
Total doubtful assets which have been restructured	62.36	0.27	19.63	0.08	9.61	0.04

Establishment of Asset Reconstruction Company

The SARFAESI Act provides the framework for setting up asset reconstruction companies in India. Accordingly, the Bank, together with other major Indian banks, has jointly promoted the Asset Reconstruction Company (India) Ltd. ("**ARCIL**"). ARCIL serves as the entity that acquires the NPAs of its parent banks at a mutually acceptable price against the issue of security receipts. ARCIL seeks to recover outstanding debts through restructuring, settlement or enforcement of security interests. ARCIL then uses amounts recovered to redeem the security receipts issued to certain qualified institutional investors. As of March 31, 2021, the Bank owned 19.95% of the share capital of ARCIL. In July 2005, the RBI issued guidelines on the sale and purchase of NPAs amongst banks, financial institutions and non-banking financial companies. See "*Regulation and Supervision — The RBI and its Regulation — Regulations relating to Sale of Assets to Asset Reconstruction Companies*". Pursuant to an amendment of these guidelines on October 4, 2007, RBI has stipulated that banks should calculate the net present value of the estimated cash flows associated with the realizable value of the available securities net of the cost of realization. As a result, the sale price of an NPA should generally not be lower than the net present value arrived at in the manner described above.

Sale of Assets to Asset Reconstruction Companies, Banks, Financial Institutions and Non-Banking Financial Companies

The Bank periodically engages in sales of NPAs to reconstruction companies, banks, financial institutions and non-banking financial companies. The following table sets out the sales of NPAs by the Bank to reconstruction companies for the periods indicated:

Year ended March 31, 2021	No. of NPAs sold	Total Outstanding Principal Amount	Consideration Received
		(Rs. in billions)	(Rs. in billions)
2019	29	65.45	31.55

Year ended March 31, 2021	No. of NPAs sold	Total Outstanding Principal Amount	Consideration Received
		(Rs. in billions)	(Rs. in billions)
2020	32	33.29	12.37
2021	30	22.30	7.13

Funding and Liquidity

The Bank's funding operations are designed to ensure stability, low cost of funding and effective liquidity management. The Bank's principal sources of funds are deposits from retail and corporate customers, borrowings from RBI and other financial institutions, foreign currency borrowings, profits from the purchase and sale of investments, and the public and private issuance of bonds. Deposits raised from the retail segment were 76.49%, 76.05% and 74.75% of total deposits as of March 31, 2019, 2020 and 2021, respectively.

Deposits and Borrowings

The following table sets out the Group's principal sources of funding as a percentage of total funding sources as of the dates indicated.

	As of March 31, 2021					
	2019		2020		2021	
Assets	Amount	%	Amount	%	Amount	%
	(Rs. in millions, except %)					
Deposits at branches in India	28,121,347	78.36	31,225,674	80.93	35,679,268	80.64
Deposits at branches outside India........	1,284,063	3.58	1,515,932	3.93	1,474,044	3.33
Total deposits.......................................	29,405,410	81.94	32,741,606	84.86	37,153,312	83.97
Borrowings in India	1,812,488	5.05	1,129,076	2.93	2,623,719	5.93
Borrowings outside India......................	2,324,989	6.48	2,199,931	5.70	1,714,243	3.87
Total borrowings..................................	4,137,477	11.53	3,329,007	10.72	4,337,962	9.80
Capital funds(1).....................................	2,344,957	6.53	2,510,601	8.63	2,755,616	6.23
Total(2)...	**35,887,844**	**100.0**	**38,581,214**	**100.0**	**44,246,890**	**100.0**

Notes:

(1) Capital funds comprise share capital, reserves and surplus.

(2) Total deposits, total borrowings and capital funds.

The following table sets out the Bank's principal sources of funding as a percentage of total funding sources as of the dates indicated.

Assets	As of March 31, 2021					
	2019		2020		2021	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
	(Rs. in millions, except %)					
Deposits at branches in India	28,142,434	79.60	31,246,159	82.48	35,701,649	82.03
Deposits at branches outside India	971,426	2.75	1,170,049	3.09	1,111,122	2.55
Total deposits	29,113,860	82.35	32,416,207	85.57	36,812,771	84.58
Borrowings in India	1,698,419	4.80	952,812	2.52	2,452,573	5.63
Borrowings outside						
Borrowings outside India	2,331,752	6.60	2,193,745	5.79	1,720,404	3.95
Total borrowings	4,030,171	11.40	3,146,557	8.31	4,172,977	9.59
Capital funds[1]	2,209,138	6.25	2,320,074	6.12	2,538,752	5.83
Total[2]	**35,353,169**	**100.0**	**37,882,838**	**100.0**	**43,524,500**	**100.0**

Notes:

(1) Capital funds comprise share capital, reserves and surplus.

(2) Total deposits, total borrowings and capital funds.

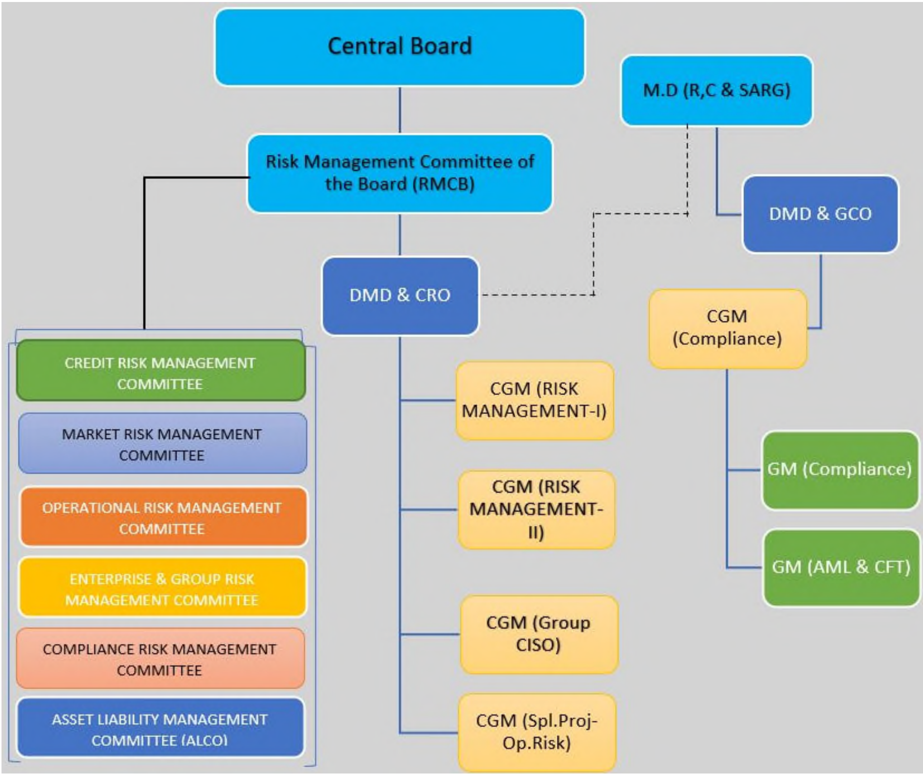
DESCRIPTION OF ASSETS AND LIABILITY MANAGEMENT OF THE ISSUER

The Bank is exposed to various risks that are an inherent part of any banking business, with the major risks being credit risk, market risk, liquidity risk and operational risk. The Bank has various policies and procedures in place to measure, manage and monitor these risks systematically across all its portfolios.

These policies are reviewed by the Board of Directors from time to time. The Board of Directors also reviews the progress in the implementation of risk management systems, asset liability management, risk based supervision and a risk based internal audit at quarterly intervals.

The Risk Management Committee of the Board ("**RMCB**") oversees the policy and strategy for Bank/Group-wide risk management relating to various risk exposures of the Bank including credit, market liquidity and operational risks.

The RMCB is supported by various risk committees, namely the Credit Risk Management Committee, the Asset Liability Management Committee ("**ALCO**"), the Market Risk Management Committee, the Operational Risk Management Committee and the Enterprise and Group Risk Management Committee. These committees are in place to address credit, market, liquidity, interest rate, operational risk and enterprise and group risk matters. Critical issues and developments in their respective areas are referred to these committees.



The Bank has a Deputy Managing Director as Chief Risk Officer who reports to the Risk Management Committee of the Board ("**RMCB**"). The Credit Risk Management Department, the Market Risk Management Department, the Operational Risk Management Department, the Enterprise and Group Risk Management Department and the Basel Implementation Department all report to the CRO through the Chief General Manager (Risk Management). The Department of the Chief Information Security Officer reports directly to the CRO. These seven departments act independently and coordinate with the business units to implement risk management policies. ALCO is headed by the Chairman of the Board.

Risk Management Structure

The Bank has an independent risk management system, which the management believes is in line with international best practices, to address the risks faced in its banking activities including liquidity, interest rate, market, credit and operational risks. As a financial institution, the Bank is exposed to various kinds of risk, in particular liquidity risk (the possibility of not having the necessary funds to meet operational and debt servicing requirements), interest rate risk (the risk associated with movements in interest rates), credit risk (the potential for loss due to the failure of a counterparty or borrower to meet its financial obligations), market risk (the possibility that changes in interest rates, foreign exchange rates, prices of debt and equity securities and other financial contracts may have an adverse effect on the Bank's financial condition) and operational risk (risks arising from inadequate or failed operational processes, people and systems).

The risk philosophy of the Bank is guided by the twin objectives of enhancement of shareholder value and optimum allocation of capital. Risk management is perceived as essential to business growth and strategic business planning, achieved by constant monitoring of the interdependencies and interfaces across business functions.

The Bank's exposure norms are in line with the norms prescribed by the RBI for commercial banks and financial institutions as per the large exposure framework. According to these norms, the sum of all the exposure values of a bank to a single counterparty must not be higher than 20% of the bank's available eligible capital base at all times. In exceptional cases, the board of banks may allow an additional 5% exposure of the bank's available eligible capital base. Banks shall lay down a board approved policy in this regard. The sum of all the exposure values of a bank to a group of connected counterparties must not be higher than 25% of the bank's available eligible capital base at all times.

The Bank believes it has the policies and procedures in place to manage its risks and to anticipate future risk based on RBI guidelines and what management believes are international best practices. The primary responsibility for the management of risk rests with the Board, which has approved the policies and organizational structure for various risk management measures.

Credit Risk Management

The Bank is exposed to credit risk due to the possibility that a borrower or counterparty may fail to meet its obligations in accordance with agreed terms, principally the failure to make required payments on loans or other obligations due to the Bank. Credit risk management aims at building up sound asset quality and the long-term profitability of the institution. It involves activities such as risk identification, risk measurement, risk mitigation and risk-based pricing. For this purpose, the Bank has a policy on credit risk management, credit risk mitigation and collateral management which incorporates guidelines issued and observations made by the Reserve Bank of India. The Bank manages its portfolio of loan assets with a view to limiting concentrations in terms of risk quality, geography, industry, maturity and large exposure aggregates by providing a centralized focus to its credit portfolio and instituting a suitable mechanism for its management.

In addition to credit risk management, the internal audit system acts as a third line of defense as part of the overall risk management framework of the Bank. This is an integral part of the Bank's risk management system and helps identify early warning signals of potential problems.

Individuals	Maximum aggregate credit facilities (fund-based and non-fund based) of Rs. 500 million (other than against specified securities for which there is no restriction).
Non-corporate (partnerships, associations, etc.)	Maximum aggregate credit facilities (fund-based and non-fund-based) of Rs. 1 billion (other than against specified securities for which there is no restriction).

	The above ceiling will also be applicable to the aggregate of all facilities sanctioned to partnership firms which have identical partners.
Corporate	Maximum aggregate credit facilities in accordance with prudential norms of the RBI on exposures.

The Bank's current credit policy prescribes that the Bank's aggregate term loans with residual maturity of over three years should not in the aggregate exceed 40.0% of the total advances of the Bank. The Bank's policy is to restrict fund-based exposure to a particular industry to a maximum of 15.0% of the Bank's total domestic exposure. In addition, the Bank restricts term loan exposure to infrastructure projects to 30% of the Bank's total domestic advances.

The Bank's exposure to certain "**sensitive sectors**," including capital markets, real estate, and sensitive commodities (as prescribed by the RBI) are subject to the following limitations:

- *Real estate*: the Bank's exposure shall not exceed 30.0% of the Bank's total advances.
- *Sensitive commodities*: the Bank's exposure shall not exceed 5.0% of the Bank's net worth as of the end of the Bank's previous fiscal year.
- *Capital markets*: the Bank's exposure shall not exceed 40.0% of its net worth (as specified and defined by the RBI) as of the end of its previous fiscal year, as applied to both fund-based and non-fund-based exposure to all forms of capital markets products.

The Bank's major exposures to individual borrowers and borrower groups are consolidated and disclosed to the Board at their regular meetings. The Credit Risk Management Department conducts studies on various industries to examine the quantitative and qualitative measures that should be considered in regard to the handling of the Bank's current exposure to various industries. These studies are also meant to provide information to help the Bank determine the merits in taking on additional exposure to various industries.

The Bank has credit risk assessment models in place based on the activity of the borrower including manufacturing, infrastructure projects, trade, non-banking financial companies, banks and primary dealers. Although not currently required by the RBI, the Bank's risk assessment model for manufacturing entities complies with the advanced internal ratings-based approach.

The Asset Liability Management Committee ("ALCO")

The Bank has an asset liability management policy which prescribes various prudential limits for liquidity risk and interest rate risk management. ALCO is responsible for managing liquidity and interest rate risk. To this end, ALCO manages and controls the structure of assets, liabilities and interest rate sensitivity with a view to maximizing profits. It also ensures capital adequacy and sufficient liquidity. The Bank has made significant efforts to improve its market risk management capabilities and fine-tune its management information systems, incorporating suggestions from the RBI as well as from the Basel Committee on Banking Supervision. For example, pursuant to RBI policy guidance, the Bank prepares a structural liquidity statement and Liquidity Coverage Ratio ("**LCR**") on a daily basis for reporting to top management. It has also implemented the risk management module of the Oracle financial services application, an asset liability management software solution for strengthening the risk management process.

Liquidity Risk Management

Liquidity risk comprises the risk of not being able to raise the necessary funds from the market to meet operational and debt servicing requirements. An important objective of the Bank's liquidity management is to maintain an optimal asset to liability maturity portfolio that minimizes liquidity risk while maximizing profit.

The Bank ensures that proactive steps are taken to meet all impending liquidity requirements. Borrowing is also timed in consideration of overall market liquidity and not just requirements of funds. The Bank also maintains a reasonable level of investment in liquid securities which can be liquidated at short notice.

The Bank monitors its liquidity position through a structural liquidity gap analysis carried out on a daily basis in accordance with RBI guidelines on asset liability management. The liquidity position is also monitored through a stock-based approach and presented to the top management on a daily basis while a review of the contingency funding plan is placed before ALCO at quarterly intervals. The LCR position of the Bank is being monitored on a daily basis with monthly reporting to the RBI/ALCO.

The Bank has an extensive branch network and therefore holds deposits from a large number of retail customers. These deposits provide a stable resource base. In addition, liquid assets in the form of cash, balances with other banks and short-term securities help to meet the liquidity requirements of the Bank.

The Bank has implemented the final guidelines of the RBI on liquidity risk management and the Basel III framework on liquidity standards.

Interest Rate Risk Management

Since the Bank's balance sheet consists predominantly of assets and liabilities denominated in Rupees, movements in domestic interest rates constitute the main source of interest rate risk. The Bank's portfolio of traded and other debt securities and its loan portfolio are impacted by movements in interest rates. Exposure to fluctuations in interest rates is measured primarily by way of a gap analysis, providing a static view of the maturity and re-pricing characteristics of the Bank's balance sheet positions. Interest rate gap reports in major currencies are prepared by classifying all assets and liabilities into various time period categories according to their contracted maturities or anticipated re-pricing dates. The difference in the amount of assets and liabilities maturing or being re-priced in any given time period gives the Bank an indication of the extent of exposure to the potential impact on re-priced assets and liabilities. The interest rate gap report is prepared monthly as of the last reporting Friday of each month, in accordance with RBI requirements. In addition, exposure to interest rates is measured through a sensitivity analysis which examines the impact of interest rate movements on the Bank's financial condition. Further, a duration gap analysis is also prepared to measure the impact of interest rates on the market value of both the equity and debt portfolios.

Market Risk Management

Market risk refers to potential losses arising from volatility in interest rates, foreign exchange rates, equity prices and commodity prices. Market risk arises with respect to many types of financial instruments, including securities, foreign exchange contracts, equity instruments and derivative instruments, as well as balance sheet gaps. The objective of market risk management is to avoid excessive exposure of the Bank's earnings and equity to loss and to reduce the Bank's exposure to the volatility inherent in financial instruments.

Risk measurement and monitoring entails the valuation and marking-to-market of market risk exposures, updating rates and models used for valuations and preparing simulations showing the effects of possible changes in market conditions. Exposure to individual corporations is regulated by adequate thresholds determined by such models and simulations. Market risks relating to treasury operations are regularly and independently identified, measured, and monitored by the Market Risk Management Department, which is subject to a clear functional separation from the front office and back office.

The Bank deals in over-the-counter interest rate and currency derivatives as well as exchange-traded interest rate futures and currency futures. Interest rate derivatives offered by the Bank are Rupee interest rate swaps, foreign currency interest rate swaps and forward rate agreements.

Currency derivatives offered by the Bank include currency swaps, Rupee dollar options and cross-currency options. Derivatives are also used by the Bank for both trading hedging balance sheet items. Interest rate futures and currency futures are traded by the Bank through notified stock exchanges.

Derivative transactions carry market risk, such as the probable loss the Bank may incur as a result of adverse movements in interest rates or exchange rates and credit risk, or the probable loss the Bank may incur if the counterparties fail to meet their obligations, as well as liquidity, legal and operational risk. These risks are managed under the Bank's risk management policy. The Bank's policy on derivatives is approved by the Board and prescribes market risk parameters such as loss limit and open position limits as well as customer eligibility criteria, including credit ratings and lengths of relationship, among others, for entering into derivative transactions. Credit risk is managed by entering into derivative transactions only with counterparties satisfying the criteria prescribed in the policy. The Bank's policy provides guidance for the recording, amending and rollover of derivative deals as well as customer appropriateness forms.

The Value at Risk ("**VAR**") framework is applied on an asset class basis as well as on a diversified portfolio level. VAR is monitored daily and limits are revised on an annual basis or earlier if market conditions warrant. The model is validated daily by back testing. The VAR methodology used by the Bank is a historical simulation method using 250 days historical data, which are updated every day. The Bank calculates one day and 10 day VAR at a 99% confidence level. Stress testing is conducted at quarterly intervals to evaluate the potential vulnerability of its portfolios to some unlikely but possible events or movements in financial variables such as interest rates, foreign exchange rates and equity prices.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk and it seeks to identify the cause of a loss. Operational risk has four principal causes: People, Process, Systems and External factors. For a discussion on the Bank's vulnerability to operational risk, see "*Investment Considerations — Risks Relating to the Bank's Business — Operational risks such as fraud and errors may have an adverse impact on the Bank's business*."

The operational risk management policy of the Bank establishes a risk framework that guides the Bank in the management of operational risk and the allocation of capital for potential losses. This policy requires that all functional areas, departments and business units of the Bank identify, assess, measure, mitigate, monitor, control and report on their significant operational risks in a manner that is consistent across the Bank. This policy applies to all business and functional areas within the Bank. The Bank's operational risk management policy is supplemented by operational systems, procedures and guidelines, which are periodically updated by the Bank.

The objective of the Bank's operational risk management policy is to improve controls and to mitigate risks, improve capital management, create awareness of operational risk throughout the Bank, assign risk ownership, comply with regulations, improve the quality of products and services, and mitigate the impact and probability of loss in the face of any disruption to business processes.

The following measures are being used by the Bank to control and mitigate operational risks:

- continuous improvement of internal controls and systems based on internal and external loss data and also the outcome of conduct of risk and control self-assessment exercises;
- analysis of loss data and near miss events ("**NMEs**") for better risk management;
- monitoring key risk indicators ("**KRIs**");
- scenario analysis workshops;

- training of staff personnel;
- reward systems;
- placement and rotation of staff;
- monitoring of frauds;
- Root Cause Analysis;
- External Loss Data Analysis;
- Insurance for transfer of risk: Bank has a separate designated cell in Banking Operations Department (BOD) for insurance business;
- business continuity planning and disaster recovery; and
- sensitivity analysis

Operational Controls and Procedures in the Bank

The Bank has issued detailed procedural guidelines for processing various banking transactions. Guidelines and instructions are disseminated through job cards, policies, e-circulars, and training programs. Amendments and modifications to these guidelines are implemented through e-circulars and policies.

The Bank has also issued necessary instructions throughout the Bank regarding the delegation of financial powers, which detail sanctioning powers at various levels of officials for different types of financial transactions.

A business continuity policy and manual has also been drawn up to take proactive measures to respond to business disruption and system failures and to ensure uninterrupted availability of key business processes that support critical banking functions.

The Bank's Internal Audit Department ("**IAD**") has zonal inspection offices located throughout India. Inspection officials periodically monitor adherence to controls and procedures and report deviations to facilitate corrective actions at all branches or centralized processing cells. Concurrent auditors are assigned to all large branches.

Further, remote application for dynamic assessment of risk ("**RADAR**") is in place which is a system driven, continuous, centralised monitoring of auditee units based on remote evaluation of data points available in the source systems such as the core banking system, loan originating software, loan life cycle management system. Under RADAR, exceptions are identified based on missing data, outliers, inconsistent data and the exceptions are flagged as process control or compliance gaps to the auditee unit for rectification.

A statutory audit is conducted by external auditors after the annual closing.

The Bank's inspection and management audit ("**I&MA**") department has zonal inspection offices located throughout India. Inspection officials periodically monitor adherence to controls and procedures and report deviations to facilitate corrective action. Besides I&MA officials, each Circle is assigned an internal audit team and concurrent auditors are assigned to all large branches. A statutory audit is conducted by external auditors after the annual closing.

Operational Controls and Procedures in Centralized Processing Cells

In an effort to improve customer service at all centers, the Bank has introduced central transaction processing. The centralized transaction processing cells process clearing checks, make inter-city check collections and engage in back-office support for account opening, standing instructions, non-resident Indian services and automatic renewal of deposits.

Operational Systems and Controls in Treasury

Treasury's front office, back office and mid-office (market risk management department) are fully segregated. While the front office and the independent back offices report to the Head of Treasury, the Market Risk Management Department functions independently from Treasury and is under the control of the Chief Risk Officer. Mid-office prepares various reports to monitor the Bank's exposure against various limits such as stop-loss limits, counterparty limits and concentration risk limits.

The Bank's front office Treasury operations are integrated and comprise the Rupee desk, the foreign exchange desk and the derivatives desk. The front office is supported by treasury marketing units located in seven centers across the country. While the Rupee desk operations consist of fixed income securities, equities and inter-bank money markets, the foreign exchange desk operations consist of inter-bank, merchant and proprietary transactions. The derivatives operations include swaps, options and structured products. Dealers enter into trades with counterparties after analyzing market conditions and taking views on price movements. After completion of a deal, the deal then flows to the back office for validation, settlement and accounting.

The front office regularly discusses strategies on the basis of market forecasts, liquidity conditions and publicly available information. Trading is conducted in strict accordance with trading policies, a dealing manual and regulatory guidelines.

The Treasury back office undertakes settlement of securities and funds based on guidelines stipulated by the manual of operations. Procedures followed by the back office to minimize operational risks in Treasury include: validation of deals entered into by the front office, deal confirmations with counterparties, the receipt and checking of broker contract notes, the monitoring of receipt and payments on due dates and monitoring of the transfer and receipt of securities into accounts where dematerialized securities are held, and the reconciliation of accounts.

The mid office employs various tools for monitoring market risk. These tools include: exposure limits, counterparty limits, overnight open position limits, gap limits, broker transaction limits, modified duration limits, management action triggers, stop loss triggers, limits on option greeks and VAR limits. The mid office marks to market various positions, and breaches, if any, are promptly reported. The Market Risk Management Department formulates various policies, such as investment policy, trading policy for government securities, corporate bond and equity policy, and policy for foreign exchange and derivatives. In addition the Market Risk Management Department formulates the market risk management policy, VAR policy and stress test policy. VAR is monitored daily and compared against the limits. VAR is validated through back-testing on a daily basis.

Operational Controls and Procedures in Retail Asset Operations

The Bank's retail asset operations are spread out geographically across India and the Bank has centralized processing cells for retail assets in most cities across India. These centers carry out disbursement of approved credit facilities, accounting, reconciliation and repayment management activities for retail assets. All operational and other risks are identified, mitigators designed and measures of performance specified to ensure adherence. Internal auditors monitor adherence to controls and procedures and report deviations to facilitate corrective action.

Operational Controls and Procedures for Corporate Banking

The Bank's Corporate Accounts group, a strategic business group of the Corporate Banking Group, operates a central functioning office at Mumbai as well as branches at Chennai and New Delhi. These offices are jointly responsible for operations relating to trade finance, cash management and other general banking operations. In addition, the Bank's Commercial Clients Group caters to the credit requirements of medium-sized corporations through its nine regional offices and 47 branches across India.

Operational Controls and Procedures for Rural Banking

All rural branches are fully computerized. Operational risks pertaining to rural and agricultural branches are identified, assessed, monitored, controlled and mitigated by the respective controlling offices. Risk and control self assessment exercises are conducted at branch level for the purpose of identifying and assessing operational risks. The Bank's rural asset operations are spread across India. In addition to the respective controllers, officials from the Bank's Inspection and Audit and Circle Audit departments also visit all rural branches periodically to conduct detailed audits for monitoring adherence to controls and procedures as well as to report irregularities within the branches. A statutory audit is also conducted at branch level after annual closing.

Anti-Money Laundering Measures adopted by the Bank

The Bank has established a policy implementing KYC standards and AML measures. Detailed procedural guidelines on KYC and AML measures have been issued to all branches and offices of the Bank, incorporating the following four key elements of the policy:

- the customer acceptance policy;
- customer identification procedures;
- the monitoring of transactions; and
- risk management.

The Bank has acquired and implemented an AML software solution, which is being used for transaction monitoring purposes. Cash transaction reports are generated through the software and suspicious transactions alerts are generated based on parameters and thresholds fixed by the Bank. Suspicious transactions alerts are then analyzed at KYC/AML cell for finalization and submission of suspicious transactions reports by the Principal Officer in appropriate cases. This solution enables automatic generation of alerts for the monitoring and reporting of suspicious transactions. KYC guidelines are covered as part of regular training programs for various staff categories by the Bank's training institutes. A list of terrorist organizations, periodically updated by the United Nations, is circulated to all branches of the Bank. The Bank closely monitors the implementation of the KYC guidelines and AML procedures through a system of education and monitoring by utilizing various training forums as well as an inspection and audit process.

Country Risk and Bank Exposure

The Bank has a country risk management policy in accordance with RBI guidelines as well as a Board approved bank exposure model for foreign banks and non-banking financial intermediaries. These policies outline robust risk management models with prescriptions for country, bank, product and counterparty exposure limits. Considering the global economic turmoil, both country and bank exposure limits are monitored and reviewed on a regular basis. The exposure ceilings and classifications are moderated in line with the dynamics of their risk profiles. Corrective steps are periodically initiated to safeguard the Bank's interests.

Group Risk Management

The Group is recognized as a major financial conglomerate and as a systemically important financial intermediary, with a significant presence in various financial markets. Accordingly, it is imperative, both from a regulatory perspective as well as from the Group's own internal control and risk management perspective, to oversee the functioning of individual entities within the Group and periodically assess the Group's overall risk level. This oversight allows for optimal utilization of capital resources and the adoption of a uniform set of risk practices across the Group.

The Group's risk management policy was formed with a view to effectively monitor risk management practices amongst all Group entities using a common brand name and logo where the Bank holds an equity share of 20% or more and exercises control over management. It aims to put in place standardized risk management processes across the Group, so as to provide an integrated view of the range of risks the Group faces and to use risk-taking as a strategic means to strengthen competitive position and create value.

The Group's risk management policy applies to all banking and non-banking subsidiaries and joint ventures of the Group under the jurisdiction of specified regulators but excludes regional rural banks, non-financial entities and special purpose vehicles. These entities must also comply with relevant accounting standards. Currently, the Group includes the Bank, eight overseas banking entities and 13 domestic non-banking entities which are engaged in merchant banking, asset management, life insurance, general insurance, factoring, credit cards, pension funds, primary dealership, payment services and custodial services.

The Group's risk management policy focuses on (a) understanding the material risks faced by each Group entity and the potential impact thereof and (b) devising methods of mitigating those risks effectively. The policy recommends formulating a risk governance structure, fixing the risk appetite of the Group, employing international best practices and fixing internal exposure limits.

In order to allow entities within the Group to assess their material risks and the adequacy of their risk management processes and capital, all Group entities, including non-banking subsidiaries, are encouraged to align their policies and operations with the Group and in accordance with Basel prescriptions and international best practices. Further, an Enterprise and Group Risk Management Committee has also been constituted to oversee matters relating to Group risk, ensuring periodic reviews of risk policy and compliance.

A Group Risk Management Department supports the Enterprise and Group Risk Management Committee by periodically assessing and reporting the overall level of risk in the Group. The department also conducts workshops on specific risk-related issues for risk managers across the Group and provides a forum for the sharing of risk-related practices information among Group members.

As part of the supervisory review and evaluation process, a Group Internal Capital Adequacy Assessment Process ("**ICAAP**") report for the Group is prepared annually and approved by Bank's Board. The report includes identification, measurement and management of all risks faced by the Group, including risk mitigation and control measures, an evaluation of the adequacy of risk management practices in all Group entities, stress-testing, and identifying additional capital requirements for the identified risks. The document is prepared on the basis of the standalone ICAAP documents of all Group entities. The document is part of the Bank's compliance with RBI's New Capital Adequacy Framework, based on the Basel III framework (the "**Framework**"). See "*Regulation and Supervision — The RBI and its Regulations — Capital adequacy requirements*."

Enterprise Risk Management

An ICAAP report at standalone level is prepared annually and approved by Bank's Board. In addition to the three Pillar I Risks, the Bank under the ICAAP covers the identification and assessment of Pillar 2 Risks, such as liquidity risk, interest rate risk in the banking book, credit concentration risk, reputation risk, strategic risk, model risk, compliance risk, pension fund obligation risk and contagion risk, among others.

In July 2010, the RBI granted permission to schedule commercial banks to operate well-protected vans as mobile branches or ATMs in Tier 3 to Tier 6 centers. In 2012, the RBI permitted banks to install offsite ATMs without the prior permission of the RBI and non-banks to set up ATMs in Tier 3 to Tier 6 enters known as "white label" ATMs.

In relation to the procedural aspects of opening new branches, the previous system of granting authorizations for opening individual branches from time to time has now been replaced by a system of giving aggregated approvals, on an annual basis, through a consultative and interactive process. The branch expansion strategies and plans over the medium term would be discussed by the RBI with individual banks. The term "branch" for this purpose would include a fully-fledged branch, an extension counter, off-site ATMs, an administrative office, and back offices. The medium term framework and the specific proposals would cover the opening, closing, shifting, merger and conversion of all categories of branches. Banks are free to submit their Annual Branch Expansion Plan ("**ABEP**") any time during the year. Notwithstanding the above, banks may approach the RBI for any urgent proposals regarding the opening of branches, especially in under-banked areas (districts) anytime during the year, in addition to the authorizations granted under the annual plan, which would be considered on merit. While processing authorization requests, the RBI gives importance to the nature and scope of banking services, particularly in under-banked sectors, credit flow to the priority sectors and efforts to promote financial inclusion, the need to induce enhanced competition in the banking sector, the bank's regulatory compliance, the quality of governance, risk management and relationships with subsidiaries and affiliates.

With effect from July 15, 2011, banks have been advised, that while preparing their ABEP, they should allocate at least 25% of the total number of branches proposed to be opened during a year in unbanked rural Tier 5 and Tier 6 centers. An unbanked rural center would mean a rural Tier 5 and Tier 6 center that does not have a brick and mortar structure of any scheduled commercial bank for customer-based banking transactions. Banks are now permitted to take credit over a three-year period aligned to their three year financial inclusion plans for branches opened in unbanked rural centers in a year in excess of the 25% minimum requirement.

Credit Management Policies and Procedures

Credit Policy and Procedures Committee

The Credit Policy and Procedures Committee ("**CPPC**") is headed by the Chairman of the Bank and tasked with handling issues relating to credit policies and procedures and to analyze, manage and control credit risk on a Bank-wide basis. The CPPC formulates clear policies on standards for the presentation of credit proposals, financial covenants, rating standards and benchmarks, delegations of credit approving powers, prudential limits on large credit exposures, asset concentrations, standards for loan collateral, portfolio management, loan review mechanisms, risk concentrations, risk monitoring and evaluation, pricing of loans, provisioning and regulatory and legal compliance.

The Bank's credit risk management process is articulated in its credit policy, which is approved by the Board. The credit policy recognizes the need for measures aimed at better risk management and avoidance of a concentration of credit risks. With this objective, limits have been prescribed for the Bank's exposure to any single borrower, group of borrowers or specific industries or sectors.

The credit policy embodies the Bank's approach to sanctioning, managing and monitoring credit risk and aims at making the systems and controls effective. It is guided by the best practices of commercial prudence, high standards of ethical norms and the requirement for national priorities. It also aims at striking a measured balance between underwriting assets of high quality and customer oriented selling.

Accordingly, the credit policy sets out guidelines on the following aspects, in accordance with RBI and Government directives:

- exposure levels for industries, sectors and credit facilities;
- credit appraisal standards;
- documentation standards;

- pricing policy;
- review, renewal and takeover of advances;
- credit monitoring and supervision;
- credit risk assessment;
- NPA management;
- export credit; and
- the approach to lending to priority sectors and the services sector.

All revisions in policies and procedures are carried out with the approval of the CPPC and the Board.

Credit Approval and Monitoring

The Bank's credit approval process involves multiple levels of loan approval authority, depending on the loan amount and other factors such as the nature of the credit, the conditions of the transaction and whether or not the loan is secured.

At each level of authority, loan applications are reviewed on the basis of the feasibility of the project from a technical, financial and economic point of view, and to ensure that the loan application falls within the realm of fair banking risk. In conducting such a review the following factors are considered: the borrower's profile, management structure, past financial performance and credit ratings, the Bank's exposure to the company, industrial group and/or industry in light of prudential exposure norms, industry outlook and financial projections for the borrower company and/or project. In the case of overseas financing, appraisals also include an assessment of the overseas venture in terms of commercial risk, political risk, country risk, and currency risk, an assessment of the relevant international market, an analysis of the benefits from the overseas venture likely to accrue to the Indian promoter, and compliance with regulatory guidelines. The Bank may also conduct a sensitivity analysis which includes variables such as debt servicing ratios and internal rates of return, and a study of the likely impact of changes in, among other things, price/unit costs.

The Bank has a system of delegation of financial powers, approved by the Board of the Bank, to sanction/ approve credit facilities, which sets out loan amounts that can be sanctioned by various functionaries or credit committees.

The Bank disburses funds to a borrower in strict compliance with the terms of the sanction, after all necessary documentation has been executed. Specific approval is sought from the original sanctioning authority, or as delegated in accordance with the policy approved by the Executive Committee of the Central Board ("**ECCB**") or the CPPC in the case of any deviation from the terms of the sanction.

Examples of the types of procedures in place for various finance divisions include:

Corporate Finance Procedures

As part of its corporate loan approval procedures, the Bank carries out a detailed analysis of an applicant's funding requirements, including normal capital expenditure, working capital requirements and liquidity. The Bank's corporate term loans are generally available for periods of three to ten years. The Bank's corporate term loans may carry fixed or floating rates befitting the requirements of the client and the risk profile. The repayment plan is generally linked to the cash flow of the company. The Bank's credit analysts gauge the applicant's particular funding requirements and evaluate the company's creditworthiness, factoring in the cash flows generated by it. Approved facilities will lapse within six months of the date of approval, unless they are used within that time.

Retail Loan Procedures

The Bank's retail loan customers are typically middle- or high-income, salaried or self-employed individuals. The Bank's retail credit product operations are sub-divided into various product lines. Each product line is further sub-divided into separate sales, marketing and credit groups. The Bank has an established process for giving and collecting retail credits. In most cases, the Bank requires a contribution from the borrower and the loans are secured by the asset financed.

Working Capital Finance Procedures

The Bank carries out a detailed analysis of its borrowers' working capital requirements. The Bank's dedicated credit team has a deep understanding of the intricacies of various industries and is experienced in evaluating the business potential of companies. The credit team assesses the customer's specific credit requirements and customizes financial solutions to suit the business requirements of the customer and its risk profile. Working capital finance limits are normally valid for one year and repayable on demand. Approved facilities will lapse within three months of the date of approval unless they are used within that time.

Project Finance and Leasing Procedures

The Bank believes it has a strong framework for the appraisal and execution of project finance proposals and that this framework allows for risk identification, allocation and mitigation, and helps minimize residual risk. The Bank has formed a dedicated Project Finance unit to assess credit proposals and extend term loans for large industrial and infrastructure projects. Apart from this, project term loans for medium sized projects and smaller clients are delivered through the Corporate Banking Group, Commercial Clients Group and the National Banking Group. The loans are approved on the basis of an in-house appraisal of the cost and viability of the venture as well as the credit standing of promoters. Project finance is typically structured as long-term loans. Maturity periods and repayment modes are structured in line with the specific aspects of each project and industry, factoring in a time frame for the venture to generate a stable revenue stream.

Revamping of Corporate Credit Structure & Systems

The Bank has recently revamped its corporate credit structure and systems. The major changes made in the revamping are:

- Risk Management framework has been strengthened with creation of a Credit Review Department ("**CRD**") for giving risk clearance to the proposal independent of Assessment and Sanction Process. The CRD undertakes independent evaluation of credit proposals based on sectoral risks, company risk and credit policy guidelines. The Bank has therefore shifted from Independent Risk Advisory to Risk Clearance.

- Optimisation of network of commercial banking branches to consolidate coverage of highest priority individual/ group relationships across dedicated set of four CAG branches and the remaining corporate clients (other than CAG clients) in 45 CCG branches.

Internal Audit

The Bank has internal control systems with well-defined responsibilities at each level. It conducts internal audits through its Internal Audit Department ("IAD"). The Audit Committee of the Board ("ACB") exercises supervision and control over the functioning of the IAD. The internal audit system plays an important and critical role in the identification, control and management of risks through the internal audit function, which is regarded as one of the most important components of the risk management process. Risk Focused Internal Audit (RFIA) is the core audit process for "Assessing the Residual Risk" at the auditee units (Branches/CPCs) of the bank. Apart from RFIA, IAD conducts Risk Focussed Credit Audits (RFCA) of individual loans with aggregate credit exposures above Rs 200 million, Information Systems Audits (centralized IT establishments and branches), Cyber Security Audit, Foreign Exchange Management Act ("FEMA") audits, Home office audits

(audits of foreign offices), Audit of Outsourced Activities (Non-IT), Management Audits, Corporate Centre Department's Audit, Expenditure audits (at its administrative offices), Spot / Special / Thematic Audit and oversees the policy and implementation of concurrent audits. To verify the level of rectification of irregularities by branches, online Evidence Based Compliance Testing on sample basis is carried out for all auditee units. A comprehensive compliance audit is also undertaken at select branches.

Risk Focused Internal Audits

Internal Audit Department critically reviews adherence to Bank's instructions at the units under audit through RFIA in accordance with RBI directives on risk-based supervision.

IAD undertakes a critical review of the entire operations of audited units through RFIA, which is an adjunct to risk-based supervision according to the RBI directives. The audits of branches and BPR entities are conducted at intervals approved by ACB in conformity with the directives of RBI. During fiscal year 2021, the IAD audited 12,314 domestic branches and BPR entities.

Off-Site Audits

Remote Application for Dynamic Assessment of Risk (RADAR) is a system-driven, continuous and centralized monitoring system of auditee units based on remote evaluation of data obtained from the source systems. Under RADAR, it identifies exceptions based on missing data, outliers, inconsistent data and flags these exceptions as process control/compliance gaps to the auditee unit. A score is awarded based on the percentage of deviations for every value statement under Credit Risk Management (CRM) and Operational Risk Management (ORM) and the same is integrated into onsite audit scores.

An outlier model is developed for risk profiling of the branches on ongoing basis primarily to identify the branches showing lower degree of control ((indicated by a higher outlier audit score) for prioritisation of audit. Branches indicating low 'Control Risk' are considered for Trigger Based Offsite Audit with provision for onsite audit after a longer period approved by ACB or on deterioration in outlier status, whichever is earlier.

Management Audits

Management Audit is carried out to assess the level of control and to suggest measures for improving performance, eliminating deficiencies, increasing effectiveness leading to better results for the Bank. It also provides quality feedback to the top management and/or the Board on the effectiveness of Local Head Offices, sponsorship of regional rural banks ("**RRBs**") and select Corporate Centre Departments which are primarily responsible for business strategy with no direct responsibility of Compliance.

The periodicity for conduct of the Management Audit is determined by the strategic and business importance, change in regulatory, legal requirements, risk perception which at present is two years from the date of last Management Audit. In respect of new entities, the first Management Audit is conducted after a minimum of one year of existence and not later than two years. In respect of RRBs, the periodicity is within two years from the date of last Management Audit. However, certain RRBs may be subjected to Management Audit within one year from the date of last Management Audit Report based on recommendations from the Associates & Subsidiaries Department.

RFIA of Corporate Centre Departments

In line with RBI-RBS requirement and to strengthen the overall audit oversight at macro level of the organization, from FY 2020-21, RFIA of Corporate Centre Departments having direct responsibility of compliance on the observations made by RBI in their Annual Financial inspection on the aggregate risk/processes, etc. are undertaken. During fiscal year 2021, RFIA of 44 CCDs have been carried out.

Credit Audits

The credit auditing system aims at achieving continuous improvement in the quality of the commercial credit portfolio of the Bank through critically examining individual large commercial loans with aggregate credit exposures of above Rs. 200 million. The credit audit system also provides feedback to the business unit by way of warning signals about the quality of advance portfolio in the unit and suggests remedial measures. During fiscal year 2021, 7123 accounts were subjected to credit audit.

Information System Audits and cyber security audit

All the branches are being subjected to Information Systems (IS) Audit to assess the IT related risks as part of Risk Focused Internal Audit (RFIA) of the branch. IS Audit of Centralized IT Establishments and other Corporate Centre / Local Head Office Establishments is carried out separately by an in-house team of qualified officials. In case of need, external expertise is called in to draw upon their knowledge and experience. 84 IS Audits were conducted during Financial Year 2020-21. Audit of IT Outsourcing activities are also being done and during the year 2020-21, 596 audits were conducted.

Cyber Security Audits

Cyber Security Audit is conducted to determine the effectiveness of implementation of Cyber Security Policy and Standards, evaluate Cyber resilience, to examine if cyber attacks are detected, identified and treated in a timely manner. Cyber Security Audit also covers vendor security audit to evaluate vendor's security posture.

During FY 2020-21 Cyber Security Audit of 50 Applications, where data is processed by vendor and/or shared with vendor and/or stored, were conducted.

Foreign Offices Audits

Foreign Offices are subjected to Home Office Audit in addition to Internal Audit conducted locally at the respective centres under the oversight of Internal Audit Department. Commencement of Home Office Audit (HOA) is delayed due to travel restrictions and mandatory quarantine norms at the Foreign Centres. However, Internal Audit by Internal Auditors of the respective jurisdiction, Offsite Credit Audit, Early Review of Sanctions and Concurrent Audit at 4 central treasuries are being conducted on an ongoing basis as per the approved periodicity.

Concurrent Auditing System

The concurrent audit system is essentially a control process which is integral to the establishment of sound internal control functions, effective controls and oversight of operations on a near real time basis. In terms of latest regulatory guidelines on Concurrent Audit System, entities have been covered under Concurrent Audit System based as per their Risk Category (Risk Based Universe) viz. Extremely High Risk/Very High Risk/High Risk branches and as per minimum areas of coverage stipulated by RBI viz Centralized CPCs, FOREX transactions, Treasury Operations, Non fund based business, Currency Chest Verification etc,.(Rule Based Universe). Concurrent audit is carried out based on system driven solution, with external auditors (chartered accountant firms/and the Bank's retired officers) appointed as concurrent auditors at certain centres.

Early Review of Sanction ("ERS")

ERS covers pre-sanction and sanction processes for all fresh loans sanctioned and renewals of loan accounts with an exposure of above Rs. 10 million. They are carried out within a period of three to six months as per the loan review mechanism of the RBI. During FY 2020-21, ERS of 22,417 loan accounts were undertaken.

Offsite Transaction Monitoring System ("OTMS")

For off-site surveillance of transactions passing through the Bank's core banking solution ("CBS") system, scenario-based alerts are generated and flagged to the business units for corrective actions. Presently, there are 54 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 Audits

Legal Audit in Bank covers scrutiny of the loan and security related documents of loans amounting to Rs 5 crore and above. The 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 Bank. During FY2020-21, legal audit was carried out for 13,535 accounts.

Outsourced Activities Audits

IA department undertakes audit of financial and non - IT related activities which have been outsourced at Corporate Centre, Business Groups and Local Head Offices and provide reasonable assurance to the senior management and the Board of the Bank that adequate systems and procedures are in place to mitigate legal, financial and reputational risks that may arise on account of the outsourcing of certain activities. During fiscal year 2021, apart from the audit of 738 Non-IT outsourced entities, 30384 individual business correspondents and customer service points were audited.

Enforcement of Security Interests

The SARFAESI Act

See "*Description of Assets and Liabilities of the Bank — Credit Management Policies and Procedures — Enforcement of Security Interests under the SARFAESI Act*."

To assist banks and financial institutions in recovering their unpaid advances and to ensure financial discipline among borrowers, the Government enacted the SARFAESI Act in December 2002. The SARFAESI Act provides the legal framework for (i) the securitization of financial assets by setting up a securitization company or a reconstruction company; (ii) the foreclosure of assets through a securitization company or a reconstruction company; and (iii) the foreclosure of NPA accounts.

The Bank has been applying all available methods for the recovery of unpaid advances, including reporting the name of wilful defaulters to the RBI together with commencing the necessary steps for recovery. The Bank has also initiated aggressive one-time settlement measures to recover unpaid loans.

Insolvency and Bankruptcy Code 2016

The Insolvency and Bankruptcy Code, 2016 (the Code) enacted on May 28, 2016, is the new bankruptcy law of India, is a consolidation of the existing framework on insolvency and bankruptcy law in India. The Code outlines separate insolvency resolution processes for individuals, companies and partnership firms. Presently, only the insolvency resolution process for corporate persons has been made effective.

Under Corporate Insolvency Resolution Process either the debtor or the creditors can initiate resolution. CIRP under the Code enables a time bound and efficient mechanism for insolvency resolution in a market-oriented process, wherein the commercial decisions are taken by Committee of Creditors based on their share in the total debt owed by the corporate. Being a time bound process, the resolution process is to be completed in 180 days, with further extension by 90 days, if 66% of the creditors agree.

There is also provision for Fast Track Process applicable to start-ups (other than partnership firms), small companies and other companies (with assets less than Rs. 10.0 million), wherein resolution process is required to be completed within 90 days of initiation of request which may be extended by 45 days.

The Code seeks to be an effective tool for lenders in India. The Bank has filed cases for resolution in case of long standing NPAs as per directions of RBI. In addition, there are cases filed by other creditors/ operational creditors, where the Bank has been filing its claims under CIRP.

Establishment of Asset Reconstruction Company

The SARFAESI Act provides the framework for setting up asset reconstruction companies in India. Accordingly, the Bank, together with other major Indian banks, has jointly promoted the Asset Reconstruction Company (India) Limited. ("**ARCIL**"). ARCIL serves as the entity that acquires the NPAs of its parent banks at a mutually acceptable price against the issue of security receipts. ARCIL seeks to recover outstanding debts through restructuring, settlement or enforcement of security interests. ARCIL then uses amounts recovered to redeem the security receipts issued to certain qualified institutional investors.

In July 2005, the RBI issued guidelines on the sale and purchase of NPAs amongst banks, financial institutions and non-banking financial companies. For further details, see "*Regulations and Supervision — Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances*". Pursuant to an amendment of these guidelines on October 4, 2007, the RBI has stipulated that banks should calculate the net present value of the estimated cash flows associated with the realizable value of the available securities net of the cost of realization. As a result, the sale price of an NPA should generally not be lower than the net present value arrived at in the manner described above.

The Bank also periodically engages in sales of NPAs to reconstruction companies, banks, financial institutions and non-banking financial companies.

Risk Management in Banking Subsidiaries

The Bank's banking subsidiaries have implemented various risk management policies which are in line with the Bank's policies to identify, assess, monitor, control and mitigate risks coming under the broad categories of credit risk, liquidity risk, interest rate risk, market risk and operational risk. As is the case with the Bank, the banking subsidiaries have also put in place various risk management committees to monitor existing risks and mitigation thereof, apart from identification of emerging risks.

DESCRIPTION OF THE BANK'S HONG KONG BRANCH

Background

The Bank believes that Hong Kong is one of the world's key financial centers and the Bank has identified and made this center as its hub for the entire Asia Pacific region (excluding India). Hong Kong is the hub for India — China trade and is an important business intermediary for access to the large Chinese market. The Hong Kong Branch is considered to be one of the Bank's key branches on account of its strategic location, business profile and links to China.

Key Objectives of the Hong Kong Branch:

The key objectives of Hong Kong Branch are:

- Raising resources through customer deposits.
- Arranging syndicated loans and guarantees for Indian corporates and participating in syndicated facilities in the primary and secondary markets.
- Investing in debt securities in the primary and secondary markets.
- Financing trade with a focus on India-based clients.
- Providing remittance facilities to India and other centers.
- Serving as a hub for centralized treasury operations to support the funding requirements of the Bank's branches in the Asia Pacific region (excluding India).

The Bank's Hong Kong Operations

The Hong Kong operations of the Bank consist of a branch in Hong Kong and is governed by the corporate policies of the Bank's corporate center in India.

The operations of the Bank in Hong Kong are regulated by the Hong Kong Monetary Authority. SBI Hong Kong is an "Authorized Institution" and is involved in the following regulated activities:

- Accepting Deposits;
- Dealing in investments as a principal;
- Providing syndicated/bilateral/club loans;
- Trading in the foreign exchange markets;
- Sanction of bilateral loans (medium and long term);
- Arranging bilateral loan (medium and long term);
- ATM through e-banking;
- Remittances in almost all major currencies; and
- Providing Nostro account services to several banks.

As of the date of this Offering Circular, the Hong Kong Branch is in full compliance with the Hong Kong Monetary Authority requirements relating to liquidity. The Hong Kong Branch is also subject to the regulations and directives of the RBI as applicable to overseas branches of Indian banks.

The Hong Kong Branch intends to continue to focus on its key objectives as discussed above along with product delivery channels including ATMs and Internet banking. The Core Banking and treasury solutions at the foreign offices of the Bank are consistent with the world's leading systems. With various technology initiatives and new products, the Hong Kong Branch expects to further strengthen its already strong relationship with the Indian and local communities in Hong Kong and in neighboring countries with a focus on improved profitability and qualitative growth of its balance sheet.

DESCRIPTION OF THE BANK'S LONDON MAIN BRANCH

Background

The Bank believes that London is a key international financial center, acting as a global leader in Eurobond and foreign exchange trading. London offers transparent and highly liquid markets, access to a large pool of global capital and technologically advanced trading systems.

The United Kingdom is an important trade partner for India, in part due to its significant Indian population. The Bank regards the London Main Branch as one of its most important foreign offices on account of its strategic location, business profile and past experience.

Key Objectives of the London Main Branch

The key objectives of the London Main Branch are:

- Raising resources through customer deposits and other modes which include, among others, bankers' acceptances and repo.
- Arranging bilateral & syndicated loans and guarantees, for Indian and overseas corporates and participating in syndicated facilities in the primary and secondary markets.
- Investing in debt securities and structured products in the primary and secondary markets.
- Trade financing with a focus on India-related businesses including forfaiting transactions.
- Serving as a hub for centralized treasury operations to support the funding requirements of the Bank's branches in Europe as well as providing treasury services to other offices.

The Bank's London Main Branch Operations

The London Main Branch predominantly undertakes Wholesale Banking activities as mentioned above. London Main Branch is governed by the corporate policies of the Bank issued from the Bank's Corporate Center in India and is regulated by the U.K. Prudential Regulation Authority ("**PRA**") and Financial Conduct Authority ("**FCA**"). In addition to unregulated activities, the permission granted by the PRA under the Financial Services Markets Act 2000 allows the following regulated activities:

- Accepting deposits;
- Arranging the safeguarding and administration of assets; and
- Dealing in investments as agent and as principal.

As of the date of this Offering Circular, the London Main Branch was in compliance with the PRA requirements relating to liquidity maintenance as well as home country exposure limits.

The London Main Branch is also subject to the regulations and directives of the RBI as applicable to overseas branches of Indian banks.

The London Main Branch intends to continue to focus on its key objectives as discussed above. IT systems at the branch are being continuously enhanced and upgraded. With various technology initiatives and new products, the London Main Branch expects to further strengthen its already strong relationship with the Indian community.

DESCRIPTION OF THE BANK'S SYDNEY BRANCH

Background

The Bank started its operations in Sydney on November 23, 1998 by opening a representative office. The representative office was subsequently transformed into an operational branch (the "**Sydney Branch**") on April 21, 2004.

The Sydney Branch, among others, was opened with the objective of fostering closer trade relations between India and Australia and to help Indian corporates access the financial market in Australia. The Sydney Branch has now expanded its reach to local businesses and India-based clients. Other than fostering close trade relations, the Sydney Branch of the Bank, also provides its customers with corporate finance, syndicated loans and remittance services.

The Bank's Sydney operations are authorized and regulated by the Australian Prudential Regulation Authority (the "**APRA**"). Two other regulators, namely Australian Securities Investment Commission (the "**ASIC**") oversees the functioning of the Bank, while Australian Transaction Reports and Analysis Centre (the "**AUSTRAC**") reviews the AML/CFT of the Sydney Branch.

Key Objectives of the Sydney Branch

The key objectives of the Sydney Branch are to:

- accept corporate/wholesale deposits and retail deposits greater than A$250,000;
- participate in syndicated loans and guarantees for all corporates in the primary and secondary markets;
- sanctioning bilateral loans (medium and long term);
- invest in debt securities in the primary and secondary markets;
- trading in the foreign exchange markets;
- providing nostro account services to several banks;
- arrange trade finance for local corporates and also for India based clients; and
- provide remittance facilities to India and other centers.

The Branch is a "foreign authorised deposit taking institution" and is governed by the internal policies of the Branch, coupled with the corporate policies of the Bank's corporate center in India.

As of the date of this Offering Circular, the Sydney Branch is in compliance with the APRA requirements relating to liquidity, denoting, *inter alia*:

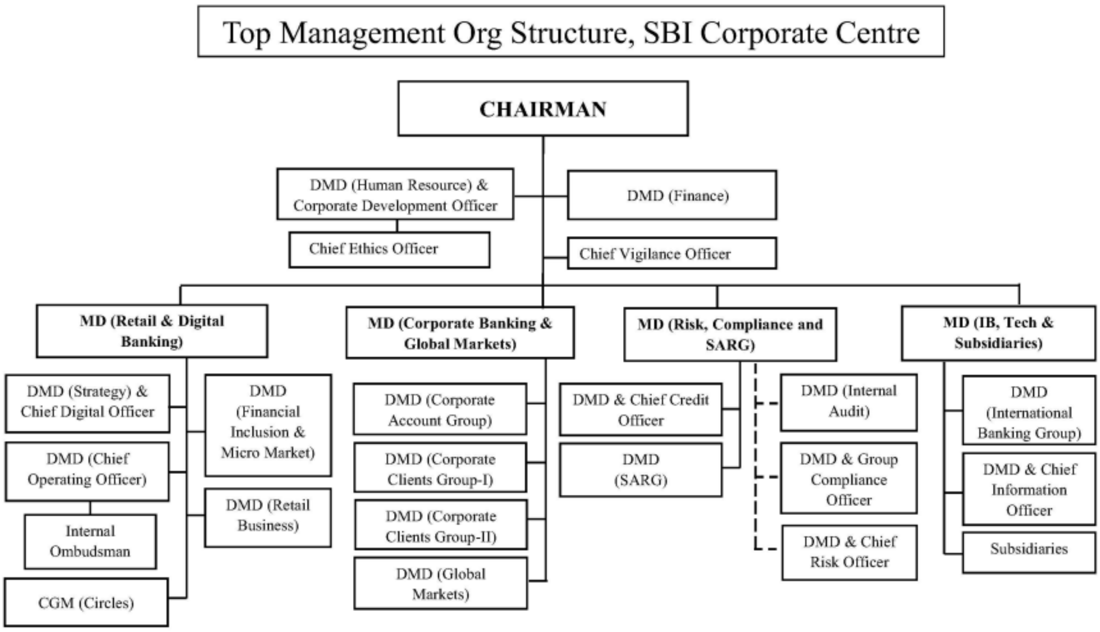
- strong financial strength;
- satisfactory asset quality;
- strong support by the head office on oversight of the branch;
- substantial increase in profit and high-quality earnings; and
- comfortable liquidity ratios.

The Bank’s Sydney branch is also subject to the regulations and directives of the RBI as applicable to overseas branches of Indian banks.

The Bank’s Sydney branch intends to continue to focus on its key objectives as discussed above. With various technology initiatives and new products and excellent customer service, the Sydney branch expects to further strengthen its already strong relationship with the Indian and local communities in Australia and in neighboring countries with a focus on further improving profitability and qualitative growth of its balance sheet.

MANAGEMENT

The following chart illustrates the management structure of the Bank as of the date of this Offering Circular:



Board of Directors

The Bank was constituted in 1955 when the Indian Parliament passed the SBI Act. A Central Board was constituted pursuant to the SBI Act, and the Central Board complies with the provisions of the SBI Act.

Other than the Chairman, the number of full-time Directors and other Directors on the Bank's Board as of March 31, 2021 is as under:

	As of March 31, 2021
Full-time Directors (i.e. Managing Directors)...	four
Other Directors...	eight

Other Directors include eminent professionals with expertise in fields of technology, accountancy, finance and economics. These included representatives of shareholders and staff of the Bank, nominees of the Government and the RBI, and directors nominated by the Government under section 19(d) of the SBI Act. The directors are appointed pursuant to section 19 of the SBI Act. The Chairman and the Managing Directors are appointed under section 19(a) and 19(b) of the SBI Act, respectively.

The non-executive directors who are on the Central Board of the Bank are:

- four directors elected under section 19(c) of the SBI Act by the shareholders;
- two directors nominated under section 19(d) of the SBI Act by the Government;
- one director nominated by the Government under section 19(e) of the SBI Act; and

- one director nominated by the Government on the recommendation of the RBI under section 19(f) of the SBI Act.

Central Board as of the date of this Offering Circular

	Name	Designation
1	Shri. Dinesh Kumar Khara	Chairman
2	Shri Challa Sreenivasulu Setty ...	Managing Director — Retail & Digital Banking with an additional charge of Stressed Assets
3	Shri Ashwani Bhatia..................	Managing Director — Corporate Banking & Global Markets
4	Shri Swaminathan Janakiraman..	Managing Director — Risk, Compliance & Stressed Assets Resolution Group
5	Shri Ashwini Kumar Tewari	Managing Director — International Banking, Technology & Subsidiaries
6	Shri B Venugopal	Director appointed under Section 19(c) of the SBI Act
7	Dr. Ganesh Natrajan	Director appointed under Section 19(c) of the SBI Act
8	Shri Ketan S. Vikamsey	Director appointed under Section 19(c) of the SBI Act
9	Shri Mrugank M Paranjape	Director appointed under Section 19(c) of the SBI Act
10	Dr. Pushpendra Rai....................	Director appointed under Section 19(d) of the SBI Act
11	Shri Sanjeev Maheshwari	Director appointed under Section 19(d) of the SBI Act
12	Shri Debasish Panda	Director appointed under Section 19(e) of the SBI Act
13	Shri Anil Kumar Sharma	Director appointed under Section 19(f) of the SBI Act

The Bank's Central Board meets regularly in accordance with requirements of the Bank, with a minimum of six meetings per year. During fiscal year 2021, the Central Board held 14 meetings.

Central Management Committee ("CENMAC")

CENMAC is the highest non-Board level policy making body of the Bank consisting of the Chairman, the four Managing Directors and all Deputy Managing Directors of the Bank. CENMAC is headed by the Chairman and is a forum for integration and co-ordination of policies/ strategies/ thinking at the highest level in a regular and structured manner. CENMAC also serves as a think tank and facilitates the day-to-day affairs of the Bank at macro level in strategy formulation, goal setting, identification of problems-short term as well as long term and provides necessary direction/ guidance. As of the date of this Offering Circular, the members of the CENMAC are as follows:

Sr. No	Name	Designation
1	Shri Dinesh Kumar Khara	Chairman
2	Shri Challa Sreenivasulu Setty ...	Managing Director (Retail & Digital Banking) with additional charge of Managing Director (Stressed Assets)
3	Shri Ashwani Bhatia..................	Managing Director (Corporate Banking & Global Markets)
4	Shri Swaminathan Janakiraman..	Managing Director (Risk, Compliance & Stressed Assets Resolution Group)

Sr. No	Name	Designation
5	Shri Ashwini Kumar Tewari	Managing Director (International Banking, Technology & Subsidiaries)
6	Shri Sanjay Naik.........................	Deputy Managing Director (International Banking Group)
7	Shri Sanjeev Nautiyal................	Deputy Managing Director (Financial Inclusion and Micro Markets)
8	Shri T. Keshav Kumar................	Deputy Managing Director (Commercial Clients Group- II)
9	Shri Alok Kumar Choudhary......	Deputy Managing Director (Finance)
10	Shri Sandeep Tewari	Deputy Managing Director (Internal Audit)
11	Shri Soma Sankara Prasad..........	Deputy Managing Director & Group Compliance Officer
12	Shri Natrajan Sundar	Deputy Managing Director & Chief Credit Officer
13	Shri Sastry S Venkataramana	Deputy Managing Director (Global Markets)
14	Shri Ravindra Pandey................	Deputy Managing Director (Strategy) & Chief Digital Officer
15	Shri V. S. Radhakrishnan	Deputy Managing Director (Commercial Clients Group- I) with additional charge of Deputy Managing Director (Corporate Accounts Group)
16	Shri S Salee	Deputy Managing Director (Stressed Assets Resolution Group)
17	Shri Rana Ashutosh Kr. Singh....	Deputy Managing Director (Human Resources) & Corporate Development Officer
18	Shri Prabodh Parikh....................	Deputy Managing Director (Commercial Clients Group- I)
19	Shri S. S. Rao	Deputy Managing Director & Chief Risk Officer
20	Shri Anup Kumar Mahapatra	Deputy Managing Director & Chief Information Officer
21	Smt. Saloni Narayan...................	Deputy Managing Director (Chief Operating Officer)
22	Shri Shri B.Raghavendra Rao.....	Deputy Managing Director (Corporate Accounting Group)

Profile of Central Management Committee Members

Shri. Dinesh Kumar Khara joined the Board on August 9, 2016 and is currently Managing Director (Global Banking & Subsidiaries). Prior to this appointment, he was the Managing Director (Risk, IT and Subsidiaries), Managing Director and Group Executive (Associates & Subsidiaries) and Managing Director and Chief Executive Officer of SBI Funds Management Private Limited. He joined the Bank as a Direct Recruit Officer in 1984. He has held various significant assignments at the Bank.

Shri Challa Sreenivasulu Setty is currently the Managing Director of Retail and Digital Banking with additional responsibility for managing stressed assets. Prior to his appointment, he was the Deputy Managing Director responsible for managing stressed assets portfolio. He joined the Bank as a Probationary Officer in 1988 in the Bank's Ahmedabad Circle and specialized in credit and stressed asset management. He has significant experience in corporate credit, retail banking and banking in developed markets.

Shri Ashwani Bhatia is the Managing Director of the Bank since August 2020. He is managing corporate banking and global markets. Mr. Bhatia has over 35 years of experience in the State Bank Group. Prior to his assignment as the Managing Director of the Bank, Mr. Bhatia was the Managing Director and Chief

Executive Officer for SBI Funds Management Private Limited. Before joining SBI Funds Management Private Limited, he was the Chief General Manager (Corporate Centre) where he revamped credit structure and processes of the Bank. Some of his other positions in the Bank include Chief General Manager (Small and Medium Enterprises), General Manager (Retail Operations of Haryana, HP, Jammu & Kashmir, Punjab and Chandigarh), and other management positions in network banking, credit, investment banking and asset management. He has spent more than 10 years in the Bank's treasury operations as the Deputy General Manager (Forex), Deputy General Manager (Interest Rates), Assistant General Manager and Chief Dealer (Equities). Mr. Bhatia was also the President and the Chief Operating Officer for SBI Capital Markets. He has also served as a dealer in the Japan Operations of the Bank in Tokyo.

Shri Swaminathan Janakiraman is presently the Managing Director for Risk, Compliance and Stressed Assets Resolution Group. He joined the Bank as a Probationary Officer in 1988, and has significant experience in credit and international banking. He was the Assistant General Manager and Regional Manager, Mid Corporate Group, Bangalore; Deputy General Manager, Global Trade Services, International Banking Group, Mumbai and also as Vice President & Head (Trade), New York.

Shri Ashwini Kumar Tewari is the Managing Director of the Bank and a Whole-time Director handling the portfolio of international banking, information technology and associates & subsidiaries of the Bank including major non-bank business such as credit cards, asset management, life & general insurance, capital markets and custodial services. Prior to becoming the Managing Director at the Bank, he served as the Managing Director and Chief Executive Officer of SBI Cards and Payment Services Ltd. Mr. Tewari is also the Country Head of the US Operations of the Bank from April 2017 to July 2021.

Shri Sanjeev Nautiyal is the Deputy Managing Director in charge of (Financial Inclusion and Micro Markets) Corporate Centre. He joined the Bank as a Probationary Officer in 1985 and has vast experience in retail, international banking and credit. He has worked as Regional Manager, Jhansi, General Manager, LHO New Delhi, Chief General Manager, Ahmedabad Circle and the Regional Head, MEWANA.

Shri T. Keshav Kumar joined the Bank as a Probationary Officer in 1984. He has vast experience in the banking industry and has served in various geographical locations and in various capacities at the Associate Banks prior to their merger with the Bank. Some of his previous assignments include Chief General Manager, Commercial Banking, Head Office, Trivandrum and General Manager, Commercial Banking, Head Office, Bangalore. Presently he is the Chief General Manager of Stressed Assets Resolution Group (Others), at Corporate Centre, Mumbai.

Shri Alok Kumar Choudhary joined the Bank as a Probationary Officer in 1987, has varied experience in many areas of banking and has served in various geographical locations spread across different circles. Some of his previous assignments include General Manager, Network I, Ahmedabad, Deputy General Manager, Business and Operations, Delhi and Deputy General Manager & Chief Digital Officer, LHO, North East Circle. He is currently the Chief General Manager, New Delhi circle.

Shri Sandeep Tewari joined the Bank as a Probationary Officer in 1984, has varied experience in areas such as retail, credit and international banking. He has over 34 years of experience at the Bank in various geographical locations spread across different circles and abroad. Presently, he is the Chief General Manager, Patna circle.

Shri Soma Sankara Prasad joined the Bank as a Probationary Officer in 1985. During his career of more than 33 years in the Bank, he has worked in various geographical locations in India and abroad. He has varied experience in retail, international banking and credit. Presently, he is the Country Head, Singapore Operations, Singapore.

Shri Natrajan Sundar started his career in the Bank as a Probationary Officer in the year 1985 and joined at Ahmedabad Circle. He has over 35 year of experience at different centers in Ahmedabad Circle and also abroad at out Los Angeles Agency. He has held senior position in Corporate Accounts Group, both as Deputy General Manager and Regional Manager and General Manager. He is presently the Chief General Manager, Project Finance Strategic Business Unit.

Shri Sastry S. Venkataramana joined the Bank as a Probationary Officer in 1985. He has vast experience in treasury operations. He took over as Deputy General Manager, Treasury Management, IBG at CC in 2008. He served at Network-II, Ahmedabad LHO and Forex Markets, Global Markets at CC as General Manager. Currently, he is the Deputy Managing Director Global Markets Corporate Centre Mumbai.

Shri Ravindra Pandey joined the Bank as a Probationary Officer in 1985 and has varied experience in retail, international banking and credit. He has worked as Regional Manager, Lucknow, General Manager, LHO Hyderabad and Chief Executive Officer, Paris. Presently, he is the Deputy Managing Director Strategy and Chief Digital Officer at Corporate Centre in Mumbai.

Shri V. S. Radhakrishnan joined the Bank as Probationary Officer in 1988. He has served the Bank in various geographical locations both in India and abroad. He has significant experience in Corporate Banking and worked in both Corporate Accounts Group and Commercial Client Group of the Bank, apart from Forex treasury and retail network. He has worked as General Manager & Regional Head, New Delhi and Chief General Manager, SBI Corporate Centre, Mumbai. Presently, he is the Deputy Managing Director (Commercial Clients Group) at the Bank, Corporate Centre, Mumbai.

Shri S. Salee joined the Bank as a Probationary Officer in 1987 and has a rich experience in credit. With serving at various capacities in credit, he took over the position of Chief Executive Officer in Sydney in 2008. After serving for 4 years he took over as the Deputy General Manager & Chief Operating Officer of Corporate Accounting Group Branch-II, and Deputy General Manager & Regional Manager, Corporate Accounting Group Branch-II, till 2015. He served in Network-III at Delhi Local Head Office and Network-I at Jaipur Local Head Office as the General Manager. Currently he is serving as Deputy Managing Director Stressed Assets Resolution Group at Corporate Centre, Mumbai.

Shri Rana Ashutosh Kr. Singh is presently the Deputy Managing Director (Human Resource) & Chief Digital Officer heading various departments at the Corporate Centre, Mumbai. Shri Singh joined the Bank as a Probationary Officer in 1991 and handled various assignment in various capacities in retail banking, credit, human resources and international banking. Prior to his present appointment, he was the Chief General Manager of Chandigarh Circle and the Chief Executive Officer of the Bank in Frankfurt Branch, Germany.

Shri Prabodh Parikh joined the Bank as a Probationary Officer in 1985. He has significant experience in credit as the Vice President & Head (Credit), SBI New York Branch; Deputy General Manager, Overseas Corp. Banking, International Banking Group, Corporate Centre, Mumbai; General Manager, Wholesale Banking, International Banking Group; General Manager, Network-I, Local Head Office, Telangana previously. Currently, he is serving as the Deputy Managing Director (Commercial Clients Group I) at Corporate Centre, Mumbai.

Shri S. S. Rao joined the Bank as a Probationary Officer in 1990. Shri Rao has various experience in areas such as risk, credit and in subsidiaries of the Bank. During a span of more than 30 years of experience in the Bank, he has served in various geographical locations spread across different departments. Presently, he is the Deputy Managing Director and Chief Risk Officer, Corporate Centre, Mumbai.

Shri Anup Kumar Mahapatra is presently the Deputy Managing Director (Strategy) & Chief Digital Officer. He joined the Bank as the Probationary Officer on February 3, 1987. Mr Mahapatra has more than 33 years of experience in almost all areas of banking in multiple geographical locations.

Smt. Saloni Narayan joined the Bank as a probationary office in 1988 and after serving at various capacities in Patna and Jamshedpur, she took over as the Deputy General Manager for Small & Medium

Enterprises Department, National Banking Group, Mumbai and subsequently, the General Manager, Network-II at Mumbai LHO. Currently, she is serving as the Deputy Managing Director & Chief Operating Officer of Corporate Centre in Mumbai.

Committees

Under the terms of provision of the SBI Act and General Regulations 1955 and relevant regulatory guidelines, there are 10 committees of Directors: (1) Executive Committee of the Central Board, (2) Audit Committee of the Board, (3) Stakeholders Relationship Committee, (4) Risk Management Committee of the Board, (5) Special Committee of the Board for Monitoring Large Value Frauds, (6) IT Strategy Committee, (7) Nomination & Remuneration Committee of the Board, (8) Board Committee to Monitor Recovery, (9) Committee to review the Identification of Wilful Defaulters / Non Co-operative Borrowers and (10) Corporate Social Responsibility Committee.

Executive Committee of the Central Board

The Executive Committee of the Central Board (the "**ECCB**") is constituted pursuant to section 30 of the SBI Act. SBI General Regulations, 1955 ("**SBI Regulations**"). SBI Regulations (sections 46 and 47) provide that, subject to the general or special directions of the Central Board, the ECCB may deal with any matter within the competence of the Central Board. The ECCB consists of the Chairman, the Managing Directors, the director nominated under clause (f) of section 19 of the SBI Act (the "**RBI Nominee**"), and all or any of the other directors who are normally residents or may, for the time being, be present at any place within India where ECCB meetings are held.

The ECCB meetings are held once every week. The ECCB met 53 times between April 1, 2020 and March 31, 2021.

Audit Committee of the Board

The Audit Committee of the Board ("**ACB**") was constituted on July 27, 1994 and last reconstituted on February 4, 2021. The ACB operates under RBI guidelines and complies with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and LODR Amendment Regulation 2018 to the extent that they do not violate the directives and guidelines issued by the RBI. The composition and functions of the ACB are set out below:

Composition of the Committee

The ACB had eight members as of the date of this Offering Circular including two whole time Directors, two official Directors (nominees of the Government and the RBI) and four non-official, non-executive Directors. Meetings of the ACB are chaired by a non-official, non-executive Director. The members of the ACB are:

- **Shri Ketan S. Vikamsey** — Independent Director — Chairman
- **Shri B. Venugopal** — Independent Director — Member
- **Shri Mrugank M. Paranjape** — Independent Director — Member
- **Shri Sanjeev Maheshwari** — Non-Executive Director — Member
- **GOI Nominee Director** — Director appointed under Section 19(e) of SBI Act — Member
- **RBI Nominee Director** — Director appointed under Section 19(f) of SBI Act — Member
- **Shri Challa Sreenivasulu Setty** — Managing Director (Retail & Digital Banking) — Member (*ex-officio*)

- **Shri Ashwani Bhatia** — Managing Director (Corporate Banking & Global Markets) — Member (*ex-officio*)

The functions of the ACB are as follows:

- The ACB provides direction to and oversees the operation of the total audit function of the Bank. "Total audit function" comprises the organization, operationalization and quality control of internal audits and inspections within the Bank and follow-up action on statutory/external audit of the Bank and compliance with RBI inspections. The ACB appoints statutory auditors of the Bank and reviews their performance from time to time.

- The ACB reviews the Bank's financial, risk management, and various information systems, audits and accounting policies and other internal procedures of the Bank to ensure greater transparency.

- The ACB reviews the internal inspection and audit plan and functions of the Bank, including the system as a whole as well as its quality and effectiveness in terms of follow-up. It reviews the inspection reports of specialized and extra-large branches and all branches with unsatisfactory ratings. The ACB is responsible for appropriate compliance and follow up actions with respect to:

  - KYC-AML guidelines;

  - major areas of housekeeping; and

  - compliance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The terms of reference and role of the Audit Committee was reviewed by the Central Board at its meeting held on March 6, 2019 in line with the SEBI (Listing Obligations & Disclosure Requirements) Amendments Regulations, 2018.

- The ACB follows-up on all issues raised in the RBI's Annual Financial Inspection Reports under Section 35 of Banking Regulation Act, 1949 ("**Banking Regulation Act**") and long form audit reports of the statutory auditors and other internal audit reports. It interacts with external auditors before the finalization of the Bank's quarterly and annual financial accounts and reports.

- The ACB reviews reports from the Compliance Department of the Bank.

12 meetings of the ACB were held between April 1, 2020 and March 31, 2021, to review various matters connected with internal control systems and procedures and other aspects as required under the terms of the RBI guidelines.

Stakeholders Relationship Committee of the Board cum Customer Service Committee of the Board (CSCB)

Pursuant to Regulation 20 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Stakeholders Relationship Committee ("**SRC**") (previously known as Shareholders'/ Investors' Grievance Committee of the Board) was formed on January 30, 2001 to look into the redressal of Shareholders' and Investors' complaints regarding transfer of shares, non-receipt of annual report, non-receipt of interest on bonds/declared dividends, etc. The Customer Service Committee of the Board ("**CSCB**") was constituted on the August 26, 2004 to bring about ongoing improvements on a continuous basis in the quality of customer service provided by the Bank. In line with the view expressed in the RBI's Discussion Paper on "Governance in Commercial Banks in India" published on its website on June 11, 2020 and with a view to rationalize the number of Board Level Committees, the merger of SRC and CSCB was approved by the Central Board in its meeting on June 25, 2020. The merger was named as Stakeholders Relationship Committee cum Customer Service Committee of the Board and became effective from June 26, 2020. The Committee was last reconstituted on February 4, 2021 and has eight members. It is chaired by a Non- Executive Director. The composition of the Committee and its role complies with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Prior to the merger, the CSCB held a meeting on May 14, 2020. The SRC did not hold any meeting prior to the merger. Stakeholders Relationship Committee cum Customer Service Committee of the Board met three times during the fiscal year 2021.

Composition of the Committee

The Committee has eight members as of the date of this Offering Circular:

- **Dr. Pushpendra Rai** — Independent Director — Chairman of the Committee
- **Shri B. Venugopal** — Independent Director — Member
- **Dr. Ganesh Natarajan** — Independent Director — Member
- **Shri Ketan S. Vikamsey** — Independent Director — Member
- **Shri Mrugank M. Paranjape —** Independent Director **—** Member
- **Shri Sanjeev Maheshwari** — Non-Executive Director — Member
- **Shri Challa Sreenivasulu Setty** — Managing Director (Retail & Digital Banking) — Member (*ex-officio*)
- **Shri Swaminathan Janakiraman** — Managing Director (Risk, Compliance & SARG) — Member (*ex-officio*)

The SRC held three meetings between April 1, 2020 and March 31, 2021.

Risk Management Committee of the Board

The Central Board approved the constitution of the Risk Management Committee of the Board ("**RMCB**") on March 23, 2004, to oversee the policy and strategy for integrated risk management relating to credit risk, market risk and operational risk. The Committee was last reconstituted on February 4, 2021 for fiscal year 2021.

Composition of the Committee

The Committee has eight members as of the date of this Offering Circular:

- **Shri Mrugank M. Paranjape** — Independent Director — Chairman of the Committee
- **Shri B. Venugopal —** Independent Director — Member
- **Dr. Ganesh Natarajan —** Independent Director — Member
- **Shri Ketan S. Vikamsey** — Independent Director — Member
- **Dr. Pushpendra Rai** — Independent Director — Member
- **Shri Sanjeev Maheshwari** — Non-Executive Director — Member
- **Shri Challa Sreenivasulu Setty** — Managing Director (Retail & Digital Banking) — Member (*ex-officio*)
- **Shri Swaminathan Janakiraman** — Managing Director (Risk, Compliance & SARG) — Member (*ex-officio*)

The RMCB meets a minimum of four times a year, once in each quarter. The RMCB held nine meetings between April 1, 2020 and March 31, 2021.

Special Committee of the Board for Monitoring of Large Value Frauds

The Special Committee for monitoring of Large Value Frauds was constituted on March 29, 2004. The major functions of the Committee are to monitor and review all large value frauds with a view to identifying systemic lacunae, if any, reasons for delay in detection and reporting, if any, and to monitor progress of Central Bureau of Investigation or police investigations, recovery positions, to ensure that staff accountability exercises are completed quickly, to review the efficacy of remedial action taken to prevent recurrence of frauds and to put in place suitable preventive measures. The Committee was last reconstituted on February 4, 2021 for fiscal year 2021.

Composition of the Committee

The Committee has six members as of the date of this Offering Circular:

- **Dr. Pushpendra Rai —** Independent Director **—** Chairman of the Committee
- **Dr. Ganesh Natarajan —** Independent Director — Member
- **Shri Ketan S. Vikamsey** — Independent Director — Member
- **Shri Sanjeev Maheshwari** — Non-Executive Director — Member
- **Shri Challa Sreenivasulu Setty** — Managing Director (Retail & Digital Banking) — Member (*ex-officio*)
- **Shri Swaminathan Janakiraman** — Managing Director (Risk, Compliance & SARG) — Member (*ex-officio*)

The Committee met for five times between April 1, 2020 and March 31, 2021.

IT Strategy Committee of the Board

The IT Strategy Committee of the Board was constituted on August 26, 2004, to track the progress of the Bank's IT initiatives. The Committee was last reconstituted on February 4, 2021 for fiscal year 2021. The Committee has played a strategic role in the Bank's technology development. The Committee is entrusted with the following roles and responsibilities:

- approving IT strategy and policy documents, ensuring that the management has put an effective strategic planning process in place;
- ensuring that the IT Organizational structure complements the business model and its direction;
- ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- evaluating effectiveness of management's monitoring of IT risks and overseeing the aggregate funding of IT at the Bank level; and
- reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value).

Composition of the Committee

The Committee has seven members as of the date of this Offering Circular:

- **Dr. Ganesh Natarajan** — Independent Director — Chairman of the Committee

- **Shri B. Venugopal** — Independent Director — Member
- **Shri Mrugank M. Paranjape** — Independent Director — Member
- **Dr. Pushpendra Rai** — Independent Director — Member
- **Shri Sanjeev Maheshwari** — Non-Executive Director — Member
- **Shri Swaminathan Janakiraman** — Managing Director (Risk, Compliance & SARG) — Member (*ex-officio*)
- **Shri Ashwini Kumar Tewari** — Managing Director (International Banking, Technology & Subsidiaries) — Member (*ex-officio*)

The Committee met five times between April 1, 2020 and March 31, 2021.

Nomination and Remuneration Committee of the Board ("NRCB")

The NRCB was constituted on October 25, 2019 following the direction by RBI ide its Master Direction DBR. Appt. No: 9/29.67.001/2019-20 dated August 2, 2019 and Government of India vide its letter No. F. No 16/19/2019-BO.I dated 30.08.2019, to have a single Nomination and Remuneration Committee of the Board. The NRCB was last reconstituted on February 4, 2021 for fiscal year 2021.

The Committee scrutinizes and recommends payment of incentives to Managing Directors. It also carries out necessary due diligence and arrive at the 'fit and proper' status of candidates filing nominations for election as Directors by shareholders. The committee meets at least once a year. The NRCB has five members as of the date of this Offering Circular:

- **Shri B. Venugopal** — Independent Director — Chairman of the Committee
- **Dr. Ganesh Natarajan** — Independent Director — Member
- **Shri Ketan S. Vikamsey** — Independent Director — Member
- **Shri Mrugank M. Paranjape** — Independent Director — Member
- **Dr. Pushpendra Rai** — Independent Director — Member

Committee to Monitor Recovery

Pursuant to the Government advice, the Board Committee to Monitor Recovery ("**BCMR**") was constituted by the Central Board at its meeting held on December 20, 2012 to oversee the recovery of loans and advances. The Committee was last reconstituted on February 4, 2021 for fiscal year 2021.

Composition of the Committee

The Committee has ten members as of the date of this Offering Circular:

- **Shri Dinesh Kumar Khara** — Chairman — Chairman of the Committee
- **Dr. Ganesh Natarajan** — Independent Director — Member
- **Shri Ketan S. Vikamsey** — Independent Director — Member
- **Dr. Pushpendra Rai** — Independent Director — Member
- **Shri Sanjeev Maheshwari** — Non-Executive Director — Member
- **The Government's Nominee Director** — Director appointed under Section 19(e) of SBI Act — Member

- **Shri Challa Sreenivasulu Setty** — Managing Director (Retail & Digital Banking) — Member (*ex-officio*)
- **Shri Ashwani Bhatia** — Managing Director (Corporate Banking & Global Markets) — Member (*ex-officio*)
- **Shri Swaminathan Janakiraman** — Managing Director (Risk, Compliance & SARG) — Member (*ex-officio*)
- **Shri Ashwini Kumar Tewari** — Managing Director (International Banking, Technology & Subsidiaries) — Member (*ex-officio*)

The Committee met four times between April 1, 2020 and March 31, 2021.

Corporate Social Responsibility Committee of the Board ("CSRC")

The CSRC was constituted on September 24, 2014 to facilitate good corporate governance and to review the Bank's activities under its corporate social responsibility policy. The Committee was last reconstituted on February 4, 2021 for fiscal year 2021.

Composition of the Committee

The Committee has seven members as of the date of this Offering Circular:

- **Shri Challa Sreenivasulu Setty** — Managing Director (Retail & Digital Banking) — Chairman of the Committee (*ex-officio*)
- **Shri Ashwani Bhatia** — Managing Director (Corporate Banking & Global Markets) — Member (*ex-officio*)
- **Shri B. Venugopal** — Independent Director — Member
- **Dr. Ganesh Natarajan** — Independent Director — Member
- **Shri Ketan S. Vikamsey** — Independent Director — Member
- **Shri Mrugank M. Paranjape** — Independent Director — Member
- **Dr. Pushpendra Rai** — Independent Director — Member

The Committee met four times between April 1, 2020 and March 31, 2021.

Committee to review the Identification of Wilful Defaulters/Non-Cooperative Borrowers

The committee was constituted by the Central Board in accordance with the terms of various RBI instructions. The Managing Director — Stressed Assets is the Chairman of this Committee and its members comprise two independent Directors. The role of this Committee is to review the Order of "the Committee for the Identification of Wilful Defaulters/Non-co-operative Borrowers" (a committee comprising the Managing Director and Senior Executives of the Bank to examine the facts and to record the fact of the Borrowers being Wilful Defaulters/Non-co-operative Borrowers) and confirm the same for the Order to be final The committee met 12 times during the period of April 1, 2020 to March 31, 2021.

Composition of the Committee

The Committee has six members as of the date of this Offering Circular:

- **Shri Swaminathan Janakiraman** — Managing Director (Risk, Compliance & SARG) — Chairman of the Committee (*ex-officio*)

- **Shri B. Venugopal** — Independent Director — Member
- **Shri Ketan S. Vikamsey** — Independent Director — Member
- **Shri Mrugank M. Paranjape** — Independent Director — Member
- **Dr. Pushpendra Rai** — Independent Director — Member
- **Shri Sanjeev Maheshwari** — Non-Executive Director — Member

Compensation for Executives and the Board

Sitting fees are paid to the members of the Board as per schedule decided by the Government. With effect from October 25, 2019, the sitting fee payable for attending Central Board meeting is Rs. 70,000/— per meeting and for other board-level committees, it is Rs. 30,000/— per meeting. Sitting fees are, however, not paid to the Chairman and Managing Directors of the Bank and Nominee Directors of the Government of India.

Appointment and Remuneration of the Chairman, Managing Director & Other Directors

The Chairman and Managing Director(s) of the Bank are appointed by the Government, in consultation with the RBI. Their salaries are determined by the Government. Additionally, seven directors are nominated or appointed by the Government and one director is nominated by the Government on the recommendation of the RBI. A maximum of four directors can be appointed by shareholders, subject to the amount of their shareholdings. The RBI may also appoint one or more additional directors in the interest of banking policy, the public interest, the interest of the Bank or the interest of the Bank's depositors. Such additional directors are not taken into account for the purpose of calculating any proportion of the total number of directors of the Bank. The directors are paid fees and allowances for attending the meetings of the Central Board or of any board committees and for attending to any other work of the Bank as may be prescribed.

Shareholdings of Directors of the Central Board

The following table sets out information relating to the ownership of share capital by Directors of the Bank as of March 31, 2021:

Name	Number of Shares held
Shri. Dinesh Kumar Khara	3,100
Shri Ashwini Bhatia	1,180
Shri. Swaminathan J.	500
Shri Ashwini Kumar Tewari	310
Shri Challa Sreenivasulu Setty	500
Dr. Ganesh Natarajan	17,813
Shri Ketan S. Vikamsey	5,000
Shri Mrugank M. Paranjape	10,000
Shri. B Venugopal	5,000
Dr. Pushpendra Rai	Nil
Dr. Purnima Gupta	Nil
Shri Sanjeev Maheshwari	Nil

Name	Number of Shares held
Shri Debasish Panda	Nil
Shri. Chandan Sinha	500

Distribution of Shareholdings

The following table sets forth information relating to the distribution of the Bank's shareholdings as of March 31, 2021:

Shareholder	% of Shares
President of India	56.92
Non-residents (FLLs/OCBs/NRIs/GDRs)	11.33
Financial Institutions / Insurance Companies/Banks etc	11.74
Mutual Funds & UTI	12.56
Private Corporate Bodies	0.82
Others including resident individuals	6.63
Total	**100.00**

THE INDIAN FINANCIAL SECTOR

The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries, the RBI and the Indian Banks Association, and has not been prepared or independently verified by the Bank, the Arrangers, the Dealers, the Trustee or any of their affiliates or advisers.

Introduction

The RBI, the central banking and monetary authority of India, is the central regulatory and supervisory authority for Indian banks and non-banking finance companies. A variety of financial intermediaries in the public and private sectors participate in India's financial sector, including the following:

- commercial banks;
- small banks and payment banks;
- long-term lending institutions;
- non-banking financial companies, including housing finance companies;
- other specialized financial institutions and state-level financial institutions;
- insurance companies; and
- mutual funds.

Until the 1990s, the Indian financial system was strictly controlled. Interest rates were administered by the Government. Formal and informal parameters governed asset allocation and strict controls limited entry into and expansion within the financial sector. Bank profitability was low, NPAs were comparatively high, capital adequacy was diminished and operational flexibility was hindered. The Government's economic reform program, which began in 1991, encompassed the financial sector. The first phase of the reform process began with the implementation of the recommendations of the Committee on the Financial System, namely the Narasimham Committee I. Following that, reports were submitted in 1997 and 1998 by other committees, such as the second Committee on Banking Sector Reform, namely the Narasimham Committee II, and the Tarapore Committee on Capital Account Convertibility. This, in turn, led to the second phase of reforms relating to capital adequacy requirements, asset classification and provisioning, risk management and merger policies. The deregulation of interest rates, the emergence of a liberalized domestic capital market and the entry of new private sector banks have progressively intensified the competition among banks. Banks in India may be categorized as scheduled banks and non-scheduled banks, where the former are banks which are included in the second schedule to the RBI Act as amended. These banks comprise scheduled commercial banks and scheduled cooperative banks.

This discussion presents an overview of the role and activities of the RBI and of each of the major participants in the Indian financial system, with a focus on commercial banks. This is followed by a brief summary of the banking reform process along with the recommendations of various committees that have played a key role in the reform process. A brief discussion on the impact of the liberalization process on long-term lending institutions and commercial banks is then presented. Finally, reforms in the non-banking financial sector are briefly reviewed.

The Reserve Bank of India

The Reserve Bank of India, established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934, is the central banking and monetary authority in India. Though originally privately owned, since nationalization in 1949, the Reserve Bank is fully owned by the Government of India. The RBI manages the country's money supply and foreign exchange and also serves as a bank for the Government and for the country's commercial banks. In addition to these traditional central banking roles, the RBI undertakes certain developmental and promotional roles.

The RBI issues guidelines on exposure limits, income recognition, asset classification, provisioning for non-performing and restructured assets, investment valuation and capital adequacy for commercial banks, long-term lending institutions and non-banking financial companies. The RBI requires these institutions to furnish information relating to their businesses to it on a regular basis.

Commercial Banks

Commercial banks in India have traditionally focused on meeting the short-term financial needs of primary, secondary & tertiary sector. In recent years they have also focused on increasing long-term financing to sectors like infrastructure. As at March 31, 2021, there were 133 scheduled commercial banks in the country, including 43 regional rural banks ("**RRBs**"). Scheduled commercial banks are banks that are listed in the 2nd schedule to the RBI Act and are further categorized as public sector banks, private sector banks and foreign banks. Scheduled commercial banks have a presence throughout India with majority of them located in rural or semi-urban areas of the country. A large number of these branches belong to the public sector banks.

Public Sector Banks

As on March 31, 2021, there were 12 public sector banks in India and these make up the largest category in the Indian banking system. In one of the largest consolidations in the Indian banking industry, the Bank merged its five associate banks State Bank of Patiala, State Bank of Bikaner and Jaipur, State Bank of Raipur, State Bank of Travancore, State Bank of Hyderabad as well as Bhartiya Mahila Bank (BMB) with itself. The merger was effective from 1 April 2019. In fiscal 2019, the ownership of a public sector bank, IDBI Bank, was acquired by LIC, following which IDBI Bank was reclassified as a private sector bank by the RBI.

During the Financial Year ended March 31, 2020, 10 of the Public Sector Banks were merged into 4 entities. These included the merger of United Bank of India and Oriental Bank of Commerce with Punjab National Bank, Syndicate Bank merger with Canara Bank, Allahabad Bank merger with Indian Bank and merger of Andhra Bank and Corporation Bank with Union Bank of India. The Bank is the largest bank in India in terms of total assets. Following these mergers, the number of public sector banks is 12, down from 27 in fiscal 2017.

Regional rural banks were established from 1976 to 1987 by the central government, state governments and sponsoring commercial banks jointly with a view to develop the rural economy. Regional rural banks provide credit to small farmers, artisans, small entrepreneurs and agricultural laborers. The National Bank for Agriculture and Rural Development is responsible for supervising the functions of the regional rural banks. As at March 31, 2021, there were 43 regional rural banks.

Private Sector Banks

Most large banks in India were nationalized in 1969, resulting in public sector banks making up the largest portion of Indian banking. The Government's focus on public sector banks was maintained throughout the 1970s and 1980s. In addition, existing private sector banks that showed signs of an eventual default were merged with state-owned banks. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the RBI permitted entry of the private sector into the banking system. This resulted in the introduction of private sector banks. These banks are collectively known as the “new” private sector banks. As at March 31, 2021 there were a total of 22 private banks and private sector banks.

Foreign Banks

As at March 31, 2021, there are 44 foreign banks operating in India. The primary activity of most foreign banks in India has been in the corporate segment. However, some of the larger foreign banks have made retail banking a significant part of their portfolios. Most foreign banks operate in India through branches of the parent bank. Certain foreign banks also have wholly owned non-banking financial company subsidiaries or joint ventures for both corporate and retail lending.

Co-operative Banks

Cooperative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban and semi-urban areas of India. The state land development banks and the primary land development banks provide long-term credit for agriculture. In response to liquidity and insolvency problems experienced by some cooperative banks in fiscal 2001, the RBI undertook several interim measures, pending formal legislative changes, including measures relating to lending against shares, borrowing in the call market and term deposits placed with other urban cooperative banks. Currently, the RBI is responsible for the supervision and regulation of urban cooperative banks, and NABARD for state co-operative banks and district central cooperative banks.

Urban cooperative banks that fulfil certain eligibility criteria are allowed direct access to the negotiated dealing system (“**NDS**”) order matching, subject to obtaining prior approval from the RBI. This helps deepen the bond market by increasing the number of participants.

Long-Term Lending Institutions

The long-term lending institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and for the expansion and modernization of existing facilities. These institutions provided fund-based and non-fund-based assistance to industry in the form of loans, underwriting, direct subscription to shares, debentures and guarantees. The primary long-term lending institutions included Industrial Development Bank of India (now IDBI Bank), IFCI Limited, the Industrial Investment Bank of India and ICICI prior to its amalgamation with ICICI Bank Limited.

The long-term lending institutions were expected to play a critical role in Indian industrial growth and, accordingly, had access to concessional Government funding. However, in recent years, the operating environment of the long-term lending institutions has changed substantially. Although the initial role of these institutions was largely limited to providing a channel for Government funding to industry, the reform process required such institutions to expand the scope of their business activities, including into:

- fee-based activities such as investment banking and advisory services; and
- short-term lending activity, including making corporate finance and working capital loans.

The long-term funding needs of Indian companies are now primarily met by banks, Life Insurance Corporation of India and specialized non-banking financial companies such as Infrastructure Development Finance Corporation. Indian banking companies also make bond issuances to institutional and retail investors.

Non-Banking Financial Companies

There were 9,618 non-banking financial companies in India as of July 16, 2020, mostly in the private sector. All non-banking financial companies are required to register with the RBI. The non-banking financial companies may be categorized into entities which take public deposits and those which do not. As on July 16, 2020, there were 64 deposit accepting (NBFCs-D) and 292 systemically important non-deposit accepting NBFCs (NBFCs-ND-SI). The companies which take public deposits are subject to strict supervision and the capital adequacy requirements of the RBI. The RBI classifies non-banking financial companies into three categories: asset finance companies, loan companies and investment companies. In February 2010, the RBI introduced a fourth category of non-banking financial company called infrastructure finance companies and followed up in December 2011 with the announcement of a separate category of non-banking financial company — microfinance institutions. The primary activities of the non-banking financial companies are providing consumer credit, including automobile finance, home finance and consumer durable products finance, wholesale finance products such as bill discounting for small and medium companies and infrastructure finance, and fee-based services such as investment banking and underwriting.

Housing Finance Companies

Housing finance companies form a distinct sub-group of non-banking financial companies. As a result of the various incentives given by the Government for investing in the housing sector in recent years, the scope of this business has grown substantially. Housing Development Finance Corporation Limited is a leading provider of housing finance in India. In recent years, several other players, including banks, have entered the housing finance industry. The National Housing Bank and Housing and Urban Development Corporation Limited are the two major financial institutions instituted through acts of Parliament to improve the availability of housing finance in India. The National Housing Bank Act provides for securitization of housing loans, foreclosure of mortgages and setting-up of the Mortgage Credit Guarantee Scheme.

Microfinance Institutions

Microfinance institutions also form a distinct sub-group of non-banking financial companies. They focus on providing access to small-scale financial services, especially to the poor. Microfinance institutions differ from other financial services providers as they do no depend on grants or subsidies to provide unsecured loans to borrowers with low incomes and no access to the mainstream banking system.

Other Financial Institutions

Specialized Financial Institutions

In addition to the long-term lending institutions, there are various specialized financial institutions which cater to the specific needs of different sectors. These include NABARD, Export Import Bank of India, Small Industries Development Bank of India, Risk Capital and Technology Finance Corporation Limited, Tourism Finance Corporation of India Limited, National Housing Bank, Power Finance Corporation Limited, Infrastructure Development Finance Corporation Limited, Industrial Investment Bank of India, North Eastern Development Finance Corporation and India Infrastructure Finance Company.

State-level Financial Institutions

State financial corporations operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote SMEs. The state financial institutions are expected to achieve balanced regional socio-economic growth by generating employment opportunities and widening the ownership base of industry. At the state level, there are also state industrial development corporations, which provide finance primarily to medium-sized and large enterprises.

Small Finance Banks and Payment Banks

RBI on July 17, 2014 issued draft guidelines for the licensing of payment banks and on November 27, 2014 issued guidelines for small finance banks in the private sector. The primary objective of setting up the payment banks and small finance banks was to further financial inclusion by providing (i) small savings accounts and (ii) payments/remittance services to a migrant labour workforce, low income households, small businesses, other unorganized sector entities and other users, by enabling high-volume low-value transactions in deposits and payments/remittance services in a secured technology driven environment. As at the date of this Offering Circular, there are 6 payment banks and 10 small finance banks.

Insurance Companies

As on June 30, 2020 there are 60 insurers operating in India; of which 24 are life insurers, 34 are general insurers and two are re-insurance companies. Of the 24 life insurance companies, 23 are in the private sector and one is in the public sector. Among the general insurance companies, 26 are in the private sector and seven are in the public sector. The reinsurance company General Insurance Corporation of India is in the public sector and ITI Reinsurance Limited is in the private sector. Life Insurance Corporation of India, General Insurance Corporation of India and public sector general insurance companies also provide long-term financial assistance to the industrial sector.

The insurance sector in India is regulated by the Insurance Regulatory and Development Authority. In December 1999, the Indian Parliament passed the Insurance Regulatory and Development Authority Act, 1999, which amended the Insurance Act, 1938 and opened up the Indian insurance sector for foreign and private investors.

In its monetary and credit policy for fiscal 2001, the RBI issued guidelines governing the entry of banks and financial institutions into the insurance business. The guidelines permit banks and financial institutions to enter the business of insurance underwriting through joint ventures provided they meet stipulated criteria relating to their net worth, capital adequacy ratios, profitability track record, level of non-performing loans and the performance of their existing subsidiary companies.

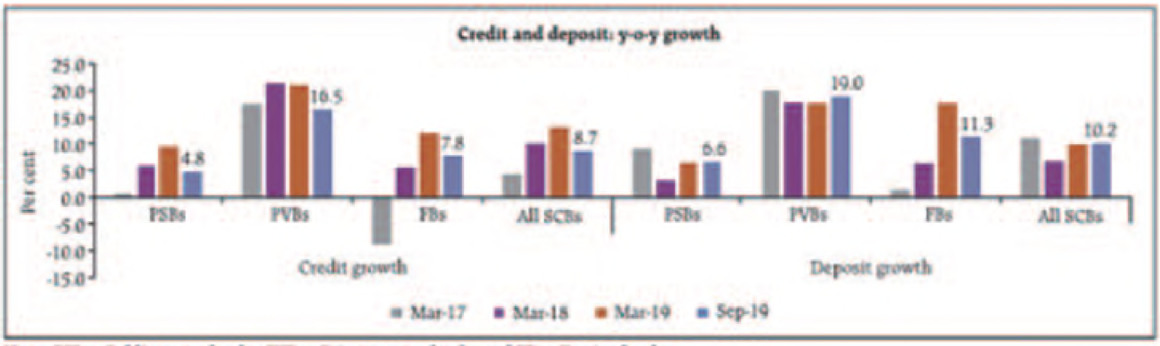
Mutual Funds

The mutual fund industry in India started in 1963 with the formation of Unit Trust of India at the initiative of the Government and the RBI. From 1963 to 1987, Unit Trust of India was the only mutual fund operating in India. From 1987 onwards, several other public sector mutual funds entered this sector. These mutual funds were established by public sector banks, LIC and General Insurance Corporation of India. The mutual funds industry was opened up to the private sector in 1993. The industry is regulated by the SEBI (Mutual Fund) Regulations, 1996. The AUM of the Indian MF Industry has grown from Rs. 5.96 trillion as on March 31, 2011 to Rs. 31.70 trillion as on March 31, 2021, more than five-fold increase in a span of 10 years.

Commercial Banking Trends

Credit

The aggregate credit growth for Scheduled Commercial Banks (SCBs) moderated to 5.4% on a y-o-y basis in March 2021 from 6.1% in March 2020 while deposit growth improved to 11.9% from 8.6%. Among bank groups, credit growth of public sector banks (PSBs) rose to 3.5% (y-o-y) in March 2021 from 3.0% in March 2020, for private sector banks' (PVBs) credit growth decelerated to 9.7% from 11.3%. Deposit growth in both PSBs and PVBs exceeded their credit growth, although deposit growth in PSBs remained relatively sluggish at 10.1% y-o-y in March 2021 as against 15.9% for PVBs.



Note: PSBs=Public sector banks, PVBs=Private sector banks and FBs=Foreign banks.

Income and Profitability

Net interest income of scheduled commercial banks increased by 13.1% year-on-year in March 2021, attributable to higher growth in deposits as compared to credit.

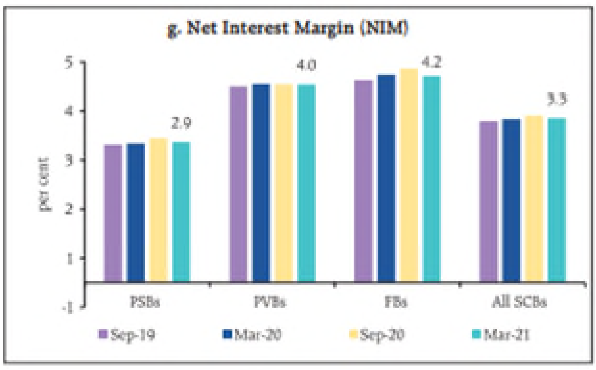
The return on assets (RoA) and return on equity (RoE) maintained their positive upturn, with public sector banks recording multi-year highs whereas these ratios dipped marginally for private banks and foreign banks on a sequential basis.

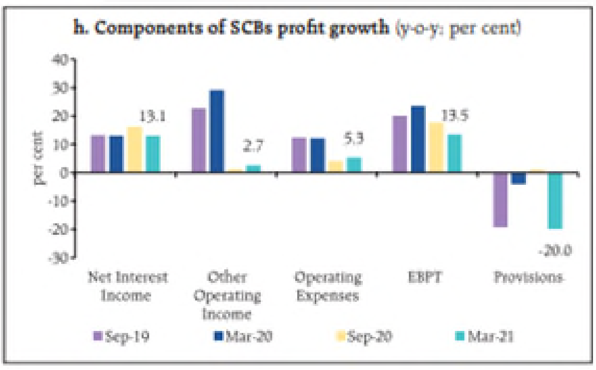
Further easing of monetary conditions since the onset of the pandemic was transmitted to the spectrum of interest rates. The cost of funds and yield on assets declined across bank groups to reach their lowest levels in the last two decades.

Post the corporate tax rate cut in September 2019, a few banks decided to exercise the option of lower tax rate available under Section 115BAA of the Income Tax Act, 1961. Concurrently, certain banks have re-measured their accumulated deferred tax assets as on March 31, 2019 based on the lower rate prescribed and the resultant impact has been taken through the profit and loss account (P&L).

Comparing the performance in fiscal 2021 across various categories of scheduled commercial banks using profit before tax, shows that return on assets for private sector banks has improved from 0.7% as at end-March 2020 to 1.2% as at end-March 2021, as opposed to a decrease in return on asset based on profit after tax. For public sector banks, return on assets based on profit before tax improved from -0.2% as at end- March 2020 to 0.3% as at end- March 2021. Return on assets for the scheduled commercial banks improved at 0.7% against 0.1% in fiscal 2020 and return on equity for the scheduled commercial banks improved to 7.7% in fiscal 2021 against 1% in fiscal 2020.

Unprecedented policy support has contained the impairment of balance sheets of banks in India despite the decline in economic activity brought on by the COVID-19 pandemic. Banks' performance and balance sheet quality turned out to be better than anticipated at the beginning of the COVID-19 pandemic in terms of deposit growth, decline in GNPAs, capital adequacy and improved profitability.

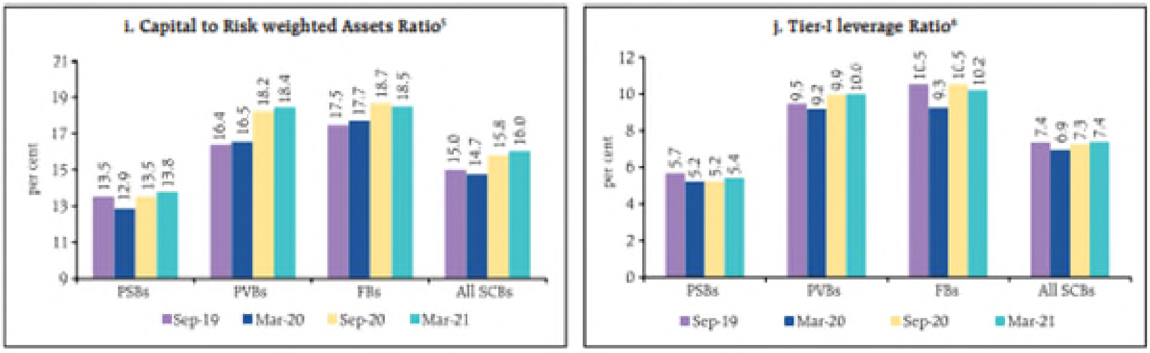




Asset quality

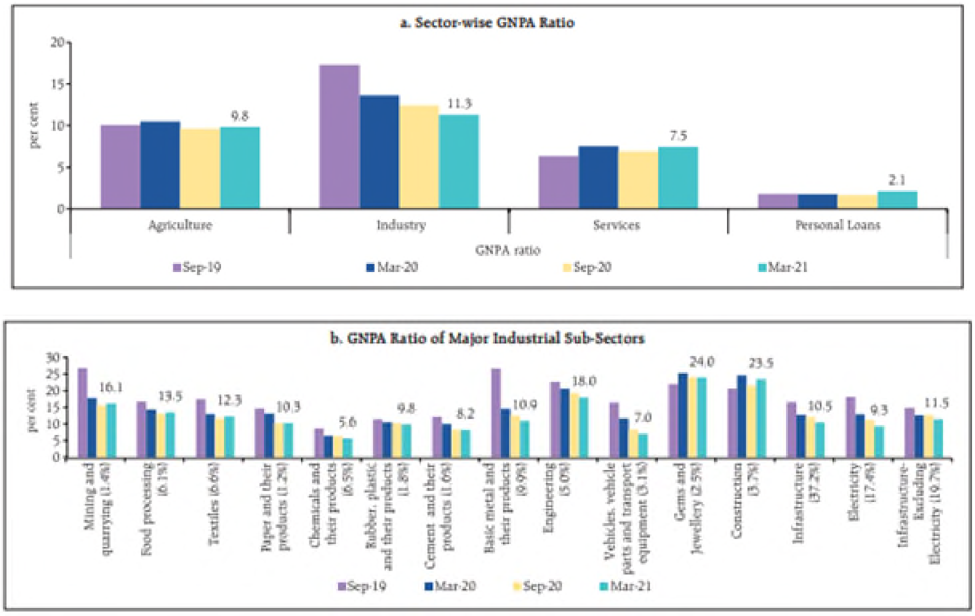
The gross NPA ratio of the scheduled commercial banks decreased to 7.5% in March 2021 from 8.2% in March 2020, while the net non-performing assets ("**NNPA**") ratio of scheduled commercial banks reduced to 2.4% in March 21 from 2.9% in March 2020. The aggregate provision coverage ratio ("**PCR**") of all scheduled commercial banks increased to 68.9% in March 2021 from 66.6% in March 2020. PCRs of both public sector banks and private sector banks fell to 68.4% and 70%, respectively in March 2020. Banks were able to bolster their capital positions during 2020-21 by raising equity through various modes, such as preferential allotment, qualified institutional placement ("**QIP**"), public issue, and capital infusion by the Government of India as well as through retention of profits. As a result, the capital to risk-weighted assets ratio (CRAR) of scheduled commercial banks improved to 16% in March 2021 from 14.7% in March 2020, with PVBs improving their ratios even further. SCBs' Tier-I leverage ratio, which is the ratio of tier 1 capital to total assets, improved marginally to 7.4 per cent in March 2021 from 6.9 per cent in March 2020, contributed by PVBs and FBs.


a. SCBs' GNPA Ratio
per cent
PSBs
PVBs
FBs
All SCBs
Sep-19
Mar-20
Sep-20
Mar-21
b. SCBs' NNPA Ratio
c. Restructured advances - Share in Segment-wise Funded Outstanding – March 2021
Total
Corporate
MSME
Retail
Others
All SCBs
Note: Data are provisional
d. Write Off to Gross NPA
Mar-18
Mar-19
e. Growth in SCBs' GNPAs (y-o-y)
f. SCB's Annual Slippage Ratio
FY 17-18
FY 18-19
FY 19-20
FY 20-21
g. Growth in SCBs' NPA Provisions (y-o-y)
h. Provisioning Coverage Ratio⁴



Sectoral asset quality

SCBs' GNPA ratios for two major sectors, viz., agriculture and industry declined during 2020-21, but rose for the personal loan sector. Within the industrial sector too, the ratio reduced for all the sub-sectors in March 2021 relative to a year ago.



Note: Numbers given in parentheses with the legend are the shares of the respective sub-sector's credit in total credit to industry.

Source: RBI Financial Stability Report, July 2021

Recent Structural Reforms

Prudential Framework for Resolution of Stressed Assets

In 2019, RBI issued Reforms in the form of a framework for resolution of Stressed Assets. The directions came into force with immediate effect.

The provisions of these directions shall apply to the following entities:

(a) Scheduled Commercial Banks (excluding Regional Rural Banks);

(b) All India Term Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI);

(c) Small Finance Banks; and,

(d) Systemically Important Non-Deposit taking Non-Banking Financial Companies (NBFC-ND-SI) and Deposit taking Non-Banking Financial Companies (NBFC-D)

Purpose:

(a) These directions were issued with a view to providing a framework for early recognition, reporting and time bound resolution of stressed assets.

(b) These directions were issued without prejudice to issuance of specific directions, from time to time, by the Reserve Bank to banks, in terms of the provisions of Section 35AA of the Banking Regulation Act, 1949, for initiation of insolvency proceedings against specific borrowers under the Insolvency and Bankruptcy Code, 2016 (IBC).

Early identification and reporting of stress

Lenders shall recognize incipient stress in loan accounts, immediately on default, by classifying such assets as special mention accounts (SMA) as per the following categories:

SMA Sub-categories	**Basis for classification — Principal or interest payment or any other amount wholly or partly overdue between**
SMA-0	1-30 days
SMA-1	31-60 days
SMA-2	61-90 days

In the case of revolving credit facilities like cash credit, the SMA sub-categories will be as follows:

SMA Sub-categories	**Basis for classification — Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:**
SMA-1	31-60 days
SMA-2	61-90 days

Timeline for implementation of viable resolution plan	**Additional provisions to be made as a percentage of total outstanding, if resolution plan not implemented within the timeline**
180 days from the end of Review Period	20%
365 days from the commencement of Review Period	15% (i.e. total additional provisioning of 35%)

National Asset Reconstruction Company Limited ("NARCL")

In the Union Budget for 2021-22, the Government announced a proposal for setting up NARCL, popularly termed as a "bad bank", to consolidate and take over stressed debt from banks, based on decided characteristics. The aggregation of assets is expected to assist in turning around the assets and eventually offloading them to AIFs and other potential investors for further value unlocking. Drawing from established market principles and global experience, the success of a bad bank initiative would eventually depend upon design aspects, viz., fair pricing; complete segregation of risk from selling banks; investment of external capital; independent and professional management of the new entity; minimizing moral hazard; and adequate capitalization of the banks post-sale of assets to invigorate fresh lending.

Base Rate System

The RBI issued a circular on September 4, 2019 making it mandatory for banks to link all floating rate personal or retail loans and floating rate loans to micro and small enterprise borrowers to an external benchmark with effect from October 1, 2019. The banks are free to choose one of the several benchmarks indicated in the circular. The banks are also free to choose their spread over the benchmark rate, subject to the condition that the credit risk premium may undergo change only when borrower's credit assessment undergoes a substantial change, as agreed upon in the loan contract.

Following the introduction of an external benchmark system, the monetary policy transmission has improved in respect of the sectors where new floating rate loans have been linked to external benchmarks. With a view to further strengthening monetary policy transmission, it has been decided that all new floating rate loans to medium-sized enterprises extended by banks from April 1, 2020, shall be linked to the external benchmarks.

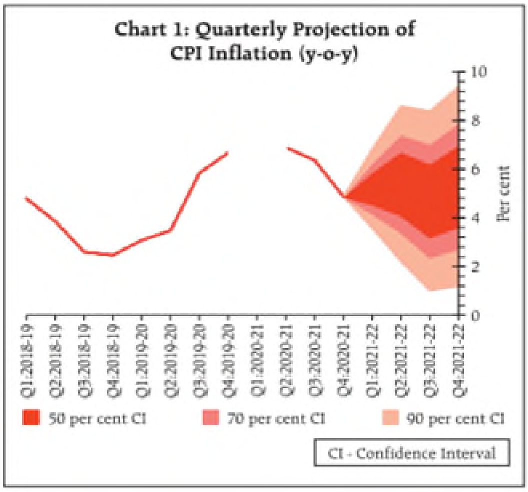
Inflation Outlook

An increase in inflation rates in India generally tends to increase the Bank's operating expenses. An increase in inflation also tends to decrease the real interest rates on the Bank's outstanding loans, as well as the real interest rates on the Bank's existing deposits, to the extent these are not indexed to inflation. An increase in inflation rates may also result in an increase in the RBI policy interest rates as an effort to control inflation. Finally, higher inflation can also contribute to an increase in market volatility by causing economic uncertainty and reducing overall consumption levels, GDP growth and consumer confidence.

In May 2021, headline inflation (CPI-C) touched a high at 6.3 per cent, as compared to 4.2 per cent in April 2021 and 6.27 per cent in May 2020. A positive price momentum cutting across food, fuel and core categories, along with an unfavorable base effect contributed to this rise in headline inflation. The localized restrictions due to the second wave could have led to some supply-side disruptions contributing to price pressures in May 2021. With the encouraging progress of the south-west monsoon, supply side interventions in the pulses and edible oils market, and gradual unlocking of states with declining caseload would mitigate cost pressures going forward. (*Source: Department of Economic Affairs, Monthly Economic Review, June 2021*).

In India, the magnitude of the second wave of COVID-19 infections has been unprecedented, and although economic activity has declined, supply conditions in agriculture have shown resilience and adaptation to protocols in place as a consequence of the COVID-19 restrictions. The improvement in global trade has enabled exports to recover on a sequential basis but the rising international crude prices has translated into terms of trade losses. Inflation is increasingly reflecting cost push pressures stemming from commodity price increases and although it is expected that this increase will ease in the near-term, heightened volatility in financial markets could also have a bearing on inflation. Given this heightened volatility, unprecedented uncertainty and extremely fluid state of affairs, projections of growth and inflation would be heavily contingent on the intensity, spread and duration of COVID-19. (*Source: RBI Financial Stability Report, July 2021*).

Expectations of a normal monsoon and recent supply side interventions to cool pulses and edible oil prices, as well as the easing of containment measures with declining infections, are seen as forces that would mitigate cost pressures and inflation going forward. Weaker demand may also temper the pass through to inflation. Accordingly, the MPC projected CPI inflation in 2021-22 in the upper limit but within the tolerance band at slightly above 5% with risks broadly balanced (*Source: RBI Bulletin, June 2021*).

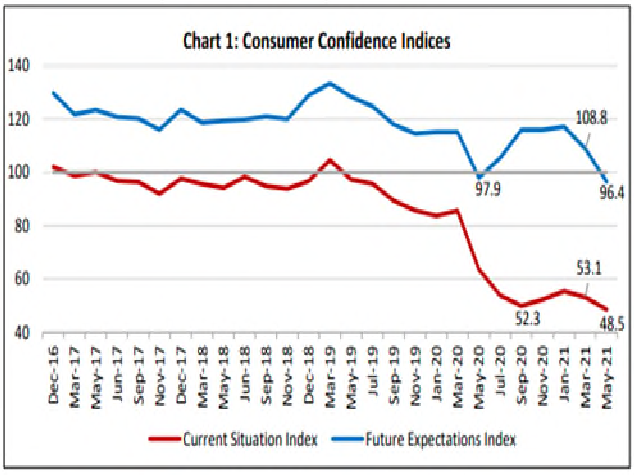


Future Outlook and Key Trends

The deceleration in economic activity and the weakening investment demand has been exacerbated by the COVID-19 pandemic. Although banks' financial conditions improved on lower slippages and higher capital buffers and provisions, subdued economic conditions amplified risk aversion and led to a decline of credit off-take and deposits increased. With credit demand remaining anaemic, banks preferred to invest in government securities to partially offset the impact of low lending. In anticipation of higher loan delinquencies, banks have announced ambitious plans to shore up their capital bases to adhere to regulatory requirements and to be lending-ready as and when credit demand bounces back.

With global growth and credit growth having declined in 2020, bank profitability was adversely affected, despite a distinct improvement in asset quality, higher capital and liquidity positions. The restrictions imposed as a result of the COVID-19 pandemic were equivalent to a massive macroeconomic shock that has led to an economic downturn. However, resumption of the implementation of global financial sector reforms, initiated after the global financial crisis, should stand the global banking system in good stead as they emerge out of the COVID-19 pandemic. Authorities have acted swiftly and decisively to control the pandemic shock. The RBI initiated timely measures to relieve stress on bank balance sheets, corporates and households as a result of the onset of the COVID-19 pandemic.

As India is a developing country with limited medical resources and certain places with dense populations, the effects of the COVID-19 pandemic in India may be of a greater magnitude, scope and duration than those experienced to date in other countries. Provisional estimates of national income released by the National Statistical Office on 31 May 2021 placed India's real GDP contraction at 7.3% in fiscal 2021. The RBI estimates GDP to grow in fiscal 2022 at a rate of 9.5%.



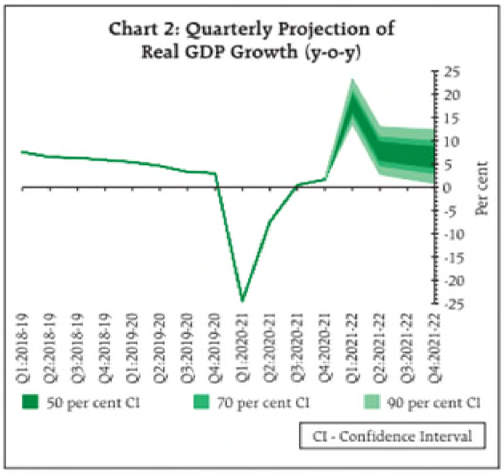
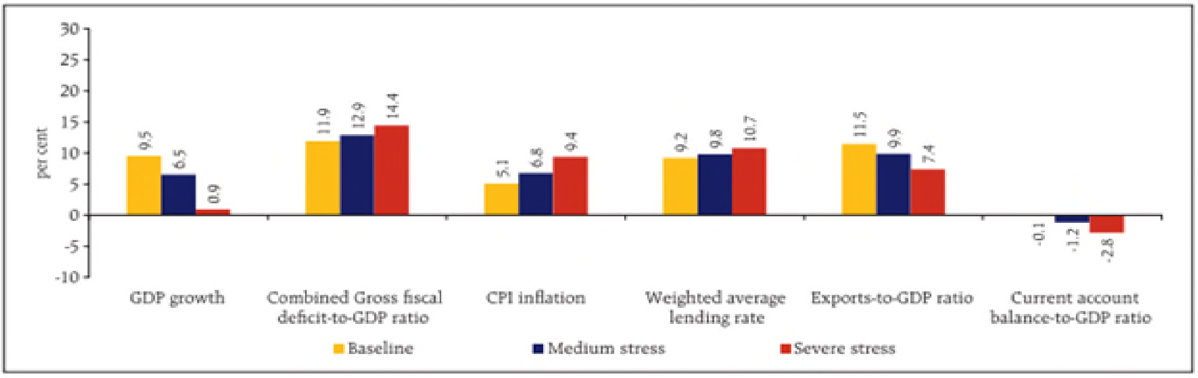


Chart 2.5: Macroeconomic Scenario Assumptions – FY:2021-22



Up until now, banking systems across the world have survived the COVID-19 pandemic. Although credit growth declined, banks have been maintaining flows, supported by capital and liquidity buffers. Banks and financial intermediaries, more generally are prepared to deal with the impact of the COVID-19 pandemic as well as pre-existing vulnerabilities, including the uncertain outlook for corporate finances, the balance of risks around sectors such as commercial real estate, rising sovereign exposures and low interest rates that will create challenges for the financial sector's resilience. Domestically, high frequency indicators of activity are showing signs of improvements as the second wave of the COVID-19 pandemic abates. While banks and other financial institutions have resilient capital and liquidity buffers, balance sheet stress remains moderate in spite of the COVID 19 pandemic, close monitoring of MSMEs and retail credit portfolios is expected alongside the need for banks to reinforce buffers, improve governance and remain vigilant in the context of global spillovers.

Going forward, Indian banks will be required to move towards higher mandated capital standards, stricter liquidity and leverage ratios and a more cautious approach to risk. This implies that Indian banks will need to improve efficiency even as their costs of doing business increase. They will need to refine their risk management skills for enterprise-wide risk management. In addition, banks need to have in place a fair and differentiated risk pricing of products and services, since capital comes at a cost. This involves costing, a quantitative assessment of revenue streams from each product and service and an efficient transfer-pricing mechanism that would determine capital allocation.

Indian banks will also need to effectively utilize the various measures put in place by the RBI and the Government for the resolution and recovery of bad loans in order to reduce the NPAs on their books. They also have to strengthen their due diligence, credit appraisal and post-sanction loan monitoring systems to minimize and mitigate the problems experienced with NPAs in the past.

Due to the demonetization and digitization push by the Government, banks will need to develop their digital banking infrastructure to provide mobile and online services to their customers. These services would not only have to facilitate online payments and transactions, but also the creation of new accounts and the checking of existing accounts.

In the regulatory and supervisory domain, several measures are expected to be put in place during 2021-22, including a review of the regulations applicable to all the regulated entities engaged in microfinance; guidelines on dividend distribution by non-banking financial companies and scale-based regulation for them. Resumption of the insolvency processes under the IBC and the introduction of a pre-packaged insolvency mechanism for MSMEs to provide an easier resolution channel are expected to bring back the focus on meaningful resolution of stressed assets by the lenders, even as necessary regulatory measures are taken to respond to the fallout of the COVID-19 pandemic. The regulatory measures aimed at developing market-based mechanisms for credit risk transfer, such as securitization, transfer of loan exposures and development of secondary loan market may help in reducing the stressed assets on the bank balance sheets.

For the year ending 31 March 2022, the RBI will focus on the following key deliverables in respect of the commercial banks:

- issuing draft guidelines on capital charge for credit risk, market risk, operational risk and output floor, as part of convergence of the RBI's regulations with Basel III standards;
- issuing final guidelines on securitization of assets not in default; and
- issuing final guidelines on transfer of loan exposures.

Monetary Policy Statement for meeting in June 2021

- On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee ("**MPC**") at its meeting decided to keep the policy repo rate under the liquidity adjustment facility ("**LAF**") unchanged at 4.0 per cent. Consequently, the reverse repo rate under the LAF remains unchanged at 3.35 per cent and the marginal standing facility ("**MSF**") rate and the Bank Rate at 4.25 per cent.
- The MPC also decided to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.
- These decisions are in consonance with the objective of achieving the medium-term target for consumer price index ("**CPI**") inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.
- The MPC notes that the second wave of COVID-19 has altered the near-term outlook, necessitating urgent policy interventions, active monitoring and further timely measures to prevent emergence of supply chain bottlenecks and build-up of retail margins. A hastened pace of the vaccination drive and quick ramping up of healthcare infrastructure across both urban and rural areas are critical to preserve lives and livelihoods and prevent a resurgence in new waves of infections. At this juncture, policy support from all sides – fiscal, monetary and sectoral – is required to nurture recovery and expedite return to normalcy.

Recent Developmental and Regulatory Policy Measures by the RBI

Set out below are various developmental and regulatory policy measures by RBI to improve the functioning of markets and market participants; measures to support exports and imports; efforts to further ease financial stress caused by COVID-19 disruptions by providing relief on debt servicing and improving access to working capital; and steps to ease financial constraints faced by state governments.

Liquidity Measures by the RBI to Combat Adverse Impact of COVID-19

- The RBI will conduct auctions of targeted long-term repos of up to three years tenor of appropriate sizes for a total amount of up to Rs. 1 trillion at a floating rate linked to the policy repo rate. Liquidity availed under the scheme by banks is to be deployed in investment grade corporate bonds, commercial paper, and non-convertible debentures over and above the outstanding level of their investments in these bonds as on 25 March 2020. Investments made by banks under this facility will be classified as held to maturity ("**HTM**") even in excess of 25% of total investments permitted to be included in the HTM portfolio. Exposures under this facility will also not be considered under the large exposure framework.

- Accommodation under the marginal standing facility ("**MSF**") increased from 2.0% of the Statutory Liquidity Ratio ("**SLR**") to 3.0% until 30 June 2020, allowing the banking system to avail an additional Rs. 1.37 trillion of liquidity at the reduced MSF rate of 4.65% from 5.40%. This enhanced limit has been further extended until 30 September 2021. This facility is to provide comfort to banks on their liquidity requirements and also enable them to meet their LCR requirements.

- Policy repo rate reduced by 75 basis points to 4.40% from 5.15% on 27 March 2020. Simultaneously, the reverse repo rate was reduced by 90 basis points to 4.0%. The purpose of this measure is to discourage banks from passively depositing funds with the RBI and instead, use these funds for on-lending to productive sectors of the economy. The RBI, by way of its notification dated 22 May 2020 further reduced the policy repo rate under the LAF by 40 bps from 4.40% to 4.00% and the reverse repo rate to 3.35%.

- Widening the existing policy rate corridor from 50 bps to 65 bps. Under the new corridor, the reverse repo rate under the liquidity adjustment facility ("**LAF"**) would be 40 bps lower than the policy repo rate. The MSF rate would continue to be 25 bps above the policy repo rate.

- The RBI also announced additional TLTRO measures ("**TLTRO 2.0**") of Rs. 500 billion, with focus, among others, on non-banking finance companies by reserving 50% of the amount for non-banking finance companies with asset sizes between Rs. 5 billion and Rs. 50 billion, non-banking finance companies with asset sizes less than Rs. 5 billion and Micro Finance Institutions (MFIs).

- On 17 April 2020, the RBI cut the reverse repo rate to 3.75%, thereby further widening the policy rate corridor to 90 bps and the LCR was reduced from 100% to 80%. The RBI, by its circular dated 17 April 2020, on the 'Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR)', stated that while banks are required to maintain LCR of 100% with effect from 1 January 2019, in order to accommodate the burden on the banks' cash flows on account of the COVID-19 pandemic, banks would be permitted to maintain LCR as follows: (i) 80% from 17 April 2020 to 30 September 2020, (ii) 90% from 1 October 2020 to 31 March 2021 and (iii) 100% with effect from 1 April 2021.

- The RBI by way of its notification dated 27 March 2020, deferred the NSFR implementation to 1 October 2020. Subsequently, on 5 February 2021, in light of the continuing pressures faced as a result of the COVID-19 pandemic, the implementation of NSFR was further deferred by six months from 1 April 2021 to 1 October 2021.

- In order to provide an additional avenue for liquidity management to scheduled regional rural banks (RRBs), LAF and MSF were extended to scheduled RRBs, subject to fulfilling certain criteria.

- Two 56-day term repo auctions for a total amount of Rs. 1,00,000 crore at floating rates (repo rate) were announced to be conducted on 11 September 2020 and 14 September 2020 to assuage liquidity pressures on account of advance tax outflows.

- The RBI decided to enhance the size of its special Open Market Operations ("**OMOs**") to Rs. 20,000 crore in order to assure the market of maintaining comfortable liquidity conditions in line with its monetary policy. In order to impart liquidity to state development loans ("**SDLs**") and facilitate efficient pricing, it was decided to conduct OMOs in SDLs as a special case during 2020-21. Accordingly, three OMOs in SDLs amounting to Rs. 30,000 crore have been conducted since October 2020.

- With a view to increase the focus of liquidity measures on revival of activity in specific sectors, on 9 October 2020, the RBI announced the TLTRO scheme. Accordingly, it was decided to conduct on tap TLTRO of up to three years tenor for a total amount of up to Rs. 1,00,000 crore at a floating rate (repo rate) with end-use guidance. Investments under on tap TLTRO qualified for HTM portfolio and were exempted from large exposure framework. The scheme has been extended to 30 September 2021.

- As announced in the Statement on Developmental and Regulatory Policies, banks were given an option of repaying the funds availed to them under the TLTRO and TLTRO 2.0 before maturity. The scheme was announced on 21 October 2020. Subsequently, TLTRO and TLTRO 2.0 funds amounting to Rs. 37,348 crore have been repaid by banks.

- The on tap TLTRO scheme announced on 9 October 2020 was later expanded to cover 26 stressed sectors (as identified by the Kamath Committee and in sync with the credit guarantee available under the Emergency Credit Line Guarantee Scheme ("**ECLGS 2.0**")), in addition to the five sectors identified on 21 October 2020.

- As announced in the Statement on Developmental and Regulatory Policies on 5 February 2021, banks were permitted to provide funds to non-banking financial companies under the on tap TLTRO scheme.

- It was decided to extend the dispensation of enhanced HTM ceiling of 22 per cent of NDTL in respect of SLR eligible securities until 31 March 2023 and to include securities acquired between 1 April 2021 and 31 March 2022. It was also decided that the enhanced HTM limit shall be restored to 19.5% in a phased manner, beginning from the quarter ending 30 June 2023.

- The RBI announced two fine tuning variable rate repo auctions of Rs. 25,000 crore each on 26 March 2021 and 31 March 2021, respectively, in order to meet any additional/unforeseen demand for liquidity and to provide flexibility to the banking system in year-end liquidity management. As a special case, standalone primary dealers were allowed to participate in these auctions, along with other eligible participants. Furthermore, as a one-time measure, it was decided not to conduct 14-day variable rate reverse repo auction on 26 March 2021 in order to ensure the availability of ample liquidity to manage year-end requirements.

Refinancing Facility and Support for All India Financial Institutions ("AIFIs")

In April 2020, special refinance facilities for a total amount of Rs. 50,000 crore were provided to NABARD, SIDBI and NHB to enable them to meet sectoral credit needs. This comprised Rs. 25,000 crore to NABARD for refinancing regional rural banks (RRBs), cooperative banks and microfinance institutions (MFIs); Rs. 15,000 crore to SIDBI for on-lending/refinancing; and Rs. 10,000 crore to NHB for supporting housing finance companies ("**HFCs**"). Advances under this facility were provided at the Reserve Bank's policy repo rate. In order to provide greater flexibility to SIDBI in its operations, it had been decided to roll over the facility at the end of the 90th day for another period of 90 days.

In May 2020, a line of credit of Rs. 15,000 crore was extended to EXIM bank for a period of 90 days from the date of availment with rollover up to a maximum period of one year to enable it to avail a US dollar swap facility to meet its foreign exchange requirements.

On 6 August 2020, RBI announced that special refinance facilities for a total amount of Rs. 650 billion had been provided to all AIFIs – NABARD, the Small Industries Development Bank of India, the National Housing Bank and EXIM Bank – in order to support their role in meeting funding requirements of various sectors. In order to shield the housing sector from liquidity disruptions under the prevailing conditions and augment the flow of finance to the sector, it was decided to provide an additional standing liquidity facility ("**ASLF**") of Rs. 50 billion to NHB – over and above Rs. 100 billion already provided – for supporting HFCs. The facility would be for a period of one year and would be charged at the RBI's repo rate. It was decided to provide an additional special liquidity facility of Rs. 50 billion to NABARD for a period of one year at the RBI's policy repo rate for refinancing NBFC-MFIs and other smaller NBFCs of asset size of Rs. 5,000 million and less to support agriculture and allied activities and the rural non-farm sector.

The RBI extended fresh support of Rs. 50,000 crore on 7 April 2021 to AIFIs for new lending in 2021-22. This included: (i) a SLF of Rs. 25,000 crore to NABARD to support agriculture and allied activities, the rural non-farm sector and non-banking financial companies-micro finance institutions; (ii) a SLF of Rs. 10,000 crore to the National Housing Bank ("**NHB**") to support the housing sector; and (iii) a SLF of Rs. 15,000 crore to the SIDBI to meet the funding requirements of MSMEs.

In order to meet MSMEs' short- and medium-term credit needs to kick start the investment cycle with additional focus on smaller MSMEs and businesses including those in credit deficient and aspirational districts, it was decided in June 2021 to provide a further SLF of Rs. 16,000 crore to SIDBI. The facility would be extended for on-lending / refinancing through novel models and structures including double intermediation, pooled bond / loan issuances, etc. The facility will be available at the prevailing policy repo rate for a period of up to one year. The RBI may consider further extension of the facility depending on its usage.

Investments by Foreign Portfolio Investors ("FPIs") under the Voluntary Retention Route ("VRR")

The regulatory framework for FPI investment in debt has evolved over the years in line with the policy objective of encouraging such flows within the prevailing macro-prudential framework. The VRR introduced in March 2019 facilitates long term and stable FPI investment in debt and offers operational flexibility in terms of instrument choices and exemptions from certain regulatory requirements. Since its introduction, the VRR scheme has evinced strong investor participation, with investments exceeding 90% of the limits allotted under the scheme. In view of difficulties expressed by FPIs and their custodians on account of COVID-19 related disruptions in adhering to the condition that at least 75% of allotted limits be invested within three months, it has been decided that an additional three months will be allowed to FPIs to fulfil this requirement.

Export Credit

Exporters have been facing genuine difficulties such as delay / postponement of orders and delay in realization of bills, which are adversely affecting their production and realization cycles. It is in this context that the RBI permitted an increase in the period of realization and repatriation of export proceeds to India from nine months to 15 months from the date of export in respect of exports made up to or on July 31, 2020. It has now been decided to increase the maximum permissible period of pre-shipment and post-shipment export credit sanctioned by banks from the existing one year to 15 months, for disbursements made up to July 31, 2020.

Interest equalization scheme on pre- and post-shipment rupee export credit was extended by Government for one year, i.e., up to March 31, 2021, with same scope and coverage, and all extant operational instructions issued by the Reserve Bank under the said scheme shall continue to remain in force up to March 31, 2021.

Extension of Time for Payment for Imports

COVID-19 related disruptions to cross-border trade have imposed slowdown in manufacturing/sale of finished products, and delay in realization of sale proceeds, both domestically and overseas. In turn, this has elongated the operating cycle for business entities. In this situation, units find it difficult to pay for their imports within the time stipulated under the FEMA. At present, remittances for normal imports (excluding import of gold/diamonds and precious stones/jewelry) into India are required to be completed within a period of six months from the date of shipment by the overseas supplier, except in cases where amounts are withheld towards guarantee of performance. It has been decided to extend the time period for completion of remittances against normal imports into India (except in cases where amounts are withheld towards guarantee of performance) from six months to twelve months from the date of shipment for such imports made on or before July 31, 2020. The measure will provide greater flexibility to importers in managing their operating cycles in a COVID-19 environment.

Banks operating in International Financial Services Centre

Pursuant to the notification issued by the RBI on March 27, 2020, the RBI permitted banks in India that are operating International Financial Services Centre Banking Units ("**IBUs**"), to participate in the offshore non-deliverable derivative market with effect from 1 June 2020. Banks were permitted to participate through their branches in India, their foreign branches or through their IBUs. In view of the increased volatility of the rupee caused by the impact of COVID-19 on currency markets, this measure is intended to improve depth and price discovery in the foreign exchange market segments by reducing arbitrage between onshore and offshore markets.

Asset Classification

As the moratorium/deferment is being provided specifically to enable borrowers to tide over COVID-19 disruptions, the same will not be treated as changes in terms and conditions of loan agreements due to financial difficulty of the borrowers and, consequently, will not result in asset classification downgrade.

As earlier, the rescheduling of payments on account of the moratorium/deferment will not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies ("**CICs**") by the lending institutions. CICs shall ensure that the actions taken by lending institutions in pursuance of the announcements made today do not adversely impact the credit history of the borrowers.

In respect of all accounts for which lending institutions decide to grant moratorium/deferment, and which were standard as on March 1, 2020, the 90-day NPA norm shall also exclude the extended moratorium/deferment period. Consequently, there would be an asset classification standstill for all such accounts during the moratorium/deferment period from March 1, 2020 to August 31, 2020. Thereafter, the normal ageing norms shall apply.

NBFCs, which are required to comply with IND-AS, may follow the guidelines duly approved by their Boards and advisories of the Institute of Chartered Accountants of India in recognition of impairments. Thus, NBFCs have flexibility under the prescribed accounting standards to consider such relief to their borrowers.

Easing of Working Capital Financing

In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are permitted to recalculate the 'drawing power' by reducing the margins till the extended period, i.e., August 31, 2020. In order to smoothen the impact for the borrowers, lending institutions are permitted to restore the margins to the original levels by March 31, 2021.

Further, lending institutions are permitted to reassess the working capital cycle of a borrowing entity up to an extended period till March 31, 2021. This will provide necessary leeway to the lenders to make an informed assessment about the impact of the pandemic on the entity concerned.

Such changes in credit terms permitted to the borrowers to specifically tide over COVID-19's fallout will not be treated as concessions granted due to financial difficulty of the borrower, under Paragraph 2 of the Annex to the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated June 7, 2019 ("**Prudential Framework**"), and consequently, will not result in asset classification downgrade.

Extension of Resolution Timeline

Under the Prudential Framework, lending institutions are required to hold an additional provision of 20% in the case of large accounts under default if a resolution plan has not been implemented within 210 days from the date of such default. Given the continuing challenges to resolution of stressed assets, lending institutions are permitted to exclude the entire moratorium/deferment period from March 1, 2020 to August 31, 2020 from the calculation of 30-day Review Period or 180-day Resolution Period, if the Review/Resolution Period had not expired as on March 1, 2020. In respect of all such accounts, the residual Review Period shall resume from September 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution. Further, in respect of accounts where the Review Period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 90 days from the date on which the 180 day period was originally set to expire, which was subsequently extended to 180 days from the date on which the 180-day period was originally set to expire, as per the RBI notification dated May 23, 2020.

In respect of accounts where the resolution period was extended, the lending institutions are required to make relevant disclosures in the 'Notes to Accounts' while preparing their financial statements for the six-month period ending September 30, 2020 as well as fiscals 2020 and 2021.

Limit on Group Exposures under the Large Exposures Framework

Under the extant guidelines on the Large Exposures Framework, the exposure of a bank to a group of connected counterparties shall not be higher than 25 percent of the bank's eligible capital base at all times. On account of the COVID-19 pandemic, debt markets and other capital market segments are witnessing heightened uncertainty. As a result, many corporates are finding it difficult to raise funds from the capital market and are predominantly dependent on funding from banks. With a view to facilitating the flow of resources to corporates, it has been decided, as a one-time measure, to increase a bank's exposure to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank. The increased limit will be applicable up to June 30, 2021.

Consolidated Sinking Fund ("CSF") of State Governments - Relaxation of Guidelines

State Governments maintain a CSF with the Reserve Bank as a buffer for repayment of their liabilities. In the light of the COVID-19 pandemic and the consequent stress on State Government finances, the RBI has reviewed the Scheme and has decided to relax the rules governing withdrawal from the CSF, while at the same time ensuring that depletion of the Fund balance is done prudently. This will enable States to meet a larger proportion of their redemption of market borrowings falling due in the current financial year from the CSF. These relaxations to states will release an additional amount of about Rs. 133 billion. Together with the normally permissible withdrawal, this measure will enable the states to meet about 45% of their redemptions due in 2020-21 through withdrawal from CSF. This change in withdrawal norms will come into force with immediate effect and will remain valid till March 31, 2021.

In response to COVID-19, the requirement of fiscal resources has increased with likely implications for market conditions going forward. The RBI shall remain watchful and support the smooth completion of the borrowing program of the Centre and States in the least disruptive manner.

Announcement of Rs. 500 billion Special Liquidity Facility for Mutual Funds

On April 27, 2020, with a view to easing liquidity pressures on mutual funds, the RBI opened a special liquidity facility for mutual funds. Under such facility, the RBI would conduct repo operations of 90 days' tenor at the fixed repo rate in an on-tap and open-ended manner, starting April 27, 2020 up to May 11, 2020 or up to utilization of the allocated amount, whichever was earlier. Funds availed under this facility are to be used by banks exclusively for meeting the liquidity requirements of mutual funds by extending loans and outright purchase of and/or repos against the collateral of investment grade corporate bonds, commercial papers, debentures and certificates of Deposit CDs held by mutual funds. Liquidity support availed under this facility will be classified as HTM even in excess of 25.0% per cent of total investment permitted to be included in the HTM portfolio. Exposures under this facility will also not be considered under the large exposure framework or for computation of adjusted non-food bank credit for determining priority sector targets/sub-targets and will be exempt from banks' capital market exposure limits.

'AtmaNirbhar Bharat' Reforms

During the period from May 12, 2020 to May 17, 2020, the Union Government, announced several measures across sectors as a part of an economic package to mitigate the impact of the COVID-19 pandemic. The relevant measures with respect to banking and credit are set out below:

Collateral free loans for MSMEs

- Small and medium enterprises will be offered collateral-free automatic loans of up to Rs. 3 trillion up to 20% of the entire outstanding credit.
- MSME borrowers with Rs. 0.25 billion outstanding loans and a turnover of Rs. 1 billion will be eligible.
  - Loans will have a 4-year tenor and a principal moratorium will be given for 12 months.
  - Interest will be capped.
  - 100% credit guarantee will be given to banks and NBFCs by the Government on the principal and interest amount of the loans.
  - The scheme can be availed until October 31, 2020.

Subordinate debt for stressed MSMEs

Liquidity support of up to Rs. 200 billion, in the form of subordinate debt is provided for stressed MSMEs. All functioning MSMEs, which are NPA or stressed, will be eligible for such support. Further, support of Rs. 40 billion is available to the Credit Guarantee Fund Trust for Micro and Small Enterprises which will then provide partial credit guarantee to banks. The promoters will be given debt by banks, which will then be infused by promoters as equity.

Liquidity facility for NBFC/housing finance companies/micro finance institutions

Special liquidity scheme of up to Rs. 300 billion for NBFCs/housing finance companies/micro finance institutions has been announced. Under the scheme, investment will be made in both primary and secondary market transactions in investment-grade debt of NBFCs/housing finance companies/micro finance institutions. The securities will be fully guaranteed by the Government.

Expansion of partial credit guarantee scheme for NBFCs

The scope of the partial credit guarantee scheme for NBFCs has been widened. First 20% of the loss will be guaranteed by the Government. Instruments with ratings AA and below including unrated instruments are eligible for investment. This scheme is intended to result in liquidity infusion of Rs. 450 billion.

Change in definition of MSMEs

Definition of MSMEs has been changed, with an upward revision in investment limit to incentivize MSMEs to grow.

Existing MSME Classification
Criteria: Investment in Plant & Machinery or Equipment

Classification	Micro	Small	Medium
Manufacturing Services	Investment < ₹2.5 million Investment < ₹1.0 million	Investment < ₹50.0 million Investment < ₹20.0 million	Investment < ₹100.0 million Investment < ₹50.0 million

Revised MSME Classification
Composite Criteria: Investment And Annual Turnover

Classification	Micro	Small	Medium
Manufacturing and Services	Investment < ₹10.0 million and Turnover < ₹50.0 million	Investment < ₹100.0 million and Turnover < ₹500.0 million	Investment < ₹200.0 million and Turnover < ₹1.0 billion

Interest Subvention for Shishu Loans (loans up to Rs. 50,000) by Micro Units Development and Refinance Agency ("MUDRA")

- Prompt payees under the MUDRA-Shishu loan scheme will be given an interest subvention of 2% for a period of 12 months.
- Relief of up to Rs. 15 billion provided under this scheme.
- Current portfolio of MUDRA-Shishu loans is around Rs. 1.62 trillion

Special credit facility for Street Vendors

A special scheme to facilitate easy access to credit for street vendors is proposed to be launched. Under this facility an initial working capital of up to Rs. 10,000 will be provided to the street vendors to restart their businesses which have been adversely impacted by the COVID-19 pandemic related lockdown. This facility aims to support five million street vendors and will provide liquidity of up to Rs. 50 billion. Digital payments will also be incentivized through monetary rewards and enhanced working capital credit will be given for good repayment behavior.

Extension of credit linked subsidy scheme for Housing

Credit linked subsidy scheme for those earning between Rs. 0.6 million to Rs. 1.8 million per annum has been extended until March 2021. The scheme provides a subsidy to middle-income earners on affordable home loan interest rates. Approximately 0.33 million families have benefitted from this scheme and the extension will benefit another 0.25 million middle-income families. This is expected to lead to an investment of over Rs. 700 billion in the housing sector.

Credit to farmers

- NABARD to extend Rs. 300 billion of additional refinance support for rural cooperative banks and regional rural banks, which is the main source of credit for small and marginal farmers. This support is over and above the amount of Rs. 900 billion which is to be provided by NABARD through the normal refinance route in fiscal 2021. Funding to 33 state cooperative banks, 351 district cooperative banks and 43 regional rural banks is available on tap based lending.

- Concessional credit: Special drive will be undertaken to provide concessional credit to PM-KISAN beneficiaries through Kisan Credit Cards. This facility is expected to benefit up to 25 million farmers, with credit flow of approximately Rs. 2 trillion. Farmers involved in animal husbandry and fisheries are also eligible for this credit.

Ease of doing business through IBC related measures

In order to benefit the MSMEs, threshold to initiate insolvency proceedings has been increased from Rs. 0.1 million to Rs. 10 million. Fresh initiation of insolvency proceedings may be suspended up to 1 year. COVID-19 related debt is excluded from the definition of default for the purpose of triggering insolvency proceedings

AatmaNirbhar Bharat Abhiyan 2.0

On October 9, 2020, the following policy initiatives were announced under AatmaNirbhar Bharat Abhiyan 2.0:

- a leave travel concession cash voucher scheme was announced;
- a special festival advance scheme was revived as a one-time measure to stimulate demand for both gazetted and non-gazetted employees;
- a special interest free 50-year loan of Rs. 12,000 crore was issued to states for capital expenditure; and
- an additional budget of Rs. 25,000 crore, in addition to Rs. 4.13 lakh crore given in the Union Budget 2020- 21 was provided for capital expenditure.

AatmaNirbhar Bharat Abhiyan 3.0

On 12 November 2020, the following policy initiatives were announced under AatmaNirbhar Bharat Abhiyan 3.0:

- a production linked incentive worth Rs. 1.46 lakh crore to 10 major sectors, which include advance cell chemistry battery, electronic/technology products, automobiles & auto components, pharmaceuticals drugs, telecom & networking products, textile products, food products, high efficiency solar photo-voltaic modules, white goods (air conditioners and LED lights) and specialty steel;
- to provide ease of doing business in the construction sector and relief to contractors whose money otherwise remains locked up, performance security on contracts has been reduced from 5-10% to 3% which will also extend to ongoing contracts and public sector enterprises. Earnest deposit money for tenders will be replaced by bid security declaration. The relaxations in the general financial rules will be in force until 31 December 2021;
- Rs. 10,200 crore additional budget stimulus was provided for capital and industrial expenditure on domestic defence equipment, industrial infrastructure and green energy;
- the AatmaNirbhar Bharat Rozgar Yojana scheme was launched to incentivise job creation during the recovery from the COVID-19 pandemic;
- ECLGS 2.0 was launched for the healthcare sector and 26 stressed sectors with credit outstanding of above Rs. 50 crore and up to Rs. 500 crore as on February 29, 2020 due to the COVID-19 pandemic, among other criteria. These entities/borrower accounts would be eligible for additional funding up to 20% of their total outstanding credit as a collateral free guaranteed emergency credit line, which would be fully guaranteed by NCGTC. The loans provided under ECLGS 2.0 will have a five-year tenor with a 12-month moratorium on repayment of principal. The scheme was extended until March 31, 2021;

- Rs. 18,000 crore additional outlay was provided for Pradhan Mantri Awaas Yojana. Urban income tax relief was announced for developers and home buyers;
- Rs. 6,000 crore equity investment in the debt platform of National Investment and Infrastructure Fund (NIIF) was announced to help NIIF provide debt of Rs. 1.1 lakh crore for infrastructure projects by 2025;
- Rs. 65,000 crore was provided for subsidized fertilizers to support agriculture;
- an additional outlay of Rs. 10,000 crore was provided for Pradhan Mantri Garib Kalyan Rozgar Yojana in order to boost rural employment;
- Rs. 900 crore was provided to Department of Biotechnology for research activities related to COVID-19 vaccine development;
- the Government announced Rs. 3,000 crore support to EXIM Bank for promoting project exports under the Indian Development and Economic Assistance Scheme. This will help EXIM Bank facilitate lines of credit for development assistance activities and promote exports from India; and
- export prohibition of specified personal protective equipment, including clothing and masks (gloves and medical goggles), while exempting some items such as surgical blades, non-woven disposable shoe covers, breathing appliances used by airmen, firemen, divers and mountaineers, gas masks, tarpaulin, polyvinyl chloride conveyer belt and biopsy punch.

Additional measures announced

- The MPC decided to continue with the accommodative stance as long as necessary during the financial year 2021 and into 2022 in order to revive growth on a durable basis and mitigate the impact of the COVID-19 pandemic on the economy, while ensuring that inflation remains within the target going forward.
- As credit facilities to MSME borrowers extended under the emergency credit line guarantee scheme of the Government guaranteed by National Credit Guarantee Trustee Company are backed by an unconditional and irrevocable guarantee provided by the Government, member lending institutions, viz., scheduled commercial banks (including RRBs), non-banking financial companies and housing finance companies (as eligible under the scheme) and all AIFIs, were permitted to assign 0% risk weight on the credit facilities extended under these schemes to the extent of guarantee coverage.
- Banks were permitted to reckon the funds injected by the promoters in their MSME units through loans availed under the credit guarantee scheme for subordinate debt for stressed MSMEs scheme (where credit facilities are backed by a guarantee from credit guarantee fund trust for micro and small enterprises), as equity/quasi equity from the promoters for debt-equity computation.
- Measures were announced with a view to provide greater comfort to state governments/union territories in undertaking COVID-19 containment and mitigation measures, to enable them to plan their market borrowings, and to provide greater flexibility to them to tide over their cash flow mismatches.
- In order to optimize human resource deployment in the context of disruptions caused by the COVID-19 pandemic and to provide eligible LAF / MSF participants greater flexibility in managing their end of the day CRR balances, the RBI introduced the Automated Sweep-in and Sweep-out facility in its e-Kuber system.
- As per the RBI's instructions, the exposures included in the regulatory retail portfolio of banks are assigned a risk weight of 75%, with a prescribed maximum aggregated retail exposure of Rs. 5 crore to one counterparty. The threshold of Rs. 5 crore was increased to Rs. 7.5 crore in respect of all new as well

as existing exposures where incremental exposure may be taken by the banks up to the revised limit of Rs. 7.5 crore. The instruction is applicable to all SCBs, including SFBs and excluding LABs and RRBs.

- All co-operative banks were included as eligible lending institutions under the Interest Subvention Scheme for MSMEs (2018) with effect from 3 March 2020. Further extension until 31 December 2020 was given to all co-operative banks for submission of the returns under section 31 read with section 56 of the Banking Regulation Act 1949.

- As a countercyclical measure, it was decided to rationalize the risk weights for all new individual housing loans, irrespective of the amount to be sanctioned on or after 16 October 2020 and up to 31 March 2022. Risk weight will be 35% for loan to value ratio less than or equal to 80% and 50% for loan to value ratio above 80% but less than or equal to 90%.

- In December 2020, the RRBs were permitted to access the liquidity windows of the RBI as well as the call/notice money market in order to facilitate more efficient liquidity management by the RRBs at competitive rates. In June 2021, to provide greater flexibility in raising short term funds by RRBs, it was decided to permit RRBs to issue certificates of deposit ("**CDs**") to eligible investors. With a view to providing issuers with greater flexibility in liquidity management, it was also decided that all issuers of CDs will be permitted to buy back their CDs before maturity, subject to certain conditions

- On 5 February 2021, SCBs were allowed to deduct the amount equivalent to credit disbursed to 'New MSME borrowers' from their NDTL for calculation of the CRR. 'New MSME borrowers' were defined as those MSME borrowers who have not availed any credit facilities from the banking system as at 1 January 2021. This exemption will be available only up to Rs. 25 lakh per borrower disbursed up to the fortnight ending 1 October 2021, for a period of one year from the date of origination of the loan or the tenure of the loan, whichever is earlier.

- Under the ECB framework, ECB borrowers are allowed to place ECB proceeds in term deposits with AD Category-I banks in India for a maximum period of 12 months. In view of the difficulty faced by borrowers in utilizing already drawn down ECBs due to the COVID-19 pandemic induced lockdown and restrictions, it was decided to relax the above stipulation as a one-time measure, with a view to provide relief. Accordingly, unutilized ECB proceeds drawn down on or before 1 March 2020 can be parked in term deposits with AD Category-I banks in India prospectively up to 1 March 2022.

- The RBI has been taking several measures to encourage investments by Foreign Portfolio Investors ("**FPIs**") in the Indian debt market such as introduction of new channels for investment, periodic review of the operational framework in place for investments by non-residents. With a view to easing operational constraints faced by FPIs and promoting ease of doing business, it has been decided to permit authorised dealer banks to place margins on behalf of their FPI clients for their transactions in government securities (including state development loans and Treasury bills), within the credit risk management framework of banks.

Measures introduced by the RBI in connection with the second wave of COVID-19 infections

Governor Shri Shaktikanta Das announced a series of measures to support the nation's fight against the second wave of COVID-19 infections:

- a term liquidity facility of Rs. 50,000 crore to ease access to emergency health services with a tenure of up to 3 years, at repo rate and to ramp up COVID-19 related health infrastructure & services. Banks could give fresh lending support to variety of stakeholders under this facility. This lending facility will be available until March 31, 2022. Banks will be provided incentives to provide credit under this facility;

- to support micro, small and other unorganized sector entities, a 3-year repo operations of Rs. 10,000 crore at repo rate for fresh lending of up to Rs. 10 lakh per borrower. The facility is available until 31 October 2021;
- SFBs would be permitted to regard fresh on-lending to MFIs with asset size up to Rs. 500 crore as priority sector lending. This facility will be available until 31 March 2022;
- to further incentivize inclusion of unbanked MSMEs into the banking system, an exemption provided in February 2021 wherein scheduled banks were allowed to deduct credit given to new MSME borrowers from net time and demand liabilities for calculation of CRR was extended to 31 December 2021;
- steps were taken to (a) extend the scope to video KYC for new customer categories such as proprietorship firms; (b) covert limited KYC accounts to fully KYC compliant accounts; (c) the introduction of more customer-friendly options in KYC updating; and (d) enabling the use of KYC Identifier of Centralised KYC Registry for V-CIP and the submission of electronic documents as identify proof; and
- banks would be able to use 100% of floating provisions held by them as on 31 December 2020 for making specific provisions for NPAs and such utilization would be permitted until 31 March 2022; and the maximum number of days of overdraft in a quarter for state governments would be increased from 36 to 50 days. The number of consecutive days of overdraft was increased from 14 to 21 days and this facility is available until 30 September 2021.

Guidelines on Liquidity Risk Management and Basel III Framework on Liquidity Standards

To address the deficiencies witnessed in liquidity risk management in the recent crisis and to strengthen liquidity risk management in banks, the Basel Committee on Banking Supervision ("**BCBS**") published "Principles for Sound Liquidity Risk Management and Supervision" in September 2008. This was followed by the publication of "Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring" in December 2010, i.e. the Basel III rules text on liquidity prescribing two minimum global regulatory standards, namely the LCR and the net stable funding ratio for liquidity risk and a set of five monitoring tools.

In accordance with this, the RBI, being a member of the BCBS, released draft guidelines "Liquidity Risk Management and Basel III Framework on Liquidity Standards" in February 2012. The final guidelines on Basel III capital regulations were issued on May 2, 2012.

Compliance with Basel II and Basel III Requirements

In April 2011, the RBI issued guidelines to banks in relation to moving towards the "Advanced Measurement Approach" ("**AMA**") for computing capital for operational risk. According to the AMA guidelines, banks are required to submit their letter of intent to migrate to the AMA followed by a detailed application to the RBI for migrating to the advanced measurement approach. The Bank had submitted its letter of intent for migration to the AMA in September 2012. On the basis of the RBI's permission, the Bank had made its final application for moving to the AMA in September 2014. The RBI had undertaken an offsite and onsite assessment of the Bank's preparedness and had granted approval to the Bank to migrate to the AMA on a parallel run basis in June 2015.

In April 2010 and March 2012, the RBI issued guidelines relating to switching over to (i) the "Internal Model Approach" for computing capital for market risk and (ii) the "Internal Ratings-Based Approach" ("**IRB**") for computing capital for credit risk, respectively.

The Bank has constituted a Basel Credit Risk Committee which comprises the deputy managing director, the chief risk officer and the group head of finance and audit functions, which meets on a quarterly basis to oversee the progress of the preparation for the IRB. The committee is also responsible for approving various IRB related policies which are presented to it from time to time. Further, the committee also reviews the capital impact as per the IRB approach and provides guidance on reviews of the methodology used from time to time.

The Bank had completed a self-assessment of its preparation to migrate to the IRB approach and, with the approval of the Risk Policy and Monitoring Committee of the Board, submitted a letter of intent to RBI for migrating to the IRB approach. Following the submission of additional information and further interaction with RBI officials, the Bank has been allowed by RBI to participate in the parallel run process for the Foundation IRB approach for regulatory capital calculation for credit risk, subject to certain conditions. During the parallel run period, the Bank is required to provide data and/ or information as per prescribed returns to RBI on a quarterly basis. Quantitative disclosures in line with pillar 3 disclosures under the Basel III guidelines as mandated by the RBI for commercial banks are disclosed in the Regulatory Disclosure Section of the Bank's website on a quarterly basis.

With regards to market risk capital charge, the Bank currently follows the standardized approach (being the standardized measurement methodology ("**SMM**")) prescribed by the regulator and has further put in place a risk analytics system towards developing capability for adopting an internal model approach. The Basel III guidelines have been introduced with a view to improve the banking sector's ability to absorb shocks arising from any financial and economic stress from whatever source and with the aim of supplementing the risk-based capital requirement with a leverage ratio that requires capital for all "on and off balance sheet" items, thus shifting the focus towards common equity capital.

During fiscal 2014, the Bank made concurrent qualified institutional placements and a public offering of American depositary shares each representing three equity shares. The aggregate funds received from these issuances was Rs.97,661 million. Furthermore, the Bank continuously takes measures to be in compliance with the phasing in of capital and leverage ratio requirements under the Basel III guidelines as per the schedule prescribed by the RBI.

Developments in the Banking Sector

Implementation of the Basel III capital regulations

In December 2010, the BCBS issued a comprehensive reform package of capital regulations, known as Basel III. The objective of the reform package is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, thus reducing the risk of spill over from the financial sector to the real economy. The RBI issued the RBI Basel III Capital Regulations and the guidelines became operational from April 1, 2013. However, the reform package and guidelines will be implemented in a phased manner. On December 31, 2013, the RBI further extended the implementation of credit valuation adjustment risk to April 1, 2014, and, on March 27, 2014, extended the deadline for full implementation of Basel III requirements to March 31, 2019. *(Source: RBI Circular DBOD.No.BP.BC.81/21.06.201/2013-14 dated December 31, 2013 and RBI Circular DBOD.No.BP.BC.102/21.06.201/2013-14 dated March 27, 2013.)*

Under Basel III, the total capital of a bank in India must be at least 9.00% of RWAs (8.00% as specified by the BCBS), Tier I capital must be at least 7.00% of RWAs (6.00% as specified by the BCBS) and Common Equity Tier I capital must be at least 5.50% of RWAs (4.50% as specified by the BCBS). Due to the transitional arrangements, the capital requirements of banks may be lower during the initial periods and higher during later years.

Therefore, banks have been advised to do their capital planning accordingly. In addition to the minimum requirements as indicated above, banks are required to maintain a capital conservation buffer ("**CCB**") in the form of common equity of 2.50% of RWAs. Under the RBI Basel III Guidelines, total capital with CCB has been fixed at 11.50% of RWAs. In July 2014, the RBI released the "Final Report of the Internal Working Group on Implementation of Counter-cyclical Capital Buffer (CCCB)", which requires banks to maintain a buffer of up to 2.5% of RWAs in period of high credit growth as a precaution for downturn.

Furthermore, under Basel III, a simple, transparent, non-risk based leverage ratio has been introduced. The BCBS will test a minimum Tier I leverage ratio of 3.00% during a parallel run period from January 1, 2013 to January 1, 2017. The RBI has prescribed that during this parallel run period banks should strive to maintain their existing leverage ratios, but in no case should a bank's leverage ratio fall below 4.50%. Banks whose leverage is below 4.50% have been advised to achieve this target as early as possible. This leverage ratio requirement is yet to be finalized and will be finalized taking into account the final proposals of the BCBS. *(Source: RBI Annual Report 2011-2012.)* Additionally, in June 2014, the RBI released guidelines for an LCR as part of the Basel III framework on liquidity standards, which will require minimum LCRs starting at 60% as at 1 January 2015, increasing in equal annual steps to 100% by January 1, 2019.

Furthermore, Additional Tier I non-equity capital instruments under Basel III are expected to provide additional features such as full coupon discretion, and principal loss absorption when the common equity ratio of a bank falls below 6.125% of its risk-weighted assets. In the case of Tier II non-equity capital instruments, the distinction between Upper Tier II and Lower Tier II instruments under Basel II is removed and a single class of Tier II instrument eligibility criteria has been prescribed. Additionally, under Basel III loss absorption features have been included in the event of the occurrence of the "Point of Non-Viability" trigger. The RBI has also fixed the base at the nominal amount of capital instruments outstanding on January 1, 2013, and their recognition will be capped at 90.00% from April 1, 2013, with the cap reducing by 10.00% points in each subsequent year.

On August 31, 2015, the Reserve Bank of India designated the State Bank of India and ICICI Bank Ltd. as domestic systematically important banks ("**D-SIB**"). Based on the methodology provided in the D-SIB framework and data collected from banks as on March 31, 2015, the State Bank of India and ICICI Bank Ltd. will have to provide Additional Common Equity Tier 1 ("**CET1**") requirements as a percentage of risk weighted assets of 0.6% and 0.2%, respectively. The CET1 requirements applicable to D-SIBs will be applicable from April 1, 2016 in a phased manner and would become fully effective from April 1, 2019. The additional CET1 requirements will be in addition to the capital conservation buffer.

The Basel III Capital Regulations were expected to be fully implemented by 31 March 2019. However, the RBI had deferred the final phase in of the capital conservation buffer of the Basel III Capital Regulations to 31 March 2020, which had been deferred to 30 September 2020 and then to 1 April 2021, and now stands deferred to 1 October 2021, in light of the continuing pressures faced as a result of the COVID pandemic and to aid the economic recovery process.

Additionally, the Basel III liquidity framework also envisaged the NSFR, which measures the ratio between available stable funding (greater than one year) and the required stable funding (greater than one year) to support long-term lending and other long-term assets. For banks in India, the RBI had released the final guidelines and prescribed NSFR of at least 100% from 1 April 2020. However, in view of the exceptional conditions due to COVID-19, the RBI by way of its notification dated 27 March 2020, deferred the NSFR implementation to 1 October 2020. Subsequently, on 5 February 2021, in light of the continuing pressures faced as a result of the COVID-19 pandemic, the implementation of NSFR was further deferred by six months from 1 April 2021 to 1 October 2021.

The minimum capital conservation ratios prescribed under the Master Circular - Basel III Capital Regulations dated 1 July 2015, as applicable to Indian banks from 31 March 2018, will also apply for a further period of six months from 31 March 2021 until the capital conservation buffer attains the level of 2.5% on 1 October 2021.

The Basel committee's oversight body - the Group of Central Bank Governors and Heads of Supervision (GHOS) - has endorsed a set of measures to provide additional operational capacity for banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of COVID-19 pandemic on the global banking system. One of the measures already endorsed by the GHOS on March 27, 2020 was to defer the timeline for implementation of Basel III standards from January 1, 2022 to January 1, 2023.

The target date for issuance of draft Basel III guidelines on credit, market and operational risk, as also final guidelines on interest rate risk in banking book has been deferred to September 2021.

Further, the RBI, through its notification dated August 6, 2020, has prescribed that banks investing in debt mutual fund / exchange traded funds ("**ETF**") with underlying comprising of central, state and foreign central governments' bonds, banks' bonds and corporate bonds (other than bank bonds) are required to compute capital charge for market risk as follows:

(a) Investment in debt mutual fund / ETF for which full constituent debt details are available shall attract general market risk charge of 9%. The specific risk capital charge for various kinds of exposures are to be applied in terms of the notification;

(b) In case of debt mutual fund / ETF which contains a mix of the various kinds of debt instruments, as specified above, the specific risk capital charge shall be computed based on the lowest rated debt instrument/ instruments attracting the highest specific risk capital charge in the fund;

(c) With respect to debt mutual fund / ETF for which the constituent debt details are not available, at least as of the end of each month, the fund shall continue to be treated at par with equity for computation of capital charge for market risk as prescribed in paragraph 8.4.1 of the Master Circular - Basel III Capital Regulations.

Dynamic provisioning guidelines

At present, banks generally make two types of provisions; general provisions on standard assets and specific provisions on NPAs. Since the level of NPAs varies through the economic cycle, the resultant level of specific provisions also behaves cyclically. Consequently, lower provisions during upturns and higher provisions during downturns have a pro-cyclical effect on the real economy.

To address the pro-cyclicality of capital and provisioning, efforts at an international level are being made to introduce countercyclical capital and provisioning buffers. The RBI has prepared a discussion paper on a countercyclical (dynamic) provisioning ("**DP**") framework.

The DP framework is based on the concept of expected loss ("**EL**"), which is the average level of losses a bank can reasonably expect to experience, and is considered the cost of doing business. It is generally covered by provisioning and pricing. The objective of DP is to soften the impact of incurred losses on the results of operations through the economic cycle, and not to provide a general provisioning cushion for EL. More specifically, the DP created during a year will be the difference between the long run average EL of the portfolio for one year and the incremental specific provisions made during the year. The parameters of the model suggested in the discussion paper are calibrated based on the data of Indian banks. Banks that have the capability to calibrate their own parameters may, with the prior approval of the RBI, introduce a DP framework using the theoretical model indicated by the RBI. Other banks will have to use the standardized calibration provided by the RBI. *(Source: RBI Annual Report 2011-2012 and Discussion Paper on Introduction of Dynamic Loan Loss Provisioning Framework for Banks in India dated March 30, 2012.)*

The RBI, in its circular dated March 30, 2015, has decided that, as a countercyclical measure, a bank may utilize up to 50% of the countercyclical provisioning buffer/floating provisions held by it as at December 31, 2014 for making specific provisions for non-performing assets, as per the policy approved by the bank's Board of Directors. The RBI further clarified that the use of the countercyclical provisioning buffer/floating provisions under this measure may be over and above the use of the countercyclical provisioning buffer/floating provisions as proposed in the RBI's circular of February 26, 2014 on "Framework for Revitalising Distressed Assets in the Economy — Refinancing of Project Loans, Sale of NPA and Other Regulatory Measures". The February 2014 circular also emphasizes that all banks should develop the necessary capabilities to have a dynamic loan loss provisioning framework in place which would enable them to build up a "DP account" during good times and utilize the same during a downturn.

The RBI in its circular dated May 5, 2021, notified that in order to mitigate the adverse impact of COVID 19 related stress on banks, as a measure to enable capital conservation, it has been decided to allow banks to utilize 100 per cent of floating provisions/ countercyclical provisioning buffer held by them as on December 31, 2020 for making specific provisions for non-performing assets with prior approval of their Boards. Such utilization is permitted with immediate effect and up to March 31, 2022.

The Master Direction issued by the RBI on May 12, 2016 titled "Master Direction — Ownership in Private Sector Banks, Directions, 2016" provides the applicable shareholding ceilings in private sector banks to various categories of shareholders. It states that the ownership limits for all shareholders in the long run shall be based on categorization of the shareholders under two broad categories, namely (i) natural persons (individuals) and (ii) legal persons (entities or institutions). Further, non-financial and financial institutions and, among financial institutions, diversified and non-diversified financial institutions shall have separate limits for shareholding, as below:

- in the case of individuals and non-financial entities (other than promoters or promoter groups), the limit shall be 10% of the paid-up capital. However, in the case of promoters being individuals and non-financial entities in existing banks, the permitted promoter or promoter group shareholding shall be in line with the permitted level in the February 22, 2013 guidelines on the licensing of universal banks at 15%;

- in the case of entities from the financial sector, other than regulated or diversified or listed, the limit shall be 15% of the paid-up capital;

- in the case of "regulated, well diversified, listed entities from the financial sector" and shareholding by supranational institutions or public sector undertakings or Government, a uniform limit of up to 40% of the paid-up capital is permitted for promoters, promoter groups and non-promoters; and

- higher stake or strategic investment by promoters, non-promoters through capital infusion by domestic or foreign entities or institutions shall be permitted on a case-by-case basis under circumstances, amongst others, such as relinquishment by existing promoters, rehabilitation, restructuring of problems, weak banks, entrenchment of existing promoters, or if it is in the interests of the bank or in the interests of consolidation in the banking sector.

REGULATION AND SUPERVISION

The following description is a summary of certain sector specific laws, guidelines and regulations in India, which are applicable to the Bank. The information detailed in this section has been obtained from publications and press releases available in the public domain as of the date of the Offering Circular. The Indian laws, regulations and guidelines set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice or a detailed review of the relevant laws, regulations and guidelines. Any reference to statutes, rules, guidelines or regulations in the summary below is a reference to the current provisions of the statutes, rules, guidelines or regulations, as amended

Statutory Framework

The Government and the RBI regulate the banking sector in India. The primary legislation governing commercial banks in India is the Banking Regulation Act, 1949, as amended ("**BR Act**"). In addition, certain provisions of the BR Act are also applicable to the Issuer. The Issuer has been constituted and is governed by the provisions of the State Bank of India Act, 1955, as amended ("**SBI Act**") and the State Bank of India General Regulations, 1955, as amended. Other important laws relevant to banks in India, including the Issuer, include the Reserve Bank of India Act, 1934 ("**RBI Act**"), the Negotiable Instruments Act, 1881, the Foreign Exchange Management Act, 1999 ("**FEMA**") and the Bankers' Books Evidence Act, 1891. The Issuer is a scheduled commercial bank as per the provisions of the RBI Act. Additionally, the RBI periodically issues guidelines, regulations, policies, notifications, press releases and circulars, which the Issuer is required to follow. The RBI supervises the Issuer's compliance with applicable laws and regulations.

The Issuer was constituted under the SBI Act to facilitate the execution of public policies related to banking and finance, such as the large-scale extension of banking facilities throughout the country, with particular emphasis on the extension of such facilities in rural and semi-urban areas. Under the SBI Act, the Issuer is to be guided by such directions in matters of policy involving public interest as the Government may, in consultation with the Governor of the RBI and the Chairman of the Issuer, prescribe.

The Issuer is managed by the Central Board, which consists of the Chairman and not more than four Managing Directors appointed by the Government under the SBI Act; elected directors of the shareholders; two directors appointed by the Government, one of whom is a workman and one who is not a workman of the Issuer; other nominee directors appointed by the Government from among persons having special knowledge of the working of cooperative institutions and of rural economy or experience in commerce, industry, banking or finance; one director to be nominated by the Government; and, one director possessing necessary experience in matters relating to regulation or supervision of commercial banks to be nominated by the Government on the recommendation of the RBI.

According to the SBI Act, the Issuer must act as an agent of the RBI if required by the RBI. Further, the accounts of the Issuer must be audited by external statutory auditors appointed by the Issuer with the previous approval of the RBI. If the Government desires, it may appoint auditors to examine and report on the Issuer's accounts. Also, according to the SBI Act, the provisions of law relating to the winding up of companies do not apply to the Issuer and the Issuer cannot be placed in liquidation except by an order of the Government.

The SBI Act was amended with effect from June 29, 2007 by the State Bank of India (Amendment) Act, 2007 to effect a total transfer of the RBI's shareholding of the Issuer to the Government. Further, the SBI Act was amended with effect from September 15, 2010 by the State Bank of India (Amendment) Act, 2010, to increase the authorized share capital of the Issuer and allow raising of capital through the issue of preference shares by public issue, rights issue, preferential allotment or private placement. In addition, the Government's minimum required shareholding of the Issuer's issued capital is reduced from 55.0% to 51.0%. The Central

Board of the Issuer may increase the issued capital of the Issuer by the issue of bonus shares to existing equity shareholders in such manner as the Government may, after consultation with the RBI. The Issuer may accept instalment payments, make calls, and forfeit and re-issue unpaid shares.

The SBI Act was amended with effect from April 1, 2017 by the State Banks (Repeal and Amendment) Act, 2018 which allowed the Issuer to acquire its subsidiaries and delete the corresponding subsidiary clauses in the SBI Act. The amendment was introduced for the rationalization of resources, reduction of costs, improved productivity and customer service.

The SBI Act empowers the Central Board of the Issuer, after consultation with the RBI and with the previous sanction or directive of the Government to make regulations for all matters to give effect to the provisions of the SBI Act. Accordingly, the State Bank of India General Regulations, 1955 ("**SBI General Regulations**") was formulated in accordance with the SBI Act.

The SBI General Regulations contain specific provisions on matters related to the shares and share register of the Issuer; safeguards to be provided in maintaining the register of shareholders in computers; meeting of shareholders; voting rights of shareholders; election of directors; meetings and related matters of the Central Board and its executive committee; jurisdiction of local head offices of the Issuer; local boards and its committees; remuneration of directors and local board members; loans and advances to directors and employees; execution of documents by the Issuer and signing power of officials of the Issuer; and payment of dividend by the Issuer.

The SBI General Regulations were last amended by the Central Board of the Issuer with effect from March 3, 2014. A few key features of these amendments to the SBI General Regulations include new regulations prescribing the procedure for increasing issued capital, forfeiture and re-issue of shares and modification of existing regulations due to the increase in number of Managing Directors of the Bank to four and omission of the post of vice-chairman.

The Bank's relationships with the Government and the RBI

The Bank has relationships with the Government and the RBI in several roles as described below.

The Government as majority shareholder

The Government purchased the RBI's entire shareholding in the Issuer on June 29, 2007 and is the Issuer's Promoter with a shareholding of approximately 57.69% as of the date of Offering Circular. The SBI Act provides that the Government shall hold not less than 51.00% of the Issuer's Equity Shares. As the Issuer's Promoter, the Government has effective control over the affairs of the Issuer.

Statutory powers of the Government over the Issuer

As the formation and constitution of the Issuer is under the SBI Act, it does not have constitutional documents akin to a corporate/banking company. However, under the SBI Act, the Government has been given rights and powers typically given to shareholders under typical corporate structures such as the power to alter the authorized share capital of the Issuer.

The SBI Act and the regulations thereunder provide the Government and the RBI with certain additional rights which may be used to influence the affairs of the Issuer. For instance, the SBI Act expressly provides that the Issuer shall be guided in matters of policy involving public interest by such directions as the Government may, in consultation with the RBI and the Chairman of the Issuer, provide. In addition, although the Issuer's affairs are managed by the Central Board, the Central Board mostly consists of members directly appointed by the Government in consultation with the RBI wherever the SBI Act provides for such consultation as well as nominees of the Government. The Government, on the recommendations of the RBI, is empowered to supersede the Central Board for a period not exceeding six months, which can be further extended for a total period not exceeding twelve months if it is satisfied that this in the public interest or to prevent the affairs of the Issuer being conducted in a manner detrimental to the interest of the depositors or the Issuer or to secure the proper management of the Issuer. In case of such supersession of the Central Board, the Government, in consultation with the RBI, shall appoint an administrator, who shall exercise all the powers of the Central Board.

The RBI and its Regulations

The BR Act gives power to the RBI to issue directions to banking companies generally or to any banking company in particular, as the RBI may deem fit. For instance, the RBI may issue directions: (i) in public interest; (ii) in the interest of banking policy; (iii) to prevent the affairs of any banking company from being conducted in a manner detrimental to the interests of depositors or prejudicial to the interests of the banking company; or (iv) to secure the proper management of any banking company generally. The banking companies are bound to comply with all such directions from the RBI.

By virtue of the SBI Act, the Issuer may carry on and transact the business of banking as set out in the BR Act. The BR Act makes some of the provisions of the Act applicable to the Issuer. In addition to the requirement of obtaining licenses from the RBI for opening its branches, the Issuer is also regulated and supervised by the RBI for other matters relating to banking. The RBI requires the Issuer to furnish statements, information and certain details relating to its business. The RBI has issued guidelines on several matters including, but not limited to, recognition of income, classification of assets, valuation of investments, maintenance of capital adequacy and provisioning for impaired assets. The appointment of the auditors of the Issuer is subject to the approval of the RBI. The RBI can direct a special audit in the interest of the depositors or in the public interest.

Restrictions on Investments in a Single Company

A bank may hold shares in a subsidiary company in accordance with the provisions of the BR Act. Further the “Investments in subsidiaries and other companies — Guidelines”, issued by the RBI on December 12, 2011 and the master circular on “Para Banking Activities” dated July 1, 2015 provide the framework for banks’ investments in companies which are not subsidiaries.

Investments by banks in companies which are not subsidiaries are governed by the BR Act. No banking company can hold shares in any company, whether as pledgee, mortgagee or absolute owner of an amount exceeding 30.0% of the paid-up share capital of that company, or 30.0% of its own paid-up share capital and reserves, whichever is less, except as statutorily provided.

Regulatory Reporting and Examination Procedures

The RBI is empowered under the BR Act to inspect a bank. The RBI monitors prudential parameters at quarterly intervals. To enable off-site monitoring and surveillance by the RBI, banks are required to report to the RBI on various aspects. The RBI also conducts periodical on-site inspections on matters relating to the bank’s portfolio, risk management systems, internal controls, credit allocation and regulatory compliance, at intervals ranging from one to three years. The RBI also conducts on-site supervision of selected branches with respect to general operations and foreign exchange related transactions.

Maintenance of Records

The BR Act specifically requires banks to maintain books and records in a particular manner and for a certain amount of time as stipulated by the Banking Companies (Period of Preservation of Records) Rules,

1985. Additionally, the RBI has issued the “Master Direction — Know Your Customer (KYC) Directions, 2016” dated February 25, 2016, as updated and revised, which provides for maintenance / preservation of certain records for a minimum period of five years from the date of the transaction or five years after the business relationships have ended, as the case may be.

Regulations Relating to the Opening of Branches

The opening of new branches and shifting of existing branches of banks are governed by the BR Act. Before granting any permission on an annual basis, the RBI may require to be satisfied, by an inspection, as to the financial condition and history of the banking company, the general character of its management, the adequacy of its capital structure and earning prospects and that public interest will be served by the opening or, as the case may be, change of location of the existing place of business. The RBI may cancel the license for violations of the conditions under which it was granted.

The RBI issues instructions and guidelines to banks on branch authorization from time to time, including guidelines allowing banking companies to open new branches, closure and shifting of branches/extension counters/ATMs. The RBI notified the Revised Guidelines — Opening of New Place of Business and Transfer of Existing Places of Business on May 18, 2017, which allowed domestic scheduled commercial banks (other than Regional Rural Banks), unless otherwise specifically restricted by RBI, to open branches in Tier 1 to Tier 6 centers without prior permission from RBI, subject to the conditions laid down by RBI.

Legal Reserve Requirements

Cash Reserve Ratio (“CRR”)

Each bank is required to maintain CRR on a daily basis which is a specified percentage of total of Debt and Time Liabilities (“**DTL**”) adjusted for the exemptions, by way of a balance in a current account with the RBI. Vide the circular dated March 27, 2020, the required CRR of all banks was reduced by 100 points from 4% to 3% of their Net Demand and Time Liabilities (“**NDTL**”) with effect from the reporting fortnight beginning March 28, 2020 for a period of one year, ending on March 26, 2021. Subsequently, vide circular dated February 5, 2021, the RBI decided to gradually restore the CRR in two phases in a non-disruptive way. Accordingly, the banks were required to maintain the CRR at 2.50% from the reporting fortnight beginning March 27, 2021 and 4 percent of their NDTL effective from fortnight beginning May 22, 2021. The RBI does not pay any interest on CRR balances. The CRR has to be maintained on an average basis for a fortnightly period and the minimum daily maintenance of the CRR should be 90%. Due to the COVID-19 pandemic, certain temporary relaxations had been granted in relation to the maintenance of the CRR. Vide circulars dated March 27, 2020 and June 26, 2020, the minimum daily maintenance of CRR was reduced to 80% effective the fortnight beginning March 28, 2020 till September 25, 2020. The temporary relaxations by RBI may be revised by the RBI from time to time). The RBI may impose penal interest at the rate of 3% above the bank rate on the amount by which the reserve falls short of the CRR required to be maintained on a particular day and if the shortfall continues further the penal interest charged shall be increased to a rate of 5% above the bank rate in respect of each subsequent day during which the default continues. In case of default in the maintenance of CRR on average basis during the fortnight, penal interest will be recovered as envisaged under the RBI Act.

Statutory Liquidity Ratio (“SLR”)

Each bank is required to maintain a SLR, a specified percentage of total DTL by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the RBI from time to time, pursuant to the BR Act. At present, the RBI requires banks to maintain a SLR of 18.00%. Due to the COVID-19 pandemic, certain temporary relaxations have been granted in relation to the SLR. Vide circulars dated March 27, 2020 and February 5, 2021, banks are allowed to avail funds under the Marginal Standing Facility (“**MSF**”) by dipping into the SLR up to an additional 1% of their NDTL, i.e., cumulatively up to 3% of NDTL. This relaxation is available to the banks up to September 30, 2021. These temporary relaxations may be revised by the RBI from time to time.

The RBI requires banks to create a reserve fund to which it must transfer not less than 25.00% of the profits of each year before dividends. If there is an appropriation from this account, the bank is required to report this to the RBI within 21 days, explaining the circumstances leading to such appropriation.

Capital Adequacy Requirements

The RBI has issued guidelines based on the Basel III reforms on capital regulation on May 2, 2012, to the extent applicable to banks operating in India. The Basel III capital regulation has been implemented from April 1, 2013 in India in a phased manner. Banks have to comply with the regulatory limits and minimum capital adequacy requirements as prescribed under the Basel III capital regulations, on an ongoing basis. The below table summarizes the capital requirements under the Basel III guidelines for banks in India:

Sr. No	**Regulatory Capital**	**As % of Risk Weighted Assets**
1	Minimum Common Equity Tier I Ratio	5.50%
2	Capital Conservation Buffer (comprised of Common Equity)	2.50%
3	Minimum Common Equity Tier I Ratio plus Capital Conservation	8.00%
4	Buffer (1)+(2) Additional Tier I Capital	1.50%
5	Minimum Tier I Capital Ratio (1)+(4)	7.00%
6	Tier II Capital	2.00%
7	Minimum Total Capital Ratio (MTC) (5)+(6)	9.00%
8	Minimum Total Capital Ratio plus Capital Conservation Buffer (7)+(2)	11.50%

To ensure smooth transition to Basel III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, such as full regulatory adjustments to the components of capital. Consequently, as per the master circular on “Basel III Capital Regulations” dated July 1, 2015, capital ratios and deductions from Common Equity were expected to be fully phased-in and implemented as of March 31, 2019 but have been deferred. In view of the gradual phase-in of regulatory adjustments to the common equity component of Tier I Capital under Basel III, certain specific prescriptions of Basel II capital adequacy framework (including rules relating to deductions from regulatory capital, risk weighting of investments in other financial entities) continued to apply to the remainder of regulatory adjustments not treated in terms of Basel III rules until March 31, 2017. The phase-in arrangements for banks operating in India are indicated in the following table:

	April 30, 2013	**March 31, 2014**	**March 31, 2015**	**March 31, 2016**	**March 31, 2017**	**March 31, 2018**	**March 31, 2019**
Minimum capital ratios (as % of risk weighted assets)							
Minimum Common ...... Equity Tier I (CET1)	4.50%	5.00%	5.50%	5.50%	5.50%	5.50%	5.50%

	April 30, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Capital conservation buffer (CCB)................	—	—	—	0.625%	1.25%	1.875%	2.50%
Minimum CET1+ CCB.	4.50%	5.00%	5.50%	6.125%	6.75%	7.375%	8.00%
Minimum Tier I Capital	6.00%	6.50%	7.00%	7.00%	7.00%	7.00%	7.00%
Minimum Total Capital*	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Minimum Total Capital +CCB............................	9.00%	9.00%	9.00%	9.625%	10.25%	10.875%	11.50%
Phase-in of all deductions from CET1#(in %)	20	40	60	80	100	100	100

Notes:

* The difference between the minimum total capital requirement of 9.00% and the Tier I requirement can be met with Tier II and higher forms of capital.

\# The same transition approach will apply to deductions from additional Tier I and Tier II Capital.

A bank shall comply with capital adequacy ratio requirements at two levels:

- the consolidated ("**Group**") level — capital adequacy ratio requirements, which measure the capital adequacy of a bank based on its capital strength and risk profile after consolidating the assets and liabilities of its subsidiaries / joint ventures / associates except those engaged in insurance and any non-financial activities; and
- the standalone level ("**Solo**") — capital adequacy ratio requirements, which measure capital adequacy of a bank based on its standalone capital strength and risk profile.

The overseas operations of a bank through its branches will be covered in both the above scenarios.

The RBI issued revisions to the Master Circular — Basel III Capital Regulations dated July 1, 2015 vide its notifications, namely, (i) Master Circular — Basel III Capital Regulations — Clarification dated January 14, 2016 in relation to payment of coupons under criteria for inclusion of perpetual debt instruments in additional tier 1 capital; (ii) Master Circular — Basel III Capital Regulations — Revision dated March 1, 2016 in relation to treatment of revaluation reserves, treatment of foreign currency translation reserves, treatment of deferred tax assets, etc; (iii) Basel III Capital Regulations — Additional Tier 1 Capital dated February 2, 2017 in relation to coupon discretion under the criteria for inclusion of perpetual debt instruments in additional tier 1 capital.

The RBI vide circular dated January 10, 2019 and further vide circular dated March 27, 2020, has deferred the implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from March 31, 2019 to September 30, 2020. Further, vide circulars dated September 29, 2020 and February 5, 2021, in view of the COVID-19 pandemic, the implementation of the last tranche of 0.625% of CCB was deferred to October 1, 2021. Accordingly, minimum capital conservation ratios in paragraph 15.2.2 of Part D 'Capital Conservation Buffer Framework' of Master Circular dated July 1, 2015 on 'Basel III Capital Regulations' shall continue to apply till the CCB attains the level of 2.5% on October 1, 2021. Further, the pre-specified trigger for loss absorption through conversion / write-down of Additional Tier 1 instruments (Perpetual Non-Convertible Preference Shares and Perpetual Debt Instruments) shall remain at 5.5% of risk weighted assets ("RWAs") and will rise to 6.125% of RWAs from October 1, 2021.

Liquidity Coverage Ratio

The Basel III framework on 'Liquidity Standard' includes 'Liquidity Coverage Ratio', 'Net Stable Funding Ratio' ("**NSFR**") and liquidity risk monitoring tools. With effect from January 1, 2015, the RBI introduced a requirement for commercial banks in India to maintain certain levels of Liquidity Coverage Ratio ("**LCR**"). The LCR measures a bank's ability to manage and survive for 30 days under a significant stress scenario that combines idiosyncratic as well as market-wide shock situations that would result in accelerated withdrawal of deposits from retail as well as wholesale depositors, partial loss of secured funding, increase in collateral requirements and unscheduled drawdown of unused credit lines. At least 60% of the net cash outflows in the next 30 days, computed with these assumptions of a stressed scenario, are required to be supported by High Quality Liquid Assets ("**HQLA**"). Banks are required to maintain HQLA of minimum 90% with effect from January 1, 2018, which increased to 100% with effect from January 1, 2019.

The Basel Committee on Banking Supervision issued the final rules on 'Net Stable Funding Ratio' in October 2014. The final guidelines were issued by the RBI vide circular dated May 17, 2018. As per the circular dated November 29, 2018, these guidelines would come into effect from April 1, 2020 to ensure that banks maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. However, vide circular dated March 27, 2020, the implementation was deferred to October 1, 2020. Subsequently, due to the COVID-19 pandemic, vide circulars dated September 29, 2020 and February 5, 2021, the implementation was deferred to October 1, 2021.

Pursuant to a circular dated April 17, 2020, in order to accommodate the burden on banks' cash flows on account of the COVID-19 pandemic, banks are permitted to maintain LCR as under:

From date of circular to September 23, 2020	80%
Oct 1, 2020 to March 31, 2021	90%
April 1, 2021 onwards	100%

Domestic Systemically Important Banks

The RBI had issued the Framework for dealing with Domestic Systemically Important Banks ("**D-SIB**") on July 22, 2014 ("**D-SIB Framework**"). The D-SIB Framework requires the RBI to disclose names of banks designated as D-SIBs every year in August starting from 2015 and place these banks in appropriate buckets depending upon Systemic Importance Scores. Based on the bucket in which a D-SIB is placed, an additional common equity requirement is applied to it.

The RBI has identified the Issuer as a D-SIB under the bucketing structure as provided in the DSIB Framework. The higher capital requirements, for the Issuer, in the form of additional Common Equity Tier 1 are being phased-in from April 1, 2018 and has become fully effective from April 1, 2019.

Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances

The RBI has issued guidelines on income recognition, asset classification, provisioning standards and the valuation of investments, which are revised from time to time. In terms of the guidelines issued by RBI, banks are required to classify an asset into non-performing when it ceases to generate income for the bank. Once the account has been classified as a non-performing asset, the unrealized interest and other income already debited to the account is derecognized and further interest is not recognized or credited to the income account unless collected in cash. The RBI's Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances ("**Prudential Norms**") require banks to classify NPAs into the following three categories: (i) sub-standard assets; (ii) doubtful assets; and (iii) loss assets, based on the period for which the asset has remained non-performing. These norms also specify provisioning requirements specific to the classification of the assets.

The RBI has issued guidelines on April 18, 2017 advising all scheduled commercial banks to make additional provisions in respect of advances to stressed sectors of the economy. The banks are required to put in place a Board-approved policy for making provisions for standard assets at rates higher than the regulatory minimum, based on evaluation of risk and stress in various sectors. This evaluation needs to be on a quarterly basis.

The RBI has issued guidelines on September 1, 2016 to restrict scheduled commercial banks' investment in security receipts ("**SRs**") backed by their own stressed assets. With effect from April 1, 2017, where the investment in a bank in SRs backed by stressed assets sold by it, under an asset securitization is more than 50% of the SRs backed by its sold assets and issued under that securitization, provisioning requirement on SRs will be higher of the provisioning rate required in terms of net asset value declared by the securitization companies/ reconstruction companies and provisioning rate as applicable to the underlying loans, assuming that the loans notionally continued in the books of the bank. With effect from April 1, 2018, this threshold of 50% has been reduced to 10%.

Due to the COVID-19 pandemic, lending institutions were permitted to grant a moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 (which was further extended by another 3 months, from June 1, 2020 to August 31, 2020 vide RBI's circular dated May 23, 2020). As such, in line with the clarification provided by the Basel Committee on Banking Supervision, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the income recognition and asset classification norms.

Similarly, in respect of working capital facilities sanctioned in the form of cash credit/overdraft, the Regulatory Package permitted the recovery of interest applied during the period from March 1, 2020 up to May 31, 2020 to be deferred. This period was further extended by another 3 months, from June 1, 2020 to August 31, 2020 vide RBI's circular dated May 23, 2020. Such deferment period, wherever granted in respect of all facilities classified as standard, including SMA, as on February 29, 2020, shall be excluded for the determination of out of order status.

In respect of accounts in default but standard where provisions of paragraphs immediately above are applicable, and asset classification benefit is extended, lending institutions shall make general provisions of not less than 10% of the total outstanding of such accounts, to be phased over two quarters as under:

(i) Quarter ended March 31, 2020 — not less than 5%;

(ii) Quarter ending June 30, 2020 — not less than 5%.

The above provisions may be adjusted against the actual provisioning requirements for slippages from the accounts reckoned for such provisions. The residual provisions at the end of the financial year can be written back or adjusted against the provisions required for all other accounts. The above provisions shall not be reckoned for arriving at net NPAs till they are adjusted against the actual provisioning requirements as mentioned above.

Further, vide circular dated April 7, 2021, the RBI directed Lending Institutions to establish a board-approved policy to refund or adjust 'interest on interest' accrued during March 1, 2020 to August 31, 2020 charged to all borrowers, including those who availed of working capital facilities during the period, irrespective of whether moratorium had been fully or partially availed, or not availed.

Priority Sector Lending

The "Master Direction — Reserve Bank of India (Priority Sector Lending — Targets and Classification Directions, 2016" dated July 7, 2016 sets out the broad policy in relation to priority sector lending. In accordance with this circular, the priority sectors for all scheduled banks include (i) agriculture; (ii) micro, small and medium enterprises ("**MSMEs**"); (iii) export credit; (iv) education; (v) housing; (vi) social infrastructure; (vii) renewable energy and (viii) others, and (ix) weaker sections. Under the Master Circular, the priority sector lending targets are linked to adjusted net bank credit as defined ("**ANBC**") or credit equivalent amount of off-balance sheet exposure, whichever is higher, as of the corresponding date of the preceding year. Currently, the total priority sector lending target for scheduled commercial banks is 40.00% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher. It also prescribes sub-targets for small and marginal farmers, micro-enterprises and weaker sections.

The RBI also requires foreign banks to make loans to exporters at concessional rates of interest. This enables exporters to have access to an internationally competitive financing option. Pursuant to existing guidelines, 32.0% of those a foreign bank's ANBC is required to be in the form of export credit whose number of branches is less than 20. While for domestic banks, incremental export credit over corresponding date of the preceding year, up to 2.0% of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, effective from April 1, 2015 subject to a sanctioned limit of up to Rs. 250.0 million per borrower. The Master Directions – Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2020 dated September 4, 2020 enhanced the sanctioned limit to Rs. 400 million per borrower.

Lending to Micro, Small & Medium Enterprises Sector

With a view to enlarge our credit exposure in the MSME sector, we have initiated several sector friendly measures at highly competitive interest rates based on the enactment of the government on Micro, Small & Medium Enterprises Development Act, 2006. The RBI has from time to time, issued a number of guidelines / instructions / circulars / directives to banks in the matters relating to lending to MSME sector, and given the importance of the micro, small and medium enterprises for India's economy, the financing needs of this sector will continue to command special attention.

Exposure Norms

As a prudential measure aimed at better risk management and avoidance of concentration of credit risk, the RBI has prescribed credit exposure limits for banks and long-term lending institutions in respect of their lending to individual borrowers and to all borrowers belonging to a single group. From April 1, 2019, exposure limits to single and group borrowers have been revised to 20% and 25% of our Tier 1 Capital funds as against the erstwhile norm of 15% and 40% of the Total Capital Funds Limits.

In accordance with Large Exposures Framework dated June 3, 2019, the sum of all the exposure values of a bank to a single counterparty must not be higher than 20% of the said bank's available eligible capital base at all times. In exceptional cases, banks may allow an additional 5% exposure of the bank's available eligible capital base. Further, the sum of all the exposure values of a bank to a group of connected counterparties must not be higher than 25% of the bank's available eligible capital base at all times. The eligible capital base for this purpose is the effective amount of Tier 1 capital fulfilling the criteria defined in the Master Circular on Basel III — Capital Regulation dated July 1, 2015 (as amended from time to time) as per the last audited balance sheet. However, the infusion of capital under Tier I after the published balance sheet date may also be taken into account for the purpose of Large Exposures Framework. For Indian Banks, profits accrued during the year, subject to provisions of the Master Circular on Basel III — Capital Regulation dated July 1, 2015 (as amended from time to time), will also be reckoned as Tier I capital for the purpose of the large exposures framework.

Any breach of the above LE limits shall be under exceptional conditions beyond the control of the bank, shall be reported to RBI (DBS, CO) immediately and rapidly rectified.

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40% of its net worth, on both standalone and consolidated basis as of March 31 of the previous year. Within this overall ceiling, the bank's direct investment in shares, convertible bonds/debentures, units of equity-oriented mutual funds and all exposures to Venture Capital Funds (both registered and unregistered) should not exceed 20% of its net worth on both standalone and consolidated basis.

On account of the COVID-19 pandemic, vide circular dated May 23, 2020, with a view to facilitate greater flow of resources to corporates, it has been decided by the RBI, as a one-time measure, to increase a bank's exposure to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank. The increased limit will be applicable up to June 30, 2021.

Short Selling of Government Securities

Short selling of government securities is permitted in accordance with the notification of the RBI pertaining to Secondary Market Transactions in Government Securities — Short Selling dated July 25, 2018 and in accordance with the operational guidelines contained therein.

The maximum amount of a security (face value) that can be short sold shall be as mentioned below:

Category	**Security level limit**
Liquid securities	2% of the total outstanding stock of each security, or, Rs.500 crore, whichever is higher.
Other securities	1% of the total outstanding stock of each security, or, Rs.250 crore, whichever is higher.

Regulations relating to Making Loans

The provisions of the BR Act govern the advancing of loans by banks in India. The RBI issues directions covering the lending activities of banks. Some of the major guidelines of the RBI, which are now in effect, are as follows:

- The RBI has prescribed norms for banks' lending to non-bank financial companies and the financing of public sector disinvestment.
- The RBI introduced the "base rate" in place of the Benchmark Prime Lending Rate ("**BPLR**") with effect from July 1, 2010. The base rate shall include all those elements of the lending rates that are common across all the categories of borrowers. For loans sanctioned up to June 30, 2010, BPLR would be applicable. However, for those loans sanctioned up to June 30, 2010 which come up for renewal from July 1, 2010 onwards, the base rate would be applicable.
- The BR Act provides that the rate of interest charged by a bank shall not be reopened by any court on the ground that the rate of interest charged by a bank is excessive. The BR Act provides for protection to banks for interest rates charged by them.
- As set out in the agenda for 2015-16, the RBI introduced the Marginal Cost of Funds based Lending Rate ("**MCLR**") system for scheduled commercial banks (excluding RRBs) which became effective from April 1, 2016, whereby all new rupee loans sanctioned and credit limits renewed would be priced with reference to the MCLR. Under the MCLR system, banks determine

their benchmark lending rates linked to the MCLR which is more sensitive to changes in the policy rate, unlike the earlier base rate system where banks adopted different methodologies (average/marginal/blended principles) for computing their cost of funds.

- MCLR consists of four components: (a) marginal cost of funds (marginal cost of borrowings comprising deposits and other borrowings, and return on net worth), (b) negative carry on account of CRR, (c) operating costs and (d) term premium. The MCLR plus spread is the actual lending rates for borrowers. The spread comprises of only two components, namely, business strategy and credit risk premium.
- As per a press release dated February 7, 2018, RBI has decided to link the base rate to the MCLR with effect from April 1, 2018.
- Vide circular dated September 4, 2019; the RBI decided that all new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans to MSMEs extended by banks from October 1, 2019 shall be linked to an external benchmark. Further, vide circular dated February 26, the RBI decided that all new floating rate loans to the Medium Enterprises extended by banks from April 1, 2020 shall be linked to external benchmarks.

Regulations relating to Interest Rates on Deposits and Advances

The RBI issued the "Reserve Bank of India — Interest rate on Deposits Directions, 2016" dated March 3, 2016 which provides that scheduled commercial banks are required to pay interest on deposits of money (other than current account deposits accepted by them) or renewed by them in their Domestic, Ordinary Non-Resident, Non-Resident (External) Accounts and Foreign Currency (Non-Resident) Accounts (Banks) Scheme deposit account), subject to certain conditions prescribed by these directions. Banks are required to put in place a comprehensive policy on interest rates on deposits duly approved by the Board of Directors or any committee thereof. Further, certain additional restrictions have been prescribed to determine interest rates for savings deposits and term deposits. Additionally, interest rates offered by banks on NRO and NRE deposits cannot be higher than those offered by them on comparable domestic rupee term deposits.

Regulations relating to Know Your Customer ("KYC") and Anti-Money Laundering ("AML")

The RBI has issued guidelines on KYC, AML, and combating financing of terrorism and obligation of banks under the Prevention of Money Laundering Act, 2002 ("**PMLA**"). The PMLA casts certain obligations on banks relating to preservation and reporting of customer account information. Guidelines have been issued by the RBI under the BR Act and the Prevention of Money Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as amended from time to time.

The RBI issued the "Master Direction — Know Your Customer (KYC) Direction, 2016" on February 25, 2016 prescribing the guidelines for KYC and anti-money laundering procedures. Banks are required to formulate a KYC policy which is required to include (i) customer acceptance policy, (ii) customer identification procedures, (iii) monitoring of transactions and (iv) risk management. In relation to each of the above, the master direction also specifies minimum procedures required to be followed by banks. Banks are not permitted to make payment of cheques/drafts/pay orders/banker's cheques bearing that date or any subsequent date, if they are presented beyond the period of three months from the date of such instrument.

Regulations relating to authorized dealers for foreign exchange and cross-border business transactions

The foreign exchange and cross border transactions undertaken by banks, both on its own account and also on behalf of customers, are subject to the provisions of the FEMA and rules, regulations, directions and notifications issued thereunder.

The "Master Direction on Risk Management and Interbank Dealings", dated July 5, 2016, as updated from time to time, states that all categories of overseas foreign currency borrowings of AD Category I banks, including existing external commercial borrowings and loans or overdrafts from their head office, overseas branches and correspondents outside India, international/ multilateral financial institutions or any other entity as permitted by the RBI and overdrafts in nostro accounts (not adjusted within five days), shall not exceed 100.0% of their unimpaired Tier I Capital or U.S.$10.0 million (or its equivalent), whichever is higher.

All branches should monitor all non-resident accounts and cross border transactions to prevent money laundering. The RBI may impose penalty for contravention of the FEMA and regulations/ notifications issued there under or contravenes any condition subject to which an authorization is issued by it.

The Banking Regulation (Amendment) Act, 2017 ("2017 Amendment")

The promulgation of the Banking Regulation (Amendment) Act, 2017 (Amendment) inserting two new Sections (sections 35AA and 35AB) to follow Section 35A of the Banking Regulation Act, 1949, as amended, enables the Government to authorize the RBI to direct banking companies to resolve specific stressed assets by initiating the insolvency resolution process, where required. The RBI has also been empowered to issue other directions for resolution, and appoint or approve for appointment, authorities or committees to advise banking companies for stressed asset resolution. This measure will have a direct impact on effective resolution of stressed assets, particularly in consortium or multiple banking arrangements, as the RBI will be empowered to intervene in specific cases of resolution of non-performing assets, to bring them to a definite conclusion. The Amendment should lead to effective resolution of stressed assets, particularly in consortium or multiple banking arrangements.

Key features of the 2017 Amendment are as follows:

- The Amendment amends the Banking Regulation Act, 1949, as amended from time to time, to insert provisions for recovery of outstanding loans. Under these provisions, the Government may authorize the RBI to direct banks to initiate recovery proceedings against loan defaulters.
- These recovery proceedings will be under the IBC. The IBC provides for a time-bound process to resolve defaults by either (i) restructuring a loan (such as changing the repayment schedule), or (ii) liquidating the defaulter's assets.
- The RBI may from time-to-time issue directions to banks for resolving stressed assets. Stressed assets are loans where the borrower has defaulted on repayment, or loans which have been restructured.
- The RBI may specify authorities or committees to advise banks on resolving stressed assets. Members on these committees will be appointed or approved by the RBI.

The Banking Regulation (Amendment) Act, 2020 ("2020 Amendment")

The Banking Regulation (Amendment) Act, 2020 effectively brings co-operative banks under the RBI's supervision. The 2020 Amendment does not apply to (a) a primary agricultural credit society; or (b) a cooperative society whose primary object and principal business is providing of long-term finance for agricultural development, if such society does not use as a part of its name, or in connection with its business, the words “bank”, “banker” or “banking” and does not act as drawee of cheques.

The 2020 Amendment also allows the RBI to prepare a scheme for reconstruction or amalgamation without necessarily placing the lender under a moratorium. Further, the 2020 Amendment also states that a co-operative bank may, with the prior approval of the RBI, issue, by way of public issue or private placement – (i) equity shares or preference shares or special shares, on face value or at premium; and (ii) unsecured debentures or bonds or other like securities with initial or original maturity of not less than ten years, to any member of such co-operative bank or any other person residing within its area of operation, subject to conditions, ceiling, limits or restrictions as specified by the RBI.

Foreign Exchange Management (Borrowing and Lending) Regulations, 2018

The RBI has notified the FEMA (Borrowing and Lending) Regulations on December 17, 2018, to regulate borrowing and lending transactions between a person resident in India and a person resident outside India.

Regulation 3 prohibits any person resident in India to borrow or lend in foreign exchange from or to a person resident in or outside India and to any person resident in India to borrow in rupees from, or lend in rupees to, a person resident outside India, save as otherwise provided in the Act, Rules or Regulations made thereunder.

The Regulations have also been made for Authorized Dealers (“**ADs**”) or their branch outside India and for persons other than Authorized Dealers. The ADs may borrow from its Head Office or branch or correspondent outside India or any other entity up to the limit specified and subject to terms and conditions as specified by the RBI from time to time. A branch outside India of an AD being a bank incorporated or constituted in India, may borrow in foreign exchange in the normal course of its banking business from outside India, subject to the directions or guidelines issued by the Reserve Bank from time to time, and the Regulatory Authority of the country where the branch is located.

On May 24, 2021, RBI notified the Foreign Exchange Management (Borrowing and Lending) (Amendment) Regulations, 2021. As per the amendment, an AD in India may lend to a person resident outside India for making margin payments in respect of settlement of transactions involving Government Securities by the person resident outside India, subject to such terms and conditions as may be specified by the RBI.

ECB Guidelines of India

External commercial borrowings (“**ECBs**”) are commercial loans raised by eligible resident borrowers from recognized non-resident entities. ECBs are principally governed by the Master Direction — External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019, as amended, updated, modified and supplemented from time to time (“**ECB Master Direction**”) issued by the RBI/

Under the ECB Master Direction, an external commercial borrowing i.e. loans or credit facilities by a foreign lender to an Indian borrower (“**ECB**”) may be availed in the form of, amongst others, (i) foreign currency denominated commercial loans or bonds, or (ii) Rupee denominated commercial loans or Rupee denominated bonds, from non-resident lenders.

ECBs can now be availed by all entities eligible to receive foreign direct investment. Additionally, port trusts, units in special economic zones, Small Industries Development Bank of India (SIDBI), and EXIM Bank of India are eligible borrowers, as specified in the ECB Master Direction.

The ECB Master Direction set out that any resident of Financial Action Task Force ("**FATF**") or International Organization of Securities Commission ("**IOCSO**") compliant country can provide ECBs to eligible Indian borrowers. Further, (i) multilateral and regional financial institutions, where India is a member country, will be recognized lenders under the ECB Master Direction, (ii) individuals as lenders can only be permitted if they are foreign equity holders or subscribers to bonds or debentures listed abroad, and (iii) foreign branches / subsidiaries of Indian banks continue to be recognized lenders for foreign currency denominated-ECBs. Such foreign branches or subsidiaries of Indian banks can only subscribe to ECBs denominated in freely convertible currency other than the Indian Rupee, and subject to applicable prudential norms, can participate as arrangers, underwriters, market-makers, traders for Rupee-denominated Bonds issued overseas. However, underwriting by foreign branches/subsidiaries of Indian banks for issuances by Indian banks will not be allowed.

ECBs are required to be in compliance with the restrictions imposed under the ECB Direction in relation to, *inter alia*, their amounts, Minimum Average Maturity Period ("**MAMP**") and all-in-cost ceilings. Under the ECB Master Direction, the negative list, for which the ECB proceeds cannot be utilized, include the following: (a) real estate activities; (b) investment in capital market;(c) equity investment (d) working capital purposes except from foreign equity holder;(e) general corporate purposes except from foreign equity holder, and (f) repayment of Rupee loans except from foreign equity holder

Additionally, the ECB Master Direction prescribes that all eligible borrowers can raise ECB up to USD 750 million or equivalent per financial year under the automatic route.

Under the ECB Master Direction, plain vanilla Rupee denominated bonds can be issued overseas, which can be either placed privately or listed on exchanges as per host country regulations. The ECBs denominated in freely convertible currency other than the Indian Rupee can be subscribed to by foreign branches / subsidiaries of Indian banks (subject to applicable prudential norms) who can participate as arrangers/underwriters/market-makers/traders. However, underwriting by foreign branches/subsidiaries of Indian banks for issuances by Indian banks is not permitted.

For the purposes of this section, "**FATF Compliant Country**", pursuant to the RBI regulations, including the ECB Guidelines means a country that is a member of FATF or a member of an FATF Style Regional Body; and should not be a country identified in the public statement of the FATF as (i) A jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or (ii) A jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.

Further, an "IOSCO Compliant Country" is a country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding ("MOU") (Appendix A Signatories) or a signatory to bilateral MOU with the Securities and Exchange Board of India for information sharing arrangements. In addition to being a resident of the countries which comply with the abovementioned conditions, the recognized lenders must comply with other requirements as specified from the RBI from time to time in relation to the above.

Prudential Framework for Resolution of Stressed Assets issued by the RBI

The RBI has recently issued the 'Prudential Framework For Resolution Of Stressed Assets By Banks' (the "**Framework**") on June 7, 2019. These directions have been issued with a view to providing a framework for early recognition, reporting and time -bound resolution of stressed assets, and these directions have been issued without prejudice to issuance of specific directions, from time to time, by the RBI to banks, in terms of the provisions of Section 35AA of the Banking Regulation Act, 1949, for initiation of insolvency proceedings against specific borrowers under the Insolvency and Bankruptcy Code. The Supreme Court of India vide its order dated April 2, 2019 in the matter of *Dharani Sugars & Chemicals Limited v. Union of India & Ors*, had held the RBI circular dated February 12, 2018 on Resolution of Stressed Assets as ultra vires. In accordance with the Stressed Asset Directions, going forward, all resolution plans to resolve stressed assets will be governed by the Stressed Asset Directions, even if resolution plans were conceived before or were in the process of implementation before June 7, 2019.

RBI has mandated that the provisions of the directions in the Framework shall apply to the following entities: (a) Scheduled Commercial Banks (excluding Regional Rural Banks); (b) All India Term Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI); (c) Small Finance Banks; and (d) Systemically Important Non-Deposit taking Non-Banking Financial Companies (NBFC-ND-SI) and Deposit— taking Non-Banking Financial Companies (NBFC-D).

The fundamental principles underlying the regulatory Framework for resolution of stressed assets are as follows: (i) early recognition and reporting of default in respect of large borrowers by banks, FIs and NBFCs; (ii) complete discretion to lenders with regard to design and implementation of resolution plans, in supersession of earlier resolution schemes (S4A, SDR, 5/25 etc.), subject to the specified timeline and independent credit evaluation; (iii) a system of disincentives in the form of additional provisioning for delay in implementation of resolution plan or initiation of insolvency proceedings; (iv) withdrawal of asset classification dispensations on restructuring and future upgrades to be contingent on a meaningful demonstration of satisfactory performance for a reasonable period; (v) for the purpose of restructuring, the definition of 'financial difficulty' to be aligned with the guidelines issued by the Basel Committee on Banking Supervision; and (vi) signing of inter-creditor agreement (ICA) by all lenders to be mandatory, which will provide for a majority decision making criteria.

The RBI has further mandated that the extant instructions on resolution of stressed assets such as Framework for Revitalising Distressed Assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long -Term Project Loans, Strategic Debt Restructuring Scheme (SDR), Change in Ownership outside SDR, and Scheme for Sustainable Structuring of Stressed Assets (S4A) stand withdrawn with immediate effect. Accordingly, the Joint Lenders' Forum (JLF) as mandatory institutional mechanism for resolution of stressed accounts also stands discontinued.

On account of the COVID-19 pandemic, the Resolution Timelines under the Framework were reviewed and extended by the RBI vide circulars dated April 17, 2020 and May 23, 2020. Vide circular dated May 23, 2020, the revised timelines are:

(i) In respect of accounts which were within the Review Period as on March 1, 2020, the period from March 1, 2020 to August 31, 2020 shall be excluded from the calculation of the 30-day timeline for the Review Period. In respect of all such accounts, the residual Review Period shall resume from September 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution.

(ii) In respect of accounts where the Review Period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution gets extended by 180 days from the date on which the 180-day period was originally set to expire. Consequently, the requirement of making additional provisions under the Stressed Assets Directions is triggered as and when the extended resolution period, as stated above, expires.

Setting Up of Payments Banks

The RBI has also issued guidelines dated November 27, 2014 on licensing of "Payments Banks" in the private sector in the banking industry, including the eligibility criteria, scope, capital requirements, shareholding structure, prudential norms, and other corporate governance practices applicable to such proposed entities. The RBI, on October 6, 2016, issued separate Operating Guidelines for Payments Banks considering the differences between the business and financial inclusion focus of these banks. These guidelines are in furtherance of the November 27, 2014 guidelines issued earlier. Payments Banks and Small Finance Banks are also eligible to participate in the Call/Notice/Term money market (hereafter referred to as Call money market) both as borrowers and lenders, as per RBI's Notification dated October 29, 2018.

Classification and Reporting of Fraud Cases

The Reserve Bank of India (Frauds Classification and Reporting by Commercial Banks and Select FIs) Directions 2016 dated July 1, 2016, provide a framework for enabling banks to detect and report frauds early and taking timely consequent actions like reporting to the investigative agencies so that fraudsters are brought to book early, examining staff accountability and do effective fraud risk management. The fraud cases have been classified into misappropriation and criminal breach of trust, fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property, unauthorized credit facilities extended for reward or for illegal gratification, negligence and cash shortages, cheating and forgery, fraudulent transactions involving foreign exchange and any other type of fraud not coming under the specific heads as above. Information relating to frauds for quarters ending June, September and December shall be placed before the audit committee of the board of directors. Banks are also required to conduct an annual review of the frauds and place a note before the board of directors for information.

Additionally, banks have to constitute a special committee for monitoring and follow up of frauds, which should meet and review as and when a fraud involving an amount of Rs. 10 million and above comes to light. Further, pursuant to the RBI notification dated January 21, 2016, banks are required to furnish a Flash Report for frauds involving amounts of Rs. 50 million and above within a week of such frauds coming to the notice of the bank's head office.

Secrecy Obligations

The Issuer's obligations relating to maintaining secrecy arise out of the SBI Act and common law principles governing its relationship with its customers. Subject to certain exceptions, a bank cannot disclose any information to third parties. The RBI may, in public interest, publish the information obtained from the Issuer.

Recovery of Debts

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 ("**RDDBFI Act**") was enacted for adjudication of disputes pertaining to debts due to banks and financial institutions exceeding Rs. 1 million. The RDDBFI Act provides for the constitution of debt recovery tribunals, before which banks and financial institutions may file applications for recovery of debts. No court or other authority, except the Supreme Court of India or a High Court exercising writ jurisdiction under the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter. The tribunals may pass orders for directions including recovery of such dues by the bank as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective tribunal; attachment of the secured properties towards the dues to the bank: injunctive orders restraining the debtors from alienating, transferring or disposing of such secured properties; appointment of receivers and/or local commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the debt recovery tribunal before the debt recovery appellate tribunal, the appellate authority constituted under the RDDBFI Act.

Enforcement of Security Interest

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended by the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 ("**SARFAESI Act**") provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein, including (i) taking possession of the secured assets or (ii) taking over the management of the business of the borrower including the right to transfer by way of lease, assignment or sale for realizing the secured assets. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as a non-performing asset in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. In accordance with the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016, the definition of debt has been expanded to include fund raising through debt securities and consequently, the definition of a secured creditor under the SARFAESI Act has been expanded to include a debenture trustee appointed by the company for debt securities.

The SARFAESI Act also provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The financial assets can be sold to asset reconstruction companies in accordance with the extant guidelines and prudential norms issues by the RBI. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass through or pay through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets.

In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act.

Insolvency and Bankruptcy

The Insolvency and Bankruptcy Code 2016 ("**IBC**") is one of the biggest legal reforms in the economic sector and received the assent of the President and was notified in the Official Gazette on May 28, 2016. The IBC primarily consolidates the existing insolvency law, inter alia, relating to companies and corporate entities with the objective of providing clarity and consistency in the treatment of all the stakeholders in the insolvency process. The objective of the IBC is to promote entrepreneurship, availability of credit, and balance the interests of all stakeholders by consolidating and amending the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms and individuals in a timely manner and for maximization of value of assets of such persons and matters connected therewith or incidental thereto.

The IBC classifies creditors into financial creditors and operational creditors, which includes creditors in respect of financial loans for interest and loans arising from the operational nature of the debtor, respectively. The IBC proposes to appoint specialized insolvency resolution professionals to assist companies and corporate entities through the insolvency process. The IBC provides a 180-day timeline for completing a corporate insolvency resolution process ("**CIRP**") initiated against a corporate debtor which may be extended by an additional 90 days and is required to be completed within a maximum timeline of 330 days. Currently, as per the IBC, any insolvency resolution plan prepared by insolvency professionals is required to be approved by 66% of the financial creditors and further sanction from the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation. The National Company Law Tribunal will be the adjudicating authority with jurisdiction over companies and limited liability entities.

The Indian Parliament on January 19, 2018, passed the Insolvency and Bankruptcy Code (Amendment) Act, 2017. The amendments aim to keep-out such persons from submitting resolution plans who have willfully defaulted, are associated with non-performing assets, or are habitually non-compliant and, therefore, are likely to be a risk to successful resolution of the insolvency of a company.

The Indian Parliament further enacted the Insolvency and Bankruptcy Code (Second Amendment) Act, 2018 which came into force from June 6, 2018. This amendment has reviewed norms pertaining to enforcement of third-party security which has to be provided by the corporate debtor. Further, the voting threshold has been brought down to 66% from 75% for all major decisions such as approval of resolution plan and extension of corporate insolvency resolution process period, among. Further, in order to facilitate the corporate debtor to continue as a going concern during the corporate insolvency resolution process, the voting threshold for routine decisions has been reduced to 51%. This amendment provides relief to home buyers who are now to be treated as financial creditors and therefore will be able to decide the future of defaulting builders alongside their lenders.

The IBC aims to consolidate the laws relating to insolvency of companies and limited liability entities (including limited liability partnerships and other entities with limited liability), unlimited liability partnerships and individuals, presently contained in a number of legislations, into a single legislation. Such consolidation will provide for a greater clarity in law and facilitate the application of consistent and coherent provisions to different stakeholders affected by business failure or inability to pay debt. The vision of the new law is to encourage entrepreneurship and innovation. The IBC is a comprehensive and systemic reform, which will have a significant effect on the functioning of the credit market.

Key features of the IBC are as follows:

- Speedy process for early identification of financial distress and insolvency resolution of companies and limited liability entities when the underlying business is found to be viable.
- Two distinct processes for re-organization and insolvency resolutions of individuals, namely – “Fresh Start” and “Insolvency Resolution”.
- Debt Recovery Tribunal and National Company Law Tribunal to act as adjudicating authority and to deal with the cases related to insolvency, liquidation and bankruptcy process in respect of individuals, unlimited partnership firms and in respect of companies and limited liabilities entities respectively.
- Establishment of an Insolvency and Bankruptcy Board of India to exercise regulatory oversight over insolvency professionals, insolvency professional agencies and any person who is registered with the Board as an information utility under section 210 of the IBC (“**Information Utilities**”).
- Insolvency professionals shall handle the commercial aspects of the insolvency resolution process. Insolvency professional agencies will develop professional standards, a code of ethics and be the first level regulator for insolvency professional members leading to development of a competitive industry for such professionals.
- Information Utilities shall collect, collate, authenticate and disseminate financial information to be used in insolvency, liquidation and bankruptcy proceedings.
- Specific provisions shall be implemented to deal with cross border insolvency.

Exercising its powers under Section 4 of the IBC, the Government of India issued a notification on March 24, 2020 increasing the *de minimus* amount for filing an application to initiate CIRP of a corporate debtor from Rs. 1 lakh to Rs. 1 Crore.

The Government of India promulgated the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 ("**IBC Ordinance**") dated June 5, 2020 inserting Section 10A in the IBC which states that notwithstanding anything contained in sections 7, 9 and 10 of the IBC, no application for initiation of CIRP of a corporate debtor can be filed, for any default arising on or after March 25, 2020 for a period of six months or such further period, not exceeding one year from such date, as may be notified in this behalf. The IBC Ordinance further states that no application can ever be filed for initiation of CIRP of a corporate debtor for the said default occurring during the said period.

The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021 was promulgated on April 4, 2021. The Ordinance introduced an alternate insolvency resolution process for MSMEs, called the pre-packaged insolvency process ("**PIRP**"). The PIRP may be initiated only by the corporate debtor who classifies as an MSME under the MSME Development Act, 2006. The corporate debtor must also have a base resolution plan as per the requirements of the IBC. The management of affairs of the corporate debtor continue to vest in the Board of Directors or the partners of the corporate debtor, as the case may be. The initiation of the PIRP process must be approved by financial creditors of the corporate debtor, not being related parties, representing at least 66% in value of the financial debt due to such creditors. The resolution plan must be approved by the committee of creditors, by a vote not less than 66% of the voting shares, after considering its feasibility and viability.

Banking Ombudsman

The Banking Ombudsman Scheme, 2006 provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters. On February 3, 2009, this scheme was amended to provide for revised procedures for redressal of grievances by a complainant. The Banking Ombudsman receives and considers complaints relating to the deficiencies in banking or other services filed scheme and facilitate satisfaction or settlement by agreement or through conciliation and mediation between the bank concerned and aggrieved parties, or by passing an award in accordance with the Scheme.

The RBI by a press release dated May 11, 2015 has advised all public sector banks and some private sector and foreign banks to appoint an internal ombudsman. The internal ombudsman would be designated Chief Customer Service Officer ("**CCSO**"). The CCSO should not have worked in the bank in which he/she is appointed as CCSO. The RBI has taken this initiative to further boost the quality of customer service and to ensure undivided attention to resolution of customer complaints in banks. The RBI is yet to issue detailed operational guidelines in this regard.

RBI has further reviewed the arrangement and issued revised directions under Section 35 A of the Banking Regulation Act, 1949 in the form of "Internal Ombudsman Scheme, 2018".

Vide circular dated January 27, 2021, with a view to strengthen and improve the efficacy of the grievance redressal mechanism of banks and to provide better customer service, RBI put in place a comprehensive framework comprising of, inter-alia, enhanced disclosures by banks on customer complaints, recovery of cost of redress from banks for the maintainable complaints received against them in OBOs in excess of the peer group average, and undertaking intensive review of the grievance redress mechanism and supervisory action against banks that fail to improve their redress mechanism in a time bound manner.

Ownership restrictions

In terms of the FDI Policy, the total foreign ownership in a public sector bank cannot exceed 20.00% of its paid-up equity share capital, subject to government approval and provisions of the Banking Companies (Acquisition & Transfer of Undertakings) Acts 1970 ("**Banking Companies Act**"). This includes investment under the portfolio investment scheme as well. Further, the Banking Companies Act requires that shareholding of the Government of India in all corresponding new banks, including the Issuer, at all times be a minimum of 51.00%. Further, not more than 20.00% of the shareholding of all corresponding new banks, including the Issuer, can be held by foreign entities. Raising of further share capital is permitted under the Banking Companies Act subject to consultation with the RBI and obtaining the prior approval of the Government.

SEBI has through circular dated April 5, 2018, put in place a new system for monitoring foreign investment limits in listed Indian companies, and by its circular dated May 17, 2018, SEBI directed that the system be operational from June 1, 2018. Accordingly, the listed Indian company shall have to appoint any one depository as its designated depository to facilitate monitoring of the foreign investment limits.

Via Press Note No. 3 by the Department for Promotion of Industry and Internal Trade dated April 17, 2020, India revised its FDI policy, making it mandatory for government clearance for all such inflows from countries with whom it shares land borders

Regulations governing banking units in International Financial Services Centers in India

In April 2015, the Reserve Bank of India issued guidelines relating to Indian banks setting up banking units in International Financial Services Centers in India. According to the guidelines, public and private sector banks dealing in foreign exchange would be permitted to set up one banking unit in each International Financial Services Center ("**IFSC**") in India. Banks will have to take prior approval of the Reserve Bank of India for opening a banking unit, and this will be treated on par with a foreign branch of an Indian bank. The minimum capital requirement for these banking units would be U.S.$20 million. Funds raised by the banking units, including borrowings in foreign currency, would have to be from persons not resident in India and not overseas branches of Indian banks. Deployment of funds can be with residents in India as well as non-resident in India. Liabilities of these units would be exempted from cash reserve ratio and the statutory liquidity ratio. The banking units will have to maintain the minimum regulatory capital as prescribed by the Reserve Bank of India and prudential norms applicable to overseas branches of Indian banks would apply to these banking units. The banking units would operate and maintain their balance sheet only in foreign currency and will not be allowed to deal in Indian rupees, except having a special rupee account for administrative expenses.

A scheme was formulated for setting up of the Indian Financial Services Centre where the permitted activities for the International Banking Units to engage in were aforesaid mentioned in the notification dated April 1, 2015 as updated on May 17, 2018 which also includes prudential regulations and exposure ceiling limit for International Banking Units which shall be 5.0% of the parent bank's Tier 1 capital in case of a single borrower and 10.0% of parent bank's Tier 1 capital in the case of a borrower group. The notification consists of two schemes- (i) the scheme for setting up of Indian Financial System Code Banking Units by the Indian banks and (ii) the scheme for setting up of Indian Financial Services Centre Banking Units by foreign banks that have a presence in India.

The SEBI (IFSC) Guidelines were promulgated to regulate financial services relating to securities in an IFSC created under Section 18(1) of the Special Economic Zones Act, 2005. The guidelines apply to any entity that intends to operate in an IFSC to render financial services relating to securities market, and prescribe the eligibility and shareholding limit for stock exchanges, clearing corporations and depositories. The guidelines also prescribe conditions to be complied with for issuing capital in an IFSC.

The listing of the Notes is in compliance with the SEBI (IFSC) Guidelines, 2015, as amended from time to time.

In order to further streamline the operations of the IFSC, vide its circulars dated July 9, 2020, August 7, 2020 and August 21, 2020, the SEBI notified amendments to the SEBI (IFSC) Guidelines, 2015. Vide the circular dated July 9, 2020, SEBI amended the 'Eligibility and shareholding limit for stock exchange desirous of operating in IFSC'. As per this amendment, a banking company, or a public financial institution of Indian jurisdiction (amongst others), may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, up to fifteen percent of the paid up equity share capital of a recognized stock exchange with prior approval of the Board.

Further, vide the circular dated August 7, 2020, SEBI amended the 'Eligibility and shareholding limit for clearing corporations desirous of operating in IFSC'. As per this amendment, a banking company, or a public financial institution of Indian jurisdiction, *inter alia*, may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, up to fifteen percent of the paid- up equity share capital of such clearing corporation. The provisions of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 also should be complied with.

In 2020, the Ministry of Finance established International Financial Services Centers Authority ("IFSCA") under the International Financial Services Centers Authority Act, 2019, a unified body to regulate all financial services in the IFSCs in the country. IFSCA replaced SEBI, RBI, IRDAI and other market regulators to become the sole regulator of IFSCs.

Implementation of Indian Accounting Standards ("IND-AS")

The MCA, in its press release dated January 18, 2016, issued a roadmap for the implementation of IND-AS converged with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board, with certain carve-outs for scheduled commercial banks, insurance companies and non-banking financial companies ("**2016 roadmap**").

The 2016 roadmap required such institutions to prepare IND-AS based financial statements for accounting periods commencing on or after April 1, 2018, and to prepare comparative financial information for accounting periods commencing on or after April 1, 2017. The MCA notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015, pursuant to which banking companies were exempted from complying with IND-AS for preparation of financial statements. However, in terms of the MCA press release dated January 18, 2016, scheduled commercial banks were required to prepare IND-AS based financial statements on a consolidated and standalone basis for accounting periods beginning from April 1, 2018 onwards, with comparatives for the period ending March 31, 2018 or thereafter.

The RBI, in its circular dated February 11, 2016, required all scheduled commercial banks to comply with IND-AS for financial statements for the periods stated above. It also advised scheduled commercial banks to set up a Steering Committee headed by an official of the rank of an Executive Director (or equivalent) comprising members from cross-functional areas of the bank to immediately initiate the IND-AS implementation process. The RBI through a notification dated March 22, 2019, has further deferred the Ind-AS implementation till further notice. The RBI does not permit banks to voluntarily adopt IND-AS earlier. The new accounting standards are expected to change, among other things, the methodologies for estimating allowances for probable loan losses and classifying and valuing our investment portfolio, as well as our revenue recognition policy.

With some of the key reserve requirements getting further leeway for implementation, it is likely that the adoption of IND-AS for banks may be further extended by two years. The RBI could defer the implementation of IND-AS – the Indian version of global accounting standards – to fiscal year 2024. The new rules are expected to add to the burden of higher capital requirement for banks, especially loan loss provisions.

RBI's COVID-19 Related Instructions and Circulars

Due to the economic difficulties caused by the COVID-19 pandemic, the RBI issued various circulars to regulate lending institutions, including the Bank, to tackle the financial stress faced by individuals, businesses and Micro, Small and Medium Enterprises ("**MSMEs**").

To ensure the continuity of business and mitigate the burden of debt servicing resulting from the disruptions from the pandemic, the RBI had introduced the 'COVID-19 – Regulatory Package' vide its circular dated March 27, 2020. As per this Regulatory Package, all lending institutions were permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. This period was subsequently extended till August 31, 2020 vide the circular dated May 23, 2020.

The RBI ordered the lending institutions, including the Bank, to exclude this moratorium period from the number of days past-due for the purpose of asset classification under the Income Recognition, Asset Classification norms vide the circular titled 'COVID19 Regulatory Package' – Asset Classification and Provisioning' dated April 17, 2020. The Regulatory Package also permitted the recovery of interest in respect of working capital/overdraft to be deferred during the moratorium. The lending institutions were also ordered to make general provisions of not less than 10 per cent of the total outstanding of accounts, to be phased over two quarters. Further, vide its circular titled 'COVID19 Regulatory Package – Review of Resolution timelines under the Prudential Framework on Resolution of Stressed Assets' dated April 17, 2020, the timelines under the said Framework were extended.

Following expiry of the Regulatory Package and the moratorium, in *Small Scale Industrial Manufacturers Association vs UOI & Ors*, the Supreme Court on March 23,2021 held that there shall not be any 'interest on interest' for the period during the moratorium. Subsequently, vide the circular titled 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated April 7, 2021, the RBI instructed all lending institutions, including the Bank, to immediately put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to borrowers during the moratorium period.

Vide an order dated September 3, 2020, the Supreme Court had ordered a standstill on the declaration of accounts as NPAs till further orders. In addition to the Court's judgement on 'interest on interest', in *Small Scale Industrial Manufacturers Association vs UOI & Ors*, the Court also lifted the blanket ban on NPA classification. Hence, vide the abovementioned circular dated April 7, 2021, the RBI declared that the asset classification of borrower accounts (including the classification as NPAs) following the above judgement shall continue to be governed by the Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Package in respect of accounts which were not granted any moratorium.

In addition to the aforementioned, to tackle the financial stress faced by borrowers due to the economic fallout resulting from the COVID-19 pandemic, the RBI introduced a 'Resolution Framework for COVID-19-related Stress' vide its circular dated August 6, 2020. With the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, the RBI decided to provide a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as Standard, subject to specified conditions. As per this framework, the lending institutions were required to frame Board approved policies pertaining to implementation of viable resolution plans for eligible borrowers under this framework, ensuring that the resolution under this facility is provided only to the borrowers having stress on account of COVID-19.

The resolution plan under this framework may include provision of additional credit facilities to address a borrower’s financial stress; an extension of the residual tenor of the loan, with or without a payment moratorium, by a period of not more than 2 years; the conversion of a portion of debt into equity or other marketable, non-convertible debt securities issued by the borrower, among others.

The resolution under this framework was permitted to be invoked not later than December 31, 2020 and must be implemented within 180 days from the date of invocation.

Further, vide its circular titled ‘Resolution Framework for COVID-19-related Stress – Financial Parameters’ dated September 7, 2020, the RBI also set up an Expert Committee and required the lending institutions to mandatorily consider the certain key ratios while finalizing the resolution plans in respect of eligible borrowers.

Subsequently, owing to the resurgence of the COVID-19 pandemic in India in 2021, RBI issued a circular titled “Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses” dated May 5, 2021. This circular is broadly in line with the contours of Resolution Plan Circular as discussed above, with suitable modifications. The circular deals with resolution of advances to individuals and small businesses, and working capital support for individuals who availed loans for business purposes and small businesses, where resolution plans were implemented previously. The circular also lists the disclosure requirements for lending institutions with respect to the resolution plans implemented. This framework stipulates a maximum aggregate exposure of Rs. 25 crore for considering resolution of COVID-19 related stress of MSMEs as well as non-MSME small businesses, and loans to individuals for business purposes. Based on a review, it has been decided to enhance the above exposure threshold to Rs. 50 crore. Accordingly, the above categories of borrowers to whom the lending institutions have aggregate exposure of not more than Rs. 50 crore as on March 31, 2021, and which have not been restructured earlier under any of the specified restructuring frameworks, shall be eligible to be considered for resolution under Resolution Framework 2.0. All other conditions shall remain the same.

Accordingly, this framework permitted to offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures while classifying the same as Standard upon implementation of the resolution plan. Further, it required the lending institutions to frame Board approved policies pertaining to the implementation of viable resolution plans for eligible borrowers under this framework.

On account of the COVID-19 pandemic, benefits were granted to MSMEs as well. Vide its circular titled ‘Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances’ dated January 1, 2019, the RBI had permitted a one-time restructuring of existing loans to MSMEs classified as ‘standard’ without a downgrade in the asset classification. This one-time restructuring was extended on account of the difficulties caused due to the COVID-19 pandemic vide the circular dated August 6, 2020. Further, lending institutions, including the Bank, were instructed to put in place a Board approved policy on restructuring of MSME advances at the earliest.

Recent Developments

In addition to the COVID-19-related measures discussed in this Section, the following measures were taken by the RBI:

Declaration of Dividend by Banks

In light of the continuing uncertainty, vide its circular dated April 22, 2021, the RBI allowed banks to pay dividend equity shares subject to partial modifications. This was done so that the banks remain resilient and proactively raise and conserve capital as a bulwark against unexpected losses. Commercial Banks were allowed to pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend payout ratio, as per existing guidelines. Cooperatives Banks were also allowed to pay dividend on equity shares from profits of the financial year ended March 31, 2021.

Further, as mandated by the RBI, all banks shall continue to meet the applicable minimum regulatory capital requirements after dividend payment. While declaring dividend on equity shares, it shall be the responsibility of the Board of Directors to, *inter alia,* consider the current and projected capital position of the bank vis-à-vis the applicable capital requirements and the adequacy of provisions, taking into account the economic environment and the outlook for profitability.

Cessation of LIBOR: Transition Arrangements

On July 08, 2021, the RBI issued an advisory to banks and other RBI-regulated entities emphasizing the need for preparedness for the transition away from London Interbank Offered Rate (**LIBOR**). The key steps to be taken in this regard include:

(i) Banks and financial institutions are encouraged to cease entering into new financial contracts that reference LIBOR as a benchmark and instead use any widely accepted alternative reference rate ("**ARR**"), as soon as practicable and in any case by December 31, 2021.

(ii) Banks and financial institutions are urged to incorporate robust fallback clauses in all financial contracts that reference LIBOR and the maturity of which is after the announced cessation date of the LIBOR settings.

(iii) Banks and financial institutions are encouraged to ensure that new contracts entered into before December 31, 2021 that reference LIBOR and the maturity of which is after the date on which LIBOR ceases or becomes non-representative include fallback clauses.

(iv) Banks have also been advised to cease using the Mumbai Interbank Forward Outright Rate (MIFOR), a benchmark which references the LIBOR, as soon as practicable and in any event by December 31, 2021. In this context, Financial Benchmarks India Pvt Ltd (FBIL) has started publishing daily adjusted MIFOR rates from June 15, 2021 and modified MIFOR rates from June 30, 2021 which can be used for legacy contracts and fresh contracts respectively.

(v) Contracts referencing LIBOR / MIFOR may generally be undertaken after December 31, 2021 only for the purpose of managing risks arising out of LIBOR / MIFOR referenced contracts undertaken on or before December 31, 2021. The RBI will continue to monitor the evolving global and domestic situation with regard to the transition away from LIBOR and proactively take steps, as necessary, to mitigate associated risks in order to ensure a smooth transition.

The transition away from LIBOR and the adoption of ARRs developed in various jurisdictions is a significant event which needs to be carefully prepared for in order to manage potential customer protection, reputational and litigation risks as well as avoid disruptions to the safety and resilience of financial institutions and overall financial stability of the economy.

In August 2020, the RBI had advised banks and financial institutions to assess their LIBOR exposures which will mature after the cessation of the LIBOR as also frame a Board-approved plan for the steps to be taken to address the risks arising from the LIBOR transition

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear, Clearstream or Austraclear (together, the "**Clearing Systems** ") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests. Information in this section has been derived from the Clearing Systems.*

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a member of the Federal Reserve System, a "**banking organization**" within the meaning of the New York Banking Law, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants, as the term is used herein, includes securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**"). More information about DTC can be found at www.dtcc.com and www.dtc.org but such information is not incorporated by reference in and does not form part of this Offering Circular.).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest(s) in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede and Co., or such other name as may be requested by an authorized representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co. consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorized representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under "*Subscription and Sale*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

Austraclear

Each Tranche of AMTNs will be represented by a single AMTN Certificate substantially in the form set out in the Note (AMTN) Deed Poll. The Issuer shall issue and deliver, and procure the authentication by the Australian Agent of, such number of AMTN Certificates as are required from time to time to represent all of the AMTNs of each Series. An AMTN Certificate is not a negotiable instrument nor is it a document of title in respect of any AMTNs represented by it. In the event of a conflict between any AMTN Certificate and the register in respect of the AMTNs (the "**A$ Register**"), the Register shall prevail (subject to correction for fraud or proven error).

On issue of any AMTNs, the Issuer will (unless otherwise specified in the applicable Pricing Supplement) procure that the AMTNs are lodged with the Austraclear System. On lodgement, Austraclear will become the sole registered holder and legal owner of the AMTNs. Subject to the Austraclear System Regulations, accountholders may acquire rights against Austraclear in relation to those AMTNs as beneficial owners and Austraclear is required to deal with the AMTNs in accordance with the directions and instructions of the accountholders. Any potential investors who are not accountholders would need to hold their interest in the relevant AMTNs through a nominee who is an accountholder. All payments by the Issuer in respect of AMTNs entered in the Austraclear System will be made directly to an account agreed with Austraclear or as it directs in accordance with the Austraclear System Regulations.

Holding of AMTNs through Euroclear and Clearstream

Once lodged with the Austraclear System, interests in the AMTNs may be held through Euroclear or Clearstream. In these circumstances, entitlements in respect of holdings of interests in the AMTNs in Euroclear would be held in the Austraclear System by HSBC Custody Nominees (Australia) Limited as nominee of Euroclear, while entitlements in respect of holdings of interests in the AMTNs in Clearstream would be held in the Austraclear System by a nominee of J.P. Morgan Chase Bank N.A. as custodian for Clearstream.

The rights of a holder of interests in AMTNs held through Euroclear or Clearstream are subject to the respective rules and regulations of Euroclear and Clearstream, the arrangements between Euroclear and Clearstream and their respective nominees and the Austraclear System Regulations.

Transfers

Any transfer of AMTNs will be subject to the Corporations Act 2001 of the Commonwealth of Australia and the other requirements set out in the terms and conditions of the AMTNs and, where the AMTNs are entered in the Austraclear System, the Austraclear System Regulations.

Secondary market sales of AMTNs settled in the Austraclear System will be settled in accordance with the Austraclear System Regulations.

Relationship of accountholders with Austraclear

Accountholders who acquire an interest in AMTNs lodged with the Austraclear System must look solely to Austraclear for their rights in relation to such Notes and will have no claim directly against the Issuer in respect of such AMTNs although under the Austraclear System Regulations, Austraclear may direct the Issuer to make payments direct to the relevant accountholders.

Where Austraclear is registered as the holder of any AMTNs that is lodged with the Austraclear System, Austraclear may, where specified in the Austraclear System Regulations, transfer the AMTNs to the person in whose Security Record (as defined in the Austraclear System Regulations) those AMTNs are recorded and, as a consequence, remove those AMTNs from the Austraclear System.

Potential investors in AMTNs should inform themselves of, and satisfy themselves with, the Austraclear System Regulations and (where applicable) the rules of Euroclear and Clearstream and the arrangements between them and their nominees in the Austraclear System.

AMTNs lodged with the Austraclear System will be transferable only in accordance with the rules and regulations (in force from time to time) of the Austraclear System. The transferor of an AMTN is deemed to remain the Noteholder of such AMTN until the name of the transferee is entered in the A$ Register in respect of such AMTN.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have certain Tranches of Notes represented by Registered Global Notes accepted in its book-entry settlement system. Upon the issue of any such Registered Global Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Notes to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a

Registered Global Note will be limited to Direct Participants or Indirect Participants, including the respective depositaries of Euroclear and Clearstream. Ownership of beneficial interests in such a Registered Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC's nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Notes in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Trustee, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream or Euroclear accountholders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian ("**Custodian**") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream or Euroclear and DTC Participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC Participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among Participants of DTC and accountholders of Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Trustee, the Agents and the Dealers will be responsible for any performance by DTC, Clearstream or Euroclear or their respective Direct or Indirect Participants or accountholders (as appropriate) of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Suspension of Transfers during Suspension Period

Subject to the procedures of DTC, Euroclear or Clearstream, transfers of Subordinated Notes shall be suspended during any Suspension Period. As a result, holders will not be able to settle the transfer of any such Subordinated Notes from the commencement of the Suspension Period, and any sale or other transfer of such Subordinated Notes that a holder may have initiated prior to the commencement of the Suspension Period that is scheduled to settle during the Suspension Period will be rejected by DTC, Euroclear or Clearstream, as the case may be, and will not be settled within DTC, Euroclear or Clearstream. See "*Investment Considerations — Risks Relating to the Subordinated Notes Upon the occurrence of a PONV Trigger Event or a CET1 Trigger Event, clearance and settlement of the Subordinated Notes will be suspended and there may be a delay in updating the records of the relevant clearing systems to reflect the amount Written-Down*".

TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, the information does not consider any specific facts or circumstances that may apply to a particular purchaser. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws applicable in India, Hong Kong, Australia and the United Kingdom and each country of which they are residents or the countries of purchase, holding or disposition of Notes.

Indian Taxation

*The following is a summary of the principal Indian tax consequences to investors who are non-residents of India ("**Non-resident Investors**") purchasing the Notes. The summary is based on Indian taxation law and practice in force at the date of this Offering Circular and is subject to change, possibly with retroactive effect. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposition of the Notes. Prospective investors should, therefore, consult their own tax advisors regarding the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction, of acquiring, owning and disposing of the Notes.*

Payments through Offshore Branches

There is currently no requirement to withhold Indian tax on interest payments made on the Notes by the Bank's offshore branches, if the amounts raised through these Notes are utilized outside India for the purposes of a business carried on by the Bank outside India or for the purposes of making or earning income from any source outside India. If, and to the extent the amounts so raised are utilized in India, Indian tax consequences would be applicable as detailed under the paragraphs "*Withholding tax*" and "*Taxation of interest*", which are set forth below.

Payments through India

Any payments, which the Bank makes on the Notes, including additional amounts, are subject to the regulations of the RBI.

Withholding tax

There may be a requirement to withhold tax at the rate of 5% plus applicable surcharge and cess on interest payments made on the Notes through India subject to and in accordance with the conditions contained in the Income Tax Act, 1961 and also subject to any lower rate of tax provided for by any applicable tax treaty. Withholding tax of 4% (plus applicable surcharge and cess) applies in respect of interest payable to a non-resident on a long term bond issued on or after April 1, 2020 but before July 1, 2023, which are listed only on a recognized stock exchange located in an International Financial Services Centre (IFSC). An applicable tax treaty may further reduce such withholding tax liability subject to fulfilment of the conditions prescribed therein and if the beneficial recipient furnishes prescribed particulars along with a tax residency certificate issued by the government of the jurisdiction of which the investor is a resident.

Pursuant to the Terms and Conditions of the Notes, all payments of, or in respect of, principal and interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law, in which case pursuant to Condition 10, the Bank will, subject to certain exceptions, pay additional amounts as may be necessary in order that the net amount received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or the deduction, subject to certain exceptions.

Taxation of interest

A Non-resident Investor may be liable to pay tax at the rate of up to 5% or 4% (in case of a long term bond issued on or after April 1, 2020 but before July 1, 2023 listed only on a recognized stock exchange located in an IFSC) under Section 115A of the Income Tax Act, 1961 (plus applicable surcharge, and cess) on interest paid on the Notes through India, subject to and in accordance with the existing conditions contained in the Income Tax Act, 1961. However, an applicable tax treaty may further reduce such tax liability subject to fulfilment of the conditions prescribed therein. A Non-resident Investor would be obliged to pay such income tax in an amount equal to, or would be entitled to a refund of, as the case may be, any difference between amounts withheld in respect of interest paid on the Notes through India and its ultimate Indian tax liability for such interest, subject to and in accordance with the provisions of the Income Tax Act, 1961. Non-resident Investors would have to provide all necessary information and documents, as may be required by the Issuer.

Taxation of gains arising on disposition of Notes denominated in any currency other than Indian Rupees

Any gains arising to a Non-resident Investor from disposition of the Notes held (or deemed to be held) as a capital asset will generally be chargeable to income tax in India if the Notes are regarded as property situated in India. A Non-resident Investor generally will not be chargeable to income tax in India from a disposition of the Notes held as a capital asset situated outside India. The issue as to where the Notes should be regarded as property situated in India is not free from doubt. The ultimate decision, however, will depend on the view taken by Indian tax authorities on the position with respect to the situs of the rights being offered in respect of the Notes. There is a possibility that the Indian tax authorities may treat the Notes as being located in India as the Bank is incorporated in and resident in India.

If the Notes are regarded as situated in India by the Indian tax authorities, upon disposition of a Note:

(i) a Non-resident Investor who has held the Notes for a period of more than 36 months preceding the date of their dispositions, would be liable to pay capital gains tax at rates ranging up to 10.0% or 20.00% of the capital gains (plus applicable surcharge, health and education cess) subject to and in accordance with the existing provisions of the Income Tax Act, 1961;

(ii) a Non-resident Investor who has held the Notes for 36 months or less would be liable to pay capital gains tax at rates ranging up to 40% of the capital gains (plus applicable surcharge, health and education cess), depending on the legal status of the Non-resident Investor, and his taxable income in India;

(iii) Section 47(viiab) of the Income Tax Act provides an exemption from capital gains tax on any transfer of a Note, if the Note is transferred on a recognized stock exchange located in an IFSC and where the consideration for such transaction is paid or payable in foreign currency; and

(iv) any surplus realized by a Non-resident Investor from a disposition of the Notes held as stock-in-trade would be subject to income tax in India to the extent, if any, that the surplus is attributable to a "business connection in India" or, where a tax treaty applies, to a "permanent establishment" in India of the Non-resident Investor. A Non-resident Investor would be liable to pay Indian tax on the gains which are so attributable at a rate of tax ranging up to 40% (plus applicable surcharge, health and education cess), depending on the legal status of the Non-resident Investor and his taxable income in India, subject to any lower rate provided for by a tax treaty.

The taxation, if any, of capital gains would also depend upon the provisions/benefits available under the relevant tax treaty, subject to fulfilment of the conditions prescribed therein.

Non-resident Investors should consult their own tax advisors regarding the Indian tax consequences of disposing of the Notes.

Tax withholding on gains arising from disposal of Notes

If a non-resident investor earns any capital gains chargeable to tax in India, the IT Act requires that such tax shall be withheld by the person making any payment to such non-investor at the rate of 10 or 20 per cent. (plus applicable surcharge and health and education cess) on long-term capital gains.

Furthermore, tax at the rate of up to 40 per cent. (plus applicable surcharge and health and education cess), shall be withheld depending on the legal status of the recipient of income, on short term capital gains. These rates are subject to any lower rate of tax provided under the relevant tax treaty (if any). The tax payable shall be computed in such manner as prescribed in this regard under the IT Act. For the purpose of tax withholding, and/or claiming the benefit of relevant tax treaty the non-resident investor shall be obliged to provide all necessary information and documents.

Taxation of persons ordinarily resident in India

Any income received in respect of the Notes by a person ordinarily resident in India under the provisions of the Income Tax Act, 1961 may generally be subject to tax in India according to the personal or corporate rate of tax, as may be applicable.

Wealth Tax

No wealth tax is payable at present in relation to the Notes in India.

Estate Duty

No estate duty is payable at present in relation to the Notes in India. There are no inheritance taxes or succession duties currently imposed in respect of the Notes held outside India.

Gift Tax

No gift tax is payable at present in relation to the Notes in India.

However, a person receiving the Notes at a price less than the fair market value of the Notes (except when received from a relative or where it falls under certain other exceptions) shall be subject to income tax in India on the difference between price paid by him for the Notes and fair market value of the Notes as determined by the Category 1, Merchant Banker in India. Tax shall be payable at the rates applicable to the respective category of the taxpayers. Non-resident taxpayers qualifying for benefit of application of Tax Treaty may not be taxed in India in respect of such deemed benefit subject to provisions of the Tax Treaty.

Stamp Duty

A transfer of the Notes outside India will not give rise to any Indian stamp duty liability unless the Notes are brought into India, or any instrument of transfer is executed within or brought into India. In the event the Notes are brought into India for enforcement or for any other purpose, or to be admissible in evidence in the courts of India, the same will be required to be stamped according to the applicable stamp duty as payable in the relevant state in India. This stamp duty will have to be paid within a period of three months from the date the Notes, or any instrument of transfer are first received in India.

Australian Taxation

The following taxation summary is of a general nature only and addresses only some of the key Australian tax implications that may arise for a prospective holder of a Note or an interest in a Note (in the following taxation summary, an "**Investor**") as a result of acquiring, holding or transferring the Note. The following is not intended to be and should not be taken as a comprehensive taxation summary for an Investor. Each reference in the following taxation summary to a "Note" includes a reference to an "interest in a Note" as the context requires.

The taxation summary is based on the Australian taxation laws in force and the administrative practices of the Australian Taxation Office (the "**ATO**") generally accepted as of the date of this Offering Circular. Any of these may change in the future without notice and legislation introduced to give effect to announcements may contain provisions that are currently not contemplated and may have retroactive effect.

Investors should consult their professional advisors in relation to their tax position. Investors who may be liable to taxation in jurisdictions other than Australia in respect of their acquisition, holding or disposal of Notes are particularly advised to consult their professional advisors as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain Australian taxation aspects of the Notes. In particular, Investors should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Australia.

Taxation of Interest on Notes

Onshore Investors

Investors who are Australian tax residents, or who are non-residents that hold the Notes in carrying on business at or through a permanent establishment in Australia, will be taxable by assessment in respect of any interest income derived in respect of the Notes. Such Investors will generally be required to lodge an Australian tax return. The timing of assessment of the interest (e.g. a cash receipts or accruals basis) will depend upon the tax status of the particular Investors, the Terms and Conditions applicable to the Notes, and the potential application of the "Taxation of Financial Arrangements" provisions of the *Income Tax Assessment Act 1997* (Australia).

If an Investor is an Australian resident (other than one that holds the Notes in carrying on business at or through a permanent establishment outside Australia) or a non-resident that holds the Notes in carrying on business at or through a permanent establishment in Australia, no Australian interest withholding tax will be payable. In addition, payments on Notes issued otherwise than through the Issuer's Australian branch will not be subject to Australian interest withholding tax.

Tax at the highest marginal income tax rate plus the Medicare levy (in aggregate, currently 47%) may be deducted from payments to such Investors if the Investors do not provide an Australian tax file number (the "**TFN**") or an Australian Business Number (the "**ABN**") (where applicable), or proof of a relevant exemption form quoting such numbers.

Offshore Investors

So long as the Issuer continues to be a non-resident of Australia, where the Notes issued by it are not attributable to an Australian permanent establishment of the Issuer, payments of principal and interest made in respect of the Notes should not be subject to Australian interest withholding tax. However, interest (which for the purposes of withholding tax is defined in section 128A(1AB) of the *Income Tax Assessment Act 1936* (Australia) to include amounts in the nature of, or in substitution for, interest and certain other amounts, including premiums on redemption or, for a Note issued at a discount, the difference between the amount repaid and the issue price) on Notes issued by the Issuer out of its Sydney branch will be subject to Australian interest withholding tax, at a current rate of 10%, where the interest is paid to a non-resident Investor and not derived in carrying on business at or through an Australian permanent establishment, or to an Australian resident Investor who derived the interest in carrying on business at or through a permanent establishment outside Australia (subject to certain exemptions — see below).

Depending on their terms, Notes could in some cases be characterized as equity interests for tax purposes and be subject to different rules (e.g. Notes with returns contingent on the Issuer's performance or discretion, or convertible into shares in the Issuer). As of the date of this Offering Circular, the Issuer does not intend to issue any Notes that would be characterized as equity interests for tax purposes.

Various exemptions are available from Australian interest withholding tax, including the "public offer" exemption, the tax treaty exemption and the superannuation fund exemption (each as discussed below).

Public Offer Exemption

Pursuant to section 128F of the *Income Tax Assessment Act 1936* (Australia), an exemption from Australian interest withholding tax relevantly applies to interest paid where:

- at the time the relevant Notes are issued and the interest is paid, the issuer is a company that is a non-resident carrying on business at or through an Australian permanent establishment; and
- the relevant Notes were issued in a manner which satisfies the "public offer test".

There are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Issuer is offering those Notes for issue. In summary, the five methods are:

- offers to ten or more unrelated financiers or securities dealers;
- offers to 100 or more investors;
- offers of listed Notes;
- offers via publicly available information sources; and
- offers to a dealer, manager or underwriter who offers to sell those Notes within 30 days by one of the preceding methods.

Unless otherwise specified in any applicable final terms (or another relevant supplement to this Offering Circular), the Issuer intends to issue Notes out of its Sydney branch in a manner which will satisfy the requirements of section 128F of the *Income Tax Assessment Act 1936* (Australia). Where this is not the case, Investors will be notified in the relevant final terms.

Importantly, the public offer test will not be satisfied if, at the time of issue, the Issuer knew or had reasonable grounds to suspect that a Note, or an interest in a Note, was being or would later be acquired directly or indirectly by an Offshore Associate (as defined below) of the Issuer, other than in the capacity of a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered scheme.

The exemption from Australian interest withholding tax will also not apply to interest paid by the Issuer to an Offshore Associate of the Issuer if, at the time of the payment, the Issuer knows, or has reasonable grounds to suspect, that such person is an Offshore Associate and the Offshore Associate does not receive the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

An Offshore Associate ("**Offshore Associate**") means an "associate" (as defined in section 128F(9) of the *Income Tax Assessment Act 1936* (Australia), and which includes, among other things, persons under common control or influence) of the Issuer that is either:

- a non-resident of Australia that does not acquire the Notes or an interest in the Notes in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or
- a resident of Australia that acquires the Notes or an interest in the Notes in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country.

Accordingly, the Notes should not be acquired by any Offshore Associate of the Issuer except in the circumstances listed above.

Double Tax Treaties

The Australian government has signed a number of double tax treaties ("**Specified Treaties**") with certain countries including the United States of America, the United Kingdom, Switzerland, Germany, Norway, Finland, the Republic of France, Japan, the Republic of South Africa, and New Zealand (each a "**Specified Country**"). The Specified Treaties may apply to interest derived by a resident of a Specified Country in relation to a Note issued by the Issuer through its Sydney branch.

The Specified Treaties effectively prevent withholding tax applying to interest derived by:

(a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and

(b) certain unrelated banks, and financial institutions which substantially derive their profits by carrying on a business of raising and providing finance, which are resident in the Specified Country and dealing wholly independently with the Issuer (however, back-to-back loans and economically equivalent arrangements will not obtain the benefit of the reduction in interest withholding tax and the anti-avoidance provisions in the *Income Tax Assessment Act 1936* (Australia) can apply),

by reducing the interest withholding tax rate to zero. Particular tax treaties may have additional requirements. Investors should obtain their own independent tax advice as to whether any of the exemptions under the relevant Specified Treaties apply to their particular circumstances.

All Specified Treaties listed above are currently in effect.

Exemption for Superannuation Funds

An exemption from Australian interest withholding tax is also available in respect of interest paid to a non-resident superannuation fund where that fund is a superannuation fund maintained solely for foreign residents and the interest arising from the Notes is exempt from income tax in the country in which such superannuation fund is resident.

Bearer Debentures

Section 126 of the *Income Tax Assessment Act 1936* (Australia) imposes a type of withholding tax at the current rate of 45% on the payment of interest on Notes in bearer form if the Issuer fails to disclose the names and addresses of the relevant holders of Notes to the ATO (or in the case of a Note held by a clearing house, the name and address of the clearing house). These rules generally only apply to holders of Notes who are Australian tax residents, or non-residents that hold the Notes in carrying on business at or through a permanent establishment in Australia.

Taxation of Gains on Disposal or Redemption

Onshore Investors

Investors who are Australian tax residents, or who are non-residents that hold the Notes in carrying on business at or through a permanent establishment in Australia, will be required to include any gain or loss on disposal of the Notes in their assessable income.

The determination of the amount and timing of any gain or loss on disposition or redemption of the Notes may be affected by the "Taxation of Financial Arrangements" provisions, which provide for a specialized regime for the taxation of financial instruments and, where the Notes are denominated in a currency other than Australian Dollars, the foreign currency rules. Prospective Investors should obtain their own independent tax advice in relation to the determination of any gain or loss on disposal or redemption of the Notes.

Offshore Investors

An Investor who is a non-resident of Australia and who has never held the Notes in the course of carrying on a trade or business at or through a permanent establishment within Australia will not be subject to Australian income tax or capital gains tax on gains realized on the sale or redemption of such Notes provided such gains do not have an Australian source. A gain arising on the sale of a Note by a non-Australian resident holder to another non-Australian resident where the Note is sold outside Australia and all negotiations are conducted and all documentation is executed outside Australia would not be regarded as having an Australian source.

Special rules can apply to treat a portion of the purchase price of Notes as interest for withholding tax purposes where deferred-return Notes (for example, Notes which pay a return that is deferred by more than 12 months) are sold to an Australian Investor.

Collection Powers

The ATO and other revenue authorities in Australia have wide powers for the collection of unpaid tax debts. This can include issuing a notice to the Issuer requiring a deduction from any payment to an Investor in respect of any unpaid tax liabilities of that Investor.

Stamp Duty

No ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue, transfer or redemption of the Notes.

Death Duties

The Notes will not be subject to death, estate or succession duties imposed by Australia or by any political subdivision or authority therein having power to tax if held at the time of death.

Goods and Services Tax

Neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an issue of Notes by a branch of the Bank in Australia to an offshore non-resident subscriber) a GST-free supply. Furthermore, neither the payment of principal nor of interest on the Notes would give rise to a GST liability.

Hong Kong Taxation

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of the Laws of Hong Kong (the "IRO")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Pursuant to the Exemption from Profits Tax (Interest Income) Order (Cap. 112T) of the Laws of Hong Kong, interest income accruing to a person other than a financial institution, on deposits (denominated in any currency and whether or not the deposit is evidenced by a certificate of deposit) placed with, *inter alia*, an authorized institution in Hong Kong (within the meaning of section 2 of the Banking Ordinance (Cap. 155) of the Laws of Hong Kong) is exempt from the payment of Hong Kong profits tax. This exemption does not apply, however, to deposits that are used to secure or guarantee money borrowed in certain circumstances. Provided no prospectus involving the issue of the Notes is registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the Laws of Hong Kong, the issue of the Notes by the Issuer is expected to constitute a deposit to which the above exemption from payment will apply.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemption to their individual position.

Stamp Duty

Stamp Duty will not be payable on the issue of Bearer Notes provided either:

(i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of the Laws of Hong Kong).

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3% of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

(i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of the Laws of Hong Kong).

Notwithstanding the above, no stamp duty is payable on the transfer of a regulatory capital security (as defined in Section 17A of the IRO.

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2% (of which 0.1% is payable by the seller and 0.1% is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher.

In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

Estate Duty

No estate duty will be payable in respect of Notes.

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs' ("**HMRC**") practice relating only to United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payments of interest on the Notes that does not have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax. If interest paid on the Notes does have a United Kingdom source, then payments may be made without deduction or withholding on account of United Kingdom income tax in any of the following circumstances.

Payments of interest on the Notes may be made without deduction or withholding for or on account of United Kingdom income tax, provided the Issuer is and continues to be a bank within the meaning of section

991 of the Income Tax Act 2007 (the "**ITA 2007**") and provided that the interest on the Notes is and continues to be paid in the ordinary course of the Issuer's business within the meaning of section 878 of the ITA 2007.

Payments of interest on the Notes may also be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and are and continue to be listed on a "recognized stock exchange" within the meaning of section 1005 of the ITA 2007. The SGX-ST is a recognized stock exchange for these purposes. The Notes will satisfy this requirement if they are officially listed in Singapore in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Main Board of the SGX-ST. Provided, therefore, that the Notes are and remain so listed on a "recognized stock exchange", interest on the Notes will be payable without deduction of or withholding on account of United Kingdom tax whether or not the Issuer is a bank for the purposes of section 991 of the ITA 2007 and whether or not the interest is paid in the ordinary course of its business.

Interest on the Notes may also be paid without deduction of or withholding on account of United Kingdom tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, where the relevant payments of interest are treated as having a United Kingdom source, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20%), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC may issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to January 1, 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under "*Terms and Conditions — Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated program agreement dated July 19, 2021 (such program agreement as amended and/or supplemented and/or restated from time to time (the "**Program Agreement**"), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes or, in the case of Definitive IAI Registered Notes, procure purchasers of Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Program Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Program and the issue of Notes under the Program and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Program Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entitles or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, or behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Program, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. Notes issued under the Program may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the relevant Dealer(s) or any affiliate of the relevant Dealer(s) is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that relevant Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

Selling Restrictions

United States

1.1 In respect of Notes offered or sold in reliance on Category 1 as specified in the applicable Pricing Supplement, the Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment except in accordance with Rule 903 of Regulation S under the Securities Act.

In respect of Notes offered or sold in reliance on Category 2 as specified in the applicable Pricing Supplement, the Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in the Securities Act) except in accordance with Regulation S under the Securities Act or pursuant to an exemption from, or not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has offered and sold any Notes, and will offer and sell any Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined, only in accordance with Rule 903 of Regulation S under the Securities Act. Each Dealer who has purchased Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant Lead Manager) shall determine the completion of the distribution of the Notes of such Tranche. On the basis of such notification or notifications, the Principal Paying Agent has agreed to notify such Dealer/Lead Manager of the end of the distribution compliance period with respect to such Tranche. Each Dealer also agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in this paragraph 1.1 have the meanings given to them by Regulation S.

1.2 Each Dealer has represented and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

1.3 In addition in respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement:

(a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**"), each Dealer (i) represented that it has not offered or sold, and agreed that during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) represented that it has not delivered and agreed that it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

(b) each Dealer represented that it has and agreed that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if it is a United States person, each Dealer represented that it is acquiring Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section l.163-5(c)(2)(i)(D)(6) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010);

(d) with respect to each affiliate that acquires Notes in bearer form from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in paragraphs 1.3(a), 1.3(b) and 1.3(c) on such affiliate's behalf; and

(e) each Dealer agreed that it will obtain from any distributor (within the meaning of U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D)(4)(ii) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010)) that purchases any Notes in bearer form from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of paragraphs 1.3(a), 1.3(b) 1.3(c) and 1.3(d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph 1.3 have the meanings given to them by the U.S. Internal Revenue Code 1986 and regulations promulgated thereunder, including the D Rules.

1.4 In respect of Bearer Notes where TEFRA C is specified in the applicable Pricing Supplement, such Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions in connection with their original issuance.

Further, each Dealer has represented and agreed in connection with the original issuance of such Bearer Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such purchaser is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Bearer Notes. Terms used in this paragraph 1.4 have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including U.S. Treas. Reg § 1.163-5(c)(2)(i)(C) (or any substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010).

1.5 Notwithstanding anything above to the contrary, it is understood that Registered Notes may be offered and sold pursuant to a private placement in the United States, and in connection therewith each Dealer has represented and agreed that:

(a) offers, sales, resales and other transfers of Notes made in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be made with respect to Registered Notes only and shall be effected pursuant to an exemption from the registration requirements of the Securities Act;

(b) offers, sales, resales and other transfers of Notes made in the United States will be made only in private transactions to (1) a limited number of institutional investors that are accredited investors (as defined in Rule 501(a) (1), (2) and (3) under the Securities Act each such institutional investor being hereinafter referred to as an "accredited investor") that has executed and delivered to a Dealer an IAI Investment Letter, or (2) institutional investors that are reasonably believed to qualify as qualified institutional buyers within the meaning of Rule 144A (each such institutional investor being hereinafter referred to as a "QIB");

(c) the Notes will be offered in the United States only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act will be used in connection with the offering of the Notes in the United States;

(d) no sale of Notes in the United States to (1) any one Institutional Accredited Investor will be for less than U.S.$500,000 principal amount and (2) any one QIB will be for less than U.S.$200,000 principal amount or (in each case) its equivalent rounded upwards and no Note will be issued in connection with such a sale in a smaller principal amount. If such purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$500,000 (in the case of (1) above) or U.S.$200,000 (in the case of (2) above) principal amount of the Notes; and

(e) each Note sold as a part of a private placement in the United States and each Regulation S Global Note shall contain a legend in substantially the form set out on the face of such Note in the Trust Deed.

1.6 The Issuer represented and agreed that any resale or other transfer, or attempted resale or other transfer of Notes sold as part of a private placement in the United States made other than in compliance with the restrictions set out in paragraph 1.5 shall not be recognized by the Issuer or any agent of the Issuer and shall be void.

1.7 Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement. The relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (each, a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(A) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(B) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(C) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(D) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (B) to (D) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(A) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it has been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(B) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(C) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(D) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (B) to (D) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**FSMA**" means the Financial Services and Markets Act 2000 and the expression an "**offer of Notes to the public**" in relation to any Notes in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression "**UK**

Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

(a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell, any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied, and will comply, with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

(a) it has not offered or sold, and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the SFO) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued nor had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

India

Each Dealer has represented, agreed and acknowledged that: (a) the Offering Circular has not been and will not be registered, produced or published as an offer document (whether as a prospectus in respect of either a public offer or information memorandum or other offering material in respect of any private placement of securities under the Companies Act, 2013, as amended from time to time, and the rules framed thereunder or any other applicable Indian laws) with any Registrar of Companies, the Securities and Exchange Board of India, the RBI, any Indian stock exchanges or any other statutory, regulatory body and adjudicatory of like nature in

India, save and except for any information from any part of the Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian securities laws, including but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended from time to time, and under the listing agreements with any Indian stock exchanges pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, or pursuant to the directives of any statutory, regulatory and adjudicatory body in India; and (b) the Notes have not been and will not be offered or sold to any person in India by means of the Offering Circular or any document, other than to persons permitted to acquire the Notes under Indian law, whether as a principal or an agent; and (c) the Offering Circular or any other offering document or material relating to the Notes has not been and will not be circulated or distributed, directly or indirectly, to any person or to the public in India or any member of the public in India or otherwise generally distributed or circulated in India which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities in violation of applicable Indian securities laws.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Program will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of the SFA— Unless otherwise stated in the Pricing Supplement in respect of any Notes, the Issuer has determined, and notifies all relevant persons (as defined in Section 309A(1) of the SFA, that all Notes issued or to be issued under the Program are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N 12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

United Arab Emirates

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that the Notes to be issued under the Program have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Program to any person in the DIFC unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the DFSA; and

(b) made only to persons who meet the "Professional Client" criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes, except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

(i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(iii) a government, supranational organization, central bank or other national monetary authority or a state organization whose main activity is to invest in financial instruments (such as a state pension fund).

State of Qatar

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, deliver or sell, at any time directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Australia

Each Dealer has acknowledged that this Offering Circular is not a "Product Disclosure Statement" (as defined in Chapter 7 of the Corporations Act 2001 (Cth) of Australia (the "**Corporations Act**")). No "prospectus" or other "disclosure document" (each as defined in the Corporations Act) in relation to the Program or the Notes has been or will be lodged with the Australian Securities and Investments Commission (the "**ASIC**") or ASX Limited ABN 98 008 624 691.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it:

(a) has not made or invited, and will not make or invite, (directly or indirectly) offers from any person to purchase the Notes, or applications from any person for the issue of Notes, where the relevant invitation is received in Australia (regardless of where any resulting issue, sale or transfer occurs); and

(b) has not offered, and will not offer, (directly or indirectly) Notes for issue or sale to any person where the relevant offer is received in Australia (regardless of where any resulting issue, sale or transfer occurs),

unless:

(i) the aggregate consideration payable for such Notes on acceptance of the offer or invitation by the person to whom the relevant offer or invitation is made, is at least A$500,000 or its equivalent in any other currency (calculated in accordance with both section 708(9) of the Corporations Act and regulation 7.1.18 of the Corporations Regulations 2001 (Cth)) or the offer or invitation otherwise does not require disclosure in accordance with Parts 6D.2 or 7.9 of the Corporations Act;

(ii) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;

(iii) the offer or invitation complies with all other applicable Australian laws, regulations and directives; and

(iv) such action does not require any document to be lodged with ASIC, the ASX Limited ABN 98 008 624 691 or any successor entity thereto.

For the purposes of this selling restriction, the Notes include interests or rights in the Notes held in Euroclear, Clearstream or Austraclear.

Each Dealer has also represented and agreed, and each further Dealer appointed under the Program will also be required to represent and agree, that it has not distributed or published and will not distribute or publish the Offering Circular or any other offering material or advertisement relating to the Notes in Australia unless the relevant distribution or publication, as applicable, complies with all applicable Australian laws, regulations and directives.

The Issuer does not hold an Australian financial services licence and it is not licensed to provide financial product advice in relation to the Notes. Noteholders do not have "cooling off" rights under Australian law.

General

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Program will be required to represent, warrant and undertake that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries, and neither the Issuer, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee, the Arrangers and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND U.S. GAAP

The audited consolidated and unconsolidated financial statements of the Bank included in this Offering Circular have been prepared in accordance with the accounting policies followed by the Bank which conform to Generally Accepted Accounting Principles in India and RBI Guidelines as applicable to the Bank. The following are significant differences between Indian GAAP and U.S. GAAP, limited to those differences that are relevant to the Bank's financial statements. However, they should not be construed as being exhaustive, and no attempt has been made to identify possible future differences between Indian GAAP and U.S. GAAP as a result of prescribed changes in accounting standards or to identify future differences that may affect the Bank's financial statements as a result of transactions or events that may occur in the future. In certain respects, the financial statements of the Bank reflect adjustments made in accordance with applicable statutory requirements and regulatory guidelines, and accounting practices in India, which change from time to time and may have been applied prospectively. As a result, the periods covered by the financial statements of the Bank and the Bank's results on a period-by-period basis may not be directly comparable.

Indian GAAP	U.S. GAAP
Changes in accounting policies	***Changes in accounting policies***
Impact of adjustments resulting from the change to be shown in the income statement of the period in which the change is made except as specified in certain standards, where the change resulting from adoption of such standards has to be shown by an adjustment to opening retained earnings.	Retrospective application requiring the entity to adjust each affected component of equity for the earliest period presented and comparative income statement presented, except where impracticable to do so. Transition provisions are generally specified in new standards and may be different.
Property, plant and equipment	***Property, plant and equipment***
Use of historical cost or revalued amounts is permitted. Revaluation of an entire class of assets or of a selection of assets is required to be carried out on a systematic basis.	Upward revaluation is not permitted. Downward valuations are required when future undiscounted cash flows are less than the carrying value of the asset.
Depreciation	***Depreciation***
The Indian Companies Act provides minimum rates of depreciation. If management's estimate of the useful life of a fixed asset is shorter than depreciation rates according to the Companies Act, depreciation is provided at a higher rate based on management's estimate of useful life.	Allocated on a systematic basis to each accounting period over the economic useful life of the asset, reflecting the pattern in which the entity consumes the asset's benefits.
Depreciation on revaluation portion can be recouped out of revaluation reserve.	Upward revaluation is not permitted.
Unrealized gains/losses on investments	***Unrealized gains/losses on investments***
All investments are categorized into "Held to Maturity," "Available for Sale" and "Held for Trading." "Held to Maturity" securities are carried at their acquisition cost or at amortized cost if acquired at a premium over the face value. "Available for Sale" and "Held for Trading" securities are valued periodically according to RBI guidelines. Net	Investments are categorized into "Held to Maturity," "Available for Sale" or "Trading" based on management's intent and ability. While 'Trading' and "Available for Sale" securities are valued at fair value, "Held to Maturity" securities are valued at cost, adjusted for amortization of premiums and accretion of discount. The unrealized gains and

Indian GAAP	U.S. GAAP
depreciation, if any, within each category of investments is recognized in the profit and loss account. The net appreciation, if any, under each classification is ignored.	losses on “Trading” securities are taken to the income statement, while those of “Available for Sale” securities are reported as a separate component of stockholders’ equity, net of applicable taxes, until realized.
Amortization of premium/discount on the purchase of investments	***Amortization of premium/discount on the purchase of investments***
No amortization of premium/discount is allowed on investments except for the premium on investments categorized as “Held to Maturity.”	Premium/discount is amortized on all categories of investment.
Allowances for credit losses	***Allowances for credit losses***
All credit exposures are classified according to the RBI guidelines, into performing assets and NPAs. Further, non-performing assets are classified into substandard, doubtful and loss assets for provisioning based on the criteria stipulated by the RBI. Provisions are made in accordance with RBI guidelines. For restructured assets, a provision is made in accordance with the guidelines issued by the RBI, which require that a provision equal to the present value of the interest sacrifice is made at the time of restructuring. In addition to the specific provisioning made on NPAs, the Bank maintains general provisions to cover potential credit losses of standard assets in accordance with RBI guidelines.	Loans are tested for impairment and placed on a non-accrual basis (i.e., interest income is not accrued) when based on current information and events, management estimates that the collection of outstanding interest and principal amounts are doubtful. The impairment of a loan is measured based on the present value of the loan’s effective interest rate, or at the observable market price of the loan, or at the fair value of the collateral if the loan is collateral dependent. The impairment is recognized if the measured value is less than the recorded investment in the impaired loan.
Loan origination fees/costs	***Loan origination fees/costs***
Loan origination fees are recognized upfront on their becoming due. Loan origination costs are taken to the profit and loss account in the year in which accrued/incurred.	Non-refundable loan origination fees (net of direct loan origination costs) are deferred and recognized as an adjustment to yield over the life of the loan. The adjustment is made using the interest method, based on the contractual terms of the loan.
Derivatives	***Derivatives***
Derivative transactions comprise swaps and options. Swaps and options are disclosed as off balance sheet exposures. The swaps/options are bifurcated as trading or hedge transactions. Trading swaps/options are revalued at the balance sheet date with the resulting unrealized gain/loss being recognized in the profit and loss account and included in other assets or liabilities. Hedged swaps/options are accounted for on an accrual basis.	All derivatives are required to be recognized as assets or liabilities on the balance sheet and measured at fair value with changes in fair value being recognized in earnings. Fair values are based on quoted market prices or, absent quoted market prices, based on valuation techniques which may take into account available current market and contractual prices of similar instruments as well as the time value underlying the positions. If a derivative is a hedge, depending on the nature of the hedge, the effective portion of the hedge’ s change in fair value is either offset against the change in fair

Indian GAAP	U.S. GAAP
	value of the hedged asset, liability or firm commitment through income or held in equity until the hedge item is recognized in income. The ineffective portion of a hedge is immediately recognized in income.
Revenue Recognition	***Revenue Recognition***
Revenue is recognized on an accrual basis when there is no uncertainty as to its ultimate collection. Realized gains on investments under HTM category are recognized in the profit and loss account and subsequently appropriated to the capital reserve account in accordance with RBI guidelines.	Revenue involving the sales of services is recognized when certain criteria have been met, including whether persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the sales price is fixed or determinable and, collectability is reasonably assured. Realized gains on investments under HTM category are recognized in the profit and loss account.
Employee Benefits	***Employee Benefits***
AS 15 (Revised) (mandatory with effect from December 7, 2006) requires the use of the projected unit credit method to determine benefit obligation. All actuarial gains and losses have to be recognized immediately in the profit and loss account.	Obligation for defined benefit plans must be measured using projected unit credit method. Immediate recognition of actuarial gains or losses is not required, but it is recognized as a component of Other Comprehensive Income, net of tax.
Taxation	***Taxation***
Income tax comprises the current tax (i.e., amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed thereunder) and the deferred tax charge or credit reflecting the tax effects of timing differences between accounting income and taxable income for the period.	Income taxes are accounted for according to the provisions of SFAS No. 109, Accounting for Income Taxes. SFAS No. 109 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax basis of assets and liabilities, using enacted tax rates expected to apply to taxable income in the years that the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income in the period of enactment. Deferred tax assets are recognized subject to a valuation allowance based upon management's judgment as to whether it is considered more likely than not that the asset will be realized.

Indian GAAP	U.S. GAAP
The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of the realization of such assets. Deferred tax assets are reviewed as of each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realized.	
Employee Stock Option Plan According to the guidance note on Accounting for Employee Share-based payments, effective for all share-based grants made after April 1, 2005, employee share-based plans are classified into equity settled, cash settled and employee share-based payments plans with cash alternatives. Any plan falling into the above categories can be accounted for by adopting the fair value method or intrinsic value method as of the grant date. An enterprise using the intrinsic value method is required to make fair value disclosures. Listed companies are also to observe the specific guidance by market regulator (SEBI).	***Employee Stock Option Plan*** According to FASB 123R — Accounting for Share Based Payments, employee stock-based compensation plans have to be accounted for using the fair value method.
Accounting for subsidiaries and affiliates The Bank consolidates subsidiaries where it controls the ownership, directly or indirectly, of more than one-half of the voting power or controls the composition of the board of directors with the objective of obtaining economic benefits from their activities. The Bank accounts for investments in associates under the equity method of accounting.	***Accounting for subsidiaries and affiliates*** Consolidates of subsidiaries is required where the Bank, directly or indirectly, holds more than 50% of the voting rights or exercises control. Entities where the Bank holds 20% to 50% of the voting rights and/or has the ability to exercise significant influence are accounted for under the equity method, and the pro rata share of their income (loss) is included in income. The Bank is also required to consolidate Variable Interest Entities where the Bank is determined to be the primary benefactor under FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46 (R)).

TRANSFER AND MARKETING RESTRICTIONS

Transfer Restrictions applicable to all Notes

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

In the case of Notes offered or sold in reliance on Category 1 of Regulation S, each purchaser of Registered Notes will be deemed to have represented and agreed as follows:

(i) It acknowledges (or if it is broker-dealer, its customer has confirmed to it that such customer acknowledges) that such Notes have not been and will not be registered under the Securities Act.

(ii) It certifies that either (a) it is, or at the time the Notes are purchased will be, the beneficial owner of the Notes, and (i) it is located outside the United States (within the meaning of Regulation S) and (ii) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate, or (b) it is a broker-dealer acting on behalf of its customer, its customer has confirmed to it that (i) such customer is, or at the time the Notes are purchased will be, the beneficial owner of the Notes, (ii) such customer is located outside the United States (within the meaning of Regulation S) and (iii) it is not an affiliate of the Dealers or a person acting on behalf of such an affiliate.

(iii) It acknowledges that the Issuer and the Dealers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of such acknowledgements, representations or warranties deemed to have been made by virtue of its purchase of the Notes are no longer accurate, it will promptly notify the Issuer, and if it is acquiring any Notes as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

In the case of Notes offered or sold in reliance on Category 2 of Regulation S, Rule 144A or Regulation D, each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter or (c) it is outside the United States and is not a U.S. person;

(ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(iii) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States who is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act from the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), (e) to an institutional "accredited investor" within the meaning of subparagraph (a)(1), (2), (3) or (7) of Rule 501 under the Securities Act that is acquiring the Notes for its own account or for the account of such an institutional "accredited investor" for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or (f) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws. If any resale or other transfer of the Notes is proposed to be made pursuant to clause (e) above, the transferor shall deliver (i) an IAI Investment Letter to the Registrar, which shall provide, among other things, that the transferee is an institutional "accredited investor" within the meaning of subparagraph (a)(1), (2), (3) or (7) of Rule 501 under the Securities Act, that it is acquiring such Notes for investment purposes and not for distribution in violation of the Securities Act, and that it will acquire Notes having a minimum purchase price of at least U.S.$500,000 (or the approximate equivalent in another specified currency (as defined in the Agency Agreement)); and (ii) such other satisfactory evidence as the Issuer may reasonably require from the transferor, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction;

(iv) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;

(v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

(vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, (I) MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR (II) IN THE CASE OF SECURITY ISSUED IN RELIANCE ON CATEGORY 2 OF REGULATION S UNDER THE SECURITIES ACT, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES AND TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, IN EITHER CASE EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OR (2) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN "**INSTITUTIONAL ACCREDITED INVESTOR**"); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN

ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (5) TO AN INSTITUTIONAL ACCREDITED INVESTOR WITHIN THE MEANING OF SUBPARAGRAPH (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT THAT IS ACQUIRING THE NOTES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF IN VIOLATION OF THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; IF ANY RESALE OR OTHER TRANSFER OF THE NOTES IS PROPOSED TO BE MADE PURSUANT TO CLAUSE (5) ABOVE, THE TRANSFEROR SHALL DELIVER A LETTER SUBSTANTIALLY IN THE FORM SET OUT IN SCHEDULE 4 TO THE AGENCY AGREEMENT TO THE REGISTRAR, WHICH SHALL PROVIDE, AMONG OTHER THINGS, THAT THE TRANSFEREE IS AN INSTITUTIONAL ACCREDITED INVESTOR WITHIN THE MEANING OF SUBPARAGRAPH (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT, THAT IT IS ACQUIRING SUCH NOTES FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, AND THAT IT WILL ACQUIRE NOTES HAVING A MINIMUM PURCHASE PRICE OF AT LEAST U.S.$500,000 (OR THE APPROXIMATE EQUIVALENT IN ANOTHER SPECIFIED CURRENCY (AS DEFINED IN THE AGENCY AGREEMENT)) AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

"THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TOMODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS

SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

(vii) if it is outside the United States, that if it should resell or otherwise transfer the Notes, it will do so only (i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) upon receipt by the Registrar of a written certification substantially in the form set out in Schedule 3 to the Agency Agreement, amended as appropriate (a "**Transfer Certificate**"), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made: (a) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or (b) to a person who is an Institutional Accredited Investor, together with, in the case of (b), a duly executed investment letter from the relevant transferee substantially in the form set out in Schedule 4 to the Agency Agreement and such other satisfactory evidence as the Issuer may reasonably require from the transferor, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States; (iii) to the Issuer or any affiliate thereof; or (if available) (iv) otherwise pursuant to an effective registration statement under the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, (I) MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR (II) IN THE CASE OF SECURITY ISSUED IN RELIANCE ON CATEGORY 2 OF REGULATION S UNDER THE SECURITIES ACT, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES AND TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, IN EITHER CASE EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. IN THE CASE OF SECURITY ISSUED IN RELIANCE ON CATEGORY 2 OF REGULATION S UNDER THE SECURITIES ACT, THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART."; and

(viii) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by Regulation D of the Securities

Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see "*Form of the Notes*".

The IAI Investment Letter will state, among other things, the following:

(i) that the Institutional Accredited Investor has received a copy of the Offering Circular and such other information as it deems necessary in order to make its investment decision;

(ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Offering Circular and the Notes (including those set out above), and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with such restrictions and conditions and the Securities Act;

(iii) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;

(iv) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;

(v) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and

(vi) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least U.S.$500,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.$200,000 (or its foreign currency equivalent) nominal amount or, in the case of sales to Institutional Accredited Investors, U.S.$500,000 (or its foreign currency equivalent) nominal amount, and no Legended Note will be issued in connection with such a sale in a smaller nominal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$200,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors, U.S.$500,000 (or its foreign currency equivalent) nominal amount of Registered Notes.

Marketing and Sales Restrictions applicable to Additional Tier 1 Notes

Any Additional Tier 1 Notes issued under this Program and discussed in this Offering Circular are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Additional Tier 1 Notes to retail investors.

In the UK, the FCA COBS requires, in summary, that Additional Tier 1 Notes should not be offered or sold to retail clients (as defined in COBS 3.4 and each a retail client) in the UK.

The Dealers are required to comply with the COBS. By purchasing, or making or accepting an offer to purchase, any Additional Tier 1 Notes (or a beneficial interest in such Additional Tier 1 Notes) from the Bank and/or the Dealers, each prospective investor represents, warrants, agrees with and undertakes to the Bank and each of the Dealers that:

1. it is not a retail client in the UK;
2. it will not sell or offer the Additional Tier 1 Notes (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of the Base Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Additional Tier 1 Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.

In selling or offering the Additional Tier 1 Notes or making or approving communications relating to the Additional Tier 1 Notes you may not rely on the limited exemptions set out in COBS.

The obligations above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Additional Tier 1 Notes (or any beneficial interests therein), whether or not specifically mentioned in this Offering Circular, including (without limitation) any requirements under MiFID II or the UK FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Additional Tier 1 Notes (or any beneficial interests therein) for investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Additional Tier 1 Notes (or any beneficial interests therein) from the Bank and/or the Dealers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

GENERAL INFORMATION

Authorization

1. The establishment of the Program and the issue of Notes have been duly authorized by a resolution of the Executive Committee of the Central Board of the Issuer dated October 21, 2004. The increase of the size of the Program from U.S.$ 1,000,000,000 to U.S.$2,000,000,000 and the issue of Notes thereunder have been duly authorized by a resolution of the Executive Committee of the Central Board of the Issuer dated August 4, 2005. The Executive Committee of the Central Board of the Issuer by its resolution dated October 10, 2006 has authorized the issue of the Notes, including the Additional Tier 1 Notes and Tier 2 Notes. Subsequently, the increase of the size of the Program from U.S.$2,000,000,000 to U.S.$5,000,000,000 and the issue of Notes thereunder have been duly authorized by a resolution of the Executive Committee of the Central Board of the Issuer dated January 29, 2007. The size of the Program was further increased from U.S.$5,000,000,000 to U.S.$10,000,000,000 and the issue of the Notes thereunder have been duly authorized by a resolution of the Executive Committee of the Central Board of the Issuer dated December 24, 2010.

2.

   (a) Currently the issuance of Notes by the Issuer acting through its Hong Kong Branch, London Branch, Sydney Branch or any of its other branches outside of India for borrowings in foreign currency for the purpose of funding its foreign offices in the normal course of banking business outside India does not require any approval from the RBI and/or the Ministry of Finance. The Issuer is, however, required to: (i) file the Offering Circular with the RBI prior to the issue of the Notes, (ii) comply with reporting requirements specified under the guidelines issued by the RBI (by its circular DBS No. FBC.BC.34/13.12.001/1999/2000 dated April 6, 2000, its circular No. DBOD No. BP.BC.89/21.04.141/2008-09 dated December 1 2008, and its circular No. DBOD.No.BP.BC.111/21.04.157/2013-14 dated May 12, 2014) and (iii) report as part of the overseas liabilities and DSBO Returns I and II with respect to operation of overseas branches of Indian banks, as amended, modified or supplemented from time to time.

   (b) The issuance of Tier 2 Subordinated Notes for the purpose of raising indebtedness classified as Tier 2 subordinated indebtedness and the issuance of Additional Tier 1 Notes for inclusion as Tier 1 capital by the RBI to meet capital adequacy norms of the Issuer will require prior approval of the RBI if it is not in compliance with the conditions stipulated in the RBI guidelines. Additional reporting requirements may also be imposed by the RBI either before or after the issue.

Listing

3. Approval-in-principle has been granted for the listing and quotation of Notes that may be issued pursuant to the Program and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List.

   Admission to the Official List and any quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Program or the Notes. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a Paying Agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes representing such Notes is exchanged for definitive Notes. In addition, in the event that any of the Global Notes is exchanged for definitive Notes, for so long as such Notes are listed on the SGX-ST, an announcement of such exchange will be made by or on behalf of the

Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the Paying Agent in Singapore.

Application has been made to the Global Securities Market of the India INX for the listing and quotation of Notes on the Global Securities Market of the India INX that may be issued pursuant to the Program.

Clearing systems

4. The Bearer Notes to be issued under the Program have been accepted for clearance through Euroclear and Clearstream. The appropriate common code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream will be specified in the applicable Pricing Supplement. In addition, the Issuer may make an application for any Registered Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.

No significant change

5. Save as disclosed in this Offering Circular, there has been no material adverse change in the financial position or prospects of the Bank and the Bank and its subsidiaries taken as a whole since March 31, 2021.

Litigation

6. The Bank and/or the Group is not involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Bank is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position of the Bank and/or the Group.

Accounts

7. The Auditors (as defined in the Trust Deed) of the Issuer have audited the Issuer's unconsolidated accounts and the Group's consolidated accounts, in each case as of and for the years ended March 31, 2021, 2020 and 2019.

8. The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors or any other person in accordance with the provisions of the Trust Deed as sufficient evidence of the facts stated therein whether or not called for by or addressed to the Trustee and whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors or such other person in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person. However, the Trustee will have no recourse to the Auditors or such other person in respect of such certificates or reports unless the Auditors or such other person have agreed to address such certificates or reports to the Trustee.

Documents

9. So long as Notes are capable of being issued under the Program, copies of the following documents will, when published and/or entered into, be available from the corporate office of the Issuer, the specified office of the Australian Agent and from the specified office of the Principal Paying Agent in London:

    (a) the audited financial statements of each of the Bank and the Group in respect of fiscal years 2021, 2020 and 2019;

    (b) the most recently published audited annual financial statements of the Bank and the most recently published audited or reviewed, as the case may be, interim financial results of the Bank (the Bank currently prepares unaudited unconsolidated limited review of interim results on a quarterly basis under Indian regulatory requirements);

    (c) the Trust Deed, the Agency Agreement, the Australian Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

    (d) a copy of this Offering Circular; and

    (e) any future offering circular, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

INDEX TO FINANCIAL STATEMENTS

State Bank of India

Balance Sheet as at 31st March, 2021

(000s omitted)

	Schedule No.	As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
CAPITAL AND LIABILITIES			
Capital	1	892,46,12	892,46,12
Reserves & Surplus	2	252982,72,85	231114,96,63
Deposits	3	3681277,07,96	3241620,73,43
Borrowings	4	417297,69,88	314655,65,21
Other Liabilities and Provisions	5	181979,66,31	163110,10,41
TOTAL		**4534429,63,12**	**3951393,91,80**
ASSETS			
Cash and Balances with Reserve Bank of India	6	213201,53,63	166735,77,90
Balances with Banks and money at call and short notice	7	129837,17,31	84361,22,64
Investments	8	1351705,20,51	1046954,51,75
Advances	9	2449497,79,11	2325289,56,07
Fixed Assets	10	38419,24,19	38439,28,18
Other Assets	11	351768,68,37	289613,55,26
TOTAL		**4534429,63,12**	**3951393,91,80**
Contingent Liabilities	12	1706949,91,17	1214994,60,69
Bills for Collection	-	56516,11,88	55758,16,19
Significant Accounting Policies	17		
Notes to Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet.

Shri Ashwini Kumar Tewari
Managing Director
(International Banking, Technology & Subsidiaries)

Shri Swaminathan J.
Managing Director
(Risk, Compliance and SARG)

Shri Ashwani Bhatia
Managing Director
(Corporate Banking & Global Markets)

Shri Challa Sreenivasulu Setty
Managing Director
(Retail & Digital Banking)

Directors:	**Place:**
Shri B. Venugopal	Mumbai
Dr. Pushpendra Rai	New Delhi
Dr Ganesh Natarajan	Pune
Shri Mrugank M Paranjape	Mumbai
Shri Ketan S. Vikamsey	Mumbai
Shri Sanjeev Maheshwari	Mumbai

Shri Dinesh Kumar Khara
Chairman

Place: Mumbai
Date : 21st May, 2021

In terms of our report of even date

For Khandelwal Jain & Co.
Chartered Accountant

Alpesh Waghela
Partner : M. No. 142058
Firm Regn. No. 105049W
Place : Mumbai

For N.C. Rajagopal & Co.
Chartered Accountants

V. Chandrasekaran
Partner : M. No. 024844
Firm Regn. No. 003398S
Place : Chennai

For Karnavat & Co.
Chartered Accountants

Viral Joshi
Partner : M. No. 137686
Firm Regn. No. 104863W
Place : Mumbai

For Umamaheswara Rao & Co.
Chartered Accountants

Krishna Sai G. H.
Partner : M. No. 233399
Firm Regn. No. 004453S
Place : Hyderabad

For Guha Nandi & Co.
Chartered Accountants

Dr. B. S. Kundu
Partner : M. No. 051221
Firm Regn. No. 302039E
Place : Kolkata

Date: May 21, 2021

For J.C. Bhalla & Co.
Chartered Accountants

Rajesh Sethi
Partner : M. No. 085669
Firm Regn. No. 001111N
Place : New Delhi

For K. Venkatachalam Aiyer & Co.
Chartered Accountants

A Gopalakrishnan
Partner: M. No. 018159
Firm Regn. No. 004610S
Place : Kochi

For G. P. Agrawal & Co.
Chartered Accountants

Pradeep Kumar Samal
Partner : M. No. 061353
Firm Regn. No. 302082E
Place : Mumbai

For Shah Gupta & Co.
Chartered Accountants

Vipul K Choksi
Partner : M. No. 37606
Firm Regn. No. 109574W
Place : Mumbai

For Prem Gupta & Co.
Chartered Accountants

Prem Behari Gupta
Partner : M. No. 080245
Firm Regn. No. 000425N
Place : New Delhi

For O.P. Totla & Co.
Chartered Accountants

S. R. Totla
Partner : M. No. 071774
Firm Regn. No. 000734C
Place : Indore

For S. K. Kapoor & Co.
Chartered Accountants

V. B. Singh
Partner : M. No. 073124
Firm Regn. No. 000745C
Place : Kanpur

For SCV & Co. LLP
Chartered Accountants

Rajiv Puri
Partner : M. No. 084318
Firm Regn. No. 000235N/N500089
Place : New Delhi

For ASA & Associates LLP
Chartered Accountants

Parveen Kumar
Partner : M. No. 088810
Firm Regn. No. 009571N/N500006
Place : New Delhi

Schedules

Schedule 1 - Capital

(000s omitted)

	As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
Authorised Capital : 5000,00,00,000 shares of ₹1 each (Previous Year 5000,00,00,000 shares of ₹1 each)	5000,00,00	5000,00,00
Issued Capital : 892,54,05,164 Equity Shares of ₹1 each (Previous Year 892,54,05,164 Equity Shares of ₹1 each)	892,54,05	892,54,05
Subscribed and Paid-up Capital : 892,46,11,534 Equity Shares of ₹ 1 each (Previous Year 892,46,11,534 Equity Shares of ₹1 each)	892,46,12	892,46,12
[The above includes 10,97,28,170 Equity Shares of ₹1 each (Previous Year 11,03,42,880 Equity Shares of ₹1 each) represented by 1,09,72,817 (Previous Year 1,10,34,288) Global Depository Receipts]		
TOTAL	**892,46,12**	**892,46,12**

Schedule 2 - Reserves & Surplus

(000s omitted)

			As at 31.03.2021 (Current Year) ₹		As at 31.03.2020 (Previous Year) ₹
I.	**Statutory Reserves**				
	Opening Balance	69942,08,58		65595,65,26	
	Additions during the year	6123,14,08		4346,43,32	
	Deductions during the year	-		-	
			76065,22,66		69942,08,58
II.	**Capital Reserves**				
	Opening Balance	13756,70,57		9770,86,64	
	Additions during the year	1465,12,42		3985,83,93	
	Deductions during the year	-		-	
			15221,82,99		13756,70,57
III.	**Share Premium**				
	Opening Balance	79115,47,05		79115,47,05	
	Additions during the year	-		-	
	Deductions during the year	-		-	
			79115,47,05		79115,47,05
IV.	**Investment Fluctuation Reserve**				
	Opening Balance	1119,88,09		-	
	Additions during the year	1928,19,63		1119,88,09	
	Deductions during the year	-		-	
			3048,07,72		1119,88,09

(000s omitted)

		As at 31.03.2021 (Current Year) ₹		As at 31.03.2020 (Previous Year) ₹
V. Foreign Currency Translation Reserve				
Opening Balance	9274,60,44		6730,96,89	
Additions during the year	-		2844,98,23	
Deductions during the year	202,20,77		301,34,68	
		9072,39,67		9274,60,44
VI. Revenue and Other Reserves*				
Opening Balance	44641,85,54		49380,51,95	
Additions during the year	5841,36,91		793,96,19	
Deductions during the year	-		5532,62,60	
		50483,22,45		44641,85,54
VII. Revaluation Reserve				
Opening Balance	23762,66,57		24653,94,08	
Additions during the year	-		379,57,78	
Deductions during the year	185,31,79		1270,85,29	
		23577,34,78		23762,66,57
VIII. Balance of Profit and Loss Account		(3600,84,47)		(10498,30,21)
TOTAL		**252982,72,85**		**231114,96,63**

* Note: Revenue and Other Reserves include

(i) ₹5,00,00 thousand (Previous Year ₹5,00,00 thousand) of Integration and Development Fund (maintained under Section 36 of the State Bank of India Act, 1955)

(ii) Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 ₹14528,51,76 thousand (Previous Year ₹14032,22,76 thousand)

iii) Investment Reserves Current Year ₹ Nil (Previous Year ₹ 69,58,40 thousand)

Schedule 3 - Deposits

(000s omitted)

	As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
A. I. Demand Deposits		
(i) From Banks	5815,51,86	5129,65,75
(ii) From Others	280881,87,39	222205,92,69
II. Savings Bank Deposits	1384583,88,91	1206371,98,79
III. Term Deposits		
(i) From Banks	5585,34,88	5973,24,84
(ii) From Others	2004410,44,92	1801939,91,36
TOTAL	**3681277,07,96**	**3241620,73,43**
B I. Deposits of Branches in India	3570164,90,88	3124615,86,05
II. Deposits of Branches outside India	111112,17,08	117004,87,38
TOTAL	**3681277,07,96**	**3241620,73,43**

Schedule 4 - Borrowings

(000s omitted)

		As at 31.03.2021 (Current Year) ₹		As at 31.03.2020 (Previous Year) ₹
I. Borrowings in India				
(i) Reserve Bank of India		24956,00,00		33533,00,00
(ii) Other Banks		37,00,00		40,00,00
(iii) Other Institutions and Agencies		154138,69,61		6165,75,42
(iv) Capital Instruments :				
a. Innovative Perpetual Debt Instruments (IPDI)	29835,70,00		23535,70,00	
b. Subordinated Debt & Bonds	36289,90,00		32006,73,80	
		66125,60,00		55542,43,80
TOTAL		**245257,29,61**		**95281,19,22**
II. Borrowings outside India				
(i) Borrowings and Refinance outside India		169847,10,27		217104,50,99
(ii) Capital Instruments :				
Innovative Perpetual Debt Instruments (IPDI)		2193,30,00		2269,95,00
TOTAL		**172040,40,27**		**219374,45,99**
GRAND TOTAL		**417297,69,88**		**314655,65,21**
Secured Borrowings included in I & II above		183941,81,71		42790,93,47

Schedule 5 - Other Liabilities & Provisions

(000s omitted)

		As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
I.	Bills payable	17685,38,79	26822,90,16
II.	Inter-office adjustments (Net)	-	-
III.	Interest accrued	15378,91,12	15697,16,19
IV.	Deferred Tax Liabilities (Net)	2,46,48	6,16,17
V.	Others (including provisions)*	148912,89,92	120583,87,89
TOTAL		**181979,66,31**	**163110,10,41**

* Includes prudential provision for Standard Assets ₹ 15293,97,78 thousand (Previous Year ₹ 11544,24,43 thousand)

Schedule 6 - Cash and Balances with Reserve Bank of India

(000s omitted)

	As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
I. Cash in hand (including foreign currency notes and gold)	23403,41,73	20104,58,40
II. Balance with Reserve Bank of India		
(i) In Current Account	189798,11,90	146631,19,50
(ii) In Other Accounts	-	-
TOTAL	**213201,53,63**	**166735,77,90**

Schedule 7 - Balances with Banks and Money at Call & Short Notice

(000s omitted)

	As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
I. In India		
(i) Balances with banks		
(a) In Current Accounts	40,80	22,59,77
(b) In Other Deposit Accounts	-	-
(ii) Money at call and short notice		
(a) With banks	47369,93,31	44747,71,31
(b) With other institutions	-	-
TOTAL	**47370,34,11**	**44770,31,08**
II. Outside India		
(i) In Current Accounts	63326,17,58	28303,47,50
(ii) In Other Deposit Accounts	8311,59,05	1379,28,32
(iii) Money at call and short notice	10829,06,57	9908,15,74
TOTAL	**82466,83,20**	**39590,91,56**
GRAND TOTAL (I and II)	**129837,17,31**	**84361,22,64**

Schedule 8 - Investments

(000s omitted)

		As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
I.	**Investments in India in**		
	(i) Government Securities	1055288,64,35	803270,12,10
	(ii) Other approved securities	-	-
	(iii) Shares	7981,38,03	8221,43,31
	(iv) Debentures and Bonds	151812,31,87	102363,82,19
	(v) Subsidiaries and/ or Joint Ventures (including Associates)	13475,17,45	11744,07,18
	(vi) Others (Units of Mutual Funds, Commercial Papers etc.)	75716,62,08	74057,22,82
	TOTAL	**1304274,13,78**	**999656,67,60**
II.	**Investments outside India in**		
	(i) Government Securities (including local authorities)	17946,34,44	17062,82,86
	(ii) Subsidiaries and/ or Joint Ventures abroad	4768,15,85	4298,49,28
	(iii) Other Investments (Shares, Debentures etc.)	24716,56,44	25936,52,01
	TOTAL	**47431,06,73**	**47297,84,15**
GRAND TOTAL (I and II)		**1351705,20,51**	**1046954,51,75**
III.	**Investments in India**		
	(i) Gross Value of Investments	1314424,07,05	1010599,04,40
	(ii) Less: Aggregate of Provisions / Depreciation	10149,93,27	10942,36,80
	(iii) Net Investments (vide I above) **TOTAL**	**1304274,13,78**	**999656,67,60**
IV.	**Investments outside India**		
	(i) Gross Value of Investments	47461,40,62	47448,66,41
	(ii) Less: Aggregate of Provisions / Depreciation	30,33,89	150,82,26
	(iii) Net Investments (vide II above) **TOTAL**	**47431,06,73**	**47297,84,15**
	GRAND TOTAL (III and IV)	**1351705,20,51**	**1046954,51,75**

Schedule 9 - Advances

(000s omitted)

		As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
A.	I. Bills purchased and discounted	95035,10,23	84017,46,96
	II. Cash credits, overdrafts and loans repayable on demand	676439,31,40	708726,92,91
	III. Term loans	1678023,37,48	1532545,16,20
	TOTAL	**2449497,79,11**	**2325289,56,07**
B.	I. Secured by tangible assets (includes advances against Book Debts)	1760153,24,52	1673925,40,51
	II. Covered by Bank/ Government Guarantees	96522,71,33	92117,72,36
	III. Unsecured	592821,83,26	559246,43,20
	TOTAL	**2449497,79,11**	**2325289,56,07**

	As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
C. I Advances in India		
(i) Priority Sector	564570,85,92	526675,87,35
(ii) Public Sector	257241,31,86	287504,28,69
(iii) Banks	4618,77,18	812,52,23
(iv) Others	1267713,73,45	1154187,79,39
TOTAL	**2094144,68,41**	**1969180,47,66**
II. Advances outside India		
(i) Due from banks	79713,82,13	80372,75,07
(ii) Due from others		
(a) Bills purchased and discounted	34993,56,29	31091,11,08
(b) Syndicated loans	170243,57,62	172482,45,21
(c) Others	70402,14,66	72162,77,05
TOTAL	**355353,10,70**	**356109,08,41**
GRAND TOTAL [C (I) and C (II)]	**2449497,79,11**	**2325289,56,07**

Schedule 10 - Fixed Assets

(000s omitted)

		As at 31.03.2021 (Current Year) ₹		As at 31.03.2020 (Previous Year) ₹
I. Premises (Including Revalued Premises)				
At cost / revalued as at 31st March of the preceding year	30317,86,54		30831,77,23	
Additions:				
- during the year	80,86,88		299,15,09	
- for Revaluation	-		3936,14,00	
Deductions:				
- during the year	25,51,07		14,17,04	
- for Revaluation	10,53,59		4735,02,74	
Depreciation to date				
- on cost	945,18,85		833,18,06	
- on Revaluation	850,52,10		670,54,22	
		28566,97,81		**28814,14,26**
II. **Other Fixed Assets (Including furniture and fixtures)**				
At cost / revalued as at 31st March of the preceding year	33497,62,10		31074,77,30	
Additions during the year	3359,77,85		3352,06,86	
Deductions during the year	725,85,92		929,22,06	
Depreciation to date	26631,11,10		24288,37,20	
		9500,42,93		**9209,24,90**
III. Assets under Construction (Including Premises)		**351,83,45**		**415,89,02**
TOTAL (I, II and III)		**38419,24,19**		**38439,28,18**

Schedule 11 - Other Assets

(000s omitted)

		As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
I.	Inter-office adjustments (Net)	20540,95,39	1936,15,88
II.	Interest accrued	30034,46,90	26252,46,38
III.	Tax paid in advance / tax deducted at source	26023,99,26	34450,84,01
IV.	Deferred Tax Assets (Net)	6559,27,43	2933,44,38
V.	Stationery and stamps	80,41,65	92,02,77
VI.	Non-banking assets acquired in satisfaction of claims	56,10	56,10
VII.	Others *	268529,01,64	223948,05,74
TOTAL		**351768,68,37**	**289613,55,26**

*Includes Deposits placed with NABARD/SIDBI/NHB amounting to ₹ 184093,45,48 thousand (Previous Year ₹ 163238,91,62 thousand)

Schedule 12 - Contingent Liabilities

(000s omitted)

		As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
I.	Claims against the bank not acknowledged as debts	79083,37,30	71642,48,25
II.	Liability for partly paid investments/ Venture Funds	1508,40,25	1682,66,59
III.	Liability on account of outstanding forward exchange contracts	1027974,90,38	635813,45,45
IV.	Guarantees given on behalf of constituents		
	(a) In India	173090,50,78	165584,80,13
	(b) Outside India	72702,50,07	70636,18,96
V.	Acceptances, endorsements and other obligations	148827,19,35	132364,00,65
VI.	Other items for which the bank is contingently liable*	203763,03,04	137271,00,66
TOTAL		**1706949,91,17**	**1214994,60,69**

*Includes Derivatives ₹ 198094,76,48 thousand (Previous Year ₹ 132209,26,69 thousand)

State Bank of India

Profit and Loss Account for the year ended 31st March, 2021

(000s omitted)

		Schedule No.	Year ended 31.03.2021 (Current Year) ₹	Year ended 31.03.2020 (Previous Year) ₹
I.	**INCOME**			
	Interest earned	13	265150,63,38	257323,59,22
	Other Income	14	43496,37,47	45221,47,80
	TOTAL		**308647,00,85**	**302545,07,02**
II.	**EXPENDITURE**			
	Interest expended	15	154440,63,33	159238,76,57
	Operating expenses	16	82652,22,35	75173,69,02
	Provisions and contingencies		51143,68,23	53644,50,37
	TOTAL		**288236,53,91**	**288056,95,96**
III.	**PROFIT**			
	Net Profit for the year		20410,46,94	14488,11,06
	Add: Profit/ (Loss) brought forward		(10498,30,21)	(15226,05,54)
	TOTAL		**9912,16,73**	**(737,94,48)**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		6123,14,08	4346,43,32
	Transfer to Capital Reserve		1465,12,42	3985,83,93
	Transfer to Investment Fluctuation Reserve		1928,19,63	1119,88,09
	Transfer to Revenue and other Reserves		426,70,60	308,20,39
	Dividend for the current year		3569,84,46	-
	Balance carried over to Balance Sheet		(3600,84,46)	(10498,30,21)
	TOTAL		**9912,16,73**	**(737,94,48)**
V.	**EARNINGS PER EQUITY SHARE (Face value ₹ 1 per share)**			
	Basic (in ₹)		22.87	16.23
	Diluted (in ₹)		22.87	16.23
	Significant Accounting Policies	17		
	Notes to Accounts	18		

The schedules referred to above form an integral part of the Profit & Loss Account.

Shri Ashwini Kumar Tewari
Managing Director
(International Banking, Technology & Subsidiaries)

Shri Swaminathan J.
Managing Director
(Risk, Compliance and SARG)

Shri Ashwani Bhatia
Managing Director
(Corporate Banking & Global Markets)

Shri Challa Sreenivasulu Setty
Managing Director
(Retail & Digital Banking)

Directors:	**Place:**
Shri B. Venugopal	Mumbai
Dr. Pushpendra Rai	New Delhi
Dr Ganesh Natarajan	Pune
Shri Mrugank M Paranjape	Mumbai
Shri Ketan S. Vikamsey	Mumbai
Shri Sanjeev Maheshwari	Mumbai

Shri Dinesh Kumar Khara
Chairman

Place: Mumbai
Date : 21st May, 2021

In terms of our report of even date

For Khandelwal Jain & Co.
Chartered Accountant

Alpesh Waghela
Partner : M. No. 142058
Firm Regn. No. 105049W
Place : Mumbai

For J.C. Bhalla & Co.
Chartered Accountants

Rajesh Sethi
Partner : M. No. 085669
Firm Regn. No. 001111N
Place : New Delhi

For O.P. Totla & Co.
Chartered Accountants

S. R. Totla
Partner : M. No. 071774
Firm Regn. No. 000734C
Place : Indore

For N.C. Rajagopal & Co.
Chartered Accountants

V. Chandrasekaran
Partner : M. No. 024844
Firm Regn. No. 003398S
Place : Chennai

For K. Venkatachalam Aiyer & Co.
Chartered Accountants

A Gopalakrishnan
Partner: M. No. 018159
Firm Regn. No. 004610S
Place : Kochi

For S. K. Kapoor & Co.
Chartered Accountants

V. B. Singh
Partner : M. No. 073124
Firm Regn. No. 000745C
Place : Kanpur

For Karnavat & Co.
Chartered Accountants

Viral Joshi
Partner : M. No. 137686
Firm Regn. No. 104863W
Place : Mumbai

For G. P. Agrawal & Co.
Chartered Accountants

Pradeep Kumar Samal
Partner : M. No. 061353
Firm Regn. No. 302082E
Place : Mumbai

For SCV & Co. LLP
Chartered Accountants

Rajiv Puri
Partner : M. No. 084318
Firm Regn. No. 000235N/N500089
Place : New Delhi

For Umamaheswara Rao & Co.
Chartered Accountants

Krishna Sai G. H.
Partner : M. No. 233399
Firm Regn. No. 004453S
Place : Hyderabad

For Shah Gupta & Co.
Chartered Accountants

Vipul K Choksi
Partner : M. No. 37606
Firm Regn. No. 109574W
Place : Mumbai

For ASA & Associates LLP
Chartered Accountants

Parveen Kumar
Partner : M. No. 088810
Firm Regn. No. 009571N/N500006
Place : New Delhi

For Guha Nandi & Co.
Chartered Accountants

Dr. B. S. Kundu
Partner : M. No. 051221
Firm Regn. No. 302039E
Place : Kolkata

For Prem Gupta & Co.
Chartered Accountants

Prem Behari Gupta
Partner : M. No. 080245
Firm Regn. No. 000425N
Place : New Delhi

Date: May 21, 2021

Schedule 13 - Interest Earned

(000s omitted)

		Year ended 31.03.2021 (Current Year) ₹	Year ended 31.03.2020 (Previous Year) ₹
I.	Interest / discount on advances / bills	171429,13,89	179748,83,55
II.	Income on investments	79808,09,01	68204,72,38
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	4317,53,07	2920,40,56
IV.	Others	9595,87,41	6449,62,73
TOTAL		**265150,63,38**	**257323,59,22**

Schedule 14 - Other Income

(000s omitted)

		Year ended 31.03.2021 (Current Year) ₹	Year ended 31.03.2020 (Previous Year) ₹
I.	Commission, exchange and brokerage	23517,51,44	23725,05,94
II.	Profit/ (Loss) on sale of investments (Net) [1]	6030,93,10	8575,65,21
III.	Profit/ (Loss) on revaluation of investments (Net)	-	-
IV.	Profit/ (Loss) on sale of land, buildings and other assets (Net)	(28,58,17)	(28,37,38)
V.	Profit/ (Loss) on exchange transactions (Net)	2409,63,79	2516,41,29
VI.	Income earned by way of dividends etc., from subsidiaries/ companies and/ or joint ventures abroad/ in India	642,86,22	212,03,35
VII	Miscellaneous Income [2]	10924,01,09	10220,69,39
TOTAL		**43496,37,47**	**45221,47,80**

[1] Profit/ (Loss) on sale of investments (Net) includes exceptional item of ₹ 1,539.73 Crore (Previous year ₹ 6,215.64 Crore).
[2] Miscellaneous Income includes Recoveries made in write-off accounts ₹ 10,297.21 Crore (Previous year ₹ 9,250.23 Crore).

Schedule 15 - Interest Expended

(000s omitted)

		Year ended 31.03.2021 (Current Year) ₹	Year ended 31.03.2020 (Previous Year) ₹
I.	Interest on deposits	142435,24,72	147398,96,33
II.	Interest on Reserve Bank of India/ Inter-bank borrowings	6130,13,01	6891,11,73
III.	Others	5875,25,60	4948,68,51
TOTAL		**154440,63,33**	**159238,76,57**

Schedule 16 - Operating Expenses

(000s omitted)

		Year ended 31.03.2021 (Current Year) ₹	Year ended 31.03.2020 (Previous Year) ₹
I.	Payments to and provisions for employees	50936,00,01	45714,96,78
II.	Rent, taxes and lighting	5253,17,14	5339,11,88
III.	Printing and stationery	505,24,14	526,20,36
IV.	Advertisement and publicity	238,41,25	246,16,76
V.	Depreciation on Bank's property	3317,55,25	3303,81,33
VI.	Directors' fees, allowances and expenses	2,43,12	1,86,42
VII.	Auditors' fees and expenses (including branch auditors' fees and expenses)	274,18,79	244,67,58
VIII.	Law charges	215,25,31	266,66,85
IX.	Postages, Telegrams, Telephones etc.	301,86,59	349,13,89
X.	Repairs and maintenance	916,42,58	924,32,58
XI.	Insurance	4348,00,06	3212,71,45
XII.	Other expenditure	16343,68,11	15044,03,14
TOTAL		**82652,22,35**	**75173,69,02**

SCHEDULE 17-

SIGNIFICANT ACCOUNTING POLICIES

A. Background

State Bank of India (SBI or the Bank) is a banking and financial services statutory body engaged in providing a wide range of products and services to individuals, commercial enterprises, large corporates, public bodies and institutional customers. The Bank is governed by the Banking Regulation Act, 1949 and the State Bank of India Act, 1955.

Following are the Significant Accounting Policies i.e. the specific accounting principles and methods of applying these principles in the preparation and presentation of financial statements of the Bank.

B. Basis of Preparation

The accounting and reporting policies of the Bank conform to Generally Accepted Accounting Principles in India (Indian GAAP), comprising of regulatory norms & guidelines prescribed by the Reserve Bank of India (RBI), statutory guidelines of the State Bank of India Act, 1955 and the Banking Regulations Act, 1949, Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) and the accounting practices prevalent in the banking industry in India.

In case of foreign offices, the statutory provisions and practices of the local laws of the respective foreign country are followed if they are more prudent.

Bank's financial statements are prepared under the historical cost convention, with fundamental accounting assumptions of going concern, consistency and accrual unless otherwise stated.

The financial statements have been prepared in accordance with requirements under the Third Schedule of the Banking Regulation Act, 1949.

C. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

D. Significant Accounting Policies

1. Revenue recognition:

1.1 Income and expenditure are accounted on accrual basis, except otherwise stated.

1.2 Interest/ Discount income is recognised in the Profit and Loss Account on realisation basis for following:

(i) Income from Non-Performing Assets (NPAs) including investments, as per the prudential norms prescribed by RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities),

(ii) Income on Rupee Derivatives designated as "Trading"

1.3 In accordance with the guidelines issued by the Reserve Bank of India, Profit on sale of investments in the Held to Maturity (HTM) category and on sale of Fixed Assets is appropriated to Capital Reserve, net of applicable taxes and amount required to be transferred to Statutory Reserve.

The discount if any, on acquisition of investments in Held to Maturity (HTM) category is accounted as follows:

a. on interest bearing securities, it is accounted for at the time of sale/ redemption.

b. on zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

1.4 Dividend income is recognised when the right to receive the dividend is established.

1.5 Commission on Letters of Credit (LC)/ Bank Guarantee (BG), Deferred Payment Guarantee, Government Business, ATM interchange fee & "Upfront fee on restructured account" are recognised on accrual basis proportionately over the period. All other commission and fee income are accounted on a realisation basis.

1.6 One time Insurance Premium paid under Special Home Loan Scheme (December 2008 to June 2009) is amortised over the average loan period of 15 years.

1.7 Brokerage, Commission etc. paid/ incurred in connection with the issue of Bonds/ Deposits are amortized over the tenure of related Bonds/ Deposits and the expenses incurred in connection with the issue are charged upfront.

1.8 The Bank derecognises its financial assets when it sells to Securitisation Company (SC)/ Reconstruction Company (RC), and accounts for as under:

i. If the sale is at a price below the Net Book Value (NBV) (i.e. book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale.

ii. If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received.

2. Investments

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation, as given below:

2.1 **Classification:**

As per RBI guidelines, investments are classified into Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) categories.

For disclosure in Balance Sheet, the investments are classified as Investments in India and outside India.

- Under each category, the investments in India are further classified as (a) Government Securities, (b) Other Approved Securities, (c) Shares, (d) Bonds and Debentures, (e) Subsidiaries and Joint Ventures and (f) Others. The investments outside India are further classified under 3 categories (i) Government Securities (ii) Subsidiaries and Joint Ventures (iii) Other Investments

2.2 **Basis of classification:**

i. Investments that the Bank intends to hold till maturity are categorised as “Held to Maturity (HTM)”.

ii. Investments that are held principally for resale within 90 days from the date of purchase are categorised as “Held for Trading (HFT)”.

iii. Investments, which are not classified in above two categories, are classified as “Available for Sale (AFS)”.

iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

v. Investments in subsidiaries and joint ventures are classified as HTM except in respect of those investments which are acquired and held exclusively with a view to its subsequent disposal. These investments are classified as AFS.

2.3 **Valuation:**

i. The transactions in all securities are recorded on a Settlement Date and cost is determined on the weighted average cost method except for investments under HTM category which are accounted on FIFO basis (First In First Out).

a) Brokerage/ commission received on subscriptions is reduced from the cost. Brokerage, Commission, Securities Transaction Tax (STT) etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.

b) Broken period interest paid/ received on debt instruments is treated as interest expense/ income and is excluded from cost/ sale consideration.

ii. **Valuation of investments classified as Held to Maturity:**

a) Investments under Held to Maturity category are carried at acquisition cost. The premium paid on acquisition if any, is amortised over the term to maturity on a constant yield basis. Such amortisation of premium is accounted as income on investments.

b) Investments (in India and abroad) in subsidiaries, joint ventures and associates are valued at historical cost. A provision is made for diminution, other than temporary, for each investment individually.

c) Investments in Regional Rural Banks are valued at carrying cost (i.e. book value).

iii. **Valuation of investments classified as Available for Sale and Held for Trading :**

Investments classified as Available for Sale and Held for Trading are individually revalued at market price or fair value determined as per the regulatory guidelines and the net depreciation if any, of each group for each category (viz. (i) Government securities, (ii) Other Approved Securities, (iii) Shares, (iv) Bonds and Debentures, (v) Subsidiaries and Joint Ventures and (vi) others) is provided for and net appreciation is ignored.

iv. **Valuation policy in event of inter category transfer of investments:**

a) Transfer of securities from HFT/ AFS category to HTM category is carried out at the lower of acquisition cost/ book value/ market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for.

b) Transfer of securities from HTM category to AFS category is carried out on acquisition price/ book value. On transfer, these securities are immediately revalued and resultant depreciation, if any, is provided, in the Profit and Loss Account.

v. **Valuation in case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts:**

a) The investment in security receipts obtained by way of sale of NPA to SC/RC, is recognised at lower of: (i) Net Book Value (NBV) (i.e. book value less provisions held) of the financial asset; and (ii) Redemption value of SR.

b) SRs issued by an SC/ ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ ARC, is reckoned for valuation of such investments.

c) In case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognised at lower of: (i) Net Book Value (NBV) (i.e. book value less provisions held) of the financial asset; and (ii) Redemption value of SR. SRs issued by an SC/ ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ ARC, is reckoned for valuation of such investments.

vi. Treasury Bills and Commercial Papers are valued at carrying cost.

2.4 **Investments (NPI)**

i. In respect of domestic offices, based on the guidelines issued by RBI, investments are classified as performing and non-performing as follows :

a) Interest/ instalment (including maturity proceeds) is due and remains unpaid for more than 90 days.

b) In the case of equity shares, in the event the investment in shares of any company is valued at Re. 1 per company on account of non-availability of the latest balance sheet, those equity shares would be reckoned as NPI.

c) The Bank also classifies an Investment as a non-performing investment, in case any credit facility availed by the same borrower/ entity has been classified as a non-performing asset and vice versa. The above is applied to Preference Shares where the fixed dividend is not paid.

d) The investments in debentures/ bonds, which are deemed to be advance, are also subjected to NPI norms as applicable to investments.

ii. In respect of foreign offices, classification and provisions for non-performing investments (NPIs) are made as per the local regulations or as per the norms of RBI, whichever are more prudent.

2.5 **Accounting for Repo/ Reverse Repo transactions**

The Bank enters Repurchase and Reverse Repurchase Transactions with RBI under Liquidity Adjustment Facility (LAF) and also with market participants. Repurchase Transaction represents borrowing by selling the securities with an agreement to repurchase the securities. Reverse Repo Transactions on the other hand represent lending funds by purchasing the securities.

a) Transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as Collateralized Lending and Borrowing transactions.

b) In Market Repo and Reverse Repo transaction, securities sold(purchased) and repurchased(resell) are accounted as normal outright sale(purchase) transactions and such movement of securities is reflected using the Repo/ Reverse Repo Accounts and contra entries. The above entries are reversed on the date of maturity. Balance in Repo Account is classified under Schedule 4 (Borrowings) and balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at call & short notice).

c) Borrowing cost of repo transactions and revenue on reverse repo transactions, with RBI or others, is accounted for as interest expense and interest income, respectively.

3. Loans/ Advances and Provisions thereon:

3.1 Based on the guidelines/ directives issued by the RBI, Loans and Advances are classified as performing and non-performing, as follows:

i. The term loan, is classified as a non-performing asset, if interest and/ or instalment of principal remains overdue for a period of more than 90 days;

ii. An Overdraft or Cash Credit, is classified as a non-performing asset, if, the account remains “out of order”, i.e. if the outstanding balance exceeds the sanctioned limit/ drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance sheet, or if the credits are not adequate to cover the interest debited during the same period;

iii. The bills purchased/ discounted are classified as Non-performing Asset, if the bill remains overdue for a period of more than 90 days;

iv. The agricultural advances are classified as a non-performing if, (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

3.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

i. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.

ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.

iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

3.3 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Substandard Assets:	i.	A general provision of 15% on the total outstanding;
	ii.	Additional provision of 10% for exposures which are unsecured ab-initio (i.e. where realisable value of security is not more than 10 percent ab-initio);
	iii.	Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available - 20%.
Doubtful Assets:		
- Secured portion:	i.	Upto one year – 25%
	ii.	One to three years – 40%
	iii.	More than three years – 100%
- Unsecured portion	100%	
Loss Assets:	100%.	

3.4 In respect of foreign offices, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more prudent.

3.5 Advances are net of specific loan loss provisions, unrealised interest, ECGC claims received and bills rediscounted.

3.6 For restructured/ rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loans/ advances before and after restructuring is provided for, in addition to provision for the respective loans/ advances. The Provision for Diminution in Fair Value (DFV) and interest sacrifice, if any, arising out of the above, is reduced from advances.

3.7 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

3.8 Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.

3.9 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

3.10 The Bank also makes additional provisions on specific non-performing assets.

3.11 Appropriation of recoveries in NPAs are made in order of priority as under :

a. Charges, Costs, Commission etc.

b. Unrealized Interest / Interest

c. Principal

However, in Compromise and Resolution/ Settlement through National Company Law Tribunal (NCLT) cases, the recoveries are appropriated as per the terms of respective compromise/ resolution/ settlement. In case of suit filed accounts, recovery is appropriated as per directives of respective courts.

4. Floating Provisions & Countercyclical Provisioning Buffer:

The Bank has a policy for creation and utilisation of Countercyclical Provisioning Buffer in good times as well as for floating provisions separately for advances, investments, and general purposes. The quantum of floating provisions and Countercyclical Provisioning Buffer to be created is assessed at the end of the financial year. These provisions are utilised only for contingencies under extraordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

5. Provision for Country Exposure:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorised into seven risk categories, namely, insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others".

6. Derivatives:

6.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, cross currency interest rate swaps and forward rate agreements in order to hedge on-balance sheet/ off-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of the underlying assets and accounted in accordance with the principles of hedge accounting.

6.2 Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying assets/ liabilities are also marked to market.

6.3 Except as mentioned above, all other derivative contracts are marked to market as per the Generally Accepted Accounting Practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss Account in the period of change. Any receivable under derivative contracts, which remain overdue for more than 90 days, are reversed through Profit and Loss Account to "Suspense Account Crystallised Receivables". In cases where the derivative contracts provide for more settlement in future and if the derivative contract is not terminated on the overdue receivables remaining unpaid for 90 days, the positive MTM pertaining to future receivables is also reversed from Profit and Loss Account to "Suspense Account - Positive MTM".

6.4 Option premium paid or received is recorded in Profit and Loss Account at the expiry of the option. The balance in the premium received on options sold and premium paid on options bought is considered to arrive at Mark-to-Market value for forex Over-the-Counter (OTC) options.

6.5 Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

7. Fixed Assets, Depreciation and Amortisation:

7.1 Fixed Assets are carried at cost less accumulated depreciation/ amortisation except for freehold premises carried at revalued amount, being fair value at the date of revaluation less accumulated depreciation, as stated otherwise.

7.2 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure(s) incurred on the assets put to use are capitalised only when it increases the future benefits from such assets or their functioning capability. The fixed assets in domestic offices are depreciated at straight line method based on useful life of the assets states as under:

Sl. No.	Description of Fixed Assets	Useful life for Depreciation
1	Computers	3 years
2	Computer Software forming an integral part of the Computer hardware	3 years
3	Computer Software which does not form an integral part of Computer hardware and cost of Software Development	3 years
4	Automated Teller Machine/ Cash Deposit Machine/ Coin Dispenser/ Coin Vending Machine	5 years
5	Server	4 years
6	Network Equipment	5 years
7	Other major fixed assets:	
	Premises	60 Years
	Vehicles	5 Years
	Safe Deposit Lockers	20 Years
	Furniture & Fixtures	10 Years

7.3 In respect of assets acquired during the year (for domestic operations), depreciation is charged on proportionate basis for the number of days the assets have been put to use during the year.

7.4 Assets costing less than ₹ 1,000 each are charged off in the year of purchase.

7.5 In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease (except for premises and land on perpetual lease) and Lease payments for assets taken on Operating lease are recognised as expense in the Profit & Loss account over the lease term on straight line basis.

7.6 In respect of fixed assets held at foreign offices, depreciation is provided as per the regulations / norms of the respective countries.

7.7 The Bank revalue freehold immovable assets at every three years. The increase in Net Book Value of the asset due to revaluation is credited to the Revaluation Reserve Account without routing through the Profit and Loss Account. Additional Depreciation on the revalued asset is charged to the Profit and Loss Account and appropriated from the Revaluation Reserves to General Reserve. The revalued asset is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

8. Leases:

The asset classification and provisioning norms applicable to advances, as laid down in Para 3 above, are applied to financial leases also.

9. Impairment of Assets:

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future Net Discounted Cash Flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

10. Effect of changes in the foreign exchange rate:

10.1 **Foreign Currency Transactions:**

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Foreign currency monetary items are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing (spot/ forward) rates.

iii. Foreign currency non-monetary items, which are carried at historical cost, are reported using the exchange rate on the date of the transaction.

iv. Contingent liabilities denominated in foreign currency are reported using the FEDAI closing spot rates.

v. Outstanding foreign exchange spot and forward contracts held for trading are revalued at the exchange rates notified by FEDAI for specified maturities, and the resulting Profit or Loss is recognised in the Profit and Loss Account.

vi. Foreign exchange forward contracts which are not intended for trading and are outstanding on the balance sheet date, are re-valued at the closing spot rate. The premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

vii. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised as income or as expense in the period in which they arise.

viii. Gains/ Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/ losses are recognised in the Profit and Loss Account.

10.2 **Foreign Operations:**

Foreign Branches of the Bank and Offshore Banking Units (OBU) have been classified as Non-integral Operations and Representative Offices have been classified as Integral Operations.

a. **Non-integral Operations:**

i. Both monetary and non-monetary foreign currency assets and liabilities including contingent liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

ii. Income and expenditure of non-integral foreign operations are translated at quarterly average closing rates notified by FEDAI.

iii. Exchange differences arising on investment in non-integral foreign operations are accumulated in Foreign Currency Translation Reserve until the disposal of the investment.

iv. The Assets and Liabilities of foreign offices in foreign currency (other than local currency of the foreign offices) are translated into local currency using spot rates applicable to that country on the balance sheet date.

b. **Integral Operations:**

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Monetary foreign currency assets and liabilities of integral foreign operations are translated at closing (Spot/ Forward) exchange rates notified by FEDAI at the balance sheet date and the resulting Profit/ Loss is included in the Profit and Loss Account. Contingent Liabilities are translated at Spot rate.

iii. Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate on the date of the transaction.

11. Employee Benefits:

11.1 **Short Term Employee Benefits:**

The undiscounted amounts of short-term employee benefits, such as medical benefits which are expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

11.2 **Long Term Employee Benefits:**

i. **Defined Benefit Plans:**

a. The Bank operates a Provident Fund scheme. All eligible employees are entitled to receive benefits under the Bank's Provident Fund scheme. The Bank contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are remitted to a Trust established for this purpose and are charged to Profit and Loss Account. The Bank recognizes such annual contributions as an expense in the year to which it relates. Shortfall, if any, is provided for on the basis of actuarial valuation.

b. The Bank operates Gratuity and Pension schemes which are defined benefit plans.

   i) The Bank provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, or on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to the cap prescribed by the Statutory Authorities. Vesting occurs upon completion of five years of service. The Bank makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually.

   ii) The Bank provides for pension to all eligible employees. The benefit is in the form of monthly payments as per rules to vested employees on retirement or on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The Bank makes monthly contribution to the Pension Fund at 10% of salary in terms of SBI Pension Fund Rules. The pension liability is reckoned based on an independent actuarial valuation carried out annually and Bank makes such additional contributions periodically to the Fund as may be required to secure payment of the benefits under the pension regulations.

c. The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains/ losses are immediately recognised in the Profit and Loss Account and are not deferred.

ii. **Defined Contribution Plan:**

The Bank operates a New Pension Scheme (NPS) for all officers/ employees joining the Bank on or after 1st August, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing SBI Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions are retained as deposits in the Bank and earn interest at the same rate as that of the current account of Provident Fund balance. The Bank recognizes such annual contributions and interest as an expense in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

iii. **Other Long Term Employee Benefits:**

a. All eligible employees of the Bank are eligible for compensated absences, silver jubilee award, leave travel concession, retirement award and resettlement allowance. The costs of such long term employee benefits are internally funded by the Bank.

b. The cost of providing other long term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. Past service cost is immediately recognised in the Profit and Loss Account and is not deferred.

11.3 Employee benefits relating to employees employed at foreign offices are valued and accounted for as per the respective local laws/ regulations.

12. Segment Reporting

The Bank recognises the business segment as the primary reporting segment and geographical segment as the secondary reporting segment in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by Institute of Chartered Accountants of India.

13. Taxes on income:

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgment as to whether their realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

14. Earnings per Share:

14.1. The Bank reports basic and diluted earnings per share in accordance with AS 20 –"Earnings per Share" issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

14.2 Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

15. Provisions, Contingent Liabilities and Contingent Assets:

15.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

15.2 No provision is recognised for:

i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

ii. any present obligation that arises from past events but is not recognised because:

   a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   b. a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

15.3 Provision for reward points in relation to the debit card holders of the Bank is being provided for on actuarial estimates.

15.4 Provisions for onerous contracts are recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

15.5 Contingent Assets are not recognised in the financial statements.

16. Bullion Transactions:

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified under commission income. The Bank also accepts deposits and lends gold, which is treated as deposits/ advances as the case may be with the interest paid/ received classified as interest expense/ income. Gold Deposits, Metal Loan Advances and closing Gold Balances are valued at available Market Rate as on the date of Balance Sheet.

17. Special Reserves:

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961. The Board of Directors of the Bank has passed a resolution approving creation of the reserve and confirming that it has no intention to make withdrawal from the Special Reserve.

18. Share Issue Expenses:

Share issue expenses are charged to the Share Premium Account.

19. Cash and cash equivalents

Cash and cash equivalents include Cash and Balances with RBI, Balances with Banks and money at call and short notice.

SCHEDULE – 18:

NOTES TO ACCOUNTS

18.1 Capital

1. Capital Ratio

AS PER BASEL II (₹ in crore)

Sr. No.	Items	As at 31st March, 2021	As at 31st March, 2020
(i)	Common Equity Tier 1 Capital Ratio (%)	N.A.	
(ii)	Tier 1 capital ratio (%)	11.19%	10.71%
(iii)	Tier 2 capital ratio (%)	2.63%	2.42%
(iv)	Total Capital Ratio (%)	13.82%	13.13%

AS PER BASEL III

Sr. No.	Items	As at 31st March, 2021	As at 31st March, 2020
(i)	Common Equity Tier 1 Capital Ratio (%)	10.02%	9.77%
(ii)	Tier 1 capital ratio (%)	11.44%	11.00%
(iii)	Tier 2 capital ratio (%)	2.30%	2.06%
(iv)	Total Capital Ratio (%)	13.74%	13.06%
(v)	Percentage of the Shareholding of Government of India	56.92%	56.92%
(vi)	Number of Shares held by Government of India	507,97,75,288	507,97,75,288
(vii)	Amount of Equity Capital raised	-	-
(viii)	Amount of Additional Tier 1 (AT 1) capital raised of which		
	a) Perpetual Non-Cumulative Preference Shares (PNCPS):	-	-
	b) Perpetual Debt Instruments (PDI):	6,500.00	6,918.40
(ix)	Amount of Tier 2 capital raised of which		
	a) Debt Capital instruments:	20,931.00	5,000.00
	b) Preference Share Capital Instruments: {Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)}	-	-

RBI vide circular No. DBR.No.BP.BC.83/21.06.201/2015-16 dated March 1, 2016, has given discretion to banks to consider Revaluation Reserve, Foreign Currency Translation Reserve and Deferred Tax Asset for purposes of computation of Capital Adequacy as CET– I capital ratio. The Bank has exercised the option in the above computation.

2. Innovative Perpetual Debt Instruments (IPDI)

The details of IPDI issued which qualify for Hybrid Tier I Capital and outstanding are as under:

A. Foreign

(₹ in crore)

Particulars	Date of Issue	Tenor	Amount	Equivalent (₹) as on 31st March, 2021	Equivalent (₹)as on 31st March, 2020
Additional Tier 1 (AT1) Bonds issued under MTN Programme 29th Series	22.09.2016	Perpetual Non Call 5 years	USD 300 million	2,193.30	2,269.95

These bonds have been listed in Singapore stock exchange (SGX).

B. Domestic

(₹ in crore)

Sr. No.	Nature of Bonds	Principal Amount	Date of Issue	Rate of Interest % p.a.
1.	SBI Non Convertible Perpetual Bonds 2016 Unsecured Basel III AT 1	2,100.00	06.09.2016	9.00
2.	SBI Non Convertible Perpetual Bonds 2016 Unsecured Basel III AT 1 Series II	2,500.00	27.09.2016	8.75
3.	SBI Non Convertible Perpetual Bonds 2016 Unsecured Basel III AT 1 Series III	2,500.00	25.10.2016	8.39
4.	SBI Non Convertible Perpetual Bonds 2017 Unsecured Basel III AT 1 Series IV	2,000.00	02.08.2017	8.15
5.	SBI Non Convertible, Unsecured, Basel III- AT 1 Bonds 2018	4,021.00	04.12.2018	9.56
6.	SBI Non Convertible, Unsecured, Basel III- AT 1 Bonds 2018 Series II	2,045.00	21.12.2018	9.37
7.	SBI Non Convertible, Unsecured, Basel III- AT 1 Bonds 2018 Series III	1,251.30	22.03.2019	9.45
8.	SBI Non Convertible, Unsecured, Basel III- AT 1 Bonds 2019-20 Series I	3,104.80	30.08.2019	8.75
9.	SBI Non Convertible, Unsecured, Basel III- AT 1 Bonds 2019-20 Series II	3,813.60	22.11.2019	8.50
10.	SBI Basel III AT1 Bond 2020-21 Series I	4,000.00	09.09.2020	7.74
11.	SBI Non Convertible Unsecured Basel III AT1 Bonds – Series II 2020	2,500.00	24.11.2020	7.73
TOTAL		**29,835.70**		

3. Subordinated Debts

The bonds are unsecured, long term, non convertible and are redeemable at par. The details of outstanding subordinate debts are as under: -

(₹ in crore)

Sr. No.	Nature of Bonds	Principal Amount	Date of Issue /Date of Redemption*	Rate of Interest % P.A.	Maturity Period in Months
1.	e-SBBJ Lower Tier II (Series VI)	500.00	20.03.2012 20.03.2022	9.02	120
2.	SBI Non Convertible (Private placement) Bonds 2013-14 (Tier II)	2,000.00	02.01.2014 02.01.2024	9.69	120
3.	e-SBM Tier II Basel III compliant	500.00	17.12.2014 17.12.2024	8.55	120
4.	e -SBP Tier II Basel III compliant (Series I)	950.00	22.01.2015 22.01.2025	8.29	120
5.	e- SBBJ Tier II Basel III compliant	200.00	20.03.2015 20.03.2025	8.30	120
6.	e -SBH Tier II Basel III compliant (Series XIV)	393.00	31.03.2015 31.03.2025	8.32	120
7.	e -SBH Tier II Basel III compliant (Series XV)	500.00	30.12.2015 30.12.2025	8.40	120

Sr. No.	Nature of Bonds	Principal Amount	Date of Issue /Date of Redemption*	Rate of Interest % P.A.	Maturity Period in Months
8.	e-SBM Tier II	300.00	31.12.2015	8.40	120
	Basel III compliant		31.12.2025		
9.	e-SBM Tier II	200.00	18.01.2016	8.45	120
	Basel III compliant		18.01.2026		
10.	e -SBH Tier II	200.00	08.02.2016	8.45	120
	Basel III compliant (Series XVI)		08.02.2026		
11.	e- SBT Upper Tier II	500.00	26.03.2012	9.25	180
	(Series III)		26.03.2027		
12.	SBI Non Convertible, Unsecured	4,115.90	02.11.2018	8.90	120
	Basel III - Tier II Bonds 2018		02.11.2028		
13.	SBI Non Convertible, Unsecured	5,000.00	28.06.2019	7.99	120
	Basel III - Tier II Bonds 2019-20		28.06.2029		
14.	SBI US Basel III T2 Bond 20-21 Series 1	8,931.00	21.08.2020	6.80	180
			21.08.2035		
15.	SBI Basel III Tier 2 Bond 20-21 Series 2	7,000.00	21.09.2020	6.24	120
			21.09.2030		
16.	SBI Basel III Tier 2 Bond 20-21 Series 3	5,000.00	26.10.2020	5.83	120
			26.10.2030		
TOTAL		**36,289.90**			

18.2. Investments

1. **The Details of investments and the movement of provisions held towards depreciation on investments of the Bank are given below:**

(₹ in crore)

Particulars			As at 31st March, 2021	As at 31st March, 2020
1.	Value of Investments			
	i)	Gross value of Investments		
		(a) In India	13,14,424.07	10,10,599.04
		(b) Outside India	47,461.41	47,448.66
	ii)	Provision for Depreciation		
		(a) In India	9,167.91	9,430.13
		(b) Outside India	30.34	150.82
	iii)	Liability on Interest Capitalised on Restructured Accounts (LICRA)	982.02	1,512.24
	iv)	Net value of Investments		
		(a) In India	13,04,274.14	9,99,656.67
		(b) Outside India	47,431.07	47,297.84
2.	Movement in provisions held towards depreciation on investments			
	i)	Balance at the beginning of the year	9,580.95	9,252.41
	ii)	Add: Provisions made during the year	3,759.46	5,237.78
	iii)	Less: Provision utilised during the year	9.29	33.48
	iv)	Less/(Add): Foreign Exchange revaluation adjustment	(17.06)	(38.04)
	v)	Less: Write off/Write back of excess provision during the year	4,149.94	4,913.80
	vi)	Balance at the end of the year	9,198.25	9,580.95

Notes:

a. Securities amounting to ₹ 2,00,812.86 crore (Previous Year ₹ 4,225.76 crore) are kept as margin with Clearing Corporation of India Limited (CCIL)/NSCCL/MCX/ NSEIL/BSE towards Securities Settlement.

b. During the year, the Bank infused additional capital in its entities viz. i) State Bank of India (California), a subsidiary ₹ 0.32 crore, ii) Madhyanchal Gramin Bank, an associate ₹ 5.31 crore. There is no change in Bank's stake after capital infusion.

c. Consequent to Follow on Public Offerings in July 2020, Bank has made an investment of ₹ 1,760 crore in Yes Bank Limited. Bank's stake stands reduced to 30% as on March 31,2021 from 48.21% as on March 31,2020.

d. During the year, the Bank has sold its stake in SBI Life Insurance Company Limited (a subsidiary) at a profit of ₹ 1,539.73 crore thus, the Bank stake has been reduced to 55.50% from 57.60%.

e. In accordance with notification issued by Govt. of India, the following amalgamations have taken place between the Regional Rural Banks (RRBs) sponsored by SBI and RRBs sponsored by other banks.

	Name of transferor RRBs	Sponsor Bank of transferor RRBs	New Name after Amalgamation of RRB	Sponsor Bank of transferee RRB	Effective Date of Amalgamation
1.	Baroda Uttar Pradesh Gramin Bank	Bank of Baroda	Baroda U.P. Bank	Bank of Baroda	1st April ,2020
2.	Kashi Gomti Samyut Gramin Bank	Union Bank of India			
3.	Purvanchal Bank	State Bank of India			

2. **Repo Transactions including Liquidity Adjustment Facility (LAF) (in face value terms)**

The details of securities sold and purchased under repos and reverse repos including LAF during the year are given below:

(₹ in crore)

Particulars		Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31st March 2021
Securities sold under Repo					
i.	Government Securities	26,187.27	2,17,557.59	81,383.31	1,76,756.95
		(-)	(1,12,595.20)	(9,166.64)	(34,576.69)
ii.	Corporate Debt Securities	7,154.09	9,332.03	8,989.67	7,154.09
		(-)	(15,795.87)	(10,778.12)	(8,696.38)
Securities purchased under Reverse Repo					
i.	Government Securities	-	2,40,000.00	1,03,424.17	46,179.93
		(-)	(1,13,000.00)	(38,332.97)	(38,000.00)
ii.	Corporate Debt Securities	-	5,597.89	737.93	-
		(-)	(3,292.71)	(592.93)	(3,292.71)

(Figures in brackets are for Previous Year).

3. **Non-SLR Investment Portfolio**

a) **Issuer composition of Non SLR Investments**

The issuer composition of Non-SLR investments of the Bank is given below:

(₹ in crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of "Below Investment Grade" Securities*	Extent of "Unrated" Securities*	Extent of "Unlisted" Securities*
i	PSUs	67,194.64	49,960.71	-	-	-
		(62,047.29)	(45,135.13)	(-)	(-)	(-)
Ii	FIs	1,28,609.88	99,053.50	2,753.21	-	70.00
		(86,460.61)	(74,871.30)	(2,754.24)	(-)	(1,150.00)
iii	Banks	17,146.96	8,084.82	3,294.33	23.62	23.62
		(24,856.99)	(12,624.53)	(585.10)	(23.62)	(23.62)
iv	Private Corporates	46,428.01	23,395.02	817.77	-	-
		(35,680.14)	(25,758.70)	(901.99)	(-)	(-)
v	Subsidiaries / Joint Ventures **	18,246.20	-	-	-	-
		(16,045.43)	(-)	(-)	(-)	(-)
vi	Others	28,970.89	2,223.99	2,845.99	33.03	6.65
		(29,687.12)	(2,196.19)	(3,558.08)	(46.68)	(4.84)
vii	Less: Provision held towards depreciation including LICRA	10,180.02	-	0.45	-	-
		(11,093.19)	(11.65)	(236.96)	(-)	(-)
	Total	**2,96,416.56**	**1,82,718.04**	**9,710.85**	**56.65**	**100.27**
		(2,43,684.39)	**(1,60,574.20)**	**(7,562.45)**	**(70.30)**	**(1,178.46)**

(Figures in brackets are for Previous Year)

* Investments in Equity, Equity Oriented Mutual Funds, Venture Capital, Rated Assets Backed Securities, Central and State Government Securities and ARCIL are not segregated under these categories as these are exempt from rating/listing guidelines.

** Investments in Subsidiaries/Joint Ventures have not been segregated into various categories as these are not covered under relevant RBI Guidelines.

b) **Non Performing Non-SLR Investments**

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening Balance	8,995.80	5,609.66
Additions during the year	446.39	3,686.05
Reductions during the year	4,212.67	299.91
Closing balance	5,229.52	8,995.80
Total provisions held	**5,031.49**	**7,970.83**

4. **Sales and Transfers Of Securities To/From HTM Category**

The value of sales and transfers of securities to/from HTM Category has not exceeded 5% of the book value of investment held in HTM category at the beginning of the year.

5. **Disclosure of Investment in Security Receipts (SRs)**

(₹ in crore)

	Particulars	SRs Issued within Past 5 Years	SRs issued more than 5 years ago but within past 8 Years	SRs issued more than 8 Years ago	Total
i	Book value of SRs Backed by NPAs sold by the bank as underlying	972.03	7,355.89	23.98	8,351.90
	Provision held against (i)	261.81	3,947.02	23.98	4,232.81
ii	Book value of SRs Backed by NPAs sold by Other banks / financial institutions / non-banking Financial companies as Underlying	-	3.42	2.69	6.11
	Provision held against (ii)	-	1.14	2.69	3.83
Total (i) + (ii)		**972.03**	**7,359.31**	**26.67**	**8,358.01**

6. **Details of Investments in Security Receipts against NPAs sold to Securitisation Company (SC) / Reconstruction Company (RC)**

(₹ in crore)

Particulars	Backed by NPAs sold by the bank as underlying		Backed by the NPAs sold by other banks/ financial institutions / non-banking financial companies as underlying		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Book Value of Investments in Security Receipts as on 31st March, 2021	8,351.90	8,761.31	6.11	7.14	8,358.01	8,768.45
Book Value of Investments in Security Receipts made during the year	0.61	0.06	-	-	0.61	0.06

18.3 Derivatives

A. Forward Rate Agreements (FRA) / Interest Rate Swaps (IRS)

(₹ in crore)

Sr. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
i)	The notional principal of swap agreements#	2,75,128.10	2,98,843.36
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	4,095.38	8,063.30
iii)	Collateral required by the Bank upon entering swaps	Nil	Nil
iv)	Concentration of credit risk arising from the swaps	Not significant	Not significant
v)	The fair value of the swap book	3,894.26	7,908.68

#Excludes IRS/FRA amounting to ₹ 39,189.96 crore (Previous Year ₹ 32,134.98 crore) entered with the Bank's own foreign offices.

Nature and terms of Forward Rate Agreement or Interest Rate Swaps as on 31st March, 2021 are given below:

(₹ in crore)

Instrument	Nature	Nos	Notional Principal	Benchmark	Terms
IRS	Hedging	336	15,424.30	LIBOR	Fixed Receivable Vs Floating Payable
IRS	Hedging	1	186.43	LIBOR	Fixed Payable Vs Floating Receivable
IRS	Hedging	50	319.92	OTHERS	Fixed Receivable Vs Pay float
IRS	Hedging	60	38,265.93	LIBOR	Fixed Receivable Vs Floating Payable
IRS	Hedging	19	2,152.01	LIBOR	Floating Receivable Vs Fixed Payable
IRS	Trading	125	53,475.95	LIBOR	Floating Payable Vs Fixed Receivable
IRS	Trading	80	23,365.32	LIBOR	Fixed Payable Vs Floating Receivable
IRS	Trading	24	14,914.44	LIBOR	Floating Payable Vs Floating Receivable
IRS	Trading	1479	59,683.50	MIBOR	Fixed Payable Vs Floating Receivable
IRS	Trading	1612	65,147.00	MIBOR	Floating Payable Vs Fixed Receivable
IRS	Trading	1	2,193.30	LIBOR	Fixed Receivable Vs Floating Payable
	Total	**3,787**	**2,75,128.10**		

B. Exchange Traded Interest Rate Derivatives

(₹ in crore)

Sr. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)		
	a. Interest Rate Futures	NIL	Nil
	b. 10 Year Government of India Securities	6,400.38	63,670.92
2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2021 (instrument-wise)		
	a. Interest Rate Futures	Nil	Nil
	b. 10 Year Government of India Securities	Nil	Nil
3	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	N.A.	N.A.
4	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective". (instrument-wise)	N.A.	N.A.

C. Risk Exposure in Derivatives

(A) Qualitative Risk Exposure

i. The Bank currently deals in over the counter (OTC) interest rate and currency derivatives as also in Interest Rate Futures and Exchange Traded Currency Derivatives. Interest Rate Derivatives dealt by the Bank are rupee interest rate swaps, foreign currency interest rate swaps and forward rate agreements, cap, floor and collars. Currency derivatives dealt by the Bank are currency swaps, rupee dollar options and cross-currency options. The products are offered to the Bank's customers to hedge their exposures and the Bank also enters into derivatives contracts to cover off such exposures. Derivatives are used by the Bank both for trading as well as hedging balance sheet items. The Bank also runs option position in USD/INR, which is managed through various types of loss limits and Greek limits.

ii. Derivative transactions carry market risk i.e. the probable loss the Bank may incur as a result of adverse movements in interest rates/exchange rates and credit risk i.e. the probable loss the Bank may incur if the counterparties fail to meet their obligations. The Bank's "Policy for Derivatives" approved by the Board prescribes the market risk parameters (Greek limits, Loss Limits, cut-loss triggers, open position limits, duration, modified duration, PV01 etc.) as well as customer eligibility criteria (credit rating, tenure of relationship, limits and customer appropriateness and suitability of policy (CAS) etc.) for entering into derivative transactions. Credit risk is controlled by entering into derivative transactions only with counterparties satisfying the criteria prescribed in the Policy. Appropriate limits are set for the counterparties taking into account their ability to honour obligations and the Bank enters into ISDA agreement with each counterparty.

iii. The Asset Liability Management Committee (ALCO) of the Bank oversees efficient management of these risks. The Bank's Market Risk Management Department (MRMD) identifies, measures, monitors market risk associated with derivative transactions, assists ALCO in controlling and managing these risks and reports compliance with policy prescriptions to the Risk Management Committee of the Board (RMCB) at regular intervals.

iv. The accounting policy for derivatives has been drawn-up in accordance with RBI guidelines, the details of which are presented under Schedule 17: Significant Accounting Policies (SAP) for the financial year 2020-21.

v. Interest Rate Swaps are mainly used for hedging of the assets and liabilities.

vi. Majority of the swaps were done with First class counterparty banks.

vii. Derivative transactions comprise of swaps which are disclosed as contingent liabilities. The swaps are categorised as trading or hedging.

viii. Derivative deals are entered with only those interbank participants for whom counterparty exposure limits are sanctioned. Similarly, derivative deals entered with only those corporates for whom credit exposure limit is sanctioned. Collateral requirements for derivative transactions are laid down as a part of credit sanctions terms on a case by case basis. Such collateral requirements are determined based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

(B) Quantitative Risk Exposure

(₹ in crore)

Particulars			Currency Derivatives		Interest Rate Derivatives	
			Current Year	Previous Year	Current Year	Previous Year
(I)	Derivatives (Notional Principal Amount)					
	(a)	For hedging	18,858.30@	14,407.12@	54,869.19#	35,421.64#
	(b)	For trading *	10,47,976.78	6,55,991.56	2,26,304.06	2,77,804.99
(II)	Marked to Market Positions					
	(a)	Asset (+)	9,451.37	14,629.42	4,095.38	8,063.30
	(b)	Liability (-)	7,574.61	14,009.98	2,926.20	6,086.78
(III)	Credit Exposure		43,234.09	36,850.85	6,868.01	11,026.29
(IV)	Likely impact of one percentage change in interest rate (100* PV01)					
	(a)	on hedging derivatives	-0.25	1.07	-309.95	4.60
	(b)	on trading derivatives	538.16	86.72	0.70	146.20
(V)	Maximum and Minimum of 100*PV 01 observed during the year					
	(a)	on hedging –				
		Maximum	22.09	1.07	1,526.75	460.31
		Minimum	8.83	-	1,112.88	-
	(b)	on trading –				
		Maximum	5.47	2.91	1.67	1.85
		Minimum	0.85	-	0.70	0.03

@Excludes swaps amounting to ₹ 2,156.47 crore (Previous Year ₹ 1,725.03 crore) entered with the Bank's own foreign offices.

#IRS/FRA amounting to ₹ 39,189.96 crore (Previous Year ₹ 32,134.98 crore) entered with the Bank's own Foreign offices are not shown here.

*Excludes Currency Derivatives of ₹ 2167.90 crore (Previous Year ₹ 867.18 crore) and NDF ₹ 296.13 crore (Previous Year NIL) done with the Bank's Foreign offices.

1. The outstanding notional amount of derivatives done between Global Markets Unit and International Banking Group as on 31st March, 2021 amounted to ₹ 43,810.46 crore (Previous Year ₹ 34,727.19 crore) and the derivatives done between SBI Foreign Offices as on 31st March, 2021 amounted to ₹ 10,331.69 crore (Previous Year ₹ 10,222.51 crore).

2. The outstanding notional amount of interest rate derivatives which are not marked–to-market (MTM) where the underlying Assets/Liabilities are not marked to market as on 31st March, 2021 amounted to ₹ 77,741.31 crore (Previous Year ₹ 60,632.85 crore).

18.4. Asset Quality

a) Non-Performing Assets

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
I) Net NPAs to Net Advances (%)	1.50%	2.23%
II) Movement of NPAs (Gross)		
(a) Opening balance	1,49,091.85	1,72,750.36
(b) Additions (Fresh NPAs) during the year	28,563.45	49,826.28
Sub-total (i)	1,77,655.30	2,22,576.64
Less:		
(c) Up-gradations	4,250.89	3,339.79
(d) Recoveries (Excluding recoveries made from upgraded accounts)	12,613.19	17,782.63
(e) Technical/ Prudential Write-offs	-	-
(f) Write-offs	34,402.20	52,362.37
Sub-total (ii)	51,266.28	73,484.79
(g) Closing balance (i-ii)	1,26,389.02	1,49,091.85
III) Movement of Net NPAs		
(a) Opening balance	51,871.30	65,894.74
(b) Additions during the year	1,293.50	6,758.88
(c) Reductions during the year	16,355.08	20,782.32
(d) Closing balance	36,809.72	51,871.30
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	97,220.55	1,06,855.62
(b) Provisions made during the year	27,269.95	43,067.40
(c) Write-off / write-back of excess provisions	34,911.20	52,702.47
(d) Closing balance	89,579.30	97,220.55

Notes:-

Opening and closing balances of provision for NPAs include ECGC/CGFMU claims received and held pending adjustment of ₹ 305.54 crore (Previous Year ₹ 235.61 crore) and ₹ 283.91 crore (Previous Year ₹ 305.54 crore) respectively.

b) As per RBI circular No. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1st April, 2019, in case the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies and/or additional Gross NPAs identified by RBI exceeds 15% of published incremental Gross NPAs for the reference period then banks are required to disclose divergences from prudential norms on income recognition, asset classification and provisioning.

No separate disclosure is required to be made in respect of divergence for Financial Year 2019-20 as the same is not beyond the above mentioned thresholds.

c) **Restructured Accounts**

(₹ in crore)

Sr. No.	Type of Restructuring		Under CDR Mechanism (1)					Under SME Debt Restructuring Mechanism (2)				
	Asset Classification		**Standard**	**Sub Standard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Sub Standard**	**Doubtful**	**Loss**	**Total**
	Particulars											
1	Restructured Accounts as on April 1, 2020 (Opening position)	No. of Borrowers	2	-	22	8	32	786	112	125	14	1037
			(4)	(-)	(44)	(9)	(57)	(28)	(167)	(142)	(17)	(354)
		Amount outstanding	15.45	-	1,926.30	491.03	2,432.78	206.93	217.50	452.46	6.38	883.27
			(146.04)	(-)	(6,236.10)	(656.53)	(7,038.67)	(46.11)	(307.32)	(415.80)	(6.65)	(775.88)
		Provision thereon	0.91	-	-	-	0.91	8.50	-	16.26	0	24.76
			(0.96)	(-)	(-)	(-)	(0.96)	(10.26)	(6.43)	(24.88)	(0.27)	(41.84)
2	Fresh Restructuring during the current FY	No. of Borrowers	-	-	-	-	-	313	29	7	2	351
			(-)	(-)	(-)	(-)	(-)	(790)	(6)	(1)	(-)	(797)
		Amount outstanding	-	-	-	-	-	95.14	38.32	1.33	0.06	134.86
			(26.57)	(-)	(-)	(-)	(26.57)	(154.84)	(4.44)	(1.38)	(-)	(160.66)
		Provision thereon	-	-	-	-	-	0.12	4.30	0.98	0.07	5.46
			(0.02)	(-)	(-)	(-)	(0.02)	(0.24)	(2.72)	(0.40)	(-)	(3.36)
3	Upgradation to restructured standard category during current FY	No. of Borrowers	-	-	-	-	-	7	-7	-	-	-
			(-)	(-)	(-)	(-)	(-)	(1)	(-1)	(-)	(-)	(-)
		Amount outstanding	-	-	-	-	-	2.90	-2.90	-	-	-
			(-)	(-)	(-)	(-)	(-)	(18.11)	(-18.11)	(-)	(-)	(-)
		Provision thereon	-	-	-	-	-	0.04	-0.04	-	-	-
			(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
4	Restructured Standard Advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-				-	-1				-1
			(-2)				(-2)	(-)				(-)
		Amount outstanding	-				-	-16.66				-16.66
			(-155.08)				(-155.08)	(-)				(-)
		Provision thereon	-				-	-				-
			(-)				(-)	(-)				(-)
5	Downgradations of restructured accounts during current FY	No. of Borrowers	-1	-	1	-	-	-4	-11	7	8	-
			(-)	(-)	(-)	(-)	(-)	(-9)	(-7)	(16)	(-)	(-)
		Amount outstanding	-11.67	-	11.67	-	-	-2.57	-0.37	2.69	0.25	-
			(-)	(-)	(-)	(-)	(-)	(-2.38)	(-67.31)	(69.69)	(-)	(-)
		Provision thereon	-	-	-	-	-	-	-0.81	0.59	0.22	-
			(-)	(-)	(-)	(-)	(-)	(-0.05)	(-8.78)	(8.83)	(-)	(-)
6	Write-offs of restructured accounts during current FY	No. of Borrowers	-	-	-8	-2	-10	-453	-6	-71	-	-530
			(-)	(-)	(-22)	(-1)	(-23)	(-24)	(-53)	(-34)	(-3)	(-114)
		Amount outstanding	-1.32	-	-976.92	-56.51	-1034.75	-62.53	-3.10	-362.56	-	-428.19
			(-2.08)	(-)	(-4309.80)	(-165.50)	(-4477.38)	(-9.75)	(-8.84)	(-34.41)	(-0.27)	(-53.27)
		Provision thereon	-	-	-	-	-	-0.04	-0.16	-1.73	-	-1.94
			(-0.07)	(-)	(-)	(-)	(-0.07)	(-1.95)	(-0.37)	(-17.85)	(-0.27)	(-20.44)
7	Total Restructured Accounts as on 31st March, 2021 (Closing Position)	No. of Borrowers	1	-	15	6	22	648	117	68	24	857
			(2)	(-)	(22)	(8)	(32)	(786)	(112)	(125)	(14)	(1,037)
		Amount outstanding	2.46	-	961.05	434.53	1398.04	223.21	249.44	93.92	6.69	573.27
			(15.45)	(-)	(1,926.30)	(491.03)	(2,432.78)	(206.93)	(217.50)	(452.46)	(6.38)	(883.27)
		Provision thereon	0.91	-	-	-	0.91	8.61	3.28	16.10	0.29	28.28
			(0.91)	(-)	(-)	(-)	(0.91)	(8.50)	(-)	(16.26)	-	(24.76)

Sr. No.	Type of Restructuring		Others (3)					TOTAL (1 + 2 + 3)				
	Asset Classification		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
	Particulars											
1	Restructured Accounts as on April 1, 2020 (Opening position)	No. of Borrowers	5,104	184	682	162	6,132	5,892	296	829	184	7,201
			(300)	(227)	(786)	(171)	(1,484)	(332)	(394)	(972)	(197)	(1,895)
		Amount outstanding	2,199.61	536.32	2,479.42	349.51	5,564.86	2,421.99	753.82	4,858.18	846.92	8,880.91
			(3,909.81)	(29.83)	(8,004.74)	(803.16)	(12,747.54)	(4,101.96)	(337.15)	(14,656.64)	(1,466.34)	(20,562.09)
		Provision thereon	183.85	76.80	15.41	2.60	278.66	193.26	76.80	31.67	2.60	304.33
			(319.57)	(0.85)	(15.23)	(4.05)	(339.70)	(330.79)	(7.28)	(40.11)	(4.32)	(382.50)
2	Fresh Restructuring during the current FY	No. of Borrowers	157	93	11	2	263	470	122	18	4	614
			(4,813)	(61)	(21)	(1)	(4,896)	(5,603)	(67)	(22)	(1)	(5,693)
		Amount outstanding	299.73	68.67	322.69	36.04	727.12	394.87	106.99	324.02	36.10	861.98
			(578.77)	(1.81)	(32.88)	(0.02)	(613.48)	(760.18)	(6.25)	(34.26)	(0.02)	(800.71)
		Provision thereon	71.86	0.27	4.11	1.16	77.40	71.98	4.57	5.09	1.23	82.86
			(-)	(65.61)	(2.09)	(0.24)	(67.94)	(0.26)	(68.33)	(2.49)	(0.24)	(71.32)
3	Upgradation to restructured standard category during current FY	No. of Borrowers	4	-4	-	-	-	11	-11	-	-	-
			(17)	(-7)	(-10)	(-)	(-)	(18)	(-8)	(-10)	(-)	(-)
		Amount outstanding	0.21	-0.21	-	-	-	3.10	-3.10	-	-	-
			(0.62)	(-0.36)	(-0.26)	(-)	(-)	(18.73)	(-18.47)	(-0.26)	(-)	(-)
		Provision thereon	0.15	-0.15	-	-	-	0.20	-0.20	-	-	-
			(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
4	Restructured Standard Advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-6				-6	-7				-7
			(-16)				(-16)	(-18)				(-18)
		Amount outstanding	-552.42				-552.42	-569.08				-569.08
			(-1,130.83)				(-1,130.83)	(-1,285.91)				(-1,285.91)
		Provision thereon	-1.64				-1.64	-1.64				-1.64
			(-28.19)				(-28.19)	(-28.19)				(-28.19)
5	Downgradations of restructured accounts during current FY	No. of Borrowers	-3	-42	-59	104	-	-8	-53	-51	112	-
			(-5)	(-73)	(47)	(31)	(-)	(-14)	(-80)	(63)	(31)	(-)
		Amount outstanding	-109.58	-9.83	89.88	29.53	-	-123.82	-10.20	104.24	29.78	-
			(-675.75)	(631.60)	(43.65)	(0.50)	(-)	(-678.13)	(564.29)	(113.34)	(0.50)	(-)
		Provision thereon	-0.01	-0.14	-0.59	0.73	-	-0.01	-0.95	-	0.95	-
			(-11.57)	(10.62)	(0.45)	(0.50)	(-)	(-11.62)	(1.84)	(9.28)	(0.50)	(-)
6	Write-offs of restructured accounts during current FY	No. of Borrowers	-1238	-31	-224	-46	-1539	-1691	-37	-303	-48	-2079
			(-5)	(-24)	(-162)	(-41)	(-232)	(-29)	(-77)	(-218)	(-45)	(-369)
		Amount outstanding	-283.33	-505.22	-704.65	-1.80	-1495	-347.18	-508.32	-2044.13	-58.31	-2957.94
			(-483.01)	(-126.56)	(-5,601.59)	(-454.17)	(-6,665.33)	(-494.84)	(-135.40)	(-9,945.80)	(-619.94)	(-11,195.98)
		Provision thereon	-0.70	-0.07	-8.56	-1.20	-10.54	-0.75	-0.24	-10.29	-1.20	-12.48
			(-95.96)	(-0.28)	(-2.36)	(-2.19)	(-100.79)	(-97.98)	(-0.65)	(-20.21)	(-2.46)	(-121.30)
7	Total Restructured Accounts as on 31st March, 2020 (Closing Position)	No. of Borrowers	4,018	200	410	222	4,850	4,667	317	493	252	5,729
			(5,104)	(184)	(682)	(162)	(6,132)	(5,892)	(296)	(829)	(184)	(7,201)
		Amount outstanding	1,554.21	89.74	2187.33	413.27	4,244.56	1,779.88	339.18	3242.31	854.49	6215.86
			(2,199.61)	(536.32)	(2,479.42)	(349.51)	(5,564.86)	(2,421.99)	(753.82)	(4,858.18)	(846.92)	(8,880.91)
		Provision thereon	253.52	76.70	10.38	3.29	343.89	263.04	79.98	26.48	3.57	373.07
			(183.85)	(76.80)	(15.41)	(2.60)	(278.66)	(193.26)	(76.80)	(31.67)	(2.60)	(304.33)

Note:

1. Increase in outstanding of ₹ 44 crore (Previous Year ₹ 572 crore) included in Fresh Additions.
2. Closure of ₹ 2,286 crore (Previous Year ₹ 5,616 crore) and decrease in Outstanding of ₹ 184 crore (Previous Year ₹ 597 crore) is included in Write off.
3. Total Column does not include standard assets moved out of higher provisioning.

d) As per RBI circular no. DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1,2019, the details of restructured MSME accounts is as below:-

(₹ in crore)

Particulars	Current Year	Previous Year
No. of accounts restructured	93,573	60,057
Aggregate outstanding	6,035.93	2,872.49

e) Details of Technical Write-offs and the recoveries made thereon: (₹ in crore)

Sr No	Particulars	Current Year	Previous Year
i	Opening balance of Technical/Prudential written-off accounts as at 1st April	-	5,139.76
ii	Add: Technical/Prudential write-offs during the year	-	-
iii	Sub-total (A)	-	5,139.76
iv	Less: Recoveries made/ Actual written off from previously technical/prudential written-off accounts during the year (B)	-	5,139.76
v	Closing balance as at 31st March (A-B)	-	-

f) Details of financial assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction

(₹ in crore)

Sr No	Particulars	Current Year	Previous Year
i	No. of Accounts	30	32
ii	Aggregate value (net of provisions) of accounts sold to SC/RC	127.71	101.17
iii	Aggregate consideration*	712.84	1,236.62
iv	Additional consideration realized in respect of accounts transferred in earlier years	-	-
v	Aggregate gain /(loss) over net book value	585.13	1,135.45

* SRs received as part of considerations have been recognised at lower of Net book Value/ Face Value as per RBI Guidelines.

g) Excess Provision reversed to Profit & Loss Account on account of Sale of NPAs to Securitisation Company (SC) / Reconstruction Company (RC)

(₹ in crore)

Particulars	Current Year	Previous Year
Excess Provision reversed to P&L Account in case of Sale of NPAs	246.67	170.82

h) Details of non-performing financial assets purchased (₹ in crore)

Particulars			Current Year	Previous Year
1)	(a)	No. of Accounts purchased during the year	Nil	Nil
	(b)	Aggregate outstanding	Nil	Nil
2)	(a)	Of these, number of accounts restructured during the year	Nil	Nil
	(b)	Aggregate outstanding	Nil	Nil

i) Details of non-performing financial assets sold (₹ in crore)

Particulars		Current Year	Previous Year
1)	No. of Accounts sold	12	15
2)	Aggregate outstanding	770.70	551.59
3)	Aggregate consideration received	363.88	271.15

j) Provision on Standard Assets: (₹ in crore)

Particulars	Current Year	Previous Year
Provision towards Standard Assets	15,293.98	11,544.24

18.5. Business Ratios

Particulars		Current Year	Previous Year
i.	Interest Income as a percentage to Working Funds	5.93%	6.45%
ii.	Non-interest income as a percentage to Working Funds	0.97%	1.13%
iii.	Operating Profit as a percentage to Working Funds	1.60%	1.71%
iv.	Return on Assets*	0.48%	0.38%
v.	Business (Deposits plus advances) per employee (₹ in crore)	23.73	21.05
vi.	Profit per employee (₹ in thousands)	828.35	578.98

* (on net-assets basis)

18.6. Asset Liability Management: Maturity pattern of certain items of assets and liabilities as at 31st March, 2021

(₹ in crore)

	Day1	2-7 Days	8-14 Days	15 to 30 days	Over 31 days and upto 2 months	Over 2 months and 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
Deposits	61,000.40	81,740.96	37,397.22	60,992.50	67,323.35	52,966.63	1,47,492.87	8,84,125.18	7,95,452.18	3,81,382.99	11,11,402.81	36,81,277.08
	(50,412.96)	(89,018.26)	(48,210.68)	(82,393.15)	(1,26,563.94)	(1,09,843.95)	(3,16,203.23)	(6,02,960.92)	(5,92,806.58)	(3,24,913.60)	(8,98,293.46)	(32,41,620.73)
Advances	44,156.96	13,618.48	16,535.47	37,631.95	44,757.21	35,877.97	1,17,416.16	1,98,447.37	8,70,870.70	3,19,249.93	7,50,935.58	24,49,497.79
	(57,442.98)	(14,151.74)	(16,608.14)	(31,096.94)	(42,616.30)	(44,774.93)	(75,159.25)	(1,16,239.21)	(10,82,113.87)	(2,09,766.10)	(6,35,320.10)	(23,25,289.56)
Investments	-	723.63	16,260.31	6,012.07	9,495.37	28,297.98	51,810.86	99,275.54	3,31,272.42	2,25,496.00	5,83,061.03	13,51,705.21
	(188.13)	(4,423.08)	(3,965.20)	(17,133.59)	(20,404.80)	(33,033.97)	(45,189.57)	(70,272.40)	(182,741.13)	(1,55,126.51)	(5,14,476.14)	(10,46,954.52)
Borrowings	823.85	1,53,783.04	1,469.67	11,857.36	13,923.44	14,091.50	38,619.46	33,828.43	68,089.88	50,667.23	30,143.85	4,17,297.70
	(915.24)	(13,829.39)	(4,180.76)	(9,892.09)	(20,370.67)	(27,941.89)	(41,265.36)	(55,907.52)	(78,368.05)	(49,093.15)	(12,891.53)	(3,14,655.65)
Foreign Currency Assets #	20,756.79	4,673.29	6,896.79	15,877.37	18,425.06	21,565.40	42,269.41	52,925.55	1,21,257.36	78,665.89	61,116.20	4,44,429.10
	(44,464.27)	(5,354.64)	(8,137.20)	(20,603.01)	(25,000.46)	(23,193.94)	(36,944.55)	(43,842.32)	(1,12,403.17)	(83,445.52)	(47,435.08)	(4,50,824.16)
Foreign Currency Liabilities $	27,955.86	8,346.94	2,687.12	16,523.04	20,318.23	21,034.39	45,402.52	63,708.64	57,863.70	39,598.84	14,511.65	3,17,950.91
	(25,950.88)	(15,075.64)	(8,027.84)	(18,994.07)	(29,216.63)	(35,828.10)	(54,776.09)	(62,965.89)	(64,113.98)	(46,576.87)	(13,758.15)	(3,75,284.14)

Foreign Currency Assets represent advances and investments.

$ Foreign Currency Liabilities represent borrowings and deposits.

(Figures in brackets are as at 31st March, 2020).

18.7. Exposures

The Bank is lending to sectors, which are sensitive to asset price fluctuations.

a) Real Estate Sector

(₹ in crore)

		Particulars	**Current Year**	**Previous Year**
I	**Direct exposure**			
	i)	Residential Mortgages	4,06,179.32	3,58,599.62
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	4,06,179.32	3,58,599.62
		Of which (i) Individual housing loans up to ₹ 35 lacs (previous year ₹ 35 lacs) in Metropolitan centres (Population >= 10 lacs) and ₹ 25 lacs (previous year ₹ 25 lacs) in other centres for purchase/construction of dwelling unit per family.	2,09,028.90	1,50,689.19
	ii)	Commercial Real Estate		
		Lending secured by mortgages on Commercial Real Estates (office building, retail space, multi purpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc. Exposures would also include non fund based (NFB) limits.	56,343.00	31,607.67
	iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	-	9,781.26
		a) Residential	-	-
		b) Commercial Real Estate	-	9,781.26
II	**Indirect Exposure**			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		1,13,704.91	1,07,004.65
	Total Exposure to Real Estate Sector		**5,76,227.23**	**5,06,993.20**

b) Capital Market

(₹ in crore)

Particulars		**Current Year**	**Previous Year**
1)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	7,112.65	8,534.42
2)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds.	66.63	19.16
3)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	Nil	93.49
4)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances.	Nil	975.44
5)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	725.23	14.09
6)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	Nil	13.82
7)	Bridge loans to companies against expected equity flows/issues.	Nil	Nil
8)	Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	Nil	Nil
9)	Financing to stockbrokers for margin trading.	Nil	Nil
10)	Exposures to Venture Capital Funds (both registered and unregistered)	3,463.62	3,352.74
	Total Exposure to Capital Market	**11,368.13**	**13,003.16**

c) **Risk Category wise Country Exposure**

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The country exposure (net funded) of the Bank for any country does not exceed 1% of its total assets except on USA, hence provision for the country exposure on USA has been made.

(₹ in crore)

Risk Category	Net Funded Exposure		Provision held	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Insignificant	5,586.26	16,716.77	Nil	Nil
Very Low	2,02,094.63	1,56,986.73	148.51	145.81
Low	16,539.05	20,546.89	Nil	Nil
Medium	9,767.77	8,326.76	Nil	Nil
High	26,470.88	21,883.14	Nil	Nil
Very High	8,586.29	10,242.33	Nil	Nil
Restricted	2,426.80	318.01	Nil	Nil
Total	**2,71,471.68**	**2,35,020.63**	**148.51**	**145.81**

d) **Single Borrower and Group Borrower exposure limits exceeded by the Bank**

The Bank had taken single borrower exposure & Group Borrower exposure within the prudential limit prescribed by RBI.

e) **Unsecured Advances**

(₹ in crore)

	Particulars	As at 31st March, 2021	As at 31st March, 2020
a)	Total Unsecured Advances of the bank	5,92,821.83	5,59,246.43
i)	Of which amount of advances outstanding against charge over intangible securities such as rights, licences, authority etc.	Nil	Nil
ii)	The estimated value of such intangible securities (as in (i) above).	Nil	Nil

18.8. Miscellaneous

a. **Disclosure of Penalties**

- Reserve Bank of India has imposed an aggregate penalty of ₹ 2.00 crore (Previous Year ₹ NIL) on the Bank on payment of remuneration to employees in the form of commission.

b. **Penalty for Bouncing of SGL forms**

No penalty has been levied on the Bank for bouncing of SGL Forms.

18.9. Disclosure Requirements as per the Accounting Standards

a) **Accounting Standard – 5 "Net Profit or Loss for the period, Prior Period Items, and Changes in Accounting Policies"**

- During the year, there were no material prior period income / expenditure items.
- There is no change in the Significant Accounting Policies adopted during the year ended 31st March 2021 as compared to those followed in the previous financial year 2019-20.

b) Accounting Standard – 15 "Employee Benefits"

i. Defined Benefit Plans

1. Employee's Pension Plan and Gratuity Plan

The following table sets out the status of the Defined Benefit Pension Plan and Gratuity Plan as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

Particulars	Pension Plans		Gratuity Plan	
	Current Year	Previous Year	Current Year	Previous Year
Change in the present value of the defined benefit obligation				
Opening defined benefit obligation at 1st April, 2020	1,09,830.37	95,362.15	12,852.56	12,189.05
Current Service Cost	970.09	953.34	440.06	447.17
Interest Cost	7,501.41	7,428.71	879.12	947.09
Past Service Cost (Vested Benefit)	-	-	-	-
Actuarial losses (gains)	15,822.32	13,619.61	1,185.34	1,224.38
Benefits paid	(3,475.67)	(3,914.34)	(1,909.91)	(1,955.13)
Direct Payment by Bank	(4,842.15)	(3,619.10)	-	-
Closing defined benefit obligation at 31st March, 2021	1,25,806.37	1,09,830.37	13,447.17	12,852.56
Change in Plan Assets				
Opening fair value of Plan Assets as at 1st April, 2020	97,458.52	90,399.61	10,570.95	10,326.00
Expected Return on Plan Assets	6,656.42	7,015.01	723.05	803.36
Contributions by employer	2,100.68	2,407.68	1,234.77	1,146.88
Expected Contributions by the employees	-	0.28	-	-
Benefits Paid	(3,475.67)	(3,914.34)	(1,909.91)	(1,955.13)
Actuarial Gains / (Loss) on plan Assets	3,705.91	1,550.28	331.37	249.84
Closing fair value of plan assets as at 31st March, 2021	1,06,445.86	97,458.52	10,950.23	10,570.95
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of Funded obligation at 31st March, 2021	1,25,806.37	1,09,830.37	13,447.17	12,852.56
Fair Value of Plan assets at 31st March, 2021	1,06,445.86	97,458.52	10,950.23	10,570.95
Deficit/(Surplus)	19,360.51	12,371.85	2,496.94	2,281.61
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	19,360.51	12,371.85	2,496.94	2,281.61
Amount Recognised in the Balance Sheet				

Particulars	Pension Plans		Gratuity Plan	
	Current Year	Previous Year	Current Year	Previous Year
Liabilities	1,25,806.37	1,09,830.37	13,447.17	12,852.56
Assets	1,06,445.86	97,458.52	10,950.23	10,570.95
Net Liability / (Asset) recognised in Balance Sheet	19,360.51	12,371.85	2,496.94	2,281.61
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	19,360.51	12,371.85	2,496.94	2,281.61
Net Cost recognised in the profit and loss account				
Current Service Cost	970.09	953.34	440.06	447.17
Interest Cost	7,501.41	7,428.71	879.12	947.09
Expected return on plan assets	(6,656.42)	(7,015.01)	(723.05)	(803.36)
Expected Contributions by the employees	-	(0.28)	-	-
Past Service Cost (Amortised) Recognised	-	-	-	-
Past Service Cost (Vested Benefit) Recognised	-	-	-	-
Net actuarial losses (Gain) recognised during the year	12,116.41	12,069.33	853.97	974.54
Total costs of defined benefit plans included in Schedule 16 “Payments to and provisions for employees”	13,931.49	13,436.09	1,450.10	1,565.44
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	6,656.42	7,015.01	723.05	803.36
Actuarial Gain/ (loss) on Plan Assets	3,705.91	1,550.28	331.37	249.84
Actual Return on Plan Assets	10,362.33	8,565.29	1,054.42	1,053.20
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet				
Opening Net Liability/ (Asset) as at 1st April, 2020	12,371.85	4,962.54	2,281.61	1,863.05
Expenses as recognised in profit and loss account	13,931.49	13,436.09	1,450.10	1,565.44
Paid by Bank Directly	(4,842.15)	(3,619.10)	-	-
Debited to Other Provision	-	-	-	-
Recognised in Reserve	-	-	-	-
Employer’s Contribution	(2,100.68)	(2,407.68)	(1,234.77)	(1,146.88)
Net liability/(Asset) recognised in Balance Sheet	19,360.51	12,371.85	2,496.94	2,281.61

Investments under Plan Assets of Pension Fund & Gratuity Fund as on 31st March, 2021 are as follows:

Category of Assets	Pension Fund	Gratuity Fund
	% of Plan Assets	% of Plan Assets
Central Govt. Securities	21.21%	18.45%
State Govt. Securities	38.68%	40.32%
Debt Securities, Money Market Securities and Bank Deposits	30.01%	30.01%
Mutual Funds	6.43%	6.90%
Insurer Managed Funds	1.85%	2.57%
Others	1.82%	1.75%
Total	**100.00%**	**100.00%**

Principal actuarial assumptions

Particulars	Pension Plans	
	Current year	Previous year
Discount Rate	6.90%	6.83%
Expected Rate of return on Plan Asset	6.90%	6.83%
Salary Escalation Rate	5.60%	5.40%
Pension Escalation Rate	1.20%	0.80%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

Principal actuarial assumptions

Particulars	Gratuity Plans	
	Current year	Previous year
Discount Rate	6.82%	6.84%
Expected Rate of return on Plan Asset	6.82%	6.84%
Salary Escalation Rate	5.60%	5.40%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

Surplus/ Deficit in the Plan

Gratuity Plan

(₹ in crore)

Amount recognized in the Balance Sheet	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2021
Liability at the end of the year	7,291.02	12,872.60	12,189.05	12,852.56	13,447.17
Fair value of Plan Assets at the end of the year	7,281.18	9,140.76	10,326.00	10,570.95	10,950.23
Difference	9.84	3,731.84	1,863.05	2,281.61	2,496.94
Unrecognised Past Service Cost	-	2,707.50	-	-	-
Unrecognised Transition Liability	-	-	-	-	-
Amount Recognized in the Balance Sheet	9.84	1,024.34	1,863.05	2,281.61	2,496.94

Experience adjustment

(₹ in crore)

Amount recognized in the Balance Sheet	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2021
On Plan Liability (Gain) /Loss	10.62	399.62	(212.11)	382.17	1,053.04
On Plan Asset (Loss) /Gain	182.34	(25.96)	102.16	249.84	331.37

Surplus/Deficit in the plan

Pension

(₹ in crore)

Amount recognized in the Balance Sheet	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2021
Liability at the end of the year	67,824.90	87,786.56	95,362.15	1,09,830.37	1,25,806.37
Fair value of Plan Assets at the end of the year	64,560.42	85,249.60	90,399.61	97,458.52	1,06,445.86
Difference	3,264.48	2,536.96	4,962.54	12,371.85	19,360.51
Unrecognised Past Service Cost	-	-	-	-	-
Unrecognised Transition Liability	-	-	-	-	-
Amount Recognized in the Balance Sheet	3,264.48	2,536.96	4,962.54	12,371.85	19,360.51

Experience adjustment	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2021
On Plan Liability (Gain) /Loss	3,007.59	4,439.54	3,642.57	4,078.53	12,528.38
On Plan Asset (Loss) /Gain	2,246.60	(135.07)	109.65	1,550.28	3,705.91

The expected contribution to the Pension and Gratuity Fund for the next year is ₹ 3,190.72 crore and ₹ 1,610.61 crore respectively.

As the plan assets are marked to market on the basis of the yield curve derived from government securities, the expected rate of return has been kept the same as the discount rate.

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible. The said estimates and assumptions have been relied upon by the auditors.

With a view to further strengthen the Pension Fund, it was decided to upwardly revise some of the assumptions.

2. **Employees' Provident Fund**

Actuarial valuation carried out in respect of interest shortfall in the Provident Fund Trust of the Bank, as per Deterministic Approach shows "Nil" liability, hence no provision is made in F.Y. 2020-21.

The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

Particulars	Provident Fund	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April, 2020	31,188.49	30,487.93
Current Service Cost	3,289.62	1,017.99
Interest Cost	2,563.49	2,455.49
Employee Contribution (including VPF)	2,562.41	1,104.84
Actuarial losses/(gains)	63.43	208.49

Particulars	Provident Fund	
	Current Year	Previous Year
Benefits paid	(4,378.30)	(4,086.25)
Closing defined benefit obligation at 31st March, 2021	35,289.14	31,188.49
Change in Plan Assets		
Opening fair value of Plan Assets as at 1st April, 2020	32,104.22	32,179.93
Expected Return on Plan Assets	2,563.49	2,455.49
Contributions	5,852.03	2,122.82
Provision for loss on maturity of non-performing investment	(60.59)	(467.66)
Benefits Paid	(4,378.30)	(4,086.25)
Actuarial Gains / (Loss) on plan Assets	284.95	(100.11)
Closing fair value of plan assets as at 31st March, 2021	36,365.80	32,104.22
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at 31st March, 2021	35,289.14	31,188.49
Fair Value of Plan assets at 31st March, 2021	36,365.80	32,104.22
Deficit/(Surplus)	(1,076.66)	(915.73)
Net Asset not recognised in Balance Sheet	1,076.66	915.73
Net Cost recognised in the profit and loss account		
Current Service Cost	3,289.62	1,017.99
Interest Cost	2,563.49	2,455.49
Expected return on plan assets	(2,563.49)	(2,455.49)
Interest shortfall reversed	-	-
Total costs of defined benefit plans included in Schedule 16 “Payments to and provisions for employees”	3,289.62	1,017.99
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April, 2020	-	-
Expense as above	3,289.62	1,017.99
Employer’s Contribution	(3,289.62)	(1,017.99)
Net Liability/(Asset) Recognized In the Balance Sheet	-	-

Investments under Plan Assets of Provident Fund as on 31st March, 2021 are as follows:

Category of Assets	Provident Fund
	% of Plan Assets
Central Govt. Securities	30.65%
State Govt. Securities	32.48%
Debt Securities, Money Market Securities and Bank Deposits	30.76%
Mutual Funds	3.93%
Others	2.18%
Total	**100.00%**

Principal actuarial assumptions

Particulars	Provident Fund	
	Current year	Previous year
Discount Rate	6.82%	6.84%
Guaranteed Return	8.50%	8.50%
Attrition Rate	2.00%	2.00%
Salary Escalation	5.60%	5.40%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

There is a guaranteed return applicable to liability under SBI Employees Provident Fund which shall not be lower of either:

(a) one half percent above the average standard rate (adjusted up or down to the interest one quarter per cent) quoted by the bank for new deposits fixed for twelve months in the preceding year (ending on the preceding the 31st day of March); or

(b) three percent per annum, subject to approval of Executive Committee.

ii. Defined Contribution Plan:

The Bank has a Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the Bank on or after August 1, 2010. The Scheme is managed by NPS Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y. 2020-21, the Bank has contributed ₹ 648.17 crore (Previous Year ₹ 541.97 crore).

iii. Long Term Employee Benefits (Unfunded Obligation):

(A) Accumulating Compensated Absences (Privilege Leave)

The following table sets out the status of Accumulating Compensated Absences (Privilege Leave) as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

Particulars	Accumulating Compensated Absences (Privilege Leave)	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April, 2020	7,533.04	6,870.40
Current Service Cost	311.06	284.97
Interest Cost	515.26	533.83
Actuarial losses/(gains)	1,221.15	769.88
Benefits paid	(1,398.27)	(926.04)
Closing defined benefit obligation at 31st March, 2020	8,182.24	7,533.04
Net Cost recognised in the profit and loss account		
Current Service Cost	311.06	284.97
Interest Cost	515.26	533.83
Actuarial (Gain)/ Losses	1,221.15	769.88
Total costs of defined benefit plans included in Schedule 16 “Payments to and provisions for employees”	2,047.47	1,588.68
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April, 2019	7,533.04	6,870.40
Expense as above	2,047.47	1,588.68
Employer’s Contribution	-	-
Benefit paid directly by the Employer	(1,398.27)	(926.04)
Net Liability/(Asset) Recognized In the Balance Sheet	8,182.24	7,533.04

Principal actuarial assumptions

Particulars	Current year	Previous year
Discount Rate	6.82%	6.84%
Salary Escalation	5.60%	5.40%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

(B) Other Long Term Employee Benefits

Amount of ₹ 32.29 crore (Previous Year ₹ 21.71 crore) is provided towards Other Long Term Employee Benefits as per the actuarial valuation by the independent Actuary appointed by the Bank and is included under the head "Payments to and Provisions for Employees" in Profit and Loss Account.

Details of Provisions made for various Other Long Term Employee Benefits during the year:

(₹ in crore)

Sr. No.	Long Term Employee Benefits	Current Year	Previous Year
1	Leave Travel and Home Travel Concession (Encashment/Availment)	35.84	20.00
2	Silver Jubilee Award	1.82	3.91
3	Resettlement Expenses on Superannuation	(2.89)	1.01
4	Casual Leave	-	-
5	Retirement Award	(2.48)	(3.21)
Total		**32.29**	**21.71**

Principal actuarial assumptions

Particulars	Current year	Previous year
Discount Rate	6.82%	6.84%
Salary Escalation	5.60%	5.40%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

c) Accounting Standard – 17 "Segment Reporting"

1. Segment Identification

I. Primary (Business Segment)

The following are the primary segments of the Bank:-

- Treasury
- Corporate / Wholesale Banking
- Retail Banking
- Other Banking Business.

The present accounting and information system of the Bank does not support capturing and extraction of the data in respect of the above segments separately. However, based on the present internal, organisational and management reporting structure and the nature of their risk and returns, the data on the primary segments have been computed as under:

i. **Treasury –**

The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

ii. **Corporate / Wholesale Banking –**

The Corporate / Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Commercial Clients Group and Stressed Assets Resolution Group. These include providing loans and transaction services to corporate and institutional clients and further include non-treasury operations of foreign offices.

iii. **Retail Banking –**

The Retail Banking Segment comprises of retail branches, which primarily includes Personal Banking activities including lending activities to corporate customers having banking relations with these branches. This segment also includes agency business and ATMs.

iv. **Other Banking business –**

Segments not classified under (i) to (iii) above are classified under this primary segment.

II. **Secondary (Geographical Segment)**

i) Domestic Operations - Branches/Offices having operations in India

ii) Foreign Operations - Branches/Offices having operations outside India and offshore Banking units having operations in India

III. **Pricing of Inter-segmental Transfers**

The Retail Banking segment is the primary resource mobilising unit. The Corporate/Wholesale Banking and Treasury segments are recipient of funds from Retail Banking. Market related Funds Transfer Pricing (MRFTP) is followed under which a separate unit called Funding Centre has been created. The Funding Centre notionally buys funds that the business units raise in the form of deposits or borrowings and notionally sell funds to business units engaged in creating assets.

IV. **Allocation of Expenses, Assets and Liabilities**

Expenses incurred at Corporate Centre establishments directly attributable either to Corporate / Wholesale and Retail Banking Operations or to Treasury Operations segment, are allocated accordingly. Expenses not directly attributable are allocated on the basis of the ratio of number of employees in each segment/ratio of directly attributable expenses.

The Bank has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated.

2. **Segment Information**

Part A: Primary (Business Segments)

(₹ in crore)

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Revenue (before exceptional items) #	91,916.79	81,782.12	1,31,783.02	-	3,05,481.93
	(75,054.51)	(90,248.46)	(1,30,906.66)	(-)	(2,96,209.63)
Unallocated Revenue #					1,625.34
					(119.80)
Total Revenue #					3,07,107.27
					(2,96,329.43)
Result (before exceptional items) #	15,561.38	5,149.19	9,448.38	-	30,158.95
	(9,446.53)	(-3,996.75)	(18,058.78)	(-)	(23,508.56)
Add: Exceptional Items #	1,539.73				1,539.73
	(6,215.64)				(6,215.64)
Result (after exceptional items) #	17,101.11	5,149.19	9,448.38	-	31,698.68
	(15,662.17)	(-3,996.75)	(18,058.78)	(-)	(29,724.20)
Unallocated Income(+) / Expenses (-) - net #					-4,157.56
					(-4,661.44)

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Profit before tax #					27,541.12
					(25,062.76)
Tax #					7,130.65
					(10,574.65)
Extraordinary Profit #					-
					(-)
Net Profit #					20,410.47
					(14,488.11)
Other Information:					
Segment Assets *	14,53,111.55	11,97,649.91	18,15,024.48	-	44,65,785.93
	(11,34,532.91)	(11,77,636.15)	(15,80,600.47)	(-)	(38,92,769.53)
Unallocated Assets *					68,643.70
					(58,624.39)
Total Assets*					45,34,429.63
					(39,51,393.92)
Segment Liabilities *	13,26,432.08	11,68,462.70	16,82,902.21	-	41,77,796.99
	(10,18,341.71)	(11,62,918.88)	(14,60,117.68)	(-)	(36,41,378.27)
Unallocated Liabilities*					1,02,757.46
					(78,008.22)
Total Liabilities *					42,80,554.45
					(37,19,386.49)

(Figures in brackets are for previous year) .

Part B: Secondary (Geographic Segments)

(₹ in crore)

	Domestic		Foreign		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue (before exceptional items) #	2,97,188.29	2,81,486.59	9,918.98	14,842.84	3,07,107.27	2,96,329.43
Net Profit#	17,236.17	10,332.81	3,174.30	4,155.30	20,410.47	14,488.11
Assets *	40,56,851.69	35,11,389.86	4,77,577.94	4,40,004.06	45,34,429.63	39,51,393.92
Liabilities*	38,02,976.51	32,79,382.43	4,77,577.94	4,40,004.06	42,80,554.44	37,19,386.49

For the year ended 31st March, 2021.

* As at 31st March, 2021.

d) Accounting Standard – 18 "Related Party Disclosures"

1. **Related Parties**

A. **SUBSIDIARIES**

i. **FOREIGN BANKING SUBSIDIARIES**

1. Commercial Indo Bank LLC, Moscow
2. Bank SBI Botswana Limited
3. SBI Canada Bank
4. State Bank of India (California)
5. State Bank of India (UK) Limited
6. SBI (Mauritius) Ltd.
7. PT Bank SBI Indonesia
8. Nepal SBI Bank Ltd.

ii. **DOMESTIC NON-BANKING SUBSIDIARIES**

1. SBI Life Insurance Co. Ltd.
2. SBI General Insurance Co. Ltd.
3. SBI Cards & Payment Services Ltd.
4. SBI Funds Management Pvt. Ltd. (SBIFMPL)
5. SBI Mutual Fund Trustee Co. Pvt. Ltd.
6. SBI Capital Markets Ltd. (SBICAPS)
7. SBICAP Trustee Co. Ltd.
8. SBICAP Ventures Ltd.
9. SBICAP Securities Ltd.
10. SBI Global Factors Ltd.
11. SBI SG – Global Securities Pvt. Ltd.
12. SBI DFHI Ltd.
13. SBI Pension Funds Pvt. Ltd.
14. SBI Payment Services Pvt. Ltd.
15. SBI Infra Management Solutions Pvt. Ltd.
16. SBI Foundation

iii. **FOREIGN NON-BANKING SUBSIDIARIES**

1. SBICAP (Singapore) Ltd.
2. SBI Funds Management (International) Pvt. Ltd.
3. State Bank of India Servicos Limitada, Brazil
4. Nepal SBI Merchant Banking Ltd.
5. SBICAP (UK) Ltd.

B. **JOINTLY CONTROLLED ENTITIES**

1. C-Edge Technologies Ltd.
2. Jio Payments Bank Ltd.
3. SBI Macquarie Infra. Mgt. Pvt. Ltd
4. SBI Maxquarie Infra. Trustee Ltd
5. Macquarie SBI Infra. Mgmt Pvt Lts
6. Macquarie SBI Infra. Trsutee Ltd
7. Oman India Joint Investment Fund- Management. Company Pvt. Ltd.
8. Oman India Joint Investment Fund - Trustee Company Pvt. Ltd.

C. **ASSOCIATES**

i. **Regional Rural Banks**

1. Andhra Pradesh Grameena Vikas Bank
2. Arunachal Pradesh Rural Bank
3. Chhattisgarh Rajya Gramin Bank
4. Ellaquai Dehati Bank
5. Madhyanchal Gramin Bank
6. Meghalaya Rural Bank
7. Mizoram Rural Bank
8. Nagaland Rural Bank
9. Saurashtra Gramin Bank
10. Utkal Grameen Bank
11. Uttarakhand Gramin Bank
12. Jharkhand Rajya Gramin Bank
13. Rajasthan Marudhara Gramin Bank
14. Telangana Grameena Bank

ii. **Others**

1. SBI Home Finance Ltd. (under liquidation)
2. The Clearing Corporation of India Ltd.
3. Bank of Bhutan Ltd.
4. Yes Bank Ltd.

D. **Key Management Personnel of the Bank**

1. Shri Dinesh Kumar Khara, Chairman (from 7th October, 2020)
2. Shri Rajnish Kumar, Chairman (upto 6th October, 2020)

3. Shri Dinesh Kumar Khara, Managing Director (upto 6th October, 2020)
4. Shri C.S. Setty, Managing Director (Retail & Digital Banking)
5. Shri Ashwani Bhatia, Managing Director (Corporate Banking & Global Markets) (from 24th August, 2020)
6. Shri Swaminathan Janakiraman, Managing Director (Risk, Compliance and SARG) (from 28th January, 2021)
7. Shri Ashwini Kumar Tewari, Managing Director (International Banking, Technology & Subsidiaries) (from 28th January, 2021)
8. Shri Arijit Basu, Managing Director (upto 31st October, 2020)

2. Parties with whom transactions were entered into during the year

No disclosure is required in respect of related parties, which are "State-controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

3. Transactions and Balances

(₹ in crore)

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
Outstanding as at 31st March,2021			
Borrowings	-	-	-
	(-)	(-)	(-)
Deposit	1,351.05	-	1,351.05
	(746.45)	(-)	(746.45)
Other Liabilities	7.83	-	7.83
	(0.06)	(-)	(0.06)
Balance with Banks and Money at call and short notice	-	-	-
	(300.00)	(-)	(300.00)
Advance	1,434.76	-	1,434.76
	(113.50)	(-)	(113.50)
Investment	12,520.51	-	12,520.51
	(11,003.36)	(-)	(11,003.36)
Other Assets	150.79	-	150.79
	(212.33)	(-)	(212.33)
Non-fund commitments (LCs/ BGs)	2,935.10	-	2,935.10
	(-)	(-)	(-)

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
Maximum outstanding during the year			
Borrowings	-	-	-
	(-)	(-)	(-)
Deposit	1,541.27	-	1,541.27
	(767.06)	(-)	(767.06)
Other Liabilities	7.83	-	7.83
	(0.06)	(-)	(0.06)
Balance with Banks and Money at call and short notice	-	-	-
	(300.00)	(-)	(300.00)
Advance	17,763.35	-	17,763.35
	(113.50)	(-)	(113.50)
Investment	12,520.51	-	12,520.51
	(11,003.36)	(-)	(11,003.36)
Other Assets	150.79	-	150.79
	(212.33)	(-)	(212.33)
Non-fund commitments (LCs/ BGs)	2,935.10	-	2,935.10
	(-)	(-)	(-)
During the year ended 31st March,2021			
Interest Income	160.52	-	160.52
	(4.89)	(-)	(4.89)
Interest expenditure	18.44	-	18.44
	(0.82)	(-)	(0.82)
Income earned by way of dividend	22.61	-	22.61
	(17.88)	(-)	(17.88)
Other Income	1.00	-	1.00
	(0.74)	(-)	(0.74)
Other expenditure	-	-	-
	(-)	(-)	(-)
Profit/(loss) on sale of land/building and other assets	-	-	-
	(-)	(-)	(-)
Management contracts	-	1.50	1.50
	(-)	(1.38)	(1.38)

Figures in brackets are for Previous Year.

There are no materially significant related party transactions during the year.

e) Accounting Standard – 19 "Leases"

Premises taken on operating lease are given below:

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the Bank.

(i) Liability for Premises taken on Non-Cancellable operating lease are given below (₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Not later than 1 year	61.32	116.77
Later than 1 year and not later than 5 years	109.10	399.69
Later than 5 years	10.57	104.46
Total	**180.99**	**620.92**

(ii) Amount of lease payments recognised in the P&L Account for operating leases is ₹3,360.58 crore (₹ 3,338.32 crore).

f) Accounting Standard -20 "Earnings per Share"

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share". "Basic earnings" per share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year.

Particulars	Current Year	Previous Year
Basic and diluted		
Number of Equity Shares outstanding at the beginning of the year	892,46,11,534	892,46,11,534
Number of Equity Shares issued during the year	Nil	Nil
Number of Equity Shares outstanding at the end of the year	892,46,11,534	892,46,11,534
Weighted average number of equity shares used in computing basic earnings per share	892,46,11,534	892,46,11,534
Weighted average number of shares used in computing diluted earnings per share	892,46,11,534	892,46,11,534
Net profit / (loss) (₹ in crore)	20,410.47	14,488.11
Basic earnings per share (₹)	22.87	16.23
Diluted earnings per share (₹)	22.87	16.23
Nominal value per share (₹)	1	1

g) Accounting Standard – 22 "Accounting for Taxes on Income"

a. Current Tax :-

During the year the Bank has debited to Profit & Loss Account ₹10,760.88 crore (Previous Year ₹ 3,063.67 crore) on account of current tax. The Current Tax in India has been calculated in accordance with the provisions of Income Tax Act 1961 after taking appropriate relief for taxes paid in foreign jurisdictions.

b. Deferred Tax :-

During the year, ₹ 3,630.23 crore has been credited to Profit and Loss Account (Previous Year debit ₹ 7,510.99 crore) on account of deferred tax.

The Bank has a net DTA of ₹ 6,556.81 crore (Previous Year net DTA of ₹ 2,927.28 crore), which comprises of DTL of ₹ 2.46 crore (Previous Year ₹ 6.16 crore) included under 'Other Liabilities and Provisions' and Deferred Tax Assets (DTA) of ₹ 6,559.27 crore (Previous Year ₹ 2,933.44 crore) included under 'Other Assets'. The major components of DTA and DTL is given below:

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Assets (DTA)		
Provision for long term employee Benefits	7,918.85	6,425.50
Provision for advances	3,691.83	2,757.68
Provision for Other Assets/Other Liability	3,115.57	665.72
On Accumulated losses (including erstwhile ABs)	-	-
On Foreign Currency Translation Reserve	759.10	809.99
Depreciation on Fixed Assets	199.52	116.18
On account of Foreign Offices	275.67	253.17
Total	**15,960.54**	**11,028.24**
Deferred Tax Liabilities (DTL)		
Interest accrued but not due on Securities	5,744.73	4,563.17
Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961	3,656.53	3,531.63
On account of Foreign Offices	2.46	6.16
Total	**9,403.72**	**8,100.96**
Net Deferred Tax Assets/(Liabilities)	**6,556.82**	**2,927.28**

c) While recognising provision for income tax for the year ended 31st March 2020, the Bank had exercised the option of lower tax rate permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Bank had re-measured its Deferred Tax Assets based on the tax rate prescribed in the said section and has reversed the MAT credit no longer available to it. The impact of these changes was a one-time charge of ₹ 3,392.31 crore in the year ended 31st March 2020.

h) Accounting Standard – 27 "Financial Reporting of interests in Joint Ventures"

Investments include ₹ 97.66 crore (Previous Year ₹ 97.66 crore) representing Bank's interest in the following jointly controlled entities.

Sr. No	Name of the Company	Amount ₹ in crore	Country of Residence	Holding %
1	C - Edge Technologies Ltd.	4.90 (4.90)	India	49%
2	SBI Macquarie Infrastructure Management Pvt. Ltd.	18.57 (18.57)	India	45%
3	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	0.03 (0.03)	India	45%
4	Maquarie SBI Infrastructure Management Pte. Ltd.	2.25 (2.25)	Singapore	45%
5	Macquarie SBI Infrastructure Trustee Ltd. #	- (-)	Bermuda	45%
6	Oman India Joint Investment Fund – Management Company Pvt. Ltd.	2.30 (2.30)	India	50%
7	Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.	0.01 (0.01)	India	50%
8	Jio Payments Bank	69.60 (69.60)	India	30%

Indirect holding through Maquarie SBI Infra Management Pte. Ltd., against which the company has made 100% provision on investments.

(Figures in brackets relate to previous year)

As required by AS 27, the aggregate amount of the assets, liabilities, income, expenses, contingent liabilities and commitments related to the Bank's interests in jointly controlled entities are disclosed as under:

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Liabilities		
Capital & Reserves	227.35	242.72
Deposits	5.22	6.25
Borrowings	2.92	-
Other Liabilities & Provisions	55.51	59.47
Total	**291.00**	**308.44**
Assets		
Cash and Balances with RBI	2.15	1.28
Balances with Banks and money at call and short notice	132.12	88.68
Investments	67.77	104.74
Advances	-	-
Fixed Assets	18.77	32.19
Other Assets	70.20	81.55
Total	**291.00**	**308.44**
Capital Commitments	-	-
Other Contingent Liabilities	2.10	0.56
Income		
Interest earned	7.98	9.75
Other income	164.29	184.37
Total	**172.27**	**194.12**
Expenditure		
Interest expended	3.42	0.28
Operating expenses	153.99	133.69
Provisions & contingencies	13.16	14.70
Total	**167.19**	**148.67**
Profit	**5.08**	**45.45**

i) Accounting Standards – 28 "Impairment of Assets"

In the opinion of the Bank's Management, there is no indication of impairment to the assets during the year to which Accounting Standard 28 – "Impairment of Assets" applies.

j) Accounting Standard – 29 "Provisions, Contingent Liabilities and Contingent Assets"

Description of Contingent liabilities:

Sr. No.	Particulars	Brief Description
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows. The Bank is also a party to various taxation matters in respect of which appeals are pending.
2	Liability on partly paid-up investments/ Venture Funds	This item represents amounts remaining unpaid towards liability for partly paid investments. This also includes undrawn commitments for Venture Capital Funds.
3	Liability on account of outstanding forward exchange contracts	The Bank enters into foreign exchange contracts in its normal course of business to exchange currencies at a pre-fixed price at a future date. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. The notional amounts are recorded as Contingent Liabilities. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the interbank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial Banking activities, the Bank issues documentary credits and guarantees on behalf of its customers. Documentary credits enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfil its financial or performance obligations.
5	Other items for which the Bank is contingently liable	The Bank enters into currency options, forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts. Further, these also include estimated amount of contracts remaining to be executed on capital account and not provided for, letter of comforts issued by the Bank on behalf of Associates & Subsidiaries, Bank's Liability under Depositors Education and Awareness Fund A/c and other sundry contingent liabilities.

The Contingent Liabilities mentioned above are dependent upon the outcome of Court/ arbitration/out of Court settlements, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, as the case may be.

k) Movement of provisions against Contingent Liabilities

The movement of provisions against contingent liabilities given in the table below:

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance	628.62	525.26
Additions during the year	2,981.22	137.17
Amount utilised during the year	68.45	5.30
Unused amount reversed during the year	111.41	28.51
Closing balance	**3,429.98**	**628.62**

18.10. Additional Disclosures

1. Provisions and Contingencies

The breakup of provisions is given in the table below :

(₹ in crore)

Break up of "Provisions and Contingencies" shown under head Expenditure in Profit and loss account	Current Year	Previous Year
Provision for Taxation		
- Current Tax	10,760.88	2,803.14
- Deferred Tax	-3,630.23	7,510.99
- Write Back/Additional Provision of Income Tax	-	260.53
Provision for Depreciation on Investments	3,014.50	538.55
Provision on Non-Performing Assets	27,269.95	42,997.50
Provision on Restructured Assets	(-) 25.60	(-) 221.54
Provision on Standard Assets	3,789.78	(-) 877.40
Other Provisions	9,964.41	632.73
Total	**51,143.68**	**53,644.50**

2. Floating Provisions

(₹ in crore)

Particulars	Current Year	Previous Year
Opening Balance	193.75	193.75
Addition during the year	-	-
Draw down during the year	-	-
Closing Balance	193.75	193.75

3. Draw down from Reserves

During the year, there has been no draw down from the reserves.

4. Disclosure of complaints

Enhanced disclosures to be made by banks on complaints and grievance redress

Summary information on complaints received by the bank from customers and from the OBOs

SR. No	Particulars	Current year	Previous year
	Complaints received by the bank from its customers		
1	Number of complaints pending at beginning of the year	1,76,057	1,39,029
2	Number of complaints received during the year	31,31,509	38,08,400
3	Number of complaints disposed during the year	31,61,286	37,71,372
	3.1 Of which, number of complaints rejected by the bank	1,20,191	1,48,436
4	Number of complaints pending at the end of the year	1,46,280	1,76,057
	Maintainable complaints received by the bank from OBOs		
5	Number of maintainable complaints received by the bank from OBOs	58,956	53,083
	5.1 Of 5, number of complaints resolved in favour of the bank by Bos	54,680@	39,342
	5.2 Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Bos	12,024@	7,065
	5.3 Of 5, number of complaints resolved after passing of Awards by BOs against the bank	6	15
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	0	4

@includes 9128 complaints pending as on April 1, 2020

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006 and covered within the ambit of the Scheme.

Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year - 2020-21					
ATM/ Debit Card	1,14,230	18,04,653	-33.25	64,100	10,946
INB/ MB	51,819	5,70,711	-9.50	43,015	22,620
Bank Charges levied	667	62,482	48.99	4,016	361
Operation of accounts	585	32,285	80.05	3,459	683
Cheque Book related	73	12,163	167.55	660	96
Others	8,683	6,49,215	54.64	31,030	350
Total	**1,76,057**	**31,31,509**	**-17.77**	**1,46,280**	**35,056**
Previous Year - 2019-20					
ATM/ Debit Card	1,07,785	27,03,608	-15.31	1,14,230	69,973
INB/ MB	27,753	6,30,611	79.83	51,819	29,942
Bank Charges levied	2,166	31,871	1,225.2	667	71
Operation of accounts	672	17,931	2,796.77	585	128
Cheque Book related	274	4,546	1,056.74	73	7
Others	379	4,19,833	-37.81	8,683	55
Total	**1,39,029**	**38,08,400**	**-9.77**	**1,76,057**	**1,00,176**

5. **Payment to Micro, Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006**

There has been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small & Medium Enterprises.

6. **Letter of Comfort**

The Bank has not issued any letter of comfort which are not recorded as contingent liabilities during the year ended 31st March, 2021 and 31st March, 2020.

7. **Provisioning Coverage Ratio (PCR):**

The Provisioning to Gross Non-Performing Assets ratio of the Bank as on 31st March, 2021 is 87.75% (Previous Year 83.62 %).

8. **Fees/remuneration received in respect of the bancassurance business**

(₹ in crore)

Name of Company	Current Year	Previous Year
SBI Life Insurance Co. Ltd.	1,239.75	1,116.93
SBI General Insurance Co. Ltd.	327.39	314.52
NTUC and Manu life Financial Limited	0.83	0.86
Tokio Marine and ACE	1.52	2.31
Unit Trust and LIC	0.22	0.35
AIA Singapore	0.06	1.12
IFAST	0.17	-
TOTAL	**1,569.95**	**1,436.09**

9. Concentration of Deposits, Advances, Exposures & NPAs (computed as per directions of RBI)

a) Concentration of Deposits

(₹ in crore)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	1,36,577.00	95,385.85
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	3.71%	2.94%

b) Concentration of Advances

(₹ in crore)

Particulars	Current Year	Previous Year
Total Advances to twenty largest borrowers	3,15,554.46	3,10,707.52
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	12.43%	12.82%

c) Concentration of Exposures

(₹ in crore)

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/customers	4,35,690.45	5,25,714.23
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	10.63%	13.93%

d) Concentration of NPAs

(₹ in crore)

Particulars	Current Year	Previous Year
Total Exposure to top four NPA accounts	25,101.40	25,880.11

10. Sector – wise Advances

(₹ in crore)

Sr. No.	Sector	Current Year			Previous year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	Agriculture & allied activities	2,12,818.77	32,392.47	15.22	2,04,185.71	32,558.27	15.95
2	Industry (Micro & Small, Medium and Large)	92,993.76	11,206.95	12.05	1,01,080.54	18,738.88	18.54
3	Services	1,22,088.06	10,198.53	8.35	83,870.61	5,289.20	6.31
4	Personal Loans	1,71,541.16	2,352.84	1.37	1,66,800.34	3,131.18	1.88
	Sub-total (A)	**5,99,441.75**	**56,150.79**	**9.37**	**5,55,937.20**	**59,717.53**	**10.74**
B	**Non Priority Sector**						
1	Agriculture & allied activities	1,562.08	205.85	13.18	2235.29	229.81	10.28
2	Industry (Micro & Small, Medium and Large)	6,78,089.82	47,770.41	7.04	10,54,285.42	74,644.63	7.08
3	Services	5,60,186.39	17,636.56	3.15	2,21,642.21	9,686.06	4.37
4	Personal Loans	7,00,113.23	4,625.41	0.66	5,88,744.65	4,813.82	0.82
	Sub-total (B)	**19,39,951.52**	**70,238.23**	**3.62**	**18,66,907.57**	**89,374.32**	**4.79**
C	**Total (A+B)**	**25,39,393.27**	**1,26,389.02**	**4.98**	**24,22,844.77**	**1,49,091.85**	**6.15**

11. Overseas Assets, NPAs and Revenue

(₹ in crore)

Sr. No.	Particulars	Current Year	Previous Year
1	Total Assets	4,77,577.94	4,40,004.06
2	Total NPAs (Gross)	2,426.10	1,650.16
3	Total Revenue	9,918.98	14,842.84

12. Off-balance Sheet SPVs sponsored

Name of the SPVs Sponsored	Domestic	Overseas
Current Year	Nil	Nil
Previous Year	Nil	Nil

13. Disclosure relating to Securitisation

(₹ in crore)

Sr. No.	Particulars	Current Year		Previous Year	
		Number	Amount	Number	Amount
1.	No. of the SPVs sponsored by the Bank for securitization transactions	Nil	Nil	Nil	Nil
2.	Total amount of securitized assets as per the books of the SPVs sponsored by the bank	Nil	Nil	Nil	Nil
3.	Total amount of exposures retained by the bank to comply with MMR as on the date of balance sheet a) Off-balance sheet exposures i. First Loss ii. Others b) On-balance sheet exposures i. First Loss ii. Others	Nil	Nil	Nil	Nil
4.	Amount of exposures to securitisation transactions other than MMR a) Off-balance sheet exposures i. Exposures to own securitisations 1. First Loss 2. Others ii. Exposures to third party securitisations 1. First Loss 2. Others b) On-balance sheet exposures i. Exposures to own securitisations 1. First Loss 2. Others ii. Exposures to third party securitisations 1. First Loss 2. Others	Nil	Nil	Nil	Nil

14. Credit Default Swaps

(₹ in crore)

Sr. No.	Particulars	Current Year		Previous Year	
		As Protection Buyer	As Protection Seller	As Protection Buyer	As Protection Seller
1.	No. of transactions during the year	Nil	Nil	Nil	Nil
	a) of which transactions that are/may be physically settled				
	b) cash settled				
2.	Amount of protection bought / sold during the year	Nil	Nil	Nil	Nil
	a) of which transactions which are/ may be physically settled				
	b) cash settled				
3.	No. of transactions where credit event payment was received / made during the year	Nil	Nil	Nil	Nil
	a) pertaining to current year's transactions				
	b) pertaining to previous year(s)' transactions				
4.	Net income/ profit (expenditure/ loss) in respect of CDS transactions during year-to-date:	Nil	Nil	Nil	Nil
	a) premium paid / received				
	b) Credit event payments:				
	• made (net of the value of assets realised)				
	• received (net of value of deliverable obligation)				
5.	Outstanding transactions as on 31st March:	Nil	Nil	Nil	Nil
	a) No. of Transactions				
	b) Amount of protection				
6.	Highest level of outstanding transactions during the year:	Nil	Nil	Nil	Nil
	a) No. of Transactions (as on 1st April)				
	b) Amount of protection (as on 1st April)				

15. Intra-Group Exposures:

(₹ in crore)

Sr. No	Particulars	Current Year	Previous Year
i	Total amount of intra-group exposures	41,268.96	32,578.25
ii	Total amount of top-20 intra-group exposures	41,263.80	32,577.04
iii	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	1.01%	0.86%
iv	Details of breach of limits on intra-group exposures and regulatory action thereon	Nil	Nil

16. Unclaimed Liabilities transferred to Depositor Education and Awareness Fund (DEA Fund)

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance of amounts transferred to DEA Fund	3,387.65	2,852.66
Add : Amounts transferred to DEA Fund during the year	267.30	557.22
Less : Amounts reimbursed by DEA Fund towards claims	18.54	22.23
Closing balance of amounts transferred to DEA Fund	3,636.41	3,387.65

17. Unhedged Foreign Currency Exposure

The Bank in accordance with RBI Circular No. DBOD.No.BP.BC.85/21.06.200/2013-14 dated 15th January 2014 on 'Capital and Provisioning Requirements for Exposure to entities has provided for Unhedged Foreign Currency Exposure'.

An amount of ₹ 116.40 crore (Previous Year ₹ 108.84 crore) was held as on 31st March 2021 towards Currency Induced Credit Risk and Capital allocated for Currency Induced Credit Risk amounts to ₹ 121.71 crore (Previous Year ₹ 28.54 crore).

18. In accordance with instructions contained in RBI circulars dated March 27, 2020 and May 23, 2020, the Bank has extended the moratorium to all borrowers of all segments. As per RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, provisioning in respect of COVID -19 Regulatory Package is as below :-

(₹ in crore)

Particulars	Amount
Respective amounts, where the moratorium/deferment was extended (O/s as on August 31, 2020) [As a default option, Bank extended this moratorium benefit to all eligible customers]	8,21,163.83
Respective amount where asset classification benefits is extended (O/s as on August 31, 2020)	11,357.78
Provisions made during the Q4FY2020	1,172.00
Provisions made during the Q1FY2021	1,836.00
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	Nil
Residual provision as on March 31, 2021 (includes ₹ 3,338.00 crore provided in Q3 and Q4 of FY 2020-21)	6,346.00

19. Liquidity Coverage Ratio (LCR):

a) Standalone LCR

Liquidity Coverage Ratio (LCR) standard has been introduced with the objective that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

LCR has been defined as : $$\frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflow over the next 30 calendar days}}$$

Liquid assets comprise of high quality assets that can be readily encashed or used as collateral to obtain cash in a range of stress scenarios. There are two categories of assets included in the stock of HQLAs, viz. Level 1 and Level 2 assets. While Level 1 assets are with 0% haircut, Level 2A and Level 2 B assets are with 15% and 50% haircuts respectively. The total net cash outflow is the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. Total expected cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or be drawn down. Total expected cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in up to an aggregate cap of 75% of total expected cash outflows.

Quantitative Disclosure:

(₹ in crore)

LIQUIDITY COVERAGE RATIO											
	State Bank of India										INR in Crs
		Quarter ended March 31, 2021		**Quarter ended December 31, 2020**		**Quarter ended Sept 30, 2020**		**Quarter ended June 30, 2020**		**Quarter ended March 31, 2020**	
LCR COMPONENTS		Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
HIGH QUALITY LIQUID ASSETS (HQLA)											
1	Total High Quality Liquid Assets(HQLA)		1,165,122		1,164,328		1,125,701		1,079,947		892,622
CASH OUTFLOWS											
2	Retail Deposits and deposits from small business customers, of which:										
(i)	Stable deposits	829,333	41,467	822,785	41,139	508,658	25,433	324,280	16,214	315,743	15,787
(ii)	Less Stable Deposits	1,747,243	174,724	1,700,856	170,086	1,997,360	199,736	2,158,744	215,874	2,030,618	203,062
3	Unsecured wholesale funding, of which:										
(i)	Operational deposits(all counterparties)	781	195	821	205	828	207	788	197	757	189
(ii)	Non-operational deposits (all counterparti	883,699	541,738	830,749	504,707	806,917	490,491	820,911	492,004	727,791	442,254
(iii)	Unsecured debt	0	0	0	0	0	0	0	0	0	0
4	Secured wholesale funding	139,993	1,372	18,524	1,290	3,687	3,252	7,036	6,987	1,652	18
5	Additional requirements, of which										
(i)	Outflows related to derivative exposures and other collateral requirements	152,989	152,989	139,059	139,059	131,847	131,847	118,168	118,168	156,235	156,235
(ii)	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0	0	0
(iii)	Credit and liquidity facilities	43,125	7,326	44,632	7,105	40,845	6,639	38,630	5,837	42,467	6,050
6	Other contractual funding obligations	39,215	39,215	35,424	35,424	32,992	32,992	44,756	44,756	34,641	34,641
7	Other contingent funding obligations	610,132	22,007	597,353	21,458	587,042	21,215	554,361	20,004	556,385	19,965
8	TOTAL CASH OUTFLOWS	4,446,513	981,034	4,190,202	920,473	4,110,176	911,812	4,067,674	920,042	3,866,288	878,200
CASH INFLOWS											
9	Secured lending(eg. Reverse repos)	146,720	0	52,142	0	47,130	0	159,755	0	48,756	0
10	Inflows from fully performing exposures	236,691	211,019	233,920	207,843	182,108	172,677	186,218	174,736	241,553	221,788
11	Other cash inflows	41,962	35,399	33,674	29,632	37,666	31,934	34,734	30,101	42,453	34,750
12	TOTAL CASH INFLOWS	425,373	246,418	319,735	237,474	266,904	204,611	380,707	204,837	332,762	256,538
13	TOTAL HQLA		1,165,122		1,164,328		1,125,701		1,079,947		892,622
14	TOTAL NET CASH OUTFLOWS		734,616		682,999		707,201		715,205		621,662
15	LIQUIDITY COVERAGE RATIO(%)		**158.60%**		**170.47%**		**159.18%**		**151.00%**		**143.59%**

Note : In accordance with RBI Circular No. RBI/2014-15/529 DBR. No. BP.BC.80/21.06.201/2014-15 dated 31st March, 2015 guidelines, average weighted and unweighted amounts have been calculated considering simple daily average from 1st January 2017 and taking 69 days data points for the quarter January-March 2021.

Bank's LCR comes to 158.60% based on daily average of three months (Q4 FY20-21) and and is above the minimum regulatory requirement of 90% (RBI reduced the minimum benchmark temporarily from 100% to 90% to contain effect of covid threat in Banking). Average HQLA held during the quarter was ₹ 11,65,122 crore, of which, Level 1 assets constituted 95.29% of total HQLA. Government securities constituted 96.63% of Total Level 1 Assets. Level 2A Assets constitutes 4.24% of total HQLA and Level 2B assets constitutes 0.47% of total HQLA. During the quarter, the HQLA level has remained flat from previous quarter. The weighted net cash outflow position has gone up by ₹ 51,617 crore on account of increase in deposits from customers classified under retail as well as wholesale segment. Derivative exposures are considered insignificant due to almost matching inflows and outflows position. During the quarter, LCR for USD (significant Foreign Currency constituting more than 5% of the Balance Sheet of the Bank) was 326.52% on average.

Liquidity Management in the Bank is driven by the ALM Policy of the Bank and regulatory prescriptions. The Domestic and International Treasuries are reporting to the Asset Liability Management Committee (ALCO). The ALCO has been empowered by the Bank's Board to formulate the Bank's funding strategies to ensure that the funding sources are well diversified and is consistent with the operational requirements of the Bank. All the major decisions of ALCO are being reported to the Bank's Board periodically. In addition to daily/monthly LCR reporting, Bank prepares daily Structural Liquidity statements to assess the liquidity needs of the Bank on an ongoing basis.

The Bank has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail deposits constitute major portion of total funding sources, which are well diversified. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future short term requirements.

b. Consolidated LCR

The RBI through a supplementary guideline issued on 31st March 2015 had stipulated the implementation of LCR at a consolidated level from 1st January 2016. Accordingly, SBI Group has been computing the Consolidated LCR.

The entities covered in the Group LCR are State Bank of India and eight Overseas Banking Subsidiaries: Bank SBI Botswana Ltd, Commercial Indo Bank LLC, Moscow, Nepal SBI Bank Ltd., State Bank of India (California), SBI Canada Bank, SBI (Mauritius) Ltd, PT Bank SBI Indonesia and State Bank of India (UK) Ltd.

SBI Group LCR comes out to 159.06% as on 31st March, 2021 based on average of three months January, February and March, 2021.

(₹ in crore)

GROUP LCR DISCLOSURE TEMPLATE AS ON QUARTER ENDED 31.03.2021 (Janurary-March, 2021)

GROUP LIQUIDITY COVERAGE RATIO

State Bank of India Group (INR in Crs)

		Quarter ended March 31, 2021		Quarter ended December 31, 2020		Quarter ended September 30, 2020		Quarter ended June 30, 2020		Quarter ended March 31, 2020	
LCR Components		Total Unweighted Value (Average)	Total weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets											
1	Total High Quality Liquid Assets(HQLA)		1,171,796		1,169,918		1,131,835		1,085,295		897,905
Cash Outflows											
2	Retail Deposits and deposits from small business customers, of which:										
(i)	Stable deposits	837,619	41,881	830,700	41,535	514,395	25,720	331,542	16,577	323,204	16,160
(ii)	Less Stable Deposits	1,758,476	175,848	1,711,877	171,188	2,005,385	200,539	2,168,538	216,854	2,039,846	203,985
3	Unsecured wholesale funding, of which:										
(i)	Operational deposits(all counterparties)	920	230	970	242	965	241	1,049	262	882	220
(ii)	Non-operational deposits(all counterparties)	886,157	543,301	832,914	506,169	809,090	492,092	822,780	493,240	729,630	443,520
(iii)	Unsecured debt	0	0	0	0	0	0	0	0	0	0
4	Secured wholesale funding	140,383	1,428	19,026	1,423	4,360	3,555	7,828	7,401	1,721	87
5	Additional requirements, of which										
(i)	Outflows related to derivative exposures and other collateral requirements	153,055	153,055	139,060	139,060	131,849	131,849	118,217	118,217	156,243	156,243
(ii)	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0	0	0
(iii)	Credit and liquidity facilities	44,886	8,251	46,850	8,571	43,131	8,122	40,442	6,931	44,002	7,007
6	Other contractual funding obligations	40,907	40,907	36,392	36,392	33,887	33,887	45,669	45,669	36,069	36,069
7	Other contingent funding obligations	612,100	22,068	599,237	21,516	588,797	21,269	556,140	20,059	558,222	20,021
8	TOTAL CASH OUTFLOWS	4,474,505	986,968	**4,217,026**	**926,096**	**4,131,858**	**917,273**	**4,092,204**	**925,210**	**3,889,820**	**883,313**
Cash Inflows											
9	Secured lending(eg. Reverse repos)	146,720	0	52,142	0	47,130	0	159,755	0	48,756	0
10	Inflows from fully performing exposures	242,807	214,517	239,745	210,989	187,445	175,757	191,340	177,579	246,736	224,450
11	Other cash inflows	42,301	35,739	34,012	29,970	37,980	32,247	34,965	30,325	43,430	35,712
12	Total Cash Inflows	431,828	250,255	325,899	240,959	272,555	208,005	386,059	207,904	338,922	260,162
13	TOTAL HQLA		1,171,796		1,169,918		1,131,835		1,085,295		897,905
14	TOTAL NET CASH OUTFLOWS		736,713		685,137		709,269		717,306		623,152
15	LIQUIDITY COVERAGE RATIO(%)		**159.06%**		**170.76%**		**159.58%**		**151.30%**		**144.09%**

** Monthly average of 3 months data considered for Overseas Banking Subsidiaries and daily average considered for SBI(Solo).

The Group has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail deposits constitute major portion of total funding sources, and such funding sources are well diversified. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future short term requirements.

20. Fraud Reported and provision made during the year:

Out of the total frauds of ₹ 10,085.92 crore in 5,724 cases (Previous year ₹ 44,622.45 crore in 6,964 cases) reported during the year, an amount of ₹ 9,963.24 crore in 660 cases (Previous year ₹ 44,419.46 crore in 651 cases) represents advances declared as frauds. Full provision has been made for the outstanding balance as on 31st March, 2021 in respect of frauds reported during the year.

21. Inter Office Accounts

Inter Office Accounts between branches, controlling offices, local head offices and corporate centre establishments are being reconciled on an ongoing basis and no material effect is expected on the profit and loss account of the current year.

22. Sale of Assets to Reconstruction Companies

Shortfall on account of sale of assets to reconstruction companies during the year amounting to ₹ 10.50 crore (Previous Year ₹ 0.84 crore) has been fully charged in the current year.

23. Priority Sector Lending Certificate (PSLC)

The Bank has purchased the following PSLCs during the year:-

(₹ in crore)

Sr. No.	Category	Current Year	Previous Year
1.	PSLC Micro Enterprises	37,405.25	47,525.75
2.	PSLC Agriculture	14,883.50	-
3.	PSLC General	10,050.00	30,451.25
4.	PSLC Small and Marginal Farmers	63,442.50	9,352.00
Total		**1,25,781.25**	**87,329.00**

The Bank did not sell any PSLC during the year ended 31st March, 2021 and 31st March, 2020.

24. Counter Cyclical Provisioning Buffer (CCPB)

RBI vide Circular No. DOR.STR.REC.10/21.04.048/2021-22 dated 5th May 2021 on 'Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer' has allowed the banks, to utilise up to 100 percent of CCPB held by them as on 31st December 2020, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors.

During the year, the Bank has not utilized the CCPB for making specific provision for NPAs.

25. As per RBI letter no. DBR No.BP.15199/21.04.048/2016-17 and DBR. No. BP. 1906/21.04.048/ 2017-18 dated 23rd June 2017 and 28th August 2017 respectively, for the accounts covered under the provisions of Insolvency and Bankruptcy Code (IBC), the bank is holding total provision of ₹ 4,479 crore (100% of total outstanding) as on 31st March, 2021 (Previous Year ₹ 5,761.46 crore {93.53% of total outstanding})

26. Profit / (loss) on sale of investment (net) under schedule 14 "Other Income" includes:-

- ₹ 1,539.73 crore on sale of certain portion of investment in Bank's subsidiary - SBI Life Insurance Company Ltd. (Previous year ₹ 3,484.30 crore on sale of certain portion of investment in Bank's subsidiary - SBI Life Insurance Company Ltd. and ₹ 2,731.34 crore on sale of certain portion of investment in bank's subsidiary SBI Cards & Payment Services Limited)

27. Resolution of Stressed Assets

In terms of RBI circular DOR. No. BP.BC/3/21.04.048/2020-21 dated 6th August 2020, the detailed requirement as per Resolution Framework for COVID-19 related Stress during the year is :

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan (in crore)	(C) of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	13,056	2,761.74	-	-	-
Corporate persons*	42,561	2,554.53	-	64.45	1,120.57
of which, MSMEs	42,555	1,779.35	-	-	33.91
Others	-	-	-	-	-
Total	**55,617**	**5,316.27**	**-**	**64.45**	**1,120.57**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

28. The spread of COVID-19 pandemic across the globe has resulted in decline in economic activities and increase in movement in financial markets. In this situation, Bank is gearing up itself on all fronts to meet the challenges. The situation continues to be uncertain and the Bank is evaluating the situation on an ongoing basis. Major challenges for the Bank could be from extended working capital cycles, fluctuating cash flow trends and probable inability of the borrowers to meet their obligations against the loans timely. The bank is proactively providing against the challenges of likely stress on the bank's assets. A definitive assessment of the impact of COVID-19 is dependent upon circumstances as they evolve in the subsequent period.

RBI vide Notification No. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, subsequent notifications dated April 17, 2020 and May 23, 2020 has announced measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses. The measures, inter alia, includes Rescheduling of Payments –Term Loans and Working capital Facilities, Easing of Working Capital Financing, Classification as Special Mention Account (SMA) and Non-performing Asset (NPA) etc.

The bank has proactively made an additional provision towards the possible impact of COVID-19 pandemic, on the basis of the evaluation and assessment done with reference to the information now available and analysis made thereon. The said provision is in addition to the provisions held as per RBI guidelines as regards loan loss provisions. On the basis of above-mentioned assessment, Bank's management is not expecting any significant impact on Bank's liquidity or profitability.

29. To ease the financial stress caused by COVID-19 disruptions on borrowers and relax the repayment pressures, Hon'ble Supreme Court, vide order dated March 23, 2021, directed that there shall not be any charge of interest on interest / compound interest / penal interest for the period during the moratorium from March 1, 2020 to August 31, 2020 and such interest shall be refunded to the concerned borrowers to be given credit / adjusted in the next instalment of the loan amount. Accordingly, Bank has reversed interest income by ₹ 830 crore during the year ended March 31, 2021.

30. In terms of RBI Circular RBI/2015-16/376 DBR. No. BP.BC.92/21.04.048/2015-16 dated April 18, 2016 during quarter ended March 31, 2020, in respect of advance account declared as fraud, the Bank had chosen to provide for the fraud over four quarters as permitted by RBI. However, the Bank has provided the entire balance amount of ₹ 5,230.37 Crore as on March 31, 2020 in the first quarter of year ended March 31, 2021.

31. The Bank has revalued immovable properties on June 30, 2019 based on reports obtained from the external independent valuers and the closing balance of Revaluation Reserve as on March 31,2021, (net of amount transferred to General Reserve) is ₹ 23,577.35 crore (Previous year ₹ 23,762.67 crore).

32. During the year, the Bank has accounted for ₹ 5,353.50 crore arising out of 11th Bi-Partite Wage Settlement effective from November 1, 2017.

33. The Central Board has declared a dividend of ₹4 per share @ 400% for the year ended March 31, 2021.

34. Previous year figures have been regrouped/reclassified, wherever necessary, to confirm to current year classification. In cases where disclosures have been made for the first time in terms of RBI guidelines / Accounting Standards, previous year's figures have not been mentioned.

State Bank of India

Cash Flow Statement for the year ended 31st March, 2021

(000s omitted)

Particulars		Year ended 31.03.2021 (FY20-21) ₹	Year ended 31.03.2020 (FY19-20) ₹
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit/ (Loss) before Taxes		27541,11,61	25062,76,50
Adjustments for:			
Depreciation on Fixed Assets		3317,55,25	3303,81,33
(Profit)/Loss on sale of Fixed Assets (Net)		28,58,17	28,37,38
(Profit)/Loss on revaluation of Investments (Net)		-	-
(Profit)/Loss on sale of investments in Subsidiaries / Joint Ventures / Associates		(1539,73,30)	(6215,64,59)
Provision for diminution in fair value & Non Performing Assets		27244,35,02	42775,96,26
Provision on Standard Assets		3789,78,38	(877,40,17)
Provision for depreciation on investments		3014,49,66	538,55,05
Other provisions including provision for contingencies		9964,40,51	632,73,80
Income from investment in Subsidiaries / Joint Ventures / Associates		(642,86,22)	(212,03,35)
Interest paid on Capital Instruments		5782,51,98	4781,23,16
		78500,21,06	69818,35,37
Adjustments for:			
Increase/(Decrease) in Deposits		439656,34,53	330234,72,36
Increase/ (Decrease) in Borrowings other than Capital Instruments		92135,53,47	(96690,16,61)
(Increase)/ Decrease in Investments other than investments in Subsidiaries/Joint Ventures/Associates		(305564,41,58)	(74335,04,91)
(Increase)/ Decrease in Advances		(151452,58,06)	(182188,60,56)
Increase/ (Decrease) in Other Liabilities		16516,35,43	13206,59,82
(Increase)/ Decrease in Other Assets		(77531,38,47)	(21255,66,60)
		92260,06,38	38790,18,87
Tax refund/ (Taxes paid)		(2394,52,46)	(13102,32,71)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	**A**	**89865,53,92**	**25687,86,16**
CASH FLOW FROM INVESTING ACTIVITIES			
Net (Increase)/ Decrease in Investments in Subsidiaries/Joint Ventures/ Associates		(2200,76,84)	(6136,07,14)
Net Profit/(Loss) on sale of Investments in Subsidiaries / Joint Ventures / Associates		1539,73,30	6215,64,59
Income from investment in Subsidiaries / Joint Ventures / Associates		642,86,22	212,03,35
Net (Increase)/ Decrease in Fixed Assets		(3336,08,64)	(3268,37,96)
NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES	**B**	**(3354,25,96)**	**(2976,77,16)**

(000s omitted)

Particulars		Year ended 31.03.2021 (FY20-21) ₹	Year ended 31.03.2020 (FY19-20) ₹
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares		-	-
Net Issue/(redemption) of Capital Instruments (NET)		10583,16,20	8133,40,00
Interest on Capital Instruments		(4950,52,99)	(4781,23,16)
Dividends paid		-	-
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	**C**	**5632,63,21**	**3352,16,84**
EFFECT OF EXCHANGE FLUCTUATION ON TRANSLATION RESERVE	**D**	**(202,20,77)**	**2543,63,55**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C+D)		**91941,70,40**	**28606,89,39**
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL 2020		251097,00,54	222490,11,15
CASH AND CASH EQUIVALENTS FOR THE YEAR ENDED ON 31ST MARCH 2021		343038,70,94	251097,00,54
Note:			
1 Components of Cash & Cash Equivalents as at:		**31.03.2021**	**31.03.2020**
Cash & Balance with RBI		213201,53,63	166735,77,90
Balances with Banks and money at call & short notice		129837,17,31	84361,22,64
		343038,70,94	251097,00,54
2 Cash Flow from operating activities is reported by using indirect method.			

Shri Ashwini Kumar Tewari
Managing Director
(International Banking, Technology & Subsidiaries)

Shri Swaminathan J.
Managing Director
(Risk, Compliance and SARG)

Shri Ashwani Bhatia
Managing Director
(Corporate Banking & Global Markets)

Shri Challa Sreenivasulu Setty
Managing Director
(Retail & Digital Banking)

Directors:	**Place:**
Shri B. Venugopal	Mumbai
Dr. Pushpendra Rai	New Delhi
Dr Ganesh Natarajan	Pune
Shri Mrugank M Paranjape	Mumbai
Shri Ketan S. Vikamsey	Mumbai
Shri Sanjeev Maheshwari	Mumbai

Shri Dinesh Kumar Khara
Chairman

Place: Mumbai
Date : 21st May, 2021

In terms of our report of even date

For Khandelwal Jain & Co.
Chartered Accountant

Alpesh Waghela
Partner : M. No. 142058
Firm Regn. No. 105049W
Place : Mumbai

For J.C. Bhalla & Co.
Chartered Accountants

Rajesh Sethi
Partner : M. No. 085669
Firm Regn. No. 001111N
Place : New Delhi

For O.P. Totla & Co.
Chartered Accountants

S. R. Totla
Partner : M. No. 071774
Firm Regn. No. 000734C
Place : Indore

For N.C. Rajagopal & Co.
Chartered Accountants

V. Chandrasekaran
Partner : M. No. 024844
Firm Regn. No. 003398S
Place : Chennai

For K. Venkatachalam Aiyer & Co.
Chartered Accountants

A Gopalakrishnan
Partner: M. No. 018159
Firm Regn. No. 004610S
Place : Kochi

For S. K. Kapoor & Co.
Chartered Accountants

V. B. Singh
Partner : M. No. 073124
Firm Regn. No. 000745C
Place : Kanpur

For Karnavat & Co.
Chartered Accountants

Viral Joshi
Partner : M. No. 137686
Firm Regn. No. 104863W
Place : Mumbai

For G. P. Agrawal & Co.
Chartered Accountants

Pradeep Kumar Samal
Partner : M. No. 061353
Firm Regn. No. 302082E
Place : Mumbai

For SCV & Co. LLP
Chartered Accountants

Rajiv Puri
Partner : M. No. 084318
Firm Regn. No. 000235N/N500089
Place : New Delhi

For Umamaheswara Rao & Co.
Chartered Accountants

Krishna Sai G. H.
Partner : M. No. 233399
Firm Regn. No. 004453S
Place : Hyderabad

For Shah Gupta & Co.
Chartered Accountants

Vipul K Choksi
Partner : M. No. 37606
Firm Regn. No. 109574W
Place : Mumbai

For ASA & Associates LLP
Chartered Accountants

Parveen Kumar
Partner : M. No. 088810
Firm Regn. No. 009571N/N500006
Place : New Delhi

For Guha Nandi & Co.
Chartered Accountants

Dr. B. S. Kundu
Partner : M. No. 051221
Firm Regn. No. 302039E
Place : Kolkata

For Prem Gupta & Co.
Chartered Accountants

Prem Behari Gupta
Partner : M. No. 080245
Firm Regn. No. 000425N
Place : New Delhi

Date: May 21, 2021

INDEPENDENT AUDITORS' REPORT

To

The President of India

REPORT ON AUDIT OF THE STANDALONE FINANCIAL STATEMENTS OF STATE BANK OF INDIA

Opinion

1. We have audited the accompanying Standalone Financial Statements of State Bank of India ("the Bank") which comprise the Balance Sheet as at March 31, 2021, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and Notes to Standalone Financial Statements including Significant Accounting Policies and other explanatory information in which are included returns for the year ended on that date of:

   i. The Central offices, 17 Local Head offices, Global Market Unit, International Business Group, Corporate Accounts Group (Central), Commercial Client Group (Central), Stressed Asset Resolution Group (Central), Central Accounts Offices and 42 branches audited by us;

   ii. 10766 Indian branches audited by respective Statutory Branch Auditors;

   iii. 34 Foreign branches audited by respective Local Auditors;

   The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India (RBI). Also incorporated in the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement are the returns from 13965 Indian branches (including other accounting units) which have not been subjected to audit. These unaudited branches account for 9.63% of advances, 23.89% of deposits, 11.55% of interest income and 22.72% of interest expenses.

   In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Banking Regulation Act, 1949 and State Bank of India Act, 1955 in the manner so required for the Bank and are in conformity with accounting principles generally accepted in India and give a –

   a) true and fair view in case of the Balance Sheet, of the State of Affairs of the Bank as at March 31, 2021;

   b) true balance of profit in case of the Profit and Loss Account for the year ended on that date; and

   c) true and fair view of the cash flows, in case of the Cash Flow Statement for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing ("SAs") issued by the Institute of Chartered Accountants of India ("the ICAI"). Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the ICAI together with ethical requirements that are relevant to our audit of the Standalone Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

3. We draw attention to Note No. 18.10 (28) of Schedule 18 of the Standalone Financial Statements regarding impact of COVID-19 pandemic. The situation continues to be uncertain and the Bank is evaluating the situation on an ongoing basis with respect to the challenges faced.

Our opinion is not modified in respect of this matter.

Key Audit Matters

4. Key Audit Matters are those matters that in our professional judgment were of most significance in our audit of the Standalone Financial Statements for the year ended March 31, 2021. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report:

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
i	Classification of Advances, Income Recognition, Identification of and provisioning for non-performing Advances (Refer Schedule 9 read with Note 3 of Schedule 17 to the financial statements) Advances include Bills purchased and discounted, Cash credits, Overdrafts, Loans repayable on demand and Term loans. These are further categorised as secured by Tangible assets (including advances against Book Debts), covered by Bank/Government Guarantees and Unsecured advances.	Our audit approach towards advances with reference to the IRAC norms and other related circulars/directives issued by the RBI and also internal policies and procedures of the Bank includes the testing of the following a. The accuracy of the data input in the system for income recognition, classification into performing and non performing Advances and provisioning in accordance with the IRAC norms in respect of the branches allotted to us;

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
	Advances constitute 54.02 per cent of the Bank's total assets. They are, inter-alia, governed by income recognition, asset classification and provisioning (IRAC) norms and other circulars and directives issued by the RBI from time to time which provides guidelines related to classification of Advances into performing and non- performing Advances (NPA) except in case of foreign offices, classification of advances and provisioning thereof is made as per local regulations or RBI guidelines, whichever is more stringent. The Bank classifies these Advances based on IRAC norms as per its accounting policy No. 3. Identification of performing and non-performing Advances involves establishment of proper mechanism. The Bank accounts for all the transactions related to Advances in its Information Technology System (IT System) viz. Core Banking Solution (CBS) which also identifies whether the advances are performing or non- performing. Further, NPA classification and calculation of provision is done through another IT System viz. Centralised Credit Data Processing (CCDP) Application Software . The carrying value of these advances (net of provisions) may be materially misstated if, either individually or in aggregate, the IRAC norms are not properly followed. Considering the nature of the transactions, regulatory requirements, existing business environment, estimation/ judgement involved in valuation of securities, it is a matter of high importance for the intended users of the Standalone Financial Statements. Considering these aspects, we have determined this as a Key Audit Matter. Accordingly, our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances	b. Existence and effectiveness of monitoring mechanisms such as Internal Audit, Systems Audit, Credit Audit and Concurrent Audit as per the policies and procedures of the Bank; c. Examination of advances including stressed advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines/ Judicial pronouncements; d. We have also relied on the reports of External IT System Audit experts with respect to the business logics / parameters inbuilt in CBS for tracking, identification and stamping of NPAs and provisioning in respect thereof. e. We tested the mapping of advances in the CCDP application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions. f. We have examined the efficacy of various internal controls over advances to determine the nature, timing and extent of the substantive procedures and compliance with the observations of the various audits conducted as per the monitoring mechanism of the Bank and RBI Inspection. g. In carrying out substantive procedures at the branches allotted to us, we have examined all large advances/ stressed advances while other advances have been examined on a sample basis including review of valuation reports of independent valuers provided by the Bank's management. h. We assessed and evaluated the process of identification of NPAs and corresponding reversal of income and creation of provision; i. Reliance is also placed on Audit Reports of other Statutory Branch Auditors with whom we have also made specific communication.
ii	Classification and Valuation of Investments, Identification of and provisioning for Non-Performing Investments (Schedule 8 read with Note 2 of Schedule 17 to the financial statements) Investments include investments made by the Bank in various Government Securities, Bonds, Debentures, Shares, Security receipts and other approved securities. Investments constitute 29.81 per cent of the Bank's total assets. These are governed by the circulars and directives of the RBI. These directions of RBI, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, the corresponding non-recognition of income and provision there against.	Our audit approach towards Investments with reference to the RBI Circulars/directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non performing investments (NPIs), provisioning/depreciation related to Investments. In particular ; a. We evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of NPIs, provisioning/depreciation related to investments; b. We assessed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments; c. For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of security. Samples were selected after ensuring that all the categories of investments (based on nature of security) were covered in the sample;

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
	The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/ information from various sources such as FIMMDA rates, rates quoted on BSE/NSE, financial statements of unlisted companies etc. Considering the complexities and extent of judgement involved in the valuation, volume of transactions, investments on hand and degree of regulatory focus, this has been determined as a Key Audit Matter. Accordingly, our audit was focused on valuation of investments, classification, identification of non performing investments and provisioning related to investments	d. We assessed and evaluated the process of identification of NPIs and corresponding reversal of income and creation of provision; e. We carried out substantive audit procedures to recompute independently the provision to be maintained and depreciation to be provided in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained in accordance with the RBI Circular for those selected sample of NPIs; f. We tested the mapping of investments between the Investment application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions.
iii	Assessment of Provisions and Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes, various claims filed by other parties not acknowledged as debt (Schedule 12 read with Note 18.9 (j) of Schedule 18 to the financial statements) : There is high level of judgement required in estimating the level of provisioning. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advice from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and state of affairs presented in the Balance Sheet. We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgments/ interpretation of law involved.	Our audit approach involved: a. Obtaining an understanding of internal controls relevant to the audit in order to design our audit procedures that are appropriate in the circumstances; b. Understanding the current status of the litigations/tax assessments; c. Examining recent orders and/or communication received from various tax authorities/ judicial forums and follow up action thereon; d. Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice including opinion of our internal tax experts; e. Review and analysis of evaluation of the contentions of the Bank through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues; and f. Verification of disclosures related to significant litigations and taxation matters.
iv	Modified Audit Procedures carried out in the light of continuing COVID-19 pandemic: Due to the continuing COVID-19 pandemic, lockdown declared by some of the State Governments and travel restrictions imposed by State Governments / Local Authorities during the period of our audit and the RBI directions to Bank to facilitate carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of certain Branches / LHOs/ Business Units in the Corporate Office of the bank.	Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Branches/ Circle /Administrative /Corporate Offices and carry out the audit processes physically at the respective offices. Wherever physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the Bank through digital medium, emails and remote access to CBS, CCDP and other relevant application software. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period.

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
	As we could not gather audit evidence in person/ physically/ through discussions and personal interactions with the officials at the Branches/Circle / Administrative /Corporate Offices, either fully or partially, we have identified such modified audit procedures as a Key Audit Matter. Accordingly, our audit procedures were modified to carry out the audit remotely.	Accordingly, we modified our audit procedures for control testing and substantive testing which included the following: a. Conducted verification of necessary records/ documents/ CBS/ CCDP and other Application software electronically through remote access/emails in respect of some of the Branches / LHOs / Administrative Offices and other offices of the Bank wherever physical access was not possible. b. Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through emails and remote access over secure network of the Bank. c. Making enquiries and gathering necessary audit evidence through Video Conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels. d. Resolution of our audit observations telephonically/ through email instead of a face-to-face interaction with the designated officials.

Information Other than the Standalone Financial Statements and Auditors' Report thereon

5. The Bank's Board of Directors is responsible for the Other Information. The Other Information comprises the Corporate Governance Report which we obtained at the time of issue of this report. The Other Information also includes Directors' Report including annexures in Annual Report, but does not include the Standalone Financial Statements and our Auditors' Report thereon, which is expected to be made available to us after the date of this Auditors' Report.

   Our opinion on the Standalone Financial Statements does not cover the Other Information and Pillar 3 disclosures under the Basel III Disclosure and we do not and will not express any form of assurance conclusion thereon.

   In connection with our audit of the Standalone Financial Statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

   If, based on the work we have performed on the Other Information that we obtained prior to the date of this Auditors' Report, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

   When we read the Directors' Report, including annexures in Annual Report, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Those Charged with Governance.

   Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

6. The Bank's Board of Directors is responsible with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India including the Accounting Standards issued by ICAI to the extent applicable, and provisions of Section 29 of the Banking Regulation Act, 1949, the State Bank of India Act, 1955 and circulars and guidelines issued by RBI from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the above mentioned Acts for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the Standalone Financial Statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

   Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

   Auditors' Responsibilities for the Audit of the Standalone Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement whether due to fraud or error and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

   As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
   - Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

   Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

   We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

   We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

   From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

8. We did not audit the financial statements / information of 10842 branches included in the Standalone Financial Statements of the Bank whose financial statements/ financial information reflects total assets of ₹ 34,44,485 crore at March 31, 2021 and total revenue of ₹ 2,83,673 crore for the year ended on that date, as considered in the Standalone Financial Statements. The financial statements/ information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949; and these give information as required to be given by virtue of the provisions of the State Bank of India Act, 1955 and regulations there under.

   Subject to the limitations of the audit indicated in paragraphs 6 and 7 above and as required by the State Bank of India Act, 1955, and subject also to the limitations of disclosure required therein and as required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

   a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;

b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

10. We further report that:

a) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

b) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;

c) the reports on the accounts of the branch offices audited by branch auditors of the Bank as per the provisions of the section 29 of the Banking Regulation Act, 1949, and the State Bank of India Act, 1955 have been sent to us and have been properly dealt with by us in preparing this report; and

d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by the RBI.

11. As required by letter No. DOS.ARG.No.6270/08.91.001/2019-20 dated March 17, 2020 on "Appointment of Statutory Central Auditors (SCAs) in Public Sector Banks – Reporting obligations for SCAs from FY 2019-20", read with subsequent communication dated May 19, 2020 issued by the RBI, we further report on the matters specified in paragraph 2 of the aforesaid letter as under:

a) In our opinion, the aforesaid Standalone Financial Statements comply with the applicable Accounting Standards issued by ICAI, to the extent they are not inconsistent with the accounting policies prescribed by the RBI.

b) There are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the Bank.

c) On the basis of the written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of sub-section (2) of Section 164 of the Companies Act, 2013.

d) There are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith.

Our report on the adequacy and operating effectiveness of the Bank's Internal Financial Controls over Financial Reporting is given in Annexure – A to this report expressing an unmodified opinion on the Bank's Internal Financial Control over Financial Reporting with reference to the Standalone Financial Statements as at 31st March, 2021.

For Khandelwal Jain & Co.
Chartered Accountant

Alpesh Waghela
Partner : M. No. 142058
Firm Regn. No. 105049W
UDIN: 21142058AAAABE1120
Place : Mumbai

For J.C. Bhalla & Co.
Chartered Accountants

Rajesh Sethi
Partner : M. No. 085669
Firm Regn. No. 001111N
UDIN: 21085669AAAACE6795
Place : New Delhi

For O.P. Totla & Co.
Chartered Accountants

S. R. Totla
Partner : M. No. 071774
Firm Regn. No. 000734C
UDIN: 21071774AAAAAL5810
Place : Indore

For N.C. Rajagopal & Co.
Chartered Accountants

V. Chandrasekaran
Partner : M. No. 024844
Firm Regn. No. 003398S
UDIN: 21024844AAAADT9538
Place : Chennai

For K. Venkatachalam Aiyer & Co.
Chartered Accountants

A Gopalakrishnan
Partner: M. No. 018159
Firm Regn. No. 004610S
UDIN: 21018159AAAAAF3469
Place : Kochi

For S. K. Kapoor & Co.
Chartered Accountants

V. B. Singh
Partner : M. No. 073124
Firm Regn. No. 000745C
UDIN: 21073124AAAACR7419
Place : Kanpur

For Karnavat & Co.
Chartered Accountants

Viral Joshi
Partner : M. No. 137686
Firm Regn. No. 104863W
UDIN: 21137686AAAAFM3076
Place : Mumbai

For G. P. Agrawal & Co.
Chartered Accountants

Pradeep Kumar Samal
Partner : M. No. 061353
Firm Regn. No. 302082E
UDIN: 21061353AAAABN8991
Place : Mumbai

For SCV & Co. LLP
Chartered Accountants

Rajiv Puri
Partner : M. No. 084318
Firm Regn.No. 000235N/N500089
UDIN: 21084318AAAABR6227
Place : New Delhi

For Umamaheswara Rao & Co.
Chartered Accountants

Krishna Sai G. H.
Partner : M. No. 233399
Firm Regn. No. 004453S
UDIN: 21233399AAAACR3981
Place : Hyderabad

For Shah Gupta & Co.
Chartered Accountants

Vipul K Choksi
Partner : M. No. 37606
Firm Regn. No. 109574W
UDIN: 21037606AAAABQ5184
Place : Mumbai

For ASA & Associates LLP
Chartered Accountants

Parveen Kumar
Partner : M. No. 088810
Firm Regn. No. 009571N/N500006
UDIN: 21088810AAAABW4076
Place : New Delhi

For Guha Nandi & Co.
Chartered Accountants

Dr. B. S. Kundu
Partner : M. No. 051221
Firm Regn. No. 302039E
UDIN: 21051221AAAAAS1521
Place : Kolkata

For Prem Gupta & Co.
Chartered Accountants

Prem Behari Gupta
Partner : M. No. 080245
Firm Regn. No. 000425N
UDIN: 21080245AAAAAH9049
Place : New Delhi

Date: May 21, 2021

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 11(e) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting as required by the Reserve Bank of India (the “RBI”) Letter DOS.ARG.No.6270/08.91.001/2019-20 dated March 17, 2020 (as amended) (the “RBI communication”)

We have audited the internal financial controls over financial reporting of State Bank of India (“the Bank”) as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date which includes internal financial controls over financial reporting of the Bank’s branches.

Management’s Responsibility for Internal Financial Controls

The Bank’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (the “ICAI”) and the Standards on Auditing (SAs) issued by the ICAI, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls Over Financial Reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial controls based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Bank’s internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Bank’s internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank’s internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors referred to in the Other Matters paragraph below, the Bank has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on “the criteria for internal control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI”.

Other Matters

Our aforesaid report in so far as it relates to the operating effectiveness of internal financial controls over financial reporting of 576 branches is based on the corresponding reports of the respective branch auditors of those branches.

Our opinion is not modified in respect of this matter.

For Khandelwal Jain & Co.
Chartered Accountant

Alpesh Waghela
Partner : M. No. 142058
Firm Regn. No. 105049W
UDIN: 21142058AAAABE1120
Place : Mumbai

For N.C. Rajagopal & Co.
Chartered Accountants

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Firm Regn. No. 003398S
UDIN: 21024844AAAADT9538
Place : Chennai

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Partner : M. No. 051221
Firm Regn. No. 302039E
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Place : Kolkata

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Chartered Accountants

Rajesh Sethi
Partner : M. No. 085669
Firm Regn. No. 001111N
UDIN: 21085669AAAACE6795
Place : New Delhi

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Firm Regn. No. 004610S
UDIN: 21018159AAAAAF3469
Place : Kochi

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Firm Regn. No. 302082E
UDIN: 21061353AAAABN8991
Place : Mumbai

For Shah Gupta & Co.
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Vipul K Choksi
Partner : M. No. 37606
Firm Regn. No. 109574W
UDIN: 21037606AAAABQ5184
Place : Mumbai

For Prem Gupta & Co.
Chartered Accountants

Prem Behari Gupta
Partner : M. No. 080245
Firm Regn. No. 000425N
UDIN: 21080245AAAAAH9049
Place : New Delhi

For O.P. Totla & Co.
Chartered Accountants

S. R. Totla
Partner : M. No. 071774
Firm Regn. No. 000734C
UDIN: 21071774AAAAAL5810
Place : Indore

For S. K. Kapoor & Co.
Chartered Accountants

V. B. Singh
Partner : M. No. 073124
Firm Regn. No. 000745C
UDIN: 21073124AAAACR7419
Place : Kanpur

For SCV & Co. LLP
Chartered Accountants

Rajiv Puri
Partner : M. No. 084318
Firm Regn.No. 000235N/N500089
UDIN: 21084318AAAABR6227
Place : New Delhi

For ASA & Associates LLP
Chartered Accountants

Parveen Kumar
Partner : M. No. 088810
Firm Regn. No. 009571N/N500006
UDIN: 21088810AAAABW4076
Place : New Delhi

Date: May 21, 2021

State Bank of India

Consolidated Balance Sheet as at 31st March, 2021

(000s omitted)

	Schedule No.	As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
CAPITAL AND LIABILITIES			
Capital	1	892,46,12	892,46,12
Reserves & Surplus	2	274669,09,88	250167,66,30
Minority Interest		9625,91,66	7943,82,20
Deposits	3	3715331,24,17	3274160,62,54
Borrowings	4	433796,20,81	332900,67,03
Other Liabilities and Provisions	5	411303,62,01	331427,10,24
TOTAL		**4845618,54,65**	**4197492,34,43**
ASSETS			
Cash and Balances with Reserve Bank of India	6	213498,61,59	166968,46,05
Balances with Banks and Money at Call & Short Notice	7	134208,41,98	87346,80,31
Investments	8	1595100,26,64	1228284,27,77
Advances	9	2500598,98,67	2374311,18,12
Fixed Assets	10	40166,78,82	40078,16,81
Other Assets	11	362045,46,95	300503,45,37
TOTAL		**4845618,54,65**	**4197492,34,43**
Contingent Liabilities	12	1714239,51,59	1221083,11,09
Bills for Collection		56557,64,31	55790,69,54
Significant Accounting Policies	17		
Notes to Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

Shri Ashwini Kumar Tewari
Managing Director
(IB, T & S)

Shri Swaminathan J.
Managing Director
(R, C & SARG)

Shri Ashwani Bhatia
Managing Director
(CB & GM)

Shri Challa Sreenivasulu Setty
Managing Director
(R & DB)

In term of our Report of even date.
For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No. 105049W

Shri Dinesh Kumar Khara
Chairman

Shri Alpesh Waghela
Partner
Membership No. : 142058

Mumbai
Dated 21st May 2021

Schedules

Schedule 1 - Capital

(000s omitted)

	As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
Authorised Capital : 5000,00,00,000 equity shares of ₹ 1 /- each (Previous Year 5000,00,00,000 equity shares of ₹ 1/- each)	5000,00,00	5000,00,00
Issued Capital : 892,54,05,164 equity shares of ₹ 1/- each (Previous Year 892,54,05,164 equity shares of ₹ 1/- each)	892,54,05	892,54,05
Subscribed and Paid up Capital : 892,46,11,534 equity shares of ₹ 1/- each (Previous Year 892,46,11,534 equity shares of ₹ 1/- each)	892,46,12	892,46,12
[The above includes 10,97,28,170 equity shares of ₹ 1/- each (Previous Year 11,03,42,880 equity shares of ₹ 1/- each) represented by 1,09,72,817 (Previous Year 1,10,34,288) Global Depository Receipts]		
TOTAL	**892,46,12**	**892,46,12**

Schedule 2 - Reserves & Surplus

(000s omitted)

			As at 31.03.2021 (Current Year) ₹		As at 31.03.2020 (Previous Year) ₹
I.	**Statutory Reserves**				
	Opening Balance	70882,27,64		66344,10,03	
	Additions during the year	6287,83,79		4538,17,61	
	Deductions during the year	-		-	
			77170,11,43		70882,27,64
II.	**Capital Reserves#**				
	Opening Balance	13943,12,45		9957,28,52	
	Additions during the year	1491,56,38		3985,83,93	
	Deductions during the year	-		-	
			15434,68,83		13943,12,45
III.	**Share Premium**				
	Opening Balance	79115,47,05		79115,47,05	
	Additions during the year	-		-	
	Deductions during the year	-		-	
			79115,47,05		79115,47,05
IV.	**Investment Fluctuation Reserve**				
	Opening Balance	1119,88,09		-	
	Additions during the year	1928,19,63		1119,88,09	
	Deductions during the year	-		-	
			3048,07,72		1119,88,09

(000s omitted)

		As at 31.03.2021 (Current Year) ₹			As at 31.03.2020 (Previous Year) ₹
V.	**Foreign Currency Translation Reserves**				
	Opening Balance	10224,02,47		7455,38,21	
	Additions during the year	268,60,67		3069,98,94	
	Deductions during the year	202,20,77		301,34,68	
			10290,42,37		10224,02,47
VI.	**Revenue and Other Reserves**				
	Opening Balance	52481,96,28		54405,42,03	
	Additions during the year	5499,71,21		3767,84,51	
	Deductions during the year	45,23,90		5691,30,26	
			57936,43,59		52481,96,28
VII.	**Revaluation Reserve**				
	Opening Balance	23762,66,57		24653,94,08	
	Additions during the year	-		379,57,78	
	Deductions during the year	185,31,79		1270,85,29	
			23577,34,78		23762,66,57
VIII.	**Balance in Profit and Loss Account**		8096,54,11		(1361,74,25)
TOTAL			**274669,09,88**		**250167,66,30**

includes Capital Reserve on consolidation ₹ 203,02,24 thousand (Previous Year ₹ 176,58,27 thousand)

net of consolidation adjustments

Schedule 3 - Deposits

(000s omitted)

				As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
A.	**I.**	**Demand Deposits**			
		(i)	From Banks	5469,19,61	4750,67,24
		(ii)	From Others	283808,86,05	224677,63,39
	II.	**Savings Bank Deposits**		1397501,44,70	1216783,00,49
	III.	**Term Deposits**			
		(i)	From Banks	5492,77,67	6071,72,75
		(ii)	From Others	2023058,96,14	1821877,58,67
	TOTAL			**3715331,24,17**	**3274160,62,54**
B	I.	Deposits of Branches in India		3567926,84,86	3122567,41,87
	II.	Deposits of Branches outside India		147404,39,31	151593,20,67
	TOTAL			**3715331,24,17**	**3274160,62,54**

Schedule 4 - Borrowings

(000s omitted)

			As at 31.03.2021 (Current Year) ₹		As at 31.03.2020 (Previous Year) ₹
I.	**Borrowings in India**				
	(i) Reserve Bank of India		24956,00,00		34981,75,00
	(ii) Other Banks		10678,34,70		10041,13,63
	(iii) Other Institutions and Agencies		159271,91,86		11419,94,71
	(iv) Capital Instruments :				
	a. Innovative Perpetual Debt Instruments (IPDI)	29835,70,00		23535,70,00	
	b. Subordinated Debt	37629,90,00		32929,05,15	
			67465,60,00		56464,75,15
	TOTAL		**262371,86,56**		**112907,58,49**
II.	**Borrowings outside India**				
	(i) Borrowings and Refinance outside India		169041,42,45		217066,00,49
	(ii) Capital Instruments :				
	a. Innovative Perpetual Debt Instruments(IPDI)	2193,30,00		2269,95,00	
	b. Subordinated Debt & Bonds	189,61,80	2382,91,80	657,13,05	2927,08,05
	TOTAL		**171424,34,25**		**219993,08,54**
GRAND TOTAL			**433796,20,81**		**332900,67,03**
Secured Borrowings included in I & II above			190279,61,10		50555,91,20

Schedule 5 - Other Liabilities and Provisions

(000s omitted)

		As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
I.	Bills payable	17728,51,70	26889,76,23
II.	Inter Bank Adjustments (net)	49,69,05	85,41,80
III.	Inter Office adjustments (net)	1,23,54	10,35,41
IV.	Interest accrued	15309,15,71	15477,09,06
V.	Deferred Tax Liabilities (net)	3,70,81	6,60,61
VI.	Liabilities relating to Policyholders in Insurance Business	219027,87,65	159661,49,04
VII.	Provision for Standard Assets	16005,37,56	12444,21,66
VIII.	Others (including provisions)	143178,05,99	116852,16,43
TOTAL		**411303,62,01**	**331427,10,24**

Schedule 6 - Cash and Balances with Reserve Bank of India

(000s omitted)

		As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
I.	Cash in hand (including foreign currency notes and gold)	23691,32,43	20334,94,93
II.	Balance with Reserve Bank of India		
	(i) In Current Account	189807,29,16	146633,51,12
	(ii) In Other Accounts	-	-
TOTAL		**213498,61,59**	**166968,46,05**

Schedule 7 - Balances with Banks and Money at Call & Short Notice

(000s omitted)

		As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
I.	**In India**		
	(i) Balances with banks		
	(a) In Current Accounts	1067,90,06	638,49,62
	(b) In Other Deposit Accounts	3160,05,92	1429,61,02
	(ii) Money at call and short notice		
	(a) With banks	47369,93,31	44747,71,31
	(b) With other institutions	-	8,69,42
	TOTAL	**51597,89,29**	**46824,51,37**
II.	**Outside India**		
	(i) In Current Accounts	64287,31,27	30104,93,22
	(ii) In Other Deposit Accounts	8587,68,13	1672,52,29
	(iii) Money at call and short notice	9735,53,29	8744,83,43
	TOTAL	**82610,52,69**	**40522,28,94**
GRAND TOTAL (I and II)		**134208,41,98**	**87346,80,31**

Schedule 8 - Investments

(000s omitted)

		As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
I.	**Investments in India in :**		
	(i) Government Securities	1139960,41,91	872769,55,20
	(ii) Other Approved Securities	27743,27,21	19106,17,68
	(iii) Shares	68972,62,29	42165,97,57
	(iv) Debentures and Bonds	195147,76,61	145276,27,74
	(v) Subsidiary and Associates #	13209,01,04	12365,01,58
	(vi) Others (Units of Mutual Funds, Commercial Papers etc.)	99038,40,57	85958,98,41
	TOTAL	**1544071,49,63**	**1177641,98,18**
II.	**Investments outside India in :**		
	(i) Government Securities (including local authorities)	21697,01,67	20791,80,59
	(ii) Associates #	145,62,73	147,64,44
	(iii) Other Investments (Shares, Debentures, etc.)	29186,12,61	29702,84,56
	TOTAL	**51028,77,01**	**50642,29,59**
GRAND TOTAL (I and II)		**1595100,26,64**	**1228284,27,77**
III.	**Investments in India :**		
	(i) Gross Value of Investments	1554398,52,92	1190907,75,38
	(ii) Less: Aggregate of Provisions / Depreciation	10327,03,29	13265,77,20
	Net Investments (vide I above)	**1544071,49,63**	**1177641,98,18**
IV.	**Investments outside India :**		
	(i) Gross Value of Investments	51070,30,95	50809,67,49
	(ii) Less: Aggregate of Provisions / Depreciation	41,53,94	167,37,90
	Net Investments (vide II above)	**51028,77,01**	**50642,29,59**
GRAND TOTAL (III and IV)		**1595100,26,64**	**1228284,27,77**
# Investment in Associates (In India and Outside India)			
Equity Investment in Associates		9669,58,12	8872,23,62
Add : Goodwill on acquisition of Associates		-	-
Less : Capital reserve on acquisition of Associates		981,48,87	1947,52,79
Less : Provision for diminution		-	-
Cost of Investment in Associates		**8688,09,25**	**6924,70,83**
Add : Post-acquisition profit/(loss) and Reserve of Associates (Equity Method)		4662,54,53	5583,95,19
TOTAL		**13350,63,78**	**12508,66,02**

Schedule 9 - Advances

(000s omitted)

			As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
A.	I.	Bills purchased and discounted	96263,84,05	85155,97,89
	II.	Cash credits, overdrafts and loans repayable on demand	697691,68,91	729647,05,50
	III.	Term loans	1706643,45,71	1559508,14,73
	TOTAL		**2500598,98,67**	**2374311,18,12**
B.	I.	Secured by tangible assets (includes advances against Book Debts)	1784402,74,29	1697284,07,32
	II.	Covered by Bank/ Government Guarantees	96691,34,81	92305,71,86
	III.	Unsecured	619504,89,57	584721,38,94
	TOTAL		**2500598,98,67**	**2374311,18,12**
C.	I	Advances in India		
		(i) Priority Sector	564570,85,92	526675,87,35
		(ii) Public Sector	257246,23,86	287505,82,43
		(iii) Banks	4833,33,50	975,10,49
		(iv) Others	1285608,47,38	1171958,80,62
	TOTAL		**2112258,90,66**	**1987115,60,89**
	II.	Advances outside India		
		(i) Due from banks	80143,34,26	80561,91,32
		(ii) Due from others		
		(a) Bills purchased and discounted	35004,71,22	31106,22,11
		(b) Syndicated loans	184413,38,38	186697,53,45
		(c) Others	88778,64,15	88829,90,35
	TOTAL		**388340,08,01**	**387195,57,23**
GRAND TOTAL (C-I & C-II)			**2500598,98,67**	**2374311,18,12**

Schedule 10 - Fixed Assets

(000s omitted)

		As at 31.03.2021 (Current Year) ₹		As at 31.03.2020 (Previous Year) ₹	
		₹		₹	
I.	**Premises (Including Revalued Premises)**				
	At cost / revalued as at 31st March of the preceding year	31094,35,54		31600,97,61	
	Additions:				
	- during the year	81,64,96		307,09,16	
	- for Revaluation	-		3936,14,00	
	Deductions:				
	- during the year	35,43,48		14,82,49	
	- for Revaluation	10,53,59		4735,02,74	
	Depreciation to date				
	- on cost	1043,45,83		927,92,12	
	- on Revaluation	850,52,10		670,54,22	
			29236,05,50		29495,89,20

		As at 31.03.2021 (Current Year) ₹		As at 31.03.2020 (Previous Year) ₹
II. **Other Fixed Assets (including furniture and fixtures)**				
At cost / revalued as at 31st March of the preceding year	36021,19,34		33185,43,15	
Additions during the year	3753,83,35		3768,90,47	
Deductions during the year	783,70,42		933,14,28	
Depreciation to date	28686,49,53		26053,57,37	
		10304,82,74		9967,61,97
III. Leased Assets				
At cost/revalued as on 31st March of the preceding year	240,38,84		155,09,22	
Additions during the year	74,34,19		102,00,56	
Deductions during the year	25,87,40		16,70,94	
Depreciation to date (including provisions)	131,13,19		95,49,35	
	157,72,44		144,89,49	
Less : Lease Adjustment Account	-		-	
		157,72,44		144,89,49
III. Assets under Construction (Including Premises)		468,18,14		469,76,15
TOTAL (I, II, III and IV)		**40166,78,82**		**40078,16,81**

Schedule 11 - Other Assets

(000s omitted)

		As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
I.	Inter Office adjustments (net)	20540,95,39	1936,15,88
II.	Inter Bank Adjustments (net)	-	-
III.	Interest accrued	32770,84,89	29344,58,26
IV.	Tax paid in advance / tax deducted at source	26435,38,67	35004,45,14
V.	Stationery and Stamps	89,60,16	105,33,37
VI.	Non-banking assets acquired in satisfaction of claims	10,49,60	14,54,49
VII.	Deferred tax assets (net)	7244,80,47	3500,19,46
VIII.	Deposits placed with NABARD/SIDBI/NHB	184093,45,48	163238,91,62
IX.	Others #	90859,92,29	67359,27,15
TOTAL		**362045,46,95**	**300503,45,37**

Includes Goodwill on consolidation ₹ 1549,99,41 thousand (Previous Year ₹ 1549,98,82 thousand)

Schedule 12 - Contingent Liabilities

(000s omitted)

		As at 31.03.2021 (Current Year) ₹	As at 31.03.2020 (Previous Year) ₹
I.	Claims against the bank not acknowledged as debts	79862,51,29	72055,46,41
II.	Liability for partly paid investments/ Venture Funds	2617,80,58	2555,80,84
III.	Liability on account of outstanding forward exchange contracts	1029404,66,06	637499,92,10
IV.	Guarantees given on behalf of constituents		
	(a) In India	173297,71,34	165739,85,02
	(b) Outside India	72991,10,08	70998,07,06
V.	Acceptances, endorsements and other obligations	149014,00,66	132630,74,41
VI.	Other items for which the bank is contingently liable	207051,71,58	139603,25,25
TOTAL		**1714239,51,59**	**1221083,11,09**
Bills for collection		**56557,64,31**	**55790,69,54**

State Bank of India

Consolidated Profit and Loss Account for the year ended 31st March, 2021

(000s omitted)

		Schedule No.	Year ended 31.03.2021 (Current Year)	Year ended 31.03.2020 (Previous Year)
I.	**INCOME**			
	Interest earned	13	278115,47,67	269851,65,54
	Other Income	14	107222,41,38	98158,99,38
	TOTAL		**385337,89,05**	**368010,64,92**
II.	**EXPENDITURE**			
	Interest expended	15	156010,16,71	161123,79,86
	Operating expenses	16	150429,59,53	131781,56,30
	Provisions and contingencies		54618,40,87	56928,45,91
	TOTAL		**361058,17,11**	**349833,82,07**
III.	**PROFIT**			
	Net Profit/(Loss) for the year (before adjustment for Share in Profit of Associates and Minority Interest)		24279,71,94	18176,82,85
	Add: Share in Profit of Associates		(391,90,45)	2963,14,04
	Less: Minority Interest		1482,35,73	1372,16,67
	Net Profit/(Loss) for the Group		22405,45,76	19767,80,22
	Profit/(Loss) Brought forward		(1361,74,25)	(8328,39,99)
	TOTAL		**21043,71,51**	**11439,40,23**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		6287,83,79	4538,17,61
	Transfer to Capital Reserve		1465,12,42	3985,83,93
	Transfer to Investment Fluctuation Reserve		1928,19,63	1119,88,09
	Transfer to Reveue and Other Reserves		(307,48,07)	3149,19,33
	Final Dividend for the year		3569,84,46	-
	Tax on Dividend		3,65,16	8,05,52
	Balance carried over to Balance Sheet		8096,54,12	(1361,74,25)
	TOTAL		**21043,71,51**	**11439,40,23**
	Basic Earnings per Share		₹ 25.11	₹ 22.15
	Diluted Earnings per Share		₹ 25.11	₹ 22.15
	Significant Accounting Policies	17		
	Notes to Accounts	18		

Schedules referred to above form an integral part of the Profit & Loss Account

Shri Ashwini Kumar Tewari
Managing Director
(IB, T & S)

Shri Swaminathan J.
Managing Director
(R, C & SARG)

Shri Ashwani Bhatia
Managing Director
(CB & GM)

Shri Challa Sreenivasulu Setty
Managing Director
(R & DB)

In term of our Report of even date.
For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No. 105049W

Shri Dinesh Kumar Khara
Chairman

Shri Alpesh Waghela
Partner
Membership No. : 142058

Mumbai
Dated 21st May 2021

Schedule 13 - Interest Earned

(000s omitted)

		Year ended 31.03.2021 (Current Year) ₹	Year ended 31.03.2020 (Previous Year) ₹
I.	Interest / discount on advances / bills	176780,18,56	185494,19,47
II.	Income on investments	87130,62,06	74812,87,02
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	4541,42,58	3066,24,77
IV.	Others	9663,24,47	6478,34,28
TOTAL		**278115,47,67**	**269851,65,54**

Schedule 14 - Other Income

(000s omitted)

		Year ended 31.03.2021 (Current Year) ₹	Year ended 31.03.2020 (Previous Year) ₹
I.	Commission, exchange and brokerage	23566,55,62	23571,28,64
II.	Profit / (Loss) on sale of investments (Net) #	7504,45,40	9202,71,19
III.	Profit / (Loss) on revaluation of investments (Net)	(5,15,48)	-
IV.	Profit /(Loss) on sale of land, building and other assets including leased assets (net)	(28,33,64)	(28,33,75)
V.	Profit / (Loss) on exchange transactions (Net)	2457,74,75	2581,57,85
VI.	Dividends from Associates in India/ abroad	3,19,50	14,66,77
VII	Income from Finance Lease	-	-
VIII.	Credit Card membership/ service fees	3915,36,49	4122,14,91
IX.	Insurance Premium Income (net)	53162,60,19	43176,55,90
X.	Recoveries made in Write-off Accounts	10700,37,34	9568,52,52
XI.	Miscellaneous Income	5945,61,21	5949,85,35
TOTAL		**107222,41,38**	**98158,99,38**

Profit/(Loss) on sale of investments (Net)includes exceptional item of ₹ 1,367.27 crore (Previous year ₹ 5,781.56 crore)

Schedule 15 - Interest Expended

(000s omitted)

		Year ended 31.03.2021 (Current Year) ₹	Year ended 31.03.2020 (Previous Year) ₹
I.	Interest on deposits	143060,44,62	148136,84,44
II.	Interest on Reserve Bank of India/ Inter-bank borrowings	6237,20,49	7191,76,51
III.	Others	6712,51,60	5795,18,91
TOTAL		**156010,16,71**	**161123,79,86**

Schedule 16 - Operating Expenses

(000s omitted)

		Year ended 31.03.2021 (Current Year) ₹	Year ended 31.03.2020 (Previous Year) ₹
I.	Payments to and provisions for employees	54330,82,58	48850,54,27
II.	Rent, taxes and lighting	5557,13,72	5630,95,83
III.	Printing & Stationery	581,72,43	651,58,62
IV.	Advertisement and publicity	2458,63,07	2830,69,52
V.	(a) Depreciation on Fixed Assets (other than Leased Assets)	3673,42,72	3631,44,29
	(b) Depreciation on Leased Assets	37,63,64	30,11,56
VI.	Directors' fees, allowances and expenses	13,26,40	11,15,54
VII.	Auditors' fees and expenses (including branch auditors' fees and expenses)	285,25,22	256,01,79
VIII.	Law charges	401,91,78	488,83,43
IX.	Postages, Telegrams, Telephones, etc.	492,69,84	571,68,38
X.	Repairs and maintenance	1116,49,53	1121,27,27
XI.	Insurance	4272,88,91	3235,50,89
XII.	Other Operating Expenses relating to Credit Card Operations	1503,01,93	1542,56,89
XIII.	Other Operating Expenses relating to Insurance Business	58397,01,70	46728,77,49
XIV.	Other Expenditure	17307,66,06	16200,40,53
TOTAL		**150429,59,53**	**131781,56,30**

SCHEDULE 17-

SIGNIFICANT ACCOUNTING POLICIES

A. Background:

State Bank of India (SBI or the Bank) established under the State Bank of India Act, 1955, is a banking and financial services statutory body engaged in providing a wide range of products and services to individuals, commercial enterprises, large corporates, public bodies and institutional customers. The Bank is governed by the Banking Regulation Act, 1949 and the State Bank of India Act, 1955.

State Bank of India Group (SBI Group) consists of SBI and 27 Subsidiaries, 8 Joint Ventures and 17 Associates.

Following are the Significant Accounting Policies of SBI Group i.e. the specific accounting principles and methods of applying these principles in the preparation and presentation of consolidated financial statements of SBI.

B. Basis of Preparation:

The consolidated financial statements have been prepared in accordance with requirements under the Third Schedule of the Banking Regulation Act, 1949.

The accounting and reporting policies of the SBI Group conform to Generally accepted Accounting Principles in India (Indian GAAP), comprising of regulatory norms & guidelines prescribed by the Reserve Bank of India (RBI), statutory guidelines of the State Bank of India Act, 1955, the Banking Regulations Act, 1949, Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA), SEBI (Mutual Funds) Regulations, 1996, Companies Act 2013, Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) and the accounting practices prevalent in India.

In case of foreign entities, Generally Accepted Accounting Principles as applicable to the foreign entities are followed.

The Bank's consolidated financial statements are prepared under the historical cost convention, with fundamental accounting assumptions of going concern, consistency and accrual, unless otherwise stated.

C. Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

D. Basis of Consolidation:

1. Consolidated financial statements of the SBI Group have been prepared on the basis of:

a. Audited financial statements of State Bank of India (Parent).

b. Line by line aggregation of each item of asset/liability/income/expense of the subsidiaries with the respective item of the Parent, and after eliminating all material intra-group balances/transactions, unrealised profit/loss, and making necessary adjustments wherever required for non-uniform accounting policies as per AS 21 "Consolidated Financial Statements" issued by the ICAI.

c. Consolidation of Joint Ventures – 'Proportionate Consolidation' as per AS 27 "Financial Reporting of Interests in Joint Ventures" issued by the ICAI.

d. Accounting for investment in 'Associates' under the 'Equity Method' as per AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the ICAI.

2. The difference between cost to the group of its investment in the subsidiary entities and the group's portion of the equity of the subsidiaries is recognised in the financial statements as goodwill / capital reserve.

3. Minority interest in the net assets of the consolidated subsidiaries consists of:

a. The amount of equity attributable to the minority at the date on which investment in a subsidiary is made, and

b. The minority share of movements in revenue reserves/loss (equity) since the date the parent-subsidiary relationship came into existence.

E. Significant Accounting Policies

1. Revenue recognition:

1.1 Income and expenditure are accounted on accrual basis, except otherwise stated.

1.2 Interest/Discount income is recognised in the Profit and Loss Account on realisation basis for following:

a. Income from Non-Performing Assets (NPAs) including investments, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices/entities (hereafter collectively referred to as Regulatory Authorities),

b. Income on Rupee Derivatives designated as "Trading"

1.3 In accordance with the guidelines issued by the Reserve Bank of India, Profit on sale of investments in the "Held to Maturity" category and on sale of Fixed

Assets is appropriated to Capital Reserve, net of applicable taxes and amount required to be transferred to Statutory Reserve.

The discount, if any, on acquisition of investments in Held to Maturity (HTM) category is accounted as follows:

a. on Interest bearing securities, it is accounted for at the time of sale/ redemption.

b. on zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

1.4 Dividend income is recognised when the right to receive the dividend is established.

1.5 Commission on Letter of Credit (LC)/ Bank Guarantee (BG), Deferred Payment Guarantee, Government Business, ATM interchange fee & "Upfront fee on restructured account" are recognised on accrual basis proportionately over the period. All other commission and fee income are accounted on their realisation.

1.6 One time Insurance Premium paid under Special Home Loan Scheme (December 2008 to June 2009) is amortised over the average loan period of 15 years.

1.7 Brokerage, Commission etc. paid/incurred in connection with the issue of Bonds/Deposits are amortized over the tenure of the related Bonds/ Deposits and the expenses incurred in connection with the issue are charged upfront.

1.8 In accordance with the guidelines issued by the Reserve Bank of India, when the Bank sells its financial assets to Securitisation Company (SC)/ Reconstruction Company (RC), the same is derecognised on sale.

ii. If the sale is at a price below the Net Book Value (NBV) (i.e., book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale

iii. If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received, as permitted by the RBI.

1.9 Non-banking entities:

Merchant Banking:

a. Issue management and advisory fees are recognised based on the stage of completion of assignments and as per the terms of the agreement with the client, net of pass-through.

b. Fees for private placement are recognised on completion of assignment.

c. Brokerage income in relation to stock broking activity is recognized on the trade date of transaction and includes stamp duty, transaction charges and is net of scheme incentives paid.

d. Commission relating to public issues is accounted for on finalisation of allotment of the public issue/ receipt of information from intermediary.

e. Brokerage income relating to public issues/mutual fund/other securities is accounted for based on mobilisation and intimation received from clients/ intermediaries.

f. Depository income – Annual Maintenance Charges are recognised on accrual basis and transaction charges are recognised on trade date of transaction.

Asset Management:

a. Management fee is recognised at specific rates agreed with the relevant schemes, applied on the average daily net assets of each scheme (excluding inter-scheme investments, wherever applicable, investments made by the company in the respective scheme and deposits with Banks), and are in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996.

b. Portfolio Advisory Services, Portfolio Management Services and Management Fees on Alternative Investment Fund (AIF) are recognised on accrual basis as per the terms of the contract.

c. Recovery, if any, on realisation of devolved investments of schemes acquired by the company, in terms of the right of subrogation, is accounted on the basis of receipts. Recovery from funded guarantee schemes is recognised as income in the year of receipt.

d. Expenses of schemes in excess of the stipulated rates and expenses relating to new fund offer are charged to the Profit and Loss Account in the year in which they are incurred in accordance with the requirements of SEBI (Mutual Funds) Regulations, 1996.

Brokerage and/or incentive paid on investments in open-ended Equity Linked Tax Saving Schemes and Systematic Investment Plans (SIPs) are amortised over a period of 36 months and in case of other schemes, over the claw back period. In case of close-ended schemes, brokerage is amortised over the tenure of schemes.

Credit Card Operations:

a. First annual fee and subsequent renewal fee are recognised over a period of one year as this more closely reflects the period to which the fee relates to.

b. Interchange income is recognised on accrual basis.

c. The total unidentified receipts which could not be credited or adjusted in the customers' accounts for lack of complete & correct information is considered as liability in Balance Sheet. The estimated unidentified receipts aged more than 6 months and up to 3 years towards the written off customers is written back as income on Balance Sheet date. Further, the unresolved unidentified receipts aged more than 3 years are also written back as income on Balance Sheet date. The liability for stale cheques aged for more than three years is written back as income.

d. All other service income/fees are recorded at the time of occurrence of the respective events.

Factoring:

Factoring charges are accrued on factoring of debts at the applicable rates as decided by the company. Processing fees are recognised as income only when there is reasonable certainty of its receipt after execution of documents. Facility Continuation fees (FCF) are calculated and charged in the month of May for the entire next financial year on all live standard accounts. 1st of May is deemed as date for accrual of the FCF.

Life Insurance:

a. Premium of non-linked business is recognised as income (net of service tax/ goods and service tax) when due from policyholders. In respect of linked business, premium income is recognised when the associated units are allotted. In case of Variable Insurance Products (VIPs), premium income is recognised on the date when the Policy Account Value is credited. Uncollected premium from lapsed policies is not recognised as income until such policies are revived.

b. Top-up premiums are considered as single premium.

c. Income from linked funds which includes fund management charges, policy administration charges, mortality charges, etc. are recovered from linked fund in accordance with terms and conditions of policy and recognised when recovered.

d. Realised gains and losses in respect of equity securities and units of mutual funds are calculated as the difference between the net sales proceeds and their cost. In respect of debt securities, the realised gains and losses are calculated as difference between net sale proceeds or redemption proceeds and weighted average amortised cost. Cost in respect of equity shares and units of mutual fund are computed using the weighted average method.

e. Fees received on lending of equity shares under Securities lending and borrowing scheme (SLB) is recognised as income over the period of the lending on straight-line basis.

f. Premium ceded on reinsurance is accounted in accordance with the terms of the re-insurance treaty or in-principle arrangement with the re-insurer.

g. Benefits paid:

- Claims cost consist of the policy benefit amounts and claims settlement costs, where applicable.
- Claims by death and rider are accounted when intimated. Intimations up to the end of the period are considered for accounting of such claims.
- Claims by maturity are accounted on the policy maturity date.
- Survival and Annuity benefits claims are accounted when due.
- Surrenders and withdrawals are accounted as and when intimated. Benefits paid also includes amount payable on lapsed policies which are accounted for as and when due. Surrenders, withdrawals and lapsation are disclosed at net of charges recoverable.
- Repudiated claims disputed before judicial authorities are provided for based on management prudence considering the facts and evidences available in respect of such claims.
- Amounts recoverable from re-insurers are accounted for in the same period as the related claims and are reduced from claims.

h. Acquisition costs such as commission, medical fees, etc. are costs that are primarily related to the acquisition of new and renewal insurance contracts. The same are expensed in the period in which they are incurred.

i. **Liability for life policies:** The actuarial liability of all the life insurance policies has been calculated by the Appointed Actuary in accordance with the Insurance Act 1938, and as per the rules and regulations and circulars issued by IRDAI and the relevant Guidance Notes and/or Actuarial Practice Standards (APS) issued by the Institute of Actuaries of India.

Non-linked business is reserved using a prospective gross premium valuation method. Mathematical reserves are calculated based on future assumptions having regard to current and future experience. The unit liability in respect of linked business has been considered as the value of the units standing to the credit of the policy holders, using the Net Asset Value (NAV) as on the valuation date. Variable insurance policies (VIPs) have also been valued in a manner similar to the ULIP business by considering liability as the policy account standing to the credit of the policy holders plus additional provisions for adequacy of charges to meet expenses.

General Insurance:

a. Premium including reinsurance accepted (net of goods & service tax) is recorded in the books at the commencement of risk. In case the premium is recovered in instalments, amount to the extent of instalment due is recorded on the due date of the instalment. Premium (net of goods & service tax), including reinstatement premium, on direct business and reinsurance accepted, is recognized as income over the contract period or the period of risk, whichever is appropriate, on a gross basis under 1/365 method. Any subsequent revision to premium is recognized over the remaining period of risk or contract period. Adjustments to premium income arising on cancellation of policies are recognised in the period in which they are cancelled.

b. Commission received on reinsurance ceded is recognised as income in the period in which reinsurance risk is ceded. Profit commission under re-insurance treaties, wherever applicable, is recognized as income in the year of final determination of the profits as intimated by Reinsurer.

c. In respect of proportional reinsurance ceded, the cost of reinsurance ceded is accrued at the commencement of risk. Non-proportional reinsurance cost is recognized when due. Non-proportional reinsurance cost is accounted as per the terms of the reinsurance arrangements. Any subsequent revision to, refunds or cancellations of premiums is recognized in the period in which they occur.

d. Reinsurance inward acceptances are accounted for on the basis of returns, to the extent received, from the insurers.

e. Acquisition costs are expensed in the period in which they are incurred. Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. The primary test for determination as acquisition cost is the obligatory relationship between the costs and the execution of the insurance contracts (i.e. commencement of risk).

f. Claim is recognised as and when a loss occurrence is reported. Claim is recognised by creation of provision for the amount of claim payable as estimated by the management based on available information and past experience, on receipt of claim notification. Such provision is reviewed / modified as appropriate on the basis of additional information as and when available. Amounts received/receivable from the re-insurers/ co-insurers, under the terms of the reinsurance and coinsurance arrangements respectively, is recognised together with the recognition of claim. Provision for claims outstanding payable as on the date of Balance Sheet is net of reinsurance, salvage value and other recoveries as estimated by the management.

g. Provision in respect of claim liabilities that may have been incurred before the end of the accounting year but are

   - not yet reported or claimed (IBNR) or
   - not enough reported i.e. reported with information insufficient for making a reasonable estimate of likely claim amount (IBNER),

   The provision is made according to the amount determined by the Appointed Actuary based on actuarial principles in accordance with the Actuarial Practice Standards and Guidance Notes issued by the Institute of Actuaries of India and IRDAI regulations and guidelines.

Custody & Fund accounting services:

The revenue (net of goods & service tax) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Pension Fund Operation:

Management fee is recognized at specific rates agreed with the relevant schemes, applied on daily net assets of each scheme, and is in conformity with the regulatory guidelines issued by Pension Fund Regulatory and Development Authority (PFRDA). The Company presents revenues net of Service Tax/ goods and service tax

Trustee Operations:

a. Mutual Fund Trusteeship fee is recognised at specific rates agreed with relevant schemes, applied on the average daily Net Assets of each scheme (excluding inter-scheme investment, investment in fixed deposits, investments made by the Asset Management Company and deferred revenue expenses, where applicable), and is in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996.

b. Corporate Trusteeship Acceptance fees are recognised on the acceptance or execution of trusteeship assignment whichever is earlier. Corporate Trusteeship service charges are recognised/accrued on the basis of terms of trusteeship contracts/agreements entered into with clients.

c. Income from online "will" services is recognised when the right to receive the fee is established, as all certainty for revenue recognition is present at the time of establishment of such right.

Infrastructure and Facility Management:

Revenue from management and consultancy fees is recognised as and when the said contractual work is awarded to the vendor and the agreed scope of work is completed by the vendor.

Merchant Acquiring Business:

a. The revenue is measured on basis of consideration received or receivable for the services provided, excluding discounts, GST and other applicable taxes and are recognised upon performance of services.

b. The revenue from deployment of POS is recognised either over the period during which the service is rendered or on basis of the number of transactions processed during the period in accordance with the rates and conditions specified in the agreements

c. Income received but not accrued on account of maintenance deployment contract are recognised as deferred revenue and included in liabilities until the revenue recognition criteria are met. Income accrued but not billed represents revenue recognised on work performed but billed in subsequent period based on terms of contract.

d. Revenue of providing services of Merchant Acquiring are recognised on fully loaded cost plus mark up on such costs

e. Revenue is recognised to the extent it is probable that the economic benefits will flow and the revenue can be reliably measured

2. Investments:

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation, as given below:

2.1 Classification:

As per RBI guidelines, investments are classified into Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) categories. Under each category, the investments are further classified as (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Subsidiaries and Associates and (vi) Others.

For disclosure in Balance Sheet, the investments are classified as Investments in India and outside India.

'Investments outside India' are classified under three categories – (i) Government Securities, (ii) Subsidiaries and/ or joint Ventures abroad and (iii) Other Investments.

2.2 Basis of classification:

i. Investments that the Bank intends to hold till maturity are categorised as "Held to Maturity (HTM)".

ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".

iii. Investments, which are not classified in the above two categories, are classified as "Available for Sale (AFS)".

iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

v. Investments in associates are classified as HTM except in respect of those investments which are acquired and held exclusively with a view to its subsequent disposal. These investments are classified as AFS.

2.3 Valuation:

A. Banking Business:

i. The transactions in all securities are recorded on a Settlement Date. Cost of investment under AFS and HFT category is determined at the weighted average cost method by the group entities and cost of investments under HTM category is determined on FIFO basis (first in first out) by SBI and weighted average cost method by other group entities.

   a. Brokerage/commission received on subscriptions is reduced from the cost. Brokerage, commission, securities transaction tax, etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.

   b. Broken period interest paid / received on debt instruments is treated as interest expense/income and is excluded from cost/sale consideration.

ii. Valuation of investments classified as Held to Maturity:

a. Investments under Held to Maturity category are carried at acquisition cost. The premium paid on acquisition, if any, is amortised over the term to maturity on constant yield basis. Such amortisation of premium is accounted as income on investments.

b. A provision is made for diminution, other than temporary, for each investment individually.

c. Investments in Regional Rural Banks (RRBs) are valued at equity cost determined in accordance with AS 23 of the ICAI.

iii. Valuation of investments classified as Available for Sale and Held for Trading:

Investments held under Available for Sale and Held for Trading are individually revalued at market price or fair value determined as per the regulatory guidelines and the net depreciation, if any, of each group for each category (viz., (i) Government securities (ii) Other Approved Securities (iii) Shares (iv) Debentures & Bonds (v) Subsidiaries and Associates; and (vi) others) is provided for and net appreciation is ignored.

iv. Valuation policy in event of inter category transfer of investments:

a. Transfer of securities from HFT/AFS category to HTM category is carried out at the lower of acquisition cost/book value/market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for.

b. Transfer of securities from HTM category to AFS category is carried out on acquisition price/ book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, in the Profit and Loss Account.

v. Valuation in case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts:

a. The investment in security receipts obtained by way of sale of NPA to SC/RC, is recognised at lower of: (i) Net Book Value (NBV) (i.e. book value less provisions held) of the financial asset; and (ii) Redemption value of SR.

b. SRs issued by an SC/ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ARC, is reckoned for valuation of such investments.

c. In case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognised at lower of: (i) Net Book Value (NBV) (i.e. book value less provisions held) of the financial asset; and (ii) Redemption value of SR. SRs issued by an SC/ ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ ARC, is reckoned for valuation of such investments.

vi. Treasury Bills and Commercial Papers are valued at carrying cost.

2.4 Investments (NPI)

i. In respect of domestic offices/ entities, based on the guidelines issued by RBI, investments are classified as performing and non-performing as follows:

a. Interest/instalment (including maturity proceeds) is due and remains unpaid for more than 90 days.

b. In the case of equity shares, in the event the investment in the shares of any company is valued at 1 per company on account of the non-availability of the latest Balance Sheet, those equity shares would be reckoned as NPI.

c. The Bank also classifies an Investment as a non-performing investment, in case any credit facility availed by the same borrower/entity has been classified as a non-performing asset and vice versa. The above is applied to Preference Shares where the fixed dividend is not paid.

d. The investments in debentures/bonds, which are deemed to be advance, are also subjected to NPI norms as applicable to investments.

ii. In respect of foreign offices/entities, provisions for non-performing investments (NPIs) are made as per the local regulations or as per the norms of RBI, whichever is more prudent.

2.5 Accounting for Repo/ Reverse Repo transactions

The Bank enters Repurchase and Reverse Repurchase Transactions with RBI under Liquidity Adjustment Facility (LAF) and also with market participants. Repurchase Transaction represents borrowing by selling the securities with an agreement to repurchase the securities. Reverse Repo Transactions on the other hand, represent lending funds by purchasing the securities.

a. Transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as Collateralized Lending and Borrowing transactions.

b. In Market Repo and Reverse Repo transaction, securities sold(purchased) and repurchased(resell) are accounted as normal outright sale(purchase) transactions and such movement of securities is reflected using the Repo/ Reverse Repo Accounts and contra entries. The above entries are reversed on the date of maturity. Balance in Repo Account is classified under Schedule 4 (Borrowings) and balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at call & short notice).

c. Borrowing cost of repo transactions and revenue on reverse repo transactions, with RBI or others, is accounted for as interest expense and interest income, respectively.

B. Insurance Business:

In case of life and general insurance subsidiaries, investments are accounted in accordance with the Insurance Act, 1938, the IRDAI (Investment) Regulations, 2016 and IRDA (Presentation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, investment policy of the company and various other circulars / notifications as issued by IRDAI from time to time.

(i) Valuation of investment pertaining to non-linked life insurance business and general insurance business: -

- All debt securities, including government securities and money market securities are stated at historical cost subject to amortisation of premium or accretion of discount.
- Listed equity shares, equity related instruments and preference shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the closing price at primary exchange i.e. National Stock Exchange of India Limited ('NSE') is considered. If NSE closing price is not available, the closing price of the secondary exchange i.e. BSE Limited ('BSE') is considered.
- Unlisted equity securities, equity related instruments and preference shares are measured at historical cost.
- In case of Security Lending and Borrowing (SLB), equity shares lent are valued as per valuation policy for equity shares as mentioned above.
- Additional Tier 1 (Basel III compliant) Perpetual Bonds classified under "Equity" as specified by IRDAI, are valued at prices obtained from Credit Rating Information Services of India Limited (CRISIL).
- Investments in mutual fund units are valued at the Net Asset Value (NAV) of previous day in life insurance and of Balance Sheet date in general insurance.
- Investment in Alternative Investment Funds (AIFs) are valued at latest available NAV.

Unrealized gains or losses arising due to change in the fair value of listed equity shares, mutual fund units and AIFs pertaining to shareholders' investments and non-linked policyholders investments are taken to "Revenue & Other Reserves (Schedule 2)" and "Liabilities relating to Policyholders in Insurance Business (Schedule 5)" respectively, in the Balance Sheet.

(ii) Valuation of investment pertaining to linked business: -

- Debt Securities including Government securities with remaining maturity of more than one year are valued at prices obtained from CRISIL. Debt securities including Government securities with remaining maturity of less than one year are valued on yield to maturity basis, where yield is derived using market price provided by CRISIL on the day when security is classified as short term. If security is purchased during its short term tenor, it is valued at amortised cost using yield to maturity method. In case of securities with options, earliest Call Option/Put Option date will be taken as maturity date for this purpose. Money market securities are valued at historical cost subject to amortization of premium or accretion of discount on yield to maturity basis.
- Listed equity shares, equity related instruments and preference shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the closing price at primary exchange i.e. NSE is considered. If NSE closing price is not available, closing price of the BSE is considered.
- Unlisted equity shares, equity related instruments and preference shares are measured at historical cost.
- In case of Security Lending and Borrowing (SLB), equity shares lent are valued as per valuation policy for equity shares as mentioned above.
- Additional Tier 1 (Basel III compliant) Perpetual Bonds classified under "Equity" as specified by IRDAI, are valued at prices obtained from CRISIL.

- Investments in mutual fund units are valued at the previous day's Net Asset Value (NAV).
- Unrealized gains or losses arising due to changes in the fair value are recognized in the Profit & Loss Account.

3. Loans /Advances and Provisions thereon:

3.1 Based on the guidelines/directives issued by the RBI, Loans and Advances are classified as performing and non-performing as follows:

i. The term loan is classified a non-performing asset, if interest and/or instalment of principal remains overdue for a period of more than 90 days;

ii. An Overdraft or Cash Credit is classified a non-performing asset, if the account remains "out of order", i.e. if the outstanding balance exceeds the sanctioned limit/ drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance-sheet, or if the credits are not adequate to cover the interest debited during the same period;

iii. The bills purchased/discounted are classified as non-performing assets, if the bill remains overdue for a period of more than 90 days;

iv. The agricultural advances are classified as non-performing assets, if (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

3.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

i. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.

ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.

iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

3.3 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities**,** subject to minimum provisions as prescribed below:

Substandard Assets:	i.	A general provision of 15% on the total outstanding;
	ii.	Additional provision of 10% for exposures which are unsecured ab-initio (i.e. where realisable value of security is not more than 10 percent ab-initio);
	iii.	Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available – 20%.
Doubtful Assets:		
-Secured portion:	i.	Upto one year – 25%
	ii.	One to three years – 40%
	iii.	More than three years – 100%
-Unsecured portion	100%	
Loss Assets:	100%	

3.4 In respect of foreign offices/entities, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

3.5 Advances are net of specific loan loss provisions, unrealised interest, ECGC claims received and bills rediscounted.

3.6 For restructured/rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loan/ advances before and after restructuring is provided for, in addition to provision for the respective loans/advances. The Provision for Diminution in Fair Value (DFV) and interest sacrifice, if any, arising out of the above, is reduced from advances.

3.7 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

3.8 Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.

3.9 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

3.10 Appropriation of recoveries in NPAs are made in order of priority as under :

a. Charges, Costs, Commission etc.

b. Unrealized Interest / Interest

c. Principal

However, in Compromise and Resolution/ Settlement through National Company Law Tribunal (NCLT) cases, the recoveries are appropriated as per the terms of respective compromise/ resolution/ settlement. In case of suit filed accounts, recovery is appropriated as per directives of respective courts.

4. Floating Provisions & Countercyclical Provisioning Buffer:

The Bank has a policy for creation and utilisation of Countercyclical Provisioning Buffer in good times as well as for Floating Provisions separately for advances, investments and general purposes. The quantum of Countercyclical Provisioning Buffer and Floating Provisions to be created is assessed at the end of the financial year. These provisions are utilised only for contingencies under extra ordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

5. Provision for Country Exposure for Banking Entities:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorised into seven risk categories, namely, insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the “Other Liabilities & Provisions – Others”.

6. Derivatives:

6.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, cross currency interest rate swaps and forward rate agreements in order to hedge on-Balance Sheet/off-Balance Sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-Balance Sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-Balance Sheet items. The impact of such derivative instruments is correlated with the movement of the underlying assets and accounted in accordance with the principles of hedge accounting.

6.2 Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying assets / liabilities are also marked to market.

6.3 Except as mentioned above, all other derivative contracts are marked to market as per the Generally Accepted Accounting Practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss Account in the period of change. Any receivable under derivative contracts, which remain overdue for more than 90 days, are reversed through Profit and Loss Account to “Suspense Account - Crystallised Receivables”. In cases where the derivative contracts provide for more settlement in future and if the derivative contract is not terminated on the overdue receivables remaining unpaid for 90 days, the positive MTM pertaining to future receivables is also reversed from Profit and Loss Account to “Suspense Account - Positive MTM”.

6.4 Option premium paid or received is recorded in Profit and Loss Account at the expiry of the option. The balance in the premium received on options sold and premium paid on options bought is considered to arrive at Mark to Market value for forex Over the Counter (OTC) options.

6.5 Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

7. Fixed Assets Depreciation and Amortisation:

7.1 Fixed Assets are carried at cost less accumulated depreciation/ amortisation except for freehold premises carried at revalued amount, being fair value at the date of revaluation less accumulated depreciation, as stated otherwise.

7.2 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure(s) incurred on the assets put to use are capitalised only when it increases the future benefits from such assets or their functioning capability. The fixed assets in domestic offices/ entities are depreciated at straight line method based on useful life of the assets states as under:

Sr. No.	Description of Fixed Assets	Useful Life
1	Computers	3 Years
2	Computer Software forming an integral part of the Computer hardware	3 Years
3	Computer Software which does not form an integral part of Computer hardware and cost of Software Development	3 Years
4	Automated Teller Machine/ Cash Deposit Machine/Coin Dispenser / Coin Vending Machine	5 Years
5	Servers	4 Years
6	Network Equipment	5 Years
7	Other major fixed assets Premises Vehicles Safe Deposit Lockers Furniture & Fixtures	 60 Years 5 Years 20 Years 10 Years

7.3 In respect of assets acquired during the year for domestic operations, depreciation is charged on proportionate basis for the number of days assets have been put to use during the year.

7.4 Assets costing less than 1,000 each are charged off in the year of purchase.

7.5 In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease (except for premises and land on perpetual lease) and Lease payments for assets taken on Operating lease are recognised as expense in the Profit & Loss account over the lease term on straight line basis.

7.6 In respect of fixed assets held at foreign offices/entities, depreciation is provided as per the regulations /norms of the respective countries.

7.7 The Bank revalue freehold immovable assets at every three years. The increase in Net Book Value of the asset due to revaluation is credited to the Revaluation Reserve Account without routing through the Profit and Loss Account. Additional Depreciation on the revalued asset is charged to the Profit and Loss Account and appropriated from the Revaluation Reserves to General Reserve. The revalued asset is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

8. Leases:

The asset classification and provisioning norms applicable to advances, as laid down in Para 3 above, are applied to financial leases also.

9. Impairment of Assets:

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future Net Discounted Cash Flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

10. Effect of changes in the foreign exchange rate:

10.1 Foreign Currency Transactions

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Foreign currency monetary items are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing (spot/forward) rates.

iii. Foreign currency non-monetary items, which are carried at historical cost, are reported using the exchange rate on the date of the transaction.

iv. Contingent liabilities denominated in foreign currency are reported using the FEDAI closing spot rates.

v. Outstanding foreign exchange spot and forward contracts held for trading are revalued at the exchange rates notified by FEDAI for specified maturities, and the resulting Profit or Loss is recognised in the Profit and Loss Account.

vi. Foreign exchange forward contracts which are not intended for trading and are outstanding on the Balance Sheet date, are re-valued at the closing spot rate. The premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

vii. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised as income or as expense in the period in which they arise.

viii. Gains / Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognised in the Profit and Loss Account.

10.2 Foreign Operations:

Foreign Branches/Subsidiaries / Joint Ventures of the Bank and Offshore Banking Units (OBU) have been classified as Non-integral Operations and Representative Offices have been classified as Integral Operations.

a. Non-integral Operations:

i. Both monetary and non-monetary foreign currency assets and liabilities including contingent liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

ii. Income and expenditure of non-integral foreign operations are translated at quarterly average closing rates notified by FEDAI.

iii. Exchange differences arising on investment in non-integral foreign operations are accumulated in Foreign Currency Translation Reserve until the disposal of the investment.

iv. The Assets and Liabilities of foreign offices/ subsidiaries /joint ventures in foreign currency (other than local currency of the foreign offices/ subsidiaries/joint ventures) are translated into local currency using spot rates applicable to that country on the Balance Sheet date.

b. Integral Operations:

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Monetary foreign currency assets and liabilities of integral foreign operations are translated at closing (Spot/Forward) exchange rates notified by FEDAI at the Balance Sheet date and the resulting Profit/Loss is included in the Profit and Loss Account. Contingent Liabilities are translated at Spot rate.

iii. Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate on the date of the transaction.

11. Employee Benefits:

11.1 Short Term Employee Benefits:

The undiscounted amounts of short-term employee benefits, such as medical benefits, which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

11.2 Long Term Employee Benefits:

i. Defined Benefit Plans :

a. SBI operates a Provident Fund scheme. All eligible employees are entitled to receive benefits under the Provident Fund scheme. SBI contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are remitted to a Trust established for this purpose and are charged to Profit and Loss Account. SBI recognizes such annual contributions as an expense in the year to which it relates, Shortfall, if any, is provided for on the basis of actuarial valuation.

SBI Life Insurance Company Limited makes contribution towards provident fund, a defined benefit retirement plan. The provident fund is administered by the trustees of the SBI Life Insurance Company Limited Employees PF Trust. The contribution paid or payable under the schemes is charged to the Profit and Loss Account during the period in which the employee renders the related service. Further, an actuarial valuation is conducted annually by an independent actuary to recognise the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate.

b. The group entities operate separate Gratuity schemes, which are defined benefit plans. The group entities provide for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement or on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to the cap prescribed by the Statutory Authorities. Vesting occurs upon completion of five years of service. SBI makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually.

c. SBI provides for pension to all eligible employees. The benefit is in the form of monthly payments as per rules to vested employees on retirement or on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. SBI makes monthly contribution to the Pension Fund at 10% of salary in terms of SBI Pension Fund Rules. The pension liability is reckoned based on an independent actuarial valuation carried out annually and SBI makes such additional contributions periodically to the Fund as may be required to secure payment of the benefits under the pension regulations.

d. The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains/ losses are immediately recognised in the Profit and Loss and are not deferred.

ii. Defined Contribution Plans:

SBI operates a New Pension Scheme (NPS) for all officers/ employees joining SBI on or after 1st August, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing SBI Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from SBI. Pending completion of registration procedures of the employees concerned, these contributions are retained as deposits in SBI and earn interest at the same rate as that of the current account of Provident Fund balance. SBI recognizes such annual contributions and interest as an expense in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

iii. Other Long Term Employee benefits:

a. All eligible employees of the Group are eligible for compensated absences, silver jubilee award, leave travel concession, retirement award and resettlement allowance. The costs of such long term employee benefits are internally funded by the group entities.

The cost of providing other long term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. Past service cost is immediately recognised in the Profit and Loss and is not deferred.

11.3 Employee benefits relating to employees employed at foreign offices/ entities are valued and accounted for as per the respective local laws/regulations.

12. Segment Reporting

The Group recognises the business segment as the primary reporting segment and geographical segment as the secondary reporting segment in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by Institute of Chartered Accountants of India.

13. Taxes on income

Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax expense incurred by the Group. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively after taking into account taxes paid at the foreign offices/entities, which are based on the tax laws of respective jurisdiction. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year and carry forward losses.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

In Consolidated Financial Statement, income tax expenses are the aggregate of the amounts of tax expense appearing in the separate financial statements of the parent and its subsidiaries/joint ventures, as per their applicable laws.

14. Earnings per Share:

14.1 The Bank reports basic and diluted earnings per share in accordance with AS 20 –"Earnings per Share" issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders (other than minority) by the weighted average number of equity shares outstanding for the year.

14.2 Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

15. Provisions, Contingent Liabilities and Contingent Assets:

15.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Group recognises provisions only when it has a present obligation as a result of a past event and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

15.2 No provision is recognised for

i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group entities; or

ii. any present obligation that arises from past events but is not recognised because

   a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   b. a reliable estimate of the amount of obligation cannot be made.

   Such obligations are recorded as Contingent Liabilities.

These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

15.3 Provision for reward points in relation to the debit card holders of SBI is being provided for on actuarial estimates.

15.4 Provisions for onerous contracts are recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

15.5 Contingent Assets are not recognised in the financial statements.

16. Bullion Transactions:

SBI imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. SBI earns a fee on such bullion transactions. The fee is classified under commission income. SBI also accepts deposits and lends gold, which is treated as deposits/advances as the case may be with the interest paid/received classified as interest expense / income. Gold Deposits, Metal Loan Advances and closing Gold Balances are valued at available Market Rate as on the date of Balance Sheet

17. Special Reserves:

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961. The Board of Directors of the Bank has passed a resolution approving creation of the reserve and confirming that it has no intention to make withdrawal from the Special Reserve.

18. Share Issue Expenses:

Share issue expenses are charged to the Share Premium Account.

19. Cash and cash equivalents

Cash and cash equivalents include Cash and Balances with RBI, Balances with Banks and money at call and short notice.

SCHEDULE 18 NOTES TO ACCOUNTS:

1. List of Subsidiaries/Joint Ventures/Associates considered for preparation of consolidated financial statements:

1.1 The 27 Subsidiaries, 8 Joint Ventures and 17 Associates including 14 Regional Rural Banks from/upto respective dates of merger/ exit during the year (which along with State Bank of India, the parent, constitute the Group), considered in the preparation of the consolidated financial statements, are

A) Subsidiaries:

S. No.	Name of the Subsidiary	Country of incorporation	Group's Stake (%)	
			Current Year	Previous Year*
1)	SBI Capital Markets Ltd.	India	100.00	100.00
2)	SBICAP Securities Ltd.	India	100.00	100.00
3)	SBICAP Trustee Company Ltd.	India	100.00	100.00
4)	SBICAP Ventures Ltd.	India	100.00	100.00
5)	SBICAP (Singapore) Ltd.	Singapore	100.00	100.00
6)	SBI DFHI Ltd.	India	72.17	72.17
7)	SBI Global Factors Ltd.	India	86.18	86.18
8)	SBI Infra Management Solutions Pvt. Ltd.	India	100.00	100.00
9)	SBI Mutual Fund Trustee Company Pvt Ltd.	India	100.00	100.00
10)	SBI Payment Services Pvt. Ltd.@	India	74.00	74.00
11)	SBI Pension Funds Pvt Ltd.	India	92.58	92.60
12)	SBI Life Insurance Company Ltd.	India	55.50	57.60
13)	SBI General Insurance Company Ltd. @	India	70.00	70.00
14)	SBI Cards and Payment Services Ltd.	India	69.39	69.51
15)	SBI–SG Global Securities Services Pvt. Ltd. @	India	65.00	65.00
16)	SBI Funds Management Pvt. Ltd. @	India	62.88	63.00
17)	SBI Funds Management (International) Private Ltd. @	Mauritius	62.88	63.00
18)	Commercial Indo Bank Llc , Moscow @	Russia	60.00	60.00
19)	Bank SBI Botswana Limited	Botswana	100.00	100.00
20)	SBI Canada Bank	Canada	100.00	100.00
21)	State Bank of India (California)	USA	100.00	100.00
22)	State Bank of India (UK) Limited	UK	100.00	100.00
23)	State Bank of India Servicos Limitada	Brazil	100.00	100.00
24)	SBI (Mauritius) Ltd.	Mauritius	96.60	96.60
25)	PT Bank SBI Indonesia	Indonesia	99.00	99.00
26)	Nepal SBI Bank Ltd.	Nepal	55.00	55.00
27)	Nepal SBI Merchant Banking Limited	Nepal	55.00	55.00

@ Represents companies which are jointly controlled entities in terms of the shareholders' agreement. However, the same are consolidated as subsidiaries in accordance with AS 21 "Consolidated Financial Statements" as SBI's holding in these companies exceeds 50%.

* In the previous year, SBICAP (UK) Ltd. (a subsidiary) also consolidated, the operations of which were closed on 30.11.2019.

B) Joint Ventures:

S. No.	Name of the Joint Venture	Country of Incorporation	Group's Stake (%)	
			Current Year	Previous Year
1)	C - Edge Technologies Ltd.	India	49.00	49.00
2)	SBI Macquarie Infrastructure Management Pvt. Ltd.	India	45.00	45.00
3)	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	India	45.00	45.00
4)	Macquarie SBI Infrastructure Management Pte. Ltd.	Singapore	45.00	45.00
5)	Macquarie SBI Infrastructure Trustee Ltd.	Bermuda	45.00	45.00
6)	Oman India Joint Investment Fund – Management Company Pvt. Ltd.	India	50.00	50.00
7)	Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.	India	50.00	50.00
8)	Jio Payments Bank Ltd.	India	30.00	30.00

C) Associates:

S. No.	Name of the Associate	Country of Incorporation	Group's Stake (%)	
			Current Year	Previous Year*
1)	Andhra Pradesh Grameena Vikas Bank	India	35.00	35.00
2)	Arunachal Pradesh Rural Bank	India	35.00	35.00
3)	Chhattisgarh Rajya Gramin Bank	India	35.00	35.00
4)	Ellaquai Dehati Bank	India	35.00	35.00
5)	Madhyanchal Gramin Bank	India	35.00	35.00
6)	Meghalaya Rural Bank	India	35.00	35.00
7)	Mizoram Rural Bank	India	35.00	35.00
8)	Nagaland Rural Bank	India	35.00	35.00
9)	Saurashtra Gramin Bank	India	35.00	35.00
10)	Utkal Grameen Bank	India	35.00	35.00
11)	Uttarakhand Gramin Bank	India	35.00	35.00
12)	Jharkhand Rajya Gramin Bank	India	35.00	35.00
13)	Rajasthan Marudhara Gramin Bank	India	35.00	35.00
14)	Telangana Grameena Bank	India	35.00	35.00
15)	The Clearing Corporation of India Ltd.	India	20.05	20.05
16)	Yes Bank Ltd.	India	30.04	48.21
17)	Bank of Bhutan Ltd.	Bhutan	20.00	20.00

* In previous year, Purvanchal Bank also consolidated. These have been merged into RRBs not sponsored by SBI.

Please refer to Note no. 1.1.(f) below for details regarding merger of Regional Rural Banks (RRBs) sponsored by SBI.

a) In the month of July 2020, SBI and its subsidiary have infused ₹ 3,176 crore in equity shares of Yes Bank Limited (an associate) through a Follow-on Public Offer. After Follow on Public Offer, the stake of SBI Group in Yes Bank Limited was reduced to 34.71%. As per the requirements of AS 23, the difference between the amount invested and increase in SBI Group's share in net assets of Yes Bank Limited has been adjusted in capital reserve.

Subsequently, the subsidiary of SBI has incrementally sold a certain portion of shares of Yes Bank Limited. The stake of SBI Group in Yes Bank Limited is 30.04% on March 31, 2021. The effect of sale of shares in Yes Bank Limited has been accounted for in the profit for the year ended March 31, 2021.

b) In the month of June 2020, SBI sold its 2.10% stake in SBI Life Insurance Company Limited (a subsidiary). The stake of SBI Group in SBI Life Insurance Company Limited has reduced from 57.60% to 55.50%.

c) Pursuant to exercise of options under the approved Employee Stock Option Plan (ESOP), following group entities have issued equity shares to their eligible employees:

   a. SBI Cards and Payment Services Limited has allotted 15,68,662 equity shares amounting to ₹ 1.57 crore during the year ended March 31, 2021. Consequently, the stake of SBI Group in SBI Cards and Payment Services Limited has reduced to 69.39% from 69.51 %.

   b. SBI Funds Management Private Limited has allotted 9,24,692 equity shares amounting to ₹ 0.09 crore during the year ended March 31, 2021. Consequently, the stake of SBI Group in SBI Funds Management Pvt. Limited has reduced to 62.88% from 63.00%. Consequently, using indirect method, the stake of SBI Group in SBI Funds Management (International) Private Limited and SBI Pension Funds Private Limited has reduced to 62.88% and 92.58% respectively.

   c. SBI Life Insurance Company Limited has allotted 44,613 equity shares amounting to ₹ 0.04 crore during the year ended March 31, 2021. Consequently, the stake of SBI Group in SBI Life Insurance Company Limited has reduced by 0.001%.

d) During the year ended March 31, 2021, SBI has infused additional capital in the following entities:

   a. ₹ 0.32 crore in State Bank of India (California), a subsidiary;

   b. ₹ 5.31 crore in Madhyanchal Gramin Bank, an associate.

   The SBI Group's stake remains the same after the aforesaid capital infusion.

e) During the year ended March 31, 2021, Tier-2 capital of GBP 50 Million in State Bank of India (UK) Limited was converted to equity shares.

f) In accordance with notification issued by Govt. of India, the following amalgamation has taken place between the Regional Rural Bank (RRB) sponsored by SBI and RRBs sponsored by other banks:

Name of transferor RRB		Sponsor Bank of transferor RRB	New Name after Amalgamation of RRB	Sponsor Bank of transferee RRB	Effective Date of Amalgamation
1.	Baroda Uttar Pradesh Gramin Bank	Bank of Baroda	Baroda U.P. Bank	Bank of Baroda	April 01, 2020
2.	Kashi Gomti Samyut Gramin Bank	Union Bank of India			
3.	Purvanchal Bank	State Bank of India			

In terms of Department of Financial Services (DFS) letter dated July 08, 2019, the transfer of stake of Sponsor Banks has taken place at face value of the shares and as a result, during the year ended March 31 2021, a loss of ₹ 254.41 crore has been recognised in the consolidated financial statements under the head "Other Income".

g) The financials of SBICAP (Singapore) Ltd. and Bank SBI Botswana Limited have been prepared on non-going concern basis, however there is no material impact on the financials from changing the accounting basis to non-going concern basis. The details are as below: -

- On March 25, 2021, SBICAP (Singapore) Limited, a wholly owned step down subsidiary of SBI, has passed a resolution that the company would (i) surrender the Capital Market Service License (CMSL) issued by Monetary Authority of Singapore ('MAS'), and (ii) initiate the process of cessation of business by way of member's voluntary winding up after the procedure of surrender the CMSL is completed.

- Bank SBI Botswana Limited, a wholly owned subsidiary of SBI, intends to surrender its Banking license by June 30, 2021 and cease operations. Accordingly, as at the current year ended March 31, 2021, Bank SBI Botswana Limited has substantially transferred its customer loans & advances and customer deposit liabilities on normal banking terms relating to such transfer to another local bank ultimately owned by Government of India.

The total assets, total income and Net profit/ (loss) after tax of the above subsidiaries for the year ended March 31, 2021 is as below: -

₹ in crore

Particulars	Bank SBI Botswana Limited	SBICAP (Singapore) Limited
Total Assets	60.24	81.44
Total Income	1.54	9.59
Net Profit / (Loss) after tax	(4.17)	(1.07)

h) SBI Home Finance Ltd., an associate in which SBI is having 25.05% stake, is under liquidation and therefore, not being considered for consolidation in preparation of Consolidated Financial Statements as per Accounting Standard 21.

i) As SBI Foundation is a Not-for-Profit Company [incorporated under section 7(2) of Companies Act, 2013], SBI Foundation is not being considered for consolidation in preparation of Consolidated Financial statements as per Accounting Standard 21.

1.2 The consolidated financial statements for the financial year 2020-21 of the Group include unaudited financial statements of one subsidiary (SBI Canada Bank) & one associate (Bank of Bhutan Ltd.) the results of which are not material.

2. Disclosures as per Accounting Standards

2.1 Accounting Standard 5 – "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies "

- During the year, there were no material prior period income / expenditure items.
- There is no change in the Significant Accounting Policies adopted during the year ended March 31, 2021 as compared to those followed in the previous financial year 2019-20.

2.2 Accounting Standard- 15 "Employee Benefits":

2.2.1 Defined Benefit Plans

2.2.1.1 Employee's Pension Plans and Gratuity Plans

The following table sets out the status of the Defined Benefit Pension Plans and Gratuity Plan as required under AS 15 (Revised 2005):

₹ in crore

Particulars	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Change in the present value of the defined benefit obligation				
Opening defined benefit obligation at 1st April 2020	**1,09,830.37**	**95,362.15**	**13,090.13**	**12,378.30**
Current Service Cost	970.09	953.34	469.35	471.10
Interest Cost	7,501.41	7,428.71	893.87	960.76
Past Service Cost (Vested Benefit)	-	-	-	-
Actuarial losses /(gains)	15,822.32	13,619.61	1,195.02	1,247.21
Benefits paid	(3,475.67)	(3,914.34)	(1,920.72)	(1,967.24)
Direct Payment by SBI	(4,842.15)	(3,619.10)	-	-
Closing defined benefit obligation at 31st March 2021	**1,25,806.37**	**1,09,830.37**	**13,727.65**	**13,090.13**
Change in Plan Assets				
Opening fair value of plan assets at 1st April 2020	**97,458.52**	**90,399.61**	**10,775.10**	**10,493.46**
Expected Return on Plan assets	6,656.42	7,015.01	735.81	815.36
Contributions by employer	2,100.68	2,407.68	1,277.03	1,183.65
Expected Contribution by the employees	-	0.28	-	-
Benefits Paid	(3,475.67)	(3,914.34)	(1,920.72)	(1,967.24)

Particulars	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Actuarial Gains / (Losses) on plan assets	3,705.91	1,550.28	343.62	249.87
Closing fair value of plan assets at 31st March 2021	**1,06,445.86**	**97,458.52**	**11,210.84**	**10,775.10**
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of funded obligation at 31st March 2021	1,25,806.37	1,09,830.37	13,727.65	13,090.13
Fair Value of plan assets at 31st March 2021	106,445.86	97,458.52	11,210.84	10,775.10
Deficit/(Surplus)	19,360.51	12,371.85	2,516.81	2,315.03
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	**19,360.51**	**12,371.85**	**2,516.81**	**2,315.03**
Amount Recognised in the Balance Sheet				
Liabilities	1,25,806.37	1,09,830.37	13,727.65	13,090.13
Assets	1,06,445.86	97,458.52	11,210.84	10,775.10
Net Liability / (Asset) recognised in Balance Sheet	19,360.51	12,371.85	2,516.81	2,315.03
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/ (Asset)	**19,360.51**	**12,371.85**	**2,516.81**	**2,315.03**
Net Cost recognised in the profit and loss account				
Current Service Cost	970.09	953.34	469.35	471.10
Interest Cost	7,501.41	7,428.71	893.87	960.76
Expected return on plan assets	(6,656.42)	(7,015.01)	(735.81)	(815.36)
Expected Contributions by the employees	-	(0.28)	-	-
Past Service Cost (Amortised) Recognised	-	-	-	-
Past Service Cost (Vested Benefits) Recognised	-	-	-	-
Net Actuarial Losses / (Gains) recognised during the year	12,116.41	12,069.33	851.40	997.34
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	**13,931.49**	**13,436.09**	**1,478.81**	**1,613.84**
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	6,656.42	7,015.01	735.81	815.36
Actuarial Gains/ (Losses) on Plan Assets	3,705.91	1,550.28	343.62	249.87
Actual Return on Plan Assets	**10,362.33**	**8,565.29**	**1,079.43**	**1,065.23**
Reconciliation of opening and closing net liability/(asset) recognised in Balance Sheet				
Opening Net Liability/(Asset) as at 1st April 2020	**12,371.85**	**4,962.54**	**2,315.03**	**1,884.84**
Expenses as recognised in profit and loss account	13,931.49	13,436.09	1,478.81	1,613.84
Paid by SBI Directly	(4,842.15)	(3,619.10)	-	-
Debited to Other Provision	-	-	-	-
Recognised in Reserve	-	-	-	-
Employer's Contribution	(2,100.68)	(2,407.68)	(1,277.03)	(1,183.65)
Net liability/(Asset) recognised in Balance Sheet	**19,360.51**	**12,371.85**	**2,516.81**	**2,315.03**

Investments under Plan Assets of Gratuity Fund & Pension Fund as on March 31, 2021 are as follows:

Category of Assets	Pension Fund	Gratuity Fund
	% of Plan Assets	% of Plan Assets
Central Govt. Securities	21.21%	18.02%
State Govt. Securities	38.68%	39.38%
Debt Securities, Money Market Securities and Bank Deposits	30.01%	29.31%
ETF and Mutual Funds	6.43%	6.74%
Insurer Managed Funds	1.85%	4.84%
Others	1.82%	1.71%
Total	**100.00%**	**100.00%**

Principal actuarial assumptions:

Particulars	Pension Plans	
	Current year	Previous year
Discount Rate	6.90%	6.83%
Expected Rate of return on Plan Asset	6.90%	6.83%
Salary Escalation Rate	5.60%	5.40%
Pension Escalation Rate	1.20%	0.80%
Attrition Rate	2.00%	2.00%

	Gratuity Plans	
	Current year	Previous year
Discount Rate	6.82%	6.84%
Expected Rate of return on Plan Asset	6.82%	6.84%
Salary Escalation Rate	5.60%	5.40%
Attrition Rate	2.00%	2.00%

The expected contribution to the Pension and Gratuity fund for the next year is ₹ 3,190.72 crore and ₹ 1,645.28 crore respectively.

In case of SBI, as the plan assets are marked to market on the basis of the yield curve derived from government securities, the expected rate of return has been kept the same as the discount rate.

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience/ immediate future. Empirical evidence also suggests that in the very long term, consistent high salary growth rates are not possible. The said estimates and assumptions have been relied upon by the auditors.

With a view to further strengthen the Pension Fund, it was decided to upwardly revise some of the assumptions.

2.2.1.2 Employees Provident Fund

Actuarial valuation carried out in respect of interest shortfall in Provident Fund Trust shows “Nil” liability, hence no provision is made in F.Y. 2020-21.

The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuaries:

₹ in crore

Particulars	Provident Fund	
	Current Year	**Previous Year**
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2020	**31,744.55**	**30,928.72**
Current Service Cost	3,320.40	1,045.98
Interest Cost	2,610.99	2,495.99
Employee Contribution (including VPF)	2,636.54	1,166.46
Actuarial losses/(gains)	51.85	220.06
Benefits paid	(4,418.11)	(4,112.66)
Closing defined benefit obligation at 31st March 2021	**35,946.22**	**31,744.55**
Change in Plan Assets		
Opening fair value of Plan Assets as at 1st April 2020	**32,648.72**	**32,630.54**
Expected Return on Plan Assets	2,610.99	2,495.99
Contributions	5,956.94	2,212.43
Provision for loss on maturity of non-performing investment	(60.59)	(467.66)
Benefits Paid	(4,418.11)	(4,112.66)
Actuarial Gains / (Loss) on plan Assets	298.44	(109.92)
Closing fair value of plan assets as at 31st March 2021	**37,036.39**	**32,648.72**
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at 31st March 2021	35,946.22	31,744.55
Fair Value of Plan assets at 31st March 2021	37036.39	32,648.72
Deficit/(Surplus)	(1,090.17)	(904.17)
Net Asset not recognised in Balance Sheet	**(1,090.17)**	**904.17**
Net Cost recognised in the profit and loss account		
Current Service Cost	3,320.40	1,045.98
Interest Cost	2,610.99	2,495.99
Expected return on plan assets	(2,610.99)	(2,495.99)
Interest shortfall reversed	(11.58)	-
Total costs of defined benefit plans included in Schedule 16 “Payments to and provisions for employees”	**3,308.82**	**1,045.98**
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2020	-	-
Expense as above	3,308.82	1045.98
Employer’s Contribution	(3,308.82)	(1045.98)
Net Liability/(Asset) Recognized in the Balance Sheet	**-**	**-**

Investments under Plan Assets of Provident Fund as on March 31, 2021 are as follows:

	Provident Fund
Category of Assets	**% of Plan Assets**
Central Govt. Securities	30.53%
State Govt. Securities	32.42%
Debt Securities, Money Market Securities and Bank Deposits	30.86%
ETF and Mutual Funds	3.86%
Others	2.33%
Total	**100.00%**

Principal actuarial assumptions

Particulars	**Provident Fund**	
	Current year	**Previous year**
Discount Rate	6.82%	6.84%
Guaranteed Return	8.50%	8.50%
Attrition Rate	2.00%	2.00%
Salary Escalation	5.60%	5.40%

i) There is a guaranteed return applicable to liability under SBI Employees Provident Fund which shall not be lower of either:

(a) one half percent above the average standard rate (adjusted up or down to the interest one quarter per cent) quoted by SBI for new deposits fixed for twelve months in the preceding year (ending on the preceding the 31st day of March); or

(b) three percent per annum, subject to 244 ıl of Executive Committee.

ii) The rules of the SBI Life Insurance Company Ltd.'s Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company.

2.2.2 Defined Contribution Plans

2.2.2.1 Employees Provident Fund

An amount of ₹ 47.48 crore (Previous Year ₹ 47.66 crore) is contributed towards the Provident Fund Scheme by the group (excluding the entities covered in Note 2.2.1.2) and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

2.2.2.2 Defined Contribution Pension Scheme

SBI has a Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the SBI on or after August 1, 2010. The Scheme is managed by NPS Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y. 2020-21, SBI has contributed ₹ 648.17 crore (Previous Year ₹ 541.97 crore).

2.2.2.3 The following amount is provided by the group (excluding SBI) towards Defined Contribution Plans:

₹ in crore

Sl. No.	**Long Term Employees' Benefits**	**Current Year**	**Previous Year**
1	Employee Pension Scheme under PF Act	32.54	28.33
2	National Pension System	6.94	5.78
3	Others	10.05	8.41
Total		**49.53**	**42.52**

2.2.3 Long Term Employee Benefits (Unfunded Obligation):

2.2.3.1 Accumulating Compensated Absences (Privilege Leave)

The following table sets out the status of Accumulating Compensated Absences (Privilege Leave) as per Actuarial valuation by independent Actuaries:

₹ in crore

Particulars	Accumulating Compensated Absences (Privilege Leave)	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2020	**7,542.15**	**6,876.64**
Current Service Cost	312.55	288.00
Interest Cost	515.56	534.13
Actuarial losses/(gains)	1,225.32	772.70
Benefits paid	(1,405.73)	(929.32)
Closing defined benefit obligation at 31st March 2021	**8,189.85**	**7,542.15**
Net Cost recognised in the profit and loss account		
Current Service Cost	312.55	288.00
Interest Cost	515.56	534.13
Actuarial (Gain)/ Losses	1,225.32	772.70
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	**2,053.43**	**1,594.83**
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2020	**7,542.15**	**6,876.64**
Expense as above	2,053.43	1,594.83
Employer's Contribution	-	-
Benefit paid directly by the Employer	(1,405.73)	(929.32)
Net Liability/(Asset) recognized in the Balance Sheet	**8,189.85**	**7,542.15**

Principal actuarial assumptions:

Particulars	Current year	Previous year
Discount Rate	6.82%	6.84%
Salary Escalation	5.60%	5.40%
Attrition Rate	2.00%	2.00%

Accumulating Compensated Absences (Privilege Leave) (excluding the entities covered in above table)

An amount of ₹ 52.64 crore (Previous Year ₹ 28.85 crore) is provided by the group (excluding the entities covered in above table) towards Privilege Leave (Encashment) including leave encashment at the time of retirement and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

2.2.3.2 Other Long Term Employee Benefits

Amount of ₹ 39.58 crore (Previous Year ₹ 26.17 crore) is provided by the group towards other Long Term Employee Benefits and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

Details of Provisions made for various Other Long Term Employees' Benefits during the year:

₹ in crore

Sl. No.	Long Term Employees' Benefits	Current Year	Previous Year
1	Leave Travel and Home Travel Concession (Encashment/ Availment)	36.48	20.67
2	Sick Leave	(0.02)	(0.26)
3	Silver Jubilee/Long Term Service Award	8.49	7.96
4	Resettlement Expenses on Superannuation	(2.89)	1.01
5	Casual Leave	-	-
6	Retirement Award	(2.48)	(3.21)
Total		**39.58**	**26.17**

2.2.4 The employee benefits listed above are in respect of the employees of the Group based in India. The employees of the foreign operations are not covered in the above schemes.

2.3 Accounting Standard- 17 "Segment Reporting":

2.3.1 Segment identification

A) Primary (Business Segment)

The following are the Primary Segments of the Group:

- Treasury
- Corporate / Wholesale Banking
- Retail Banking
- Insurance Business
- Other Banking Business

The present accounting and information system of the Group does not support capturing and extraction of the data in respect of the above segments separately. However, based on the present internal, organisational and management reporting structure and the nature of their risk and returns, the data on the Primary Segments have been computed as under:

a) **Treasury:** The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

b) **Corporate / Wholesale Banking:** The Corporate / Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Commercial Clients Group and Stressed Assets Resolution Group. These include providing loans and transaction services to corporate and institutional clients and further include non-treasury operations of foreign offices/entities.

c) **Retail Banking:** The Retail Banking Segment comprises of retail branches, which primarily includes Personal Banking activities including lending activities to corporate customers having banking relations with these branches. This segment also includes agency business and ATMs

d) **Insurance Business –** The Insurance Business Segment comprises of the results of SBI Life Insurance Co. Ltd. and SBI General Insurance Co. Ltd.

e) **Other Banking business–** Segments not classified under (a) to (d) above are classified under this primary segment. This segment also includes the operations of all the Non-Banking Subsidiaries/Joint Ventures other than SBI Life Insurance Co. Ltd. and SBI General Insurance Co. Ltd. of the group.

B) Secondary (Geographical Segment):

a) Domestic Operations - Branches, Subsidiaries and Joint Ventures having operations in India.

b) **Foreign Operations** - Branches, Subsidiaries and Joint Ventures having operations outside India and offshore banking units having operations in India.

C) **Pricing of Inter-segmental Transfers**

The Retail Banking segment is the primary resource mobilising unit. The Corporate/Wholesale Banking and Treasury segments are recipient of funds from Retail Banking. Market related Funds Transfer Pricing (MRFTP) is followed under which a separate unit called Funding Centre has been created. The Funding Centre notionally buys funds that the business units raise in the form of deposits or borrowings and notionally sell funds to business units engaged in creating assets.

D) **Allocation of Revenue, Expenses, Assets and Liabilities**

Expenses of parent incurred at Corporate Centre establishments directly attributable either to Corporate / Wholesale and Retail Banking Operations or to Treasury Operations segment, are allocated accordingly. Expenses not directly attributable are allocated on the basis of the ratio of number of employees in each segment/ratio of directly attributable expenses.

The Group has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated.

2.3.2 SEGMENT INFORMATION

PART A: PRIMARY (BUSINESS) SEGMENTS:

₹ in crore

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Insurance Business	Other Banking Operations	TOTAL
Revenue (before exceptional item)	91,032.50	83,073.07	132,094.86	64,569.16	14,647.06	3,85,416.65
	(75,104.23)	(91,801.08)	(1,31,232.17)	(52,947.77)	(14,272.32)	(3,65,357.57)
Unallocated Revenue						1,651.31
						(168.15)
Less : Inter Segment Revenue						3,097.34
						(3,296.63)
Total Revenue						3,83,970.62
						(3,62,229.09)
Result (before exceptional Items)	14,393.01	5,273.34	9,511.41	2,337.97	3,952.10	35,467.83
	(9,202.09)	(-3,830.03)	(18,173.66)	(2,367.02)	(3,165.05)	(29,077.79)
Add : Exceptional items	1,367.27					1,367.27
	(5,781.56)					(5,781.56)
Result (after exceptional items)	15,760.28	5,273.34	9,511.41	2,337.97	3,952.10	36,835.10
	(14,983.65)	(-3,830.03)	(18,173.66)	(2,367.02)	(3,165.05)	(34,859.35)
Unallocated Income(+)/ Expenses(–) net						(-) 4,039.14
						(-4,542.76)
Profit/(Loss) Before Tax						32,795.96
						(30,316.59)
Taxes						8,516.25
						(12,139.76)
Extraordinary Profit						0.00
						(0.00)
Net Profit/(Loss) before share in profit in Associates and Minority Interest						24,279.71
						(18,176.83)

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Insurance Business	Other Banking Operations	TOTAL
Add: Share in Profit in Associates						(-) 391.90
						(2,963.14)
Less: Minority Interest						1,482.36
						(1,372.17)
Net Profit/(Loss) for the Group						22,405.45
						(19,767.80)
Other Information:						
Segment Assets	14,52,023.37	12,21,624.66	18,19,067.05	2,37,323.29	46,307.46	47,76,345.83
	(11,35,750.90)	(12,00,452.76)	(15,83,362.39)	(1,74,612.94)	(43,899.44)	(41,38,078.43)
Unallocated Assets						69,272.72
						(59,413.91)
Total Assets						48,45,618.55
						(41,97,492.34)
Segment Liabilities	13,15,938.88	11,85,545.78	16,99,537.03	2,24,101.85	32,314.42	44,57,437.96
	(10,08,550.01)	(11,77,433.80)	(14,78,049.72)	(1,63,726.93)	(32,442.25)	(38,60,202.71)
Unallocated Liabilities						1,12,619.03
						(86,229.51)
Total Liabilities						45,70,056.99
						(39,46,432.22)

(i) Income/Expenses are for the whole year. Assets/Liabilities are as at March 31, 2021.

(ii) Figures within brackets are for previous year

PART B: SECONDARY (GEOGRAPHIC) SEGMENTS

₹ in crore

	Domestic		Foreign		Total	
	Current Year	**Previous Year**	**Current Year**	**Previous Year**	**Current Year**	**Previous Year**
Revenue (before exceptional items) #	3,72,005.60	3,44,982.70	11,965.02	17,246.39	**3,83,970.62**	**3,62,229.09**
Net Profit#	18,935.93	15,297.21	3,469.52	4,470.59	**22,405.45**	**19,767.80**
Assets *	43,16,869.48	37,09,504.22	5,28,749.07	4,87,988.12	**48,45,618.55**	**41,97,492.34**
Liabilities*	40,48,986.49	34,65,172.72	5,21,070.50	4,81,259.50	**45,70,056.99**	**39,46,432.22**

For the year ended 31st March, 2021.

* As at 31st March, 2021.

2.4 Accounting Standard-18 "Related Party Disclosures":

2.4.1 Related Parties to the Group:

A) JOINT VENTURES:

1. C - Edge Technologies Ltd.
2. SBI Macquarie Infrastructure Management Pvt. Ltd.
3. SBI Macquarie Infrastructure Trustee Pvt. Ltd.
4. Macquarie SBI Infrastructure Management Pte. Ltd.
5. Macquarie SBI Infrastructure Trustee Ltd.
6. Oman India Joint Investment Fund – Management Company Pvt. Ltd.
7. Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.
8. Jio Payments Bank Limited

B) ASSOCIATES:

i) Regional Rural Banks

1. Andhra Pradesh Grameena Vikas Bank
2. Arunachal Pradesh Rural Bank
3. Chhattisgarh Rajya Gramin Bank
4. Ellaquai Dehati Bank
5. Madhyanchal Gramin Bank
6. Meghalaya Rural Bank
7. Mizoram Rural Bank
8. Nagaland Rural Bank
9. Saurashtra Gramin Bank
10. Utkal Grameen Bank
11. Uttarakhand Gramin Bank
12. Jharkhand Rajya Gramin Bank
13. Rajasthan Marudhara Gramin Bank
14. Telangana Grameena Bank

ii) Others

1. The Clearing Corporation of India Ltd.
2. Bank of Bhutan Ltd.
3. Yes Bank Ltd.
4. SBI Home Finance Ltd. (under liquidation)

C) Key Management Personnel of SBI:

1. Shri Rajnish Kumar, Chairman (upto 06.10.2020)
2. Shri Dinesh Kumar Khara, Chairman (from 07.10.2020)
3. Shri Dinesh Kumar Khara, Managing Director (upto 06.10.2020)
4. Shri Arijit Basu, Managing Director (upto 31.10.2020)
5. Shri Challa Sreenivasulu Setty, Managing Director
6. Shri Ashwani Bhatia, Managing Director (from 24.08.2020)
7. Shri Swaminathan Janakiraman (from 28.01.2021)
8. Shri Ashwini Kumar Tewari (from 28.01.2021)

2.4.2 Related Parties with whom transactions were entered into during the year:

No disclosure is required in respect of related parties, which are "State controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

2.4.3 Transactions and Balances:

₹ in crore

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
Transactions during the year 2020-21			
Interest Income	167.94 (4.94)	- (-)	167.94 (4.94)
Interest Expenditure	18.58 (0.82)	- (-)	18.58 (0.82)
Income earned by way of Dividend	23.29 (18.56)	- (-)	23.29 (18.56)
Other Income	78.51 (0.97)	- (-)	78.51 (0.97)
Other Expenditure	2.44 (4.17)	- (-)	2.44 (4.17)
Profit/(Loss) on Sale of Land/Building/Other Assets	4.04 (-)	- (-)	4.04 (-)
Management Contract	37.94 (3.77)	1.50 (1.38)	39.44 (5.15)
Outstanding as on March 31, 2021			
Borrowings	- (-)	- (-)	- (-)
Deposit	1,352.84 (748.31)	- (-)	1,352.84 (748.31)
Other Liabilities	8.27 (28.35)	- (-)	8.27 (28.35)
Balances with Banks and Money at call and short notice	- (300.00)	- (-)	- (300.00)
Investments	12,814.54 (11,015.61)	- (-)	12,814.54 (11,015.61)
Advances	1,434.76 (113.50)	- (-)	1,434.76 (113.50)
Other Assets	188.39 (229.52)	- (-)	188.39 (229.52)
Non-fund commitments (LCs/BGs)	2,935.10 (-)	- (-)	2,935.10 (-)
Maximum outstanding during the year			
Borrowings	- (-)	- (-)	- (-)
Deposit	1,543.06 (768.92)	- (-)	1,543.06 (768.92)
Other Liabilities	8.27 (28.35)	- (-)	8.27 (28.35)
Balances with Banks and Money at call and short notice	- (300.00)	- (-)	- (300.00)
Advances	17,763.35 (113.50)	- (-)	17,763.35 (113.50)
Investment	14,551.41 (11,015.61)	- (-)	14,551.41 (11,015.61)
Other Assets	188.39 (229.52)	- (-)	188.39 (229.52)
Non-fund commitments (LCs/BGs)	2,935.10 (-)	- (-)	2,935.10 (-)

(Figures in brackets pertain to previous year)

There are no materially significant related party transactions during the year.

2.5 Accounting Standard-19 "Leases":

2.5.1 Finance Leases

Assets taken on Financial Leases on or after April 01, 2001:

The details of financial leases are given below:

₹ in crore

Particulars	As at 31.03.2021	As at 31.03.2020
Total Minimum lease payments outstanding		
Less than 1 year	51.02	42.59
1 to 5 years	105.91	105.50
5 years and above	31.14	28.47
Total	**188.07**	**176.56**
Interest Cost payable		
Less than 1 year	8.30	8.86
1 to 5 years	15.96	14.72
5 years and above	11.52	3.69
Total	**35.78**	**27.27**
Present value of minimum lease payments payable		
Less than 1 year	42.72	33.73
1 to 5 years	89.95	90.78
5 years and above	19.62	24.78
Total	**152.29**	**149.29**

2.5.2 Operating Lease

Premises taken on operating lease are given below:

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the group entities.

Liability for Premises taken on Non-Cancellable operating lease are given below:

₹ in crore

Particulars	As at 31.03.2021	As at 31.03.2020
Not later than 1 year	121.98	165.73
Later than 1 year and not later than 5 years	203.77	496.10
Later than 5 years	33.55	112.22
Total	**359.30**	**774.05**

Amount of lease payments recognised in the Profit & Loss Account for the year is ₹ 4,847.29 crore (Previous Year ₹ 3,556.87 crore).

2.6 Accounting Standard-20 "Earnings per Share":

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share". "Basic earnings" per share is computed by dividing consolidated net profit/ (loss) after tax (other than minority) by the weighted average number of equity shares outstanding during the year.

Particulars	Current Year	Previous Year
Basic and diluted		
Number of Equity Shares outstanding at the beginning of the year	892,46,11,534	892,46,11,534
Number of Equity Shares issued during the year	Nil	Nil
Number of Equity Shares outstanding at the end of the year	892,46,11,534	892,46,11,534
Weighted average number of equity shares used in computing basic earnings per share	892,46,11,534	892,46,11,534
Weighted average number of shares used in computing diluted earnings per share	892,46,11,534	892,46,11,534
Net Profit/(Loss) for the Group (₹ in crore)	22,405.45	19,767.80
Basic earnings per share (₹)	25.11	22.15
Diluted earnings per share (₹)	25.11	22.15
Nominal value per share (₹)	1.00	1.00

2.7 Accounting Standard-22 "Accounting for Taxes on Income":

i) During the year, ₹ 3,748.99 crore has been credited to Profit and Loss Account (Previous Year ₹ 7,502.08 crore debited) on account of deferred tax.

ii) The breakup of deferred tax assets and liabilities into major items is given below:

₹ in crore

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Deferred Tax Assets		
Provision for long term employee Benefits	7,975.13	6,468.85
Provision for advances	4,125.04	3,067.95
Provision for Other Assets/ Other Liability	3,115.56	665.72
On Accumulated Losses	36.80	105.22
On Foreign Currency Translation Reserve	759.10	809.99
Depreciation on Fixed Assets	230.35	146.56
DTAs on account of FOs of SBI	275.67	253.16
Others	171.79	180.50
Total	**16,689.44**	**11,697.95**
Deferred Tax Liabilities		
Depreciation on Fixed Assets	38.30	96.86
Interest accrued but not due on securities	5,744.73	4,563.17
Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961	3,656.53	3,531.63
DTLs on account of FOs of SBI	2.46	6.16
Others	6.33	6.54
Total	**9,448.35**	**8,204.36**
Net Deferred Tax Assets/(Liabilities)	**7,241.09**	**3,493.59**

iii) While recognizing provision for income tax for the year ended March 31, 2020 SBI and certain group entities had exercised the option of lower tax rate permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, SBI and certain group entities had re-measured their Deferred Tax Assets based on the tax rate prescribed in the said section and have reversed the MAT credit no longer available to them. The impact of these changes was a one-time charge of ₹ 3,166.37 crore (net of minority interest) during the year ended March 31, 2020.

2.8 Accounting Standard-28 "Impairment of assets":

In the opinion of the Management, there is no impairment to the assets during the year to which Accounting Standard 28 – "Impairment of Assets" applies.

2.9 Accounting Standard – 29 "Provisions, Contingent Liabilities and Contingent Assets"

➢ **Provisions and contingencies recognised in Profit and Loss Account:**

The breakup of provisions is given in the table below :

₹ in crore

Sr No.	Break up of "Provisions and Contingencies" shown under head Expenditure in Profit and loss account	Current Year	Previous Year
a)	Provision for Taxation		
	- Current Tax	12,278.08	4,372.77
	- Deferred Tax	(3,748.99)	7,502.08
	- (Write Back)/Additional Provision of Income Tax	(12.84)	264.91
b)	Provision on Non-Performing Assets	29,758.90	44,072.90
c)	Provision on Restructured Assets	(26.25)	(224.01)
d)	Provision on Standard Assets	3,601.32	(291.37)
e)	Provision for Depreciation on Investments	2,820.99	628.11
f)	Other Provisions	9,947.20	603.07
Total		**54,618.41**	**56,928.46**

(Figures in brackets indicate credit)

➢ **Floating provisions:**

₹ in crore

Sr No.	Particulars	Current Year	Previous Year
a)	Opening Balance	193.75	193.75
b)	Addition during the year	-	-
c)	Draw down during the year	-	-
d)	**Closing balance**	**193.75**	**193.75**

➢ **Description of contingent liabilities (AS-29):**

Sr. No	Particulars	Brief Description
1	Claims against the Group not acknowledged as debts	The parent and its constituents are parties to various proceedings in the normal course of business. It does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, results of operations or cash flows. The Group is a party to various taxation matters in respect of which appeals are pending.
2	Liability on partly paid-up investments/ Venture Funds	This item represents amounts remaining unpaid towards liability for partly paid investments. This also includes undrawn commitments for Venture Capital Funds.
3	Liability on account of outstanding forward exchange contracts	The Group enters into foreign exchange contracts in its normal course of business to exchange currencies at a pre-fixed price at a future date. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. The notional amounts are recorded as contingent liabilities. With respect to the transactions entered into with its customers, SBI generally enters into off-setting transactions in the interbank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Group issues documentary credits and guarantees on behalf of its customers. Documentary credits enhance the credit standing of the customers of the Group. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfil its financial or performance obligations.
5	Other items for which the Group is contingently liable	The Group enters into currency options, forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts. Further, these also include estimated amount of contracts remaining to be executed on capital account and not provided for, letter of comforts issued by SBI on behalf of Associates & Subsidiaries, SBI's Liability under Depositors Education and Awareness Fund A/c and other sundry contingent liabilities.

The contingent liabilities mentioned above are dependent upon the outcome of court/arbitration/out of court settlements, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, as the case may be.

➢ **Movement of provisions against contingent liabilities:**

The movement of provisions against contingent liabilities given in the table below:

₹ in crore

Sr. No.	Particulars	Current Year	Previous Year
a)	Opening Balance	633.72	534.75
b)	Additions during the year	2,981.19	137.34
c)	Amount utilised during the year	68.47	7.13
d)	Unused amount reversed during the year	111.43	31.24
e)	Closing balance	**3,435.01**	**633.72**

3. Inter-Bank/ Company balances between group entities are being reconciled on an ongoing basis. No material effect is expected on the profit and loss account of the current year.

4. As per RBI circular No. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1st April, 2019, in case the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies and/or additional Gross NPAs identified by RBI exceeds 15% of published incremental Gross NPAs for the reference period then banks are required to disclose divergences from prudential norms on income recognition, asset classification and provisioning.

   No separate disclosure required to be made for SBI in respect of divergence for Financial Year 2019-20 as the same is not beyond the above-mentioned thresholds.

5. In accordance with instructions contained in RBI circulars dated March 27, 2020 and May 23, 2020, SBI has extended the moratorium to all borrowers of all segments. As per RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, provisioning in respect of COVID -19 Regulatory Package is as below: -

₹ in crore

Particulars	Amount
Respective amounts, where the moratorium/deferment was extended (Outstanding as on August 31, 2020) *(As a default option, SBI extended this moratorium benefit to all eligible customers)*	8,21,163.83
Respective amount where asset classification benefits is extended (Outstanding as on August 31, 2020)	11,357.78
Provisions made during the Q4FY2020	1,172.00
Provisions made during the Q1FY2021	1,836.00
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	Nil
Residual provision as on March 31, 2021 (includes ₹ 3,338.00 crore provided in Q3 and Q4 of FY 2020-21)	6,346.00

6. **Counter Cyclical Provisioning Buffer (CCPB)**

   RBI vide Circular No. DOR.STR.REC.10/21.04.048/2021-22 dated May 5, 2021 on 'Utilisation of Floating Provisions/ Counter Cyclical Provisioning Buffer' has allowed the banks, to utilise up to 100 percent of CCPB held by them as on December 31, 2020, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors.

   During the year, SBI has not utilized the CCPB for making specific provision for NPAs.

7. As per RBI letter no. DBR.No.BP.15199/21.04.048/2016-17 and DBR. No. BP. 1906/21.04.048/ 2017-18 dated June 23, 2017 and August 28, 2017 respectively, for the accounts covered under the provisions of Insolvency and Bankruptcy Code (IBC), SBI is holding total provision of ₹ 4,479 crore (100% of total outstanding) as on March 31,2021 (Previous Year ₹ 5,761.46 crore {93.53% of total outstanding}).

8. Profit / (loss) on sale of investment (net) under schedule 14 "Other Income" includes ₹ 1,367.27 crore on sale of certain portion of investment in SBI Life Insurance Company Limited. (Previous year ₹ 3,190.97 crore on sale of certain portion of investment in SBI Life Insurance Company Ltd. and ₹ 2,590.59 crore on sale of certain portion of investment in SBI Cards & Payment Services Limited).

9. Resolution of Stressed Assets

In terms of RBI circular DOR. No. BP.BC/3/21.04.048/2020-21 dated August 6, 2020, the detailed requirement as per Resolution Framework for COVID-19 related Stress during the year is :

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan (₹ in crore)	(C) of (B), aggregate amount of debt that was converted into other securities (₹ in crore)	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation (₹ in crore)	(E) Increase in provisions on account of the implementation of the resolution plan (₹ in crore)
Personal Loans	13,056	2,761.74	-	-	-
Corporate persons*	42,561	2,554.53	-	64.45	1,120.57
of which, MSMEs	42,555	1,779.35	-	-	33.91
Others	-	-	-	-	-
Total	**55,617**	**5,316.27**	**-**	**64.45**	**1,120.57**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

10. The spread of COVID-19 pandemic across the globe has resulted in decline in economic activities and increase in movement in financial markets. In this situation, Bank is gearing up itself on all fronts to meet the challenges. The situation continues to be uncertain and the Bank is evaluating the situation on an ongoing basis. Major challenges for the Bank could be from extended working capital cycles, fluctuating cash flow trends and probable inability of the borrowers to meet their obligations against the loans timely. The bank is proactively providing against the challenges of likely stress on the bank's assets. A definitive assessment of the impact of COVID-19 is dependent upon circumstances as they evolve in the subsequent period.

RBI vide Notification No. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, subsequent notifications dated April 17, 2020 and May 23, 2020 has announced measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses. The measures, inter alia, includes Rescheduling of Payments –Term Loans and Working capital Facilities, Easing of Working Capital Financing, Classification as Special Mention Account (SMA) and Non-performing Asset (NPA) etc.

The bank has proactively made an additional provision towards the possible impact of COVID-19 pandemic, on the basis of the evaluation and assessment done with reference to the information now available and analysis made thereon. The said provision is in addition to the provisions held as per RBI guidelines as regards loan loss provisions. On the basis of above-mentioned assessment, Bank's management is not expecting any significant impact on Bank's liquidity or profitability.

11. To ease the financial stress caused by COVID-19 disruptions on borrowers and relax the repayment pressures, Hon'ble Supreme Court, vide order dated March 23, 2021, directed that there shall not be any charge of interest on interest / compound interest / penal interest for the period during the moratorium from March 1, 2020 to August 31, 2020 and such interest shall be refunded to the concerned borrowers to be given credit / adjusted in the next instalment of the loan amount. Accordingly, SBI has reversed interest income by ₹ 830 crore during the year ended March 31, 2021.

12. In terms of RBI Circular RBI/2015-16/376 DBR. No. BP.BC.92/21.04.048/2015-16 dated April 18, 2016 during quarter ended March 31, 2020, in respect of advance account declared as fraud, SBI had chosen to provide for the fraud over four quarters as permitted by RBI. However, SBI has provided the entire balance amount of ₹ 5,230.37 crore as on March 31, 2020 in the first quarter of year ended March 31, 2021.

13. SBI has revalued immovable properties on June 30, 2019 based on reports obtained from the external independent valuers and the closing balance of Revaluation Reserve as on March 31,2021, (net of amount transferred to General Reserve) is ₹ 23,577.35 crore (Previous year ₹ 23,762.67 crore).

14. During the year, SBI accounted for ₹ 5,353.50 crore arising out of 11th Bi-Partite Wage Settlement effective from November 1, 2017.

15. In respect of SBI Life Insurance Company Ltd., IRDAI has issued directions under Section 34(1) of the Insurance Act, 1938 to distribute the administrative charges paid to Master policy holders vide order no. IRDA/Life/ORD/Misc/228/10/2012 dated October 5, 2012 amounting to ₹ 84.32 crore (Previous Year ₹ 84.32 crore). The company had filed an appeal against the said order with Ministry of Finance, Government of India, who remanded the case back to IRDAI on November 04, 2015. IRDAI issued further directions dated January 11, 2017 reiterating the directions issued on October 5, 2012. The company has filed an appeal against the said directions /orders with Securities Appellate Tribunal (SAT), which was dismissed by SAT vide order dated April 7, 2021. The company is in the process of filling an appeal before the Hon'ble Supreme Court challenging the said SAT order in consultation with the legal counsel.

In the above-mentioned matter, SBI Life Insurance Company Ltd. has shown a requisite amount as contingent liability in the financials of the company.

16. The investments of life and general insurance subsidiaries have been accounted for in accordance with the IRDAI guidelines instead of restating the same in accordance with the accounting policy followed by SBI. The investments of insurance subsidiaries constitute approximately 14.13% (Previous Year 13.34%) of the total investments as on March 31, 2021.

17. The Central Board of SBI has declared a dividend of ₹ 4 per share @ 400% for the year ended March 31, 2021.

18. In accordance with RBI circular DBOD NO.BP. BC.42/21.01.02/2007-08, redeemable preference shares (if any) are treated as liabilities and the coupon payable thereon is treated as interest.

19. In accordance with current RBI guidelines, the general clarification issued by ICAI has been considered in the preparation of the consolidated financial statements. Accordingly, additional statutory information disclosed in separate financial statements of the parent and its subsidiaries having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements in view of the Accounting Standard Interpretation issued by ICAI.

20. Previous year figures have been regrouped/reclassified, wherever necessary, to confirm to current year classification. In cases where disclosures have been made for the first time in terms of RBI guidelines/Accounting Standards, previous year's figures have not been mentioned.

Shri Ashwini Kumar Tewari	**Shri Swaminathan J.**	**Shri Ashwani Bhatia**	**Shri Challa Sreenivasulu Setty**
Managing Director	Managing Director	Managing Director	Managing Director
(IB, T & S)	(R, C & SARG)	(CB & GM)	(R & DB)

In term of our Report of even date.
For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No. 105049W

Shri Dinesh Kumar Khara
Chairman

Shri Alpesh Waghela
Partner
Membership No. : 142058

Mumbai
Dated 21st May 2021

State Bank of India

Consolidated Cash Flow Statement for the year ended 31st March 2021

(000s omitted)

PARTICULARS		Year ended 31.03.2021	Year ended 31.03.2020
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before taxes (including share in profit from associates and net of minority interest)		30921,70,78	31907,55,94
Adjustments for :			
Depreciation on Fixed Assets		3711,06,36	3661,55,85
(Profit)/Loss on sale of Fixed Assets (Net)		28,33,64	28,33,75
(Profit)/Loss on revaluation of Investments (Net)		5,15,48	-
(Profit)/Loss on sale of Investments in Subsidiaries/Joint Ventures/ Associates		(1323,43,00)	(5573,62,96)
Provision for diminution in fair value & Non Performing Assets		29732,65,29	43848,89,01
Provision on Standard Assets		3601,32,26	(291,36,52)
Provision for depreciation on Investments		2820,98,83	626,52,21
Other Provisions including provision for contingencies		9947,19,49	604,65,49
Share in Profit of Associates		391,90,45	(2963,14,04)
Dividend from Associates		(3,19,50)	(14,66,77)
Interest charged to P&L on Capital Instruments		5900,31,21	4908,09,07
		85734,01,29	**76742,81,03**
Adjustments for :			
Increase/(Decrease) in Deposits		441170,61,63	333619,56,43
Increase/(Decrease) in Borrowings other than Capital Instruments		90438,85,18	(89342,80,87)
(Increase)/Decrease in Investments other than Investment in Subsidiaries / Joint Ventures / Associates		(368800,15,43)	(100670,42,40)
(Increase)/Decrease in Advances		(156020,45,83)	(191306,40,41)
Increase/(Decrease) in Other Liabilities		67465,50,14	31602,72,76
(Increase)/Decrease in Other Assets		(66249,94,63)	(21857,44,26)
		93738,42,35	**38788,02,28**
Tax refund / (Taxes paid)		(3819,49,34)	(14859,49,11)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	**(A)**	**89918,93,01**	**23928,53,17**
CASH FLOW FROM INVESTING ACTIVITIES			
(Increase)/Decrease in Investments in Subsidiaries/Joint Ventures/ Associates		(1234,82,60)	(6031,06,06)
Profit/ (Loss) on sale of Investments in Subsidiaries/Joint Ventures/ Associates		1323,43,00	5573,62,96
Dividend from Associates		3,19,50	14,66,77
(Increase)/Decrease in Fixed Assets		(3828,02,03)	(3065,01,13)
(Increase)/Decrease in Goodwill on Consolidation		(59)	184,08,19
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	**(B)**	**(3736,22,72)**	**(3323,69,27)**

(000s omitted)

PARTICULARS		Year ended 31.03.2021	Year ended 31.03.2020
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Equity shares including share premium (Net of share issue expenses)		-	-
Issue/(redemption) of Capital Instruments (Net)		10533,33,60	8495,81,80
Interest paid on Capital Instruments		(5069,10,88)	(4908,09,07)
Dividend paid including tax thereon		-	-
Dividend tax paid by Subsidiaries/Joint Ventures		(3,65,16)	(65,04,00)
Increase/(Decrease) in Minority Interest		1682,09,46	1906,83,07
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	**(C)**	**7142,67,02**	**5429,51,80**
EFFECT OF EXCHANGE FLUCTUATION ON TRANSLATION RESERVE	**(D)**	**66,39,90**	**2768,64,27**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)		**93391,77,21**	**28802,99,97**
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL		**254315,26,36**	**225512,26,39**
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		**347707,03,57**	**254315,26,36**
Note:			
1. Components of Cash & Cash Equivalents as at:		**31.03.2021**	**31.03.2020**
Cash & Balances with Reserve Bank of India		213498,61,59	166968,46,05
Balances with Banks and Money at Call & Short Notice		134208,41,98	87346,80,31
Total		**347707,03,57**	**254315,26,36**
2. Cash Flow from operating activities is reported by using indirect method.			

Shri Ashwini Kumar Tewari
Managing Director
(IB, T & S)

Shri Swaminathan J.
Managing Director
(R, C & SARG)

Shri Ashwani Bhatia
Managing Director
(CB & GM)

Shri Challa Sreenivasulu Setty
Managing Director
(R & DB)

In term of our Report of even date.
For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No. 105049W

Shri Dinesh Kumar Khara
Chairman

Shri Alpesh Waghela
Partner
Membership No. : 142058

Mumbai
Dated 21st May 2021

INDEPENDENT AUDITORS' REPORT

To,
The Board of Directors,
State Bank of India,
State Bank Bhavan,
Madam Cama Road,
Mumbai.

Report on Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of State Bank of India ("the Bank") which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended, and Notes to Consolidated Financial Statements including a summary of Significant Accounting Policies and other explanatory information which includes:

   a) Audited Standalone Financial Statements of the Bank which have been Audited by all the fourteen Statutory Central Auditors including us;

   b) Audited Financial Statements of 26 Subsidiaries, 8 Jointly Controlled Entities and 16 Associates (including 14 Regional Rural Banks) audited by other Auditors; and (listed in Annexure A)

   c) Un-audited Financial Statements of 1 Subsidiary and 1 Associate (listed in Annexure A).

   The above entities together with the Bank are referred to as the 'Group'.

   In our opinion and to the best of our information and according to the explanations given to us, and based on our consideration of the reports of other auditors on separate financial statements of subsidiaries, jointly controlled entities and associates, the unaudited financial statements and the other financial information of subsidiaries as furnished by the management, the aforesaid Consolidated Financial Statements are in conformity with accounting principles generally accepted in India and give:

   a) true and fair view in case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at March 31, 2021;

   b) true balance of profit in case of Consolidated Profit & Loss Account for the year ended on that date; and

   c) true and fair view in case of Consolidated Cash Flow Statement for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (the ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the code of ethics issued by the ICAI together with ethical requirements that are relevant to our audit of the Consolidated Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

3. We draw attention to Note No. 10 of Schedule 18 of the Consolidated Financial Statements regarding impact of COVID-19 pandemic. The situation continues to be uncertain and the Bank is evaluating the situation on an ongoing basis with respect to the challenges faced.

   Our opinion is not modified in respect of this matter.

Key Audit Matters

4. Key Audit Matters are those matters that in our professional judgment were of most significance in our audit of the Consolidated Financial Statements for the year ended March 31, 2021. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters of the Bank to be communicated in our report:

<table>
<tr><th>Sr. No.</th><th>Key Audit Matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="3">Key Audit matters reported in standalone financial statements of the Bank:</td></tr>
<tr><td>I</td><td>Classification of Advances, Income Recognition, Identification of and provisioning for non-performing Advances (Refer Schedule 9 read with Note 3 of Schedule 17 to the financial statements)

Advances include Bills purchased and discounted, Cash credits, Overdrafts, Loans repayable on demand and Term loans. These are further categorised as secured by Tangible assets (including advances against Book Debts), covered by Bank/Government Guarantees and Unsecured advances.

Advances constitute 51.61 per cent of the Bank's total assets. They are, inter-alia, governed by income recognition, asset classification and provisioning (IRAC) norms and other circulars and directives issued by the RBI from time to time which provides guidelines related to classification of Advances into performing and non-performing Advances (NPA) except in case of foreign offices, classification of advances and provisioning thereof is made as per local regulations or RBI guidelines, whichever is more stringent. The Bank classifies these Advances based on IRAC norms as per Note 3 of Schedule 17.

Identification of performing and non-performing Advances involves establishment of proper mechanism. The Bank accounts for all the transactions related to Advances in its Information Technology System (IT System) viz. Core Banking Solution (CBS) which also identifies whether the advances are performing or non- performing. Further, NPA classification and calculation of provision is done through another IT System viz. Centralised Credit Data Processing (CCDP) Application Software.

The carrying value of these advances (net of provisions) may be materially misstated if, either individually or in aggregate, the IRAC norms are not properly followed.

Considering the nature of the transactions, regulatory requirements, existing business environment, estimation/ judgement involved in valuation of securities, it is a matter of high importance for the intended users of the Standalone Financial Statements. Considering these aspects, we have determined this as a Key Audit Matter.

Accordingly, our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances</td><td>Our audit approach towards advances with reference to the IRAC norms and other related circulars/directives issued by the RBI and also internal policies and procedures of the Bank includes the testing of the following

a. The accuracy of the data input in the system for income recognition, classification into performing and non performing Advances and provisioning in accordance with the IRAC norms in respect of the branches allotted to us;

b. Existence and effectiveness of monitoring mechanisms such as Internal Audit, Systems Audit, Credit Audit and Concurrent Audit as per the policies and procedures of the Bank;

c. Examination of advances including stressed advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines/ Judicial pronouncements;

d. We have also relied on the reports of External IT System Audit experts with respect to the business logics / parameters inbuilt in CBS for tracking, identification and stamping of NPAs and provisioning in respect thereof.

e. We tested the mapping of advances in the CCDP application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions.

f. We have examined the efficacy of various internal controls over advances to determine the nature, timing and extent of the substantive procedures and compliance with the observations of the various audits conducted as per the monitoring mechanism of the Bank and RBI Inspection.

g. In carrying out substantive procedures at the branches allotted to us, we have examined all large advances/ stressed advances while other advances have been examined on a sample basis including review of valuation reports of independent valuers provided by the Bank's management.

h. We assessed and evaluated the process of identification of NPAs and corresponding reversal of income and creation of provision;

i. Reliance is also placed on Audit Reports of other Statutory Branch Auditors with whom we have also made specific communication.</td></tr>
</table>

<table>
<tr><th>Sr. No.</th><th>Key Audit Matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>ii</td><td>Classification and Valuation of Investments, Identification of and provisioning for Non-Performing Investments (Schedule 8 read with Note 2 of Schedule 17 to the financial statements)

Investments include investments made by the Bank in various Government Securities, Bonds, Debentures, Shares, Security receipts and other approved securities.

Investments constitute 32.90 percent of the Bank's total assets. These are governed by the circulars and directives of the RBI. These directions of RBI, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, the corresponding non-recognition of income and provision there against.

The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various sources such as FIMMDA rates, rates quoted on BSE/NSE, financial statements of unlisted companies etc. Considering the complexities and extent of judgement involved in the valuation, volume of transactions, investments on hand and degree of regulatory focus, this has been determined as a Key Audit Matter.

Accordingly, our audit was focused on valuation of investments, classification, identification of non performing investments and provisioning related to investments</td><td>Our audit approach towards Investments with reference to the RBI Circulars/directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non performing investments (NPIs), provisioning/depreciation related to Investments. In particular ;

a. We evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of NPIs, provisioning/depreciation related to investments;

b. We assessed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments;

c. For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of security. Samples were selected after ensuring that all the categories of investments (based on nature of security) were covered in the sample;

d. We assessed and evaluated the process of identification of NPIs and corresponding reversal of income and creation of provision;

e. We carried out substantive audit procedures to recompute independently the provision to be maintained and depreciation to be provided in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained in accordance with the RBI Circular for those selected sample of NPIs;

f. We tested the mapping of investments between the Investment application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions.</td></tr>
<tr><td>iii</td><td>Assessment of Provisions and Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes, various claims filed by other parties not acknowledged as debt (Schedule 12 read with Note 2.9 of Schedule 18 to the financial statements) :

There is high level of judgement required in estimating the level of provisioning. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advice from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and state of affairs presented in the Balance Sheet.

We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgments/ interpretation of law involved.</td><td>Our audit approach involved:

a. Obtaining an understanding of internal controls relevant to the audit in order to design our audit procedures that are appropriate in the circumstances;

b. Understanding the current status of the litigations/tax assessments;

c. Examining recent orders and/or communication received from various tax authorities/ judicial forums and follow up action thereon;

d. Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice including opinion of our internal tax experts;

e. Review and analysis of evaluation of the contentions of the Bank through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues; and

f. Verification of disclosures related to significant litigations and taxation matters.</td></tr>
</table>

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
iv	Modified Audit Procedures carried out in the light of continuing COVID-19 pandemic: Due to the continuing COVID-19 pandemic, lockdown declared by some of the State Governments and travel restrictions imposed by State Governments / Local Authorities during the period of our audit and the RBI directions to Bank to facilitate carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of certain Branches / LHOs/ Business Units in the Corporate Office of the bank. As we could not gather audit evidence in person/ physically/ through discussions and personal interactions with the officials at the Branches/Circle / Administrative /Corporate Offices, either fully or partially, we have identified such modified audit procedures as a Key Audit Matter. Accordingly, our audit procedures were modified to carry out the audit remotely.	Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Branches/ Circle /Administrative /Corporate Offices and carry out the audit processes physically at the respective offices. Wherever physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the Bank through digital medium, emails and remote access to CBS, CCDP and other relevant application software. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period. Accordingly, we modified our audit procedures as follows: a. Conducted verification of necessary records/ documents/ CBS/ CCDP and other Application software electronically through remote access/emails in respect of some of the Branches / LHOs / Administrative Offices and other offices of the Bank wherever physical access was not possible. b. Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through emails and remote access over secure network of the Bank. c. Making enquiries and gathering necessary audit evidence through Video Conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels. d. Resolution of our audit observations telephonically/ through email instead of a face-to-face interaction with the designated officials.
Key Audit Matters as reported by auditors of SBI Life Insurance Company Limited:		
v	All insurance companies are highly dependent on technology due to significant number of transactions that are processed daily. A significant part of the company's financial processes is heavily reliant on IT systems with automated processes and controls over the capturing, valuing and recording of transactions. Thus, there exists a risk that gaps in the IT Control Environment could result in the financial accounting and reporting records being materially misstated. The company uses several systems for its overall financial reporting. We have identified "IT systems and controls" as key audit matters because of significant use of IT system and the scale and complexity of the IT architecture.	Principal audit procedures: • Sample testing of key control over IT systems having impact on financial accounting and reporting. • Assessed the IT system processes for effectiveness of some of the key controls with respect to financial accounting and reporting records by sample testing; and • Our audit approach relies on automated controls and therefore procedures are designed to test control over IT systems, segregation of duties, interface and system application controls over key financial accounting and reporting systems. • Reviewed the report of independent information system auditors which has confirmed the various system control measures adopted by the company.

Information Other than the Consolidated Financial Statements and Auditors' Report thereon

5. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance report (but does not include the Consolidated Financial Statements and our auditors' report thereon), which will be obtained at the time of issue of this auditors' report, and the Directors' Report of the Bank including annexures in annual report, if any, thereon, which is expected to be made available to us after the date of this Auditors' Report.

   Our opinion on the Consolidated Financial Statements does not cover the other information and Pillar 3 disclosures under Basel III Disclosure and we do not and will not express any form of assurance conclusion thereon.

   In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Director's Report of the Bank, including annexures in annual report, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Bank's Board of Directors is responsible with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standard 21-"Consolidated Financial Statements", Accounting Standards 23- "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standards 27 – Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India, and provisions of Section 29 of the Banking Regulation Act, 1949, the State Bank of India Act,1955 and circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Banking Regulations Act, 1949 and applicable laws for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the Consolidated Financial Statements, respective Board of Directors of the Group Entities is responsible for assessing the respective Group Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group Entities or to cease operations, or has no realistic alternative but to do so.

   Those Board of Directors of the Group Entities are also responsible for overseeing the respective Group Entity's financial reporting process.

Auditors' Responsibility for the Audit of Consolidated Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

   As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group Entity to cease to continue as a going concern.

- Evaluate the overall presentation structure and content of the Consolidated Financial Statements, including the disclosures and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its Associates and Jointly Controlled Entities of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

8. Incorporated in these consolidated financial statements are the:

   a) We did not audit the financial statements/ information of 10842 branches included in the Standalone Financial Statements of the Bank whose financial statements / financial information reflect total assets of ₹ 34,44,485 crore at March 31, 2021 and total revenue of ₹ 2,83,673 crore for the year ended on that date, as considered in the Standalone Financial Statements. The financial statements / information of these branches have been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors;

   b) We did not audit the financial statements of 26 Subsidiaries, 8 Jointly Controlled Entities whose financial statements reflect total assets of ₹ 328,891.56 crore as at March 31, 2021, total revenues of ₹ 81,067.73 crore for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of net loss of ₹ 664.98 crore for the year ended March 31, 2021, as considered in the Consolidated Financial Statements, in respect of 16 associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors

   c) We did not audit the financial statements of 1 subsidiary whose financial statements reflect total assets of ₹ 7,604.08 crore as at March 31, 2021, total revenues of ₹ 236.33 crore, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of net loss of ₹ 2.02 crore for the year ended March 31, 2021, as considered in the Consolidated Financial Statements, in respect of 1 associate, whose financial statements / financial information have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and associate, and our report relates to the aforesaid subsidiaries, jointly controlled entities and associates, in so far as is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the Consolidated Financial Statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

9. The auditors of SBI Life Insurance Company Limited and SBI General Insurance Company Limited, subsidiaries of the Group, have reported that the actuarial valuation of liabilities for life policies in force and the actuarial valuation of liabilities in respect of Claims Incurred But Not Reported (IBNR) and Claims Not Incurred But Not Enough Reported (IBNER) is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2021 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory Development Authority of India ("IRDAI" / "Authority") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in financial statements of the Company.

Report on Other Legal and Regulatory Requirements

10. The Consolidated Balance Sheet and the Consolidated Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949; and these give information as required to be given by virtue of the provisions of the State Bank of India Act, 1955 and regulations there under.

    Subject to the limitations of the audit indicated in paragraph 5 to 8 above and as required by the State Bank of India Act, 1955, and subject also to the limitations of disclosure required therein, we report that:

    a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;

    b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

    c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

11. We further report that:

    a) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and the reports of the other auditors and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

    b) the Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;

    c) the reports on the accounts of the branch offices audited by branch auditors of the Bank as per the provisions of the section 29 of the Banking Regulation Act, 1949, and the State Bank of India Act, 1955 have been sent to us and have been properly dealt with by us in preparing this report; and

    d) in our opinion, the Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by the RBI.

12. As required by letter No. DOS.ARG.No.6270/08.91.001/2019-20 dated March 17, 2020 on "Appointment of Statutory Central Auditors (SCAs) in Public Sector Banks – Reporting obligations for SCAs from FY 2019-20", read with subsequent communication dated May 19, 2020 issued by the RBI, we further report on the matters specified in paragraph 2 of the aforesaid letter as under:

    a) There are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the Bank.

    b) On the basis of the written representations received from the directors of the Bank as on March 31, 2021 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiary, associate companies and jointly controlled entities incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.

    c) There are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith.

    d) As per para 1.14 of the Technical Guide on Audit of Internal Financial Controls in Case of Public Sector Banks issued by ICAI, the reporting requirement as introduced by RBI regarding Internal Financial Control over Financial Reporting will apply only to standalone financial statements of Public Sector Banks (PSBs) and not to consolidated financial statements of PSBs. Accordingly, reporting is not done on the Group's Internal Financial Control over Financial Reporting with reference to the Consolidated Financial Statements as at March 31, 2021.

KHANDELWAL JAIN & CO.
CHARTERED ACCOUNTANTS
ICAI Firm Registration No. 105049W

ALPESH WAGHELA
PARTNER
Membership No. 142058
UDIN: 21142058AAAABG3977

Place – Mumbai
Date – May 21, 2021

Annexure A: List of entities consolidated as at 31 March 2021

Sr. No.	Name of Subsidiary	Sr. No.	Name of Subsidiary
1	SBI Capital Markets Ltd.	15	SBI–SG Global Securities Services Pvt. Ltd.
2	SBICAP Securities Ltd.	16	SBI Funds Management Pvt. Ltd.
3	SBICAP Trustee Company Ltd.	17	SBI Funds Management (International) Private Ltd.
4	SBICAP Ventures Ltd.	18	Commercial Indo Bank Llc, Moscow
5	SBICAP (Singapore) Ltd.	19	Bank SBI Botswana Limited
6	SBI DFHI Ltd.	20	SBI Canada Bank
7	SBI Global Factors Ltd.	21	State Bank of India (California)
8	SBI Infra Management Solutions Pvt. Ltd.	22	State Bank of India (UK) Limited
9	SBI Mutual Fund Trustee Company Pvt Ltd.	23	State Bank of India Servicos Limitada
10	SBI Payment Services Pvt. Ltd.	24	SBI (Mauritius) Ltd.
11	SBI Pension Funds Pvt Ltd.	25	PT Bank SBI Indonesia
12	SBI Life Insurance Company Ltd.	26	Nepal SBI Bank Ltd.
13	SBI General Insurance Company Ltd.	27	Nepal SBI Merchant Banking Limited
14	SBI Cards and Payment Services Limited		

Sr. No.	Name of Joint venture	Sr. No.	Name of Joint venture
1	C - Edge Technologies Ltd.	5	Macquarie SBI Infrastructure Trustee Ltd.
2	SBI Macquarie Infrastructure Management Pvt. Ltd.	6	Oman India Joint Investment Fund – Management Company Pvt. Ltd.
3	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	7	Oman India Joint Investment Fund – Management Company Pvt. Ltd.
4	Macquarie SBI Infrastructure Management Pte. Ltd.	8	Jio Payments Bank Ltd.

Sr. No.	Name of Associates	Sr. No.	Name of Associates
1	Andhra Pradesh Grameena Vikas Bank	10	Uttarakhand Gramin Bank
2	Arunachal Pradesh Rural Bank	11	Jharkhand Rajya Gramin Bank
3	Chhattisgarh Rajya Gramin Bank	12	Saurashtra Gramin Bank
4	EllaquaiDehati Bank	13	Rajasthan Marudhara Gramin Bank
5	Meghalaya Rural Bank	14	Telangana Grameena Bank
6	Madhyanchal Gramin Bank	15	The Clearing Corporation of India Ltd.
7	Mizoram Rural Bank	16	Yes Bank Limited
8	Nagaland Rural Bank	17	Bank of Bhutan Ltd.
9	Utkal Grameen Bank		

State Bank of India

Balance Sheet as at 31st March, 2020

(000s omitted)

	Schedule No.	As at 31.03.2020 (Current Year) ₹	As at 31.03.2019 (Previous Year) ₹
CAPITAL AND LIABILITIES			
Capital	1	892,46,12	892,46,12
Reserves & Surplus	2	231114,96,63	220021,36,33
Deposits	3	3241620,73,43	2911386,01,07
Borrowings	4	314655,65,21	403017,11,82
Other Liabilities and Provisions	5	163110,10,41	145597,29,55
TOTAL		**3951393,91,80**	**3680914,24,89**
ASSETS			
Cash and Balances with Reserve Bank of India	6	166735,77,90	176932,41,75
Balances with Banks and money at call and short notice	7	84361,22,64	45557,69,40
Investments	8	1046954,51,75	967021,94,75
Advances	9	2325289,56,07	2185876,91,77
Fixed Assets	10	38439,28,18	39197,56,94
Other Assets	11	289613,55,26	266327,70,28
TOTAL		**3951393,91,80**	**3680914,24,89**
Contingent Liabilities	12	1214994,60,69	1116081,45,94
Bills for Collection	-	55758,16,19	70022,53,97
Significant Accounting Policies	17		
Notes to Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet.

Shri Challa Sreenivasulu Setty Managing Director (Retail & Digital Banking)	**Shri Arijit Basu** Managing Director (Commercial Clients Group & IT)	**Shri Dinesh Kumar Khara** Managing Director (Global Banking & Subsidiaries)

Directors:	**Place:**
Shri Sanjiv Malhotra	Udagamandalam
Shri Bhaskar Pramanik	New Delhi
Shri Basant Seth	Kanpur
Dr. Pushpendra Rai	New Delhi
Dr. Purnima Gupta	New Delhi
Shri B. Venugopal	Mumbai
Shri Chandan Sinha	Mumbai
Shri Debasish Panda	New Delhi
Shri Sanjeev Maheshwari	Mumbai

Shri Rajnish Kumar
Chairman

Place: Mumbai
Date : 5th June 2020

In terms of our report of even date

FOR J.C. BHALLA & CO.
Chartered Accountants

RAJESH SETHI
Partner: M. No. 085669
Firm Regn. No. 001111 N
Place: New Delhi

FOR RAY & RAY
Chartered Accountants

ARVIND NARAYAN YENNEMADI
Partner: M. No. 031004
Firm Regn. No. 301072 E
Place: Mumbai

FOR K. VENKATACHALAM AIYER & CO.
Chartered Accountants

A GOPALAKRISHNAN
Partner: M. No. 018159
Firm Regn. No. 004610 S
Place: Ernakulam

FOR G. P. AGRAWAL & CO.
Chartered Accountants

SUNITA KEDIA
Partner: M. No. 60162
Firm Regn. No. 302082 E
Place: Kolkata

FOR UMAMAHESWARA RAO & CO.
Chartered Accountants

G. SIVA RAMAKRISHNA PRASAD
Partner: M. No. 024860
Firm Regn. No. 004453 S
Place: Hyderabad

FOR CHATURVEDI & SHAH LLP
Chartered Accountants

VITESH D. GANDHI
Partner: M. No. 110248
FirmReg. No.101720W/W100355
Place: Mumbai

FOR O.P. TOTLA & CO.
Chartered Accountants

S. R. TOTLA
Partner: M. No. 071774
Firm Regn. No. 000734 C
Place: Indore

FOR S. K. KAPOOR & CO.
Chartered Accountants

V. B. SINGH
Partner: M. No. 073124
Firm Regn. No. 000745 C
Place: Kanpur

FOR SCV & CO. LLP
Chartered Accountants

SANJAY VASUDEVA
Partner: M. No. 090989
Firm Regn. No.000235N/N500089
Place: New Delhi

FOR KHANDELWAL JAIN & CO.
Chartered Accountants

PANKAJ JAIN
Partner: M. No. 48850
Firm Regn. No. 105049 W
Place: Mumbai

FOR S K MITTAL & CO.
Chartered Accountants

S MURTHY
Partner: M. No. 072290
Firm Regn. No. 001135 N
Place: New Delhi

FOR N.C. RAJAGOPAL & CO.
Chartered Accountants

V. CHANDRASEKARAN
Partner: M. No. 024844
Firm Regn. No. 003398 S
Place: Chennai

FOR KARNAVAT & CO.
Chartered Accountants

VIRAL JOSHI
Partner: M. No. 137686
Firm Regn. No. 104863 W
Place: Mumbai

FOR SHAH GUPTA & CO.
Chartered Accountants

VIPUL K CHOKSI
Partner: M. No. 37606
Firm Regn. No. 109574 W
Place: Mumbai

Date : June 05, 2020

Schedules

Schedule 1 - Capital

(000s omitted)

	As at 31.03.2020 (Current Year) ₹	As at 31.03.2019 (Previous Year) ₹
Authorised Capital : 5000,00,00,000 shares of ₹ 1 each (Previous Year 5000,00,00,000 shares of ₹ 1 each)	5000,00,00	5000,00,00
Issued Capital : 892,54,05,164 equity shares of ₹ 1/- each (Previous Year 892,54,05,164 equity shares of ₹ 1/- each)	892,54,05	892,54,05
Subscribed and Paid up Capital : 892,46,11,534 equity shares of ₹ 1/- each (Previous Year 892,46,11,534 equity shares of ₹ 1/- each)	892,46,12	892,46,12
[The above includes 11,03,42,880 equity shares of ₹ 1/- each (Previous Year 12,10,71,350 equity shares of ₹ 1/- each) represented by 1,10,34,288 (Previous Year 1,21,07,135) Global Depository Receipts]		
TOTAL	**892,46,12**	**892,46,12**

Schedule 2 - Reserves & Surplus

(000s omitted)

		As at 31.03.2020 (Current Year) ₹		As at 31.03.2019 (Previous Year) ₹	
I.	**Statutory Reserves**				
	Opening Balance	65595,65,26		65336,98,37	
	Additions during the year	4346,43,32		258,66,89	
	Deductions during the year	-		-	
			69942,08,58		65595,65,26
II.	**Capital Reserves**				
	Opening Balance	9770,86,64		9391,65,88	
	Additions during the year	3985,83,93		379,20,76	
	Deductions during the year	-		-	
			13756,70,57		9770,86,64
III.	**Share Premium**				
	Opening Balance	79115,47,05		79124,21,51	
	Additions during the year	-		37,92	
	Deductions during the year	-		9,12,38	
			79115,47,05		79115,47,05
IV.	**Investment Fluctuation Reserve**				
	Opening Balance	-		-	
	Additions during the year	1119,88,09		-	
	Deductions during the year	-		-	
			1119,88,09		-

(000s omitted)

		As at 31.03.2020 (Current Year) ₹		As at 31.03.2019 (Previous Year) ₹
V. Foreign Currency Translation Reserves				
Opening Balance	6730,96,89		5720,58,73	
Additions during the year	2844,98,23		1077,13,19	
Deductions during the year	301,34,68		66,75,03	
		9274,60,44		6730,96,89
VI. Revenue and Other Reserves*				
Opening Balance	49380,51,95		48893,23,87	
Additions during the year	793,96,19		563,88,56	
Deductions during the year	5532,62,60		76,60,48	
		44641,85,54		49380,51,95
VII. Revaluation Reserve				
Opening Balance	24653,94,08		24847,98,65	
Additions during the year	379,57,78		-	
Deductions during the year	1270,85,29		194,04,57	
		23762,66,57		24653,94,08
VIII. Balance in Profit and Loss Account		(10498,30,21)		(15226,05,54)
TOTAL		**231114,96,63**		**220021,36,33**

* Note: Revenue and Other Reserves include

(i) ₹ 5,00,00 thousand (Previous Year ₹ 5,00,00 thousand) of Integration and Development Fund (maintained under Section 36 of the State Bank of India Act, 1955)

(ii) Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 ₹ 14032,22,76 thousand (Previous Year ₹ 13421,76,76 thousand)

(iii) Investment Reserves Current Year ₹ 69,58,40 (Previous Year ₹ 371,84,01)

Schedule 3 - Deposits

(000s omitted)

				As at 31.03.2020 (Current Year) ₹	As at 31.03.2019 (Previous Year) ₹
A.	**I.**	**Demand Deposits**			
		(i)	From Banks	5129,65,75	6894,62,06
		(ii)	From Others	222205,92,69	198980,62,74
	II.	**Savings Bank Deposits**		1206371,98,79	1091751,97,36
	III.	**Term Deposits**			
		(i)	From Banks	5973,24,84	8234,15,28
		(ii)	From Others	1801939,91,36	1605524,63,63
TOTAL				**3241620,73,43**	**2911386,01,07**
B.	**(i)**	**Deposits of Branches in India**		3124615,86,05	2814243,42,48
	(ii)	**Deposits of Branches outside India**		117004,87,38	97142,58,59
TOTAL				**3241620,73,43**	**2911386,01,07**

Schedule 4 - Borrowings

(000s omitted)

			As at 31.03.2020 (Current Year) ₹		As at 31.03.2019 (Previous Year) ₹
I.	**Borrowings in India**				
	(i) Reserve Bank of India		33533,00,00		94319,00,00
	(ii) Other Banks		40,00,00		260,00,00
	(iii) Other Institutions and Agencies		6165,75,42		27853,89,24
	(iv) Capital Instruments:				
	a. Innovative Perpetual Debt Instruments(IPDI)	23535,70,00		19152,30,00	
	b. Subordinated Debt & Bonds	32006,73,80		28256,73,80	
			55542,43,80		**47409,03,80**
	TOTAL		**95281,19,22**		**169841,93,04**
II.	**Borrowings outside India**				
	(i) Borrowings and Refinance outside India		217104,50,99		231100,53,78
	(ii) Capital Instruments:				
	Innovative Perpetual Debt Instruments(IPDI)		2269,95,00		2074,65,00
	TOTAL		**219374,45,99**		**233175,18,78**
GRAND TOTAL			**314655,65,21**		**403017,11,82**
Secured Borrowings included in I & II above			**42790,93,47**		**124028,25,70**

Schedule 5 - Other Liabilities & Provisions

(000s omitted)

		As at 31.03.2020 (Current Year) ₹	As at 31.03.2019 (Previous Year) ₹
I.	Bills payable	26822,90,16	23875,66,31
II.	Inter-office adjustments (Net)	-	21735,74,61
III.	Interest accrued	15697,16,19	14479,87,48
IV.	Deferred Tax Liabilities (Net)	6,16,17	2,33,15
V.	Others (including provisions)*	120583,87,89	85503,68,00
TOTAL		**163110,10,41**	**145597,29,55**

* Includes prudential provision for Standard Assets ₹ 11544,24,43 thousand (Previous Year ₹ 12396,67,91 thousand)

Schedule 6 - Cash and Balances With Reserve Bank Of India

(000s omitted)

		As at 31.03.2020 (Current Year) ₹	As at 31.03.2019 (Previous Year) ₹
I.	Cash in hand (including foreign currency notes and gold)	20104,58,40	18777,94,34
II.	Balances with Reserve Bank of India		
	(i) In Current Account	146631,19,50	158154,47,41
	(ii) In Other Accounts	-	-
TOTAL		**166735,77,90**	**176932,41,75**

Schedule 7 - Balances With Banks And Money At Call & Short Notice

(000s omitted)

		As at 31.03.2020 (Current Year) ₹	As at 31.03.2019 (Previous Year) ₹
I.	**In India**		
	(i) Balances with banks		
	(a) In Current Account	22,59,77	870,270
	(b) In Other Deposit Accounts	-	-
	(ii) Money at call and short notice		
	(a) With banks	44747,71,31	4608,88,73
	(b) With Other Institutions	-	-
TOTAL		**44770,31,08**	**4695,91,43**
II.	**Outside India**		
	(i) In Current Account	28303,47,50	19667,07,18
	(ii) In Other Deposit Accounts	1379,28,32	2870,14,73
	(iii) Money at call and short notice	9908,15,74	18324,56,06
TOTAL		**39590,91,56**	**40861,77,97**
GRAND TOTAL (I and II)		**84361,22,64**	**45557,69,40**

Schedule 8 - Investments

(000s omitted)

		As at 31.03.2020 (Current Year) ₹	As at 31.03.2019 (Previous Year) ₹
I.	**Investments in India in**		
	(i) Government Securities	803270,12,10	761883,12,15
	(ii) Other approved securities	-	-
	(iii) Shares	8221,43,31	9878,74,38
	(iv) Debentures and Bonds	102363,82,19	84948,36,68
	(v) Subsidiaries and/ or Joint Ventures (including Associates)	11744,07,18	5608,00,04
	(vi) Others (Units of Mutual Funds, Commercial Papers etc.)	74057,22,82	53388,53,85
TOTAL		**999656,67,60**	**915706,77,10**

(000s omitted)

			As at 31.03.2020 (Current Year) ₹	As at 31.03.2019 (Previous Year) ₹
II.	**Investments outside India in**			
	(i) Government Securities (including local authorities)		17062,82,86	11644,84,99
	(ii) Subsidiaries and/ or Joint Ventures abroad		4298,49,28	4298,49,28
	(iii) Other Investments (Shares, Debentures etc.)		25936,52,01	35371,83,38
TOTAL			**47297,84,15**	**51315,17,65**
GRAND TOTAL (I and II)			**1046954,51,75**	**967021,94,75**
III.	**Investments in India**			
	(i) Gross Value of Investments		1010599,04,40	926650,59,97
	(ii) Less: Aggregate of Provisions / Depreciation		10942,36,80	10943,82,87
	(iii) Net Investments (vide I above)	**TOTAL**	**999656,67,60**	**915706,77,10**
IV.	**Investments outside India**			
	(i) Gross Value of Investments		47448,66,41	51473,39,76
	(ii) Less: Aggregate of Provisions / Depreciation		150,82,26	158,22,11
	(iii) Net Investments (vide II above)	**TOTAL**	**47297,84,15**	**51315,17,65**
GRAND TOTAL (III and IV)			**1046954,51,75**	**967021,94,75**

Schedule 9 - Advances

(000s omitted)

				As at 31.03.2020 (Current Year) ₹	As at 31.03.2019 (Previous Year) ₹
A.	I.	Bills purchased and discounted		84017,46,96	80278,87,21
	II.	Cash credits, overdrafts and loans repayable on demand		708726,92,91	776633,45,81
	III.	Term loans		1532545,16,20	1328964,58,75
TOTAL				**2325289,56,07**	**2185876,91,77**
B.	I.	Secured by tangible assets (includes advances against Book Debts)		1673925,40,51	1582764,41,50
	II.	Covered by Bank/ Government Guarantees		92117,72,36	80173,16,17
	III.	Unsecured		559246,43,20	522939,34,10
TOTAL				**2325289,56,07**	**2185876,91,77**
C.	(I)	Advances in India			
		(i)	Priority Sector	526675,87,35	520729,77,60
		(ii)	Public Sector	287504,28,69	240295,89,39
		(iii)	Banks	812,52,23	9174,06,50
		(iv)	Others	1154187,79,39	1114679,73,28
TOTAL				**1969180,47,66**	**1884879,46,77**
	(II)	**Advances outside India**			
		(i)	Due from banks	80372,75,07	69975,74,47
		(ii)	Due from others		
			(a) Bills purchased and discounted	31091,11,08	26740,94,11
			(b) Syndicated loans	172482,45,21	138191,25,40
			(c) Others	72162,77,05	66089,51,02
TOTAL				**356109,08,41**	**300997,45,00**
GRAND TOTAL [C (I) and C (II)]				**2325289,56,07**	**2185876,91,77**

Schedule 10 - Fixed Assets

(000s omitted)

		As at 31.03.2020 (Current Year) ₹		As at 31.03.2019 (Previous Year) ₹	
I.	**Premises (Including Revalued Premises)**				
	At cost / revalued as at 31st March of the preceding year	30831,77,23		30201,53,82	
	Additions:				
	- during the year	299,15,09		669,84,09	
	- for Revaluation	3936,14,00		-	
	Deductions:				
	- during the year	14,17,04		39,60,68	
	- for Revaluation	4735,02,74		-	
	Depreciation to date				
	- on cost	833,18,06		714,18,98	
	- on Revaluation	670,54,22		497,17,97	
			28814,14,26		**29620,40,28**
II.	**Other Fixed Assets (including furniture and fixtures)**				
	At cost / revalued as at 31st March of the preceding year	31074,77,30		30114,90,96	
	Additions during the year	3352,06,86		2404,25,97	
	Deductions during the year	929,22,06		1444,39,63	
	Depreciation to date	24288,37,20		22186,23,44	
			9209,24,90		**8888,53,86**
III.	**Assets under Construction (Including Premises)**		**415,89,02**		**688,62,80**
TOTAL (I, II, and III)			**38439,28,18**		**39197,56,94**

Schedule 11 - Other Assets

(000s omitted)

		As at 31.03.2020 (Current Year) ₹	As at 31.03.2019 (Previous Year) ₹
I.	Inter-office adjustments (Net)	1936,15,88	-
II.	Interest accrued	26252,46,38	26141,97,03
III.	Tax paid in advance / tax deducted at source	34450,84,01	24376,29,42
IV.	Deferred Tax Assets (Net)	2933,44,38	10422,49,17
V.	Stationery and stamps	92,02,77	102,14,03
VI.	Non-banking assets acquired in satisfaction of claims	56,10	73,71
VII.	Others *	223948,05,74	205284,06,92
TOTAL		**289613,55,26**	**266327,70,28**

*Includes Deposits placed with NABARD/SIDBI/NHB amounting to ₹ 163238,91,62 thousand (Previous Year ₹ 138245,29,37 thousand)

Schedule 12 - Contingent Liabilities

(000s omitted)

		As at 31.03.2020 (Current Year) ₹	As at 31.03.2019 (Previous Year) ₹
I.	Claims against the bank not acknowledged as debts	71642,48,25	43357,92,57
II.	Liability for partly paid investments/ Venture Funds	1682,66,59	472,87,61
III.	Liability on account of outstanding forward exchange contracts	635813,45,45	596621,66,74
IV.	Guarantees given on behalf of constituents		
	(a) In India	165584,80,13	157186,66,27
	(b) Outside India	70636,18,96	72425,94,84
V.	Acceptances, endorsements and other obligations	132364,00,65	124194,94,04
VI.	Other items for which the bank is contingently liable*	137271,00,66	121821,43,87
TOTAL		**1214994,60,69**	**1116081,45,94**

*Includes Derivatives ₹ 132209,26,69 thousand (Previous Year ₹ 117435,24,87 thousand)

State Bank Of India

Profit and Loss Account for the Year Ended 31st March, 2020

(000s omitted)

		Schedule No.	Year Ended 31.03.2020 (Current Year) ₹	Year Ended 31.03.2019 (Previous Year) ₹
I.	**INCOME**			
	Interest earned	13	257323,59,22	242868,65,35
	Other Income	14	45221,47,80	36774,88,78
	TOTAL		**302545,07,02**	**279643,54,13**
II.	**EXPENDITURE**			
	Interest expended	15	159238,76,57	154519,77,80
	Operating expenses	16	75173,69,02	69687,73,74
	Provisions and contingencies		53644,50,37	54573,79,61
	TOTAL		**288056,95,96**	**278781,31,15**
III.	**PROFIT**			
	Net Profit for the year		14488,11,06	862,22,98
	Profit/ (Loss) brought forward		(15226,05,54)	(15078,56,86)
	TOTAL		**(737,94,48)**	**(14216,33,88)**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		4346,43,32	258,66,89
	Transfer to Capital Reserve		3985,83,93	379,20,76
	Transfer to Investment Fluctuation Reserve		1119,88,09	-
	Transfer to Revenue and other Reserves		308,20,39	371,84,01
	Balance carried over to Balance Sheet		(10498,30,21)	(15226,05,54)
	TOTAL		**(737,94,48)**	**(14216,33,88)**
V.	**EARNINGS PER EQUITY SHARE (Face value ₹ 1 per share)**			
	Basic (in ₹)		16.23	0.97
	Diluted (in ₹)		16.23	0.97
	Significant Accounting Policies	17		
	Notes to Accounts	18		

The schedules referred to above form an integral part of the Profit & Loss Account.

Shri Challa Sreenivasulu Setty
Managing Director
(Retail & Digital Banking)

Shri Arijit Basu
Managing Director
(Commercial Clients Group & IT)

Shri Dinesh Kumar Khara
Managing Director
(Global Banking & Subsidiaries)

Directors:	**Place:**
Shri Sanjiv Malhotra	Udagamandalam
Shri Bhaskar Pramanik	New Delhi
Shri Basant Seth	Kanpur
Dr. Pushpendra Rai	New Delhi
Dr. Purnima Gupta	New Delhi
Shri B. Venugopal	Mumbai
Shri Chandan Sinha	Mumbai
Shri Debasish Panda	New Delhi
Shri Sanjeev Maheshwari	Mumbai

Shri Rajnish Kumar
Chairman

Place: Mumbai
Date : 5th June 2020

In terms of our report of even date

FOR J.C. BHALLA & CO.
Chartered Accountants

RAJESH SETHI
Partner: M. No. 085669
Firm Regn. No. 001111 N
Place: New Delhi

FOR RAY & RAY
Chartered Accountants

ARVIND NARAYAN YENNEMADI
Partner: M. No. 031004
Firm Regn. No. 301072 E
Place: Mumbai

FOR K. VENKATACHALAM AIYER & CO.
Chartered Accountants

A GOPALAKRISHNAN
Partner: M. No. 018159
Firm Regn. No. 004610 S
Place: Ernakulam

FOR G. P. AGRAWAL & CO.
Chartered Accountants

SUNITA KEDIA
Partner: M. No. 60162
Firm Regn. No. 302082 E
Place: Kolkata

FOR UMAMAHESWARA RAO & CO.
Chartered Accountants

G. SIVA RAMAKRISHNA PRASAD
Partner: M. No. 024860
Firm Regn. No. 004453 S
Place: Hyderabad

FOR CHATURVEDI & SHAH LLP
Chartered Accountants

VITESH D. GANDHI
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FirmReg. No.101720W/W100355
Place: Mumbai

FOR O.P. TOTLA & CO.
Chartered Accountants

S. R. TOTLA
Partner: M. No. 071774
Firm Regn. No. 000734 C
Place: Indore

FOR S. K. KAPOOR & CO.
Chartered Accountants

V. B. SINGH
Partner: M. No. 073124
Firm Regn. No. 000745 C
Place: Kanpur

FOR SCV & CO. LLP
Chartered Accountants

SANJAY VASUDEVA
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Firm Regn. No.000235N/N500089
Place: New Delhi

FOR KHANDELWAL JAIN & CO.
Chartered Accountants

PANKAJ JAIN
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Firm Regn. No. 105049 W
Place: Mumbai

FOR S K MITTAL & CO.
Chartered Accountants

S MURTHY
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Firm Regn. No. 001135 N
Place: New Delhi

FOR N.C. RAJAGOPAL & CO.
Chartered Accountants

V. CHANDRASEKARAN
Partner: M. No. 024844
Firm Regn. No. 003398 S
Place: Chennai

FOR KARNAVAT & CO.
Chartered Accountants

VIRAL JOSHI
Partner: M. No. 137686
Firm Regn. No. 104863 W
Place: Mumbai

FOR SHAH GUPTA & CO.
Chartered Accountants

VIPUL K CHOKSI
Partner: M. No. 37606
Firm Regn. No. 109574 W
Place: Mumbai

Date : June 05, 2020

Schedule 13 - Interest Earned

(000s omitted)

		Year ended 31.03.2020 (Current Year) ₹	Year ended 31.03.2019 (Previous Year) ₹
I.	Interest / discount on advances / bills	179748,83,55	161640,23,23
II.	Income on Investments	68204,72,38	74406,16,37
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	2920,40,56	1179,06,59
IV.	Others	6449,62,73	5643,19,16
TOTAL		**257323,59,22**	**242868,65,35**

Schedule 14 - Other Income

(000s omitted)

		Year ended 31.03.2020 (Current Year) ₹	Year ended 31.03.2019 (Previous Year) ₹
I.	Commission, exchange and brokerage	23725,05,94	23303,89,22
II.	Profit/ (Loss) on sale of investments (Net)[1]	8575,65,21	3146,86,06
III.	Profit/ (Loss) on revaluation of investments (Net)	-	(2124,03,82)
IV.	Profit/ (Loss) on sale of land, buildings and other assets (Net)	(28,37,38)	(34,98,24)
V.	Profit/ (Loss) on exchange transactions (Net)	2516,41,29	2155,75,29
VI.	Income earned by way of dividends etc., from subsidiaries/ companies and/ or joint ventures abroad/ in India	212,03,35	348,01,18
VII.	Miscellaneous Income[2]	10220,69,39	9979,39,09
TOTAL		**45221,47,80**	**36774,88,78**

[1]Profit/ (Loss) on sale of investments (Net) includes exceptional item of ₹ 6215.64 Crore (Previous year ₹ 473.12 Crore).

[2]Miscellaneous Income includes exceptional item of NIL (Previous year ₹ 1,087.43) and Recoveries made in write-off accounts ₹ 9250.23 Crore (Previous year ₹ 8,344.61 Crore).

Schedule 15 - Interest Expended

(000s omitted)

		Year ended 31.03.2020 (Current Year) ₹	Year ended 31.03.2019 (Previous Year) ₹
I.	Interest on Deposits	147398,96,33	140272,36,59
II.	Interest on Reserve Bank of India/ Inter-bank borrowings	6891,11,73	9838,95,98
III.	Others	4948,68,51	4408,45,23
TOTAL		**159238,76,57**	**154519,77,80**

Schedule 16 - Operating Expenses

(000s omitted)

		Year ended 31.03.2020 (Current Year) ₹	Year ended 31.03.2019 (Previous Year) ₹
I.	Payments to and provisions for employees	45714,96,78	41054,70,68
II.	Rent, taxes and lighting	5339,11,88	5265,65,95
III.	Printing and stationery	526,20,36	498,94,99
IV.	Advertisement and publicity	246,16,76	354,05,58
V.	Depreciation on Bank's property	3303,81,33	3212,30,65
VI.	Directors' fees, allowances and expenses	1,86,42	1,34,65
VII.	Auditors' fees and expenses (including branch auditors' fees and expenses)	244,67,58	293,67,65
VIII.	Law charges	266,66,85	261,84,28
IX.	Postages, Telegrams, Telephones etc.	349,13,89	387,01,81
X.	Repairs and maintenance	924,32,58	904,08,56
XI.	Insurance	3212,71,45	2845,44,78
XII.	Other expenditure	15044,03,14	14608,64,16
TOTAL		**75173,69,02**	**69687,73,74**

Schedule 17- Significant Accounting Policies

A. Basis of Preparation

The Bank's financial statements are prepared under the historical cost convention, on the accrual basis of accounting on Going Concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/ guidelines prescribed by Reserve Bank of India (RBI), State Bank of India Act, 1955, Banking Regulation Act, 1949, Accounting Standards issued by Institute of Chartered Accountants of India (ICAI), and the practices prevalent in the banking industry in India.

B. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The impact of any revision in these estimates is recognised prospectively from the period of change.

C. Significant Accounting Policies

1. Revenue recognition:

1.1 Income and expenditure are accounted on accrual basis, except otherwise stated. As regards Bank's foreign offices, income and expenditure are recognised as per the local laws of the country in which the respective foreign office is located.

1.2 Interest/ Discount income is recognised in the Profit and Loss Account as it accrues except: (i) income from Non-Performing Assets (NPAs), comprising of advances, leases and investments, which is recognised upon realisation, as per the prudential norms prescribed by RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities), (ii) overdue interest on investments and bills discounted, (iii) Income on Rupee Derivatives designated as "Trading", which are accounted on realisation.

1.3 Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, profit on sale of investments in the "Held to Maturity" category is appropriated (net of applicable taxes and amount required to be transferred to "Statutory Reserve Account") to "Capital Reserve Account".

1.4 Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding in the lease, over the primary lease period. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease as per Accounting Standard 19 –"Leases" issued by ICAI. The lease rentals are apportioned between principal and finance income based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of finance leases. The principal amount is utilized for reduction in balance of net investment in lease and finance income is reported as interest income.

1.5 Income (other than interest) on investments in "Held to Maturity (HTM)" category acquired at a discount to the face value, is recognised as follows:

a. on interest bearing securities, it is recognised only at the time of sale/ redemption.

b. on zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

1.6 Dividend income is recognised when the right to receive the dividend is established.

1.7 Commission on LC/ BG, Deferred Payment Guarantee, Government Business, ATM interchange fee & "Upfront fee on restructured account" are recognised on accrual basis proportionately over the period. All other commission and fee income are recognised on their realisation.

1.8 One time Insurance Premium paid under Special Home Loan Scheme (December 2008 to June 2009) is amortised over the average loan period of 15 years.

1.9 Brokerage, Commission etc. paid/ incurred in connection with the issue of Bonds/ Deposits are amortized over the tenure of related Bonds/ Deposits and the expenses incurred in connection with the issue are charged upfront.

1.10 The sale of NPA is accounted as per guidelines prescribed by RBI:

i. When the Bank sells its financial assets to Securitisation Company (SC)/ Reconstruction Company (RC), the same is removed from the books.

ii. If the sale is at a price below the Net Book Value (NBV) (i.e. book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale.

iii. If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received, as permitted by the RBI.

2. Investments

The transactions in all securities are recorded on "Settlement Date".

2.1 Classification:

Investments are classified into three categories viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) as per RBI Guidelines. For the purpose of disclosure in the Balance Sheet in Schedule 8, (I) 'Investments in India' are classified under six groups (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Bonds and Debentures, (v) Subsidiaries and Joint Ventures and (vi) Others and (II) 'Investments outside India' are classified under three categories – (i) Government Securities, (ii) Subsidiaries and/ or Joint Ventures abroad and (iii) Other Investments.

2.2 Basis of classification:

i. Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".

ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".

iii. Investments, which are not classified in above two categories, are classified as "Available for Sale (AFS)".

iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

v. Investments in subsidiaries and joint ventures are classified as HTM except in respect of those investments which are acquired and held exclusively with a view to its subsequent disposal. These investments are classified as AFS.

2.3 Valuation:

i. In determining the acquisition cost of an investment:

(a) Brokerage/ commission received on subscriptions is reduced from the cost.

(b) Brokerage, Commission, Securities Transaction Tax (STT) etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.

(c) Broken period interest paid/ received on debt instruments is treated as interest expense/ income and is excluded from cost/ sale consideration.

(d) Cost is determined on the weighted average cost method for investments under AFS and HFT category and on FIFO basis (first in first out) for investments under HTM category.

ii. Transfer of securities from HFT/ AFS category to HTM category is carried out at the lower of acquisition cost/ book value/ market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. However, transfer of securities from HTM category to AFS category is carried out on acquisition price/ book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

iii. Treasury Bills and Commercial Papers are valued at carrying cost.

iv. **Held to Maturity category:** a) Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period of remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head "interest on investments b) Investments in subsidiaries, joint ventures and associates (both in India and abroad) are valued at historical cost. A provision is made for diminution, other than temporary, for each investment individually. c) Investments in Regional Rural Banks are valued at carrying cost (i.e. book value).

v. **Available for Sale and Held for Trading categories:** Investments held under AFS and HFT categories are individually revalued at market price or fair value determined as per the regulatory guidelines and only the net depreciation of each group for each category (viz. (i) Government securities, (ii) Other Approved Securities, (iii) Shares, (iv) Bonds and Debentures, (v) Subsidiaries and Joint Ventures and (vi) others) is provided for and net appreciation is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

vi. In case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognised at lower of: (i) Net Book Value (NBV) (i.e. book value less provisions held) of the financial asset; and (ii) Redemption value of SR. SRs issued by an SC/ ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ ARC, is reckoned for valuation of such investments.

vii. Investments are classified as performing and non-performing, based on the guidelines issued by RBI in case of domestic offices and respective regulators in case of foreign offices. Investments of domestic offices become non-performing where:

(a) Interest/ installment (including maturity proceeds) is due and remains unpaid for more than 90 days.

(b) In the case of equity shares, in the event the investment in shares of any company is valued at ₹ 1 per company on account of non availability of the latest balance sheet, those equity shares would be reckoned as NPI.

(c) If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.

(d) The above would apply mutatis-mutandis to Preference Shares where the fixed dividend is not paid.

(e) The investments in debentures/ bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.

(f) In respect of foreign offices, provisions for NPIs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

viii. Accounting for Repo/ Reverse Repo transactions (other than transactions under the Liquidity Adjustment Facility (LAF) with RBI):

(a) The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/ Reverse Repo Accounts and contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/ income, as the case may be. Balance in Repo Account is classified under Schedule 4 (Borrowings) and balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at call & short notice).

(b) Interest expended/ earned on Securities purchased/ sold under LAF with RBI is accounted for as expenditure/ revenue.

ix. Market repurchase and reverse repurchase transactions as well as the transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as Borrowings and Lending transactions in accordance with the extant RBI guidelines.

3. Loans/ Advances and Provisions thereon:

3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/ directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

i. In respect of term loans, interest and/ or instalment of principal remains overdue for a period of more than 90 days;

ii. In respect of Overdraft or Cash Credit advances, the account remains “out of order”, i.e. if the outstanding balance exceeds the sanctioned limit/ drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance sheet, or if the credits are not adequate to cover the interest debited during the same period;

iii. In respect of bills purchased/ discounted, the bill remains overdue for a period of more than 90 days;

iv. In respect of agricultural advances: (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

3.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

i. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.

ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.

iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

3.3 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Substandard Assets:	i.	A general provision of 15% on the total outstanding;
	ii.	Additional provision of 10% for exposures which are unsecured ab-initio (i.e. where realisable value of security is not more than 10 percent ab-initio);
	iii.	Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available - 20%.
Doubtful Assets:		
-Secured portion:	i.	Upto one year – 25%
	ii.	One to three years – 40%
	iii.	More than three years – 100%
-Unsecured portion	100%	
Loss Assets:	100%.	

3.4 In respect of foreign offices, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

3.5 Advances are net of specific loan loss provisions, unrealised interest, ECGC claims received and bills rediscounted.

3.6 For restructured/ rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loans/ advances before and after restructuring is provided for, in addition to provision for the respective loans/ advances. The Provision for Diminution in Fair Value (DFV) and interest sacrifice, if any, arising out of the above, is reduced from advances.

3.7 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

3.8 Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.

3.9 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

3.10 Appropriation of recoveries in NPAs are made in order of priority as under :

a. Charges, Costs, Commission etc.

b. Unrealized Interest / Interest

c. Principal

However, in Compromise and Resolution/ Settlement through National Company Law Tribunal (NCLT) cases, the recoveries are appropriated as per the terms of respective compromise/ resolution/ settlement. In case of suit filed accounts, recovery is appropriated as per directives of respective courts.

4. Floating Provisions:

The Bank has a policy for creation and utilisation of floating provisions separately for advances, investments and general purposes. The quantum of floating provisions to be created is assessed at the end of the financial year. The floating provisions are utilised only for contingencies under extraordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

5. Provision for Country Exposure:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorised into seven risk categories, namely, insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others".

6. Derivatives:

6.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, cross currency interest rate swaps and forward rate agreements in order to hedge on-balance sheet/ off-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of the underlying assets and accounted in accordance with the principles of hedge accounting.

6.2 Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying assets/ liabilities are also marked to market.

6.3 Except as mentioned above, all other derivative contracts are marked to market as per the Generally Accepted Accounting Practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss Account in the period of change. Any receivable under derivative contracts, which remain overdue for more than 90 days, are reversed through Profit and Loss Account to "Suspense Account Crystallised Receivables". In cases where the derivative contracts provide for more settlement in future and if the derivative contract is not terminated on the overdue receivables remaining unpaid for 90 days, the positive MTM pertaining to future receivables is also reversed from Profit and Loss Account to "Suspense Account - Positive MTM".

6.4 Option premium paid or received is recorded in Profit and Loss Account at the expiry of the option. The balance in the premium received on options sold and premium paid on options bought is considered to arrive at Mark-to-Market value for forex Over-the-Counter (OTC) options.

6.5 Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

7. Fixed Assets, Depreciation and Amortisation:

7.1 Fixed Assets are carried at cost less accumulated depreciation/ amortisation.

7.2 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure(s) incurred on the assets put to use are capitalised only when it increases the future benefits from such assets or their functioning capability.

7.3 The rates of depreciation and method of charging depreciation in respect of domestic operations are as under:

Sl. No.	Description of Fixed Assets	Method of charging depreciation	Depreciation/ amortisation rate
1	Computers	Straight Line Method	33.33% every year
2	Computer Software forming an integral part of the Computer hardware	Straight Line Method	33.33% every year
3	Computer Software which does not form an integral part of Computer hardware and cost of Software Development	Straight Line Method	33.33% every year
4	Automated Teller Machine/ Cash Deposit Machine Coin Dispenser / Coin Vending Machine	Straight Line Method	20.00% every year
5	Server	Straight Line Method	25.00% every year
6	Network Equipment	Straight Line Method	20.00% every year
7	Other fixed assets	Straight Line Method	On the basis of estimated useful life of the assets. Estimated useful life of major group of Fixed Assets are as under: Premises 60 Years Vehicles 5 Years Safe Deposit Lockers 20 Years Furniture & Fixtures 10 Years

7.4 In respect of assets acquired during the year (for domestic operations), depreciation is charged on proportionate basis for the number of days the assets have been put to use during the year.

7.5 Assets costing less than ₹ 1,000 each are charged off in the year of purchase.

7.6 In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease and the lease rent is charged in the respective year(s).

7.7 In respect of assets given on lease by the Bank on or before 31st March 2001, the value of the assets given on lease is disclosed as Leased Assets under Fixed Assets, and the difference between the annual lease charge (capital recovery) and the depreciation is taken to Lease Equalisation Account.

7.8 In respect of fixed assets held at foreign offices, depreciation is provided as per the regulations / norms of the respective countries.

7.9 The Bank considers only immovable assets for revaluation. Properties acquired during the last three years are not revalued. Valuation of the revalued assets is done at every three years thereafter.

7.10 The increase in Net Book Value of the asset due to revaluation is credited to the Revaluation Reserve Account without routing through the Profit and Loss Account. Additional Depreciation on the revalued asset is charged to the Profit and Loss Account and appropriated from the Revaluation Reserves to Other Revenue Reserve.

7.11 The Revalued Asset is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

8. Leases:

The asset classification and provisioning norms applicable to advances, as laid down in Para 3 above, are applied to financial leases also.

9. Impairment of Assets:

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future Net Discounted Cash Flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

10. Effect of changes in the foreign exchange rate:

10.1 Foreign Currency Transactions:

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Foreign currency monetary items are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing (spot/ forward) rates.

iii. Foreign currency non-monetary items, which are carried at historical cost, are reported using the exchange rate on the date of the transaction.

iv. Contingent liabilities denominated in foreign currency are reported using the FEDAI closing spot rates.

v. Outstanding foreign exchange spot and forward contracts held for trading are revalued at the exchange rates notified by FEDAI for specified maturities, and the resulting Profit or Loss is recognised in the Profit and Loss Account.

vi. Foreign exchange forward contracts which are not intended for trading and are outstanding on the balance sheet date, are re-valued at the closing spot rate. The premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

vii. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised as income or as expense in the period in which they arise.

viii. Gains/ Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/ losses are recognised in the Profit and Loss Account.

10.2 Foreign Operations:

Foreign Branches of the Bank and Offshore Banking Units (OBU) have been classified as Non-integral Operations and Representative Offices have been classified as Integral Operations.

a. Non-integral Operations:

i. Both monetary and non-monetary foreign currency assets and liabilities including contingent liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

ii. Income and expenditure of non-integral foreign operations are translated at quarterly average closing rates notified by FEDAI.

iii. Exchange differences arising on investment in non-integral foreign operations are accumulated in Foreign Currency Translation Reserve until the disposal of the investment.

iv. The Assets and Liabilities of foreign offices in foreign currency (other than local currency of the foreign offices) are translated into local currency using spot rates applicable to that country on the balance sheet date.

b. Integral Operations:

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Monetary foreign currency assets and liabilities of integral foreign operations are translated at closing (Spot/ Forward) exchange rates notified by FEDAI at the balance sheet date and the resulting Profit/ Loss is included in the Profit and Loss Account. Contingent Liabilities are translated at Spot rate.

iii. Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate on the date of the transaction.

11. Employee Benefits:

11.1 Short Term Employee Benefits:

The undiscounted amounts of short-term employee benefits, such as medical benefits which are expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

11.2 Long Term Employee Benefits:

i. Defined Benefit Plans:

a. The Bank operates a Provident Fund scheme. All eligible employees are entitled to receive benefits under the Bank's Provident Fund scheme. The Bank contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are remitted to a Trust established for this purpose and are charged to Profit and Loss Account. The Bank recognizes such annual contributions as an expense in the year to which it relates. Shortfall, if any, is provided for on the basis of actuarial valuation.

b. The Bank operates Gratuity and Pension schemes which are defined benefit plans.

i) The Bank provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, or on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to the cap prescribed by the Statutory Authorities. Vesting occurs upon completion of five years of service. The Bank makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually.

ii) The Bank provides for pension to all eligible employees. The benefit is in the form of monthly payments as per rules to vested employees on retirement or on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The Bank makes monthly contribution to the Pension Fund at 10% of salary in terms of SBI Pension Fund Rules. The pension liability is reckoned based on an independent actuarial valuation carried out annually and Bank makes such additional contributions periodically to the Fund as may be required to secure payment of the benefits under the pension regulations.

c. The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains/ losses are immediately recognised in the Profit and Loss Account and are not deferred.

ii. Defined Contribution Plan:

The Bank operates a New Pension Scheme (NPS) for all officers/ employees joining the Bank on or after 1st August, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing SBI Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions are retained as deposits in the Bank and earn interest at the same rate as that of the current account of Provident Fund balance. The Bank recognizes such annual contributions and interest as an expense in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

iii. Other Long Term Employee Benefits:

a. All eligible employees of the Bank are eligible for compensated absences, silver jubilee award, leave travel concession, retirement award and resettlement allowance. The costs of such long term employee benefits are internally funded by the Bank.

b. The cost of providing other long term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. Past service cost is immediately recognised in the Profit and Loss Account and is not deferred.

11.3 Employee benefits relating to employees employed at foreign offices are valued and accounted for as per the respective local laws/ regulations.

12. Segment Reporting

The Bank recognises the business segment as the primary reporting segment and geographical segment as the secondary reporting segment in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by Institute of Chartered Accountants of India.

13. Taxes on income:

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgment as to whether their realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

14. Earnings per Share:

14.1 The Bank reports basic and diluted earnings per share in accordance with AS 20 –"Earnings per Share" issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

14.2 Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

15. Provisions, Contingent Liabilities and Contingent Assets:

15.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

15.2 No provision is recognised for:

i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

ii. any present obligation that arises from past events but is not recognised because:

   a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   b. a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

15.3 Provision for reward points in relation to the debit card holders of the Bank is being provided for on actuarial estimates.

15.4 Contingent Assets are not recognised in the financial statements.

16. Bullion Transactions:

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified under commission income. The Bank also accepts deposits and lends gold, which is treated as deposits/ advances as the case may be with the interest paid/ received classified as interest expense/ income. Gold Deposits, Metal Loan Advances and closing Gold Balances are valued at available Market Rate as on the date of Balance Sheet.

17. Special Reserves:

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961. The Board of Directors of the Bank has passed a resolution approving creation of the reserve and confirming that it has no intention to make withdrawal from the Special Reserve.

18. Share Issue Expenses:

Share issue expenses are charged to the Share Premium Account.

19. Cash and cash equivalents:

Cash and cash equivalents include Cash and Balances with RBI, Balances with Banks and money at call and short notice.

Schedule – 18:
Notes To Accounts

18.1 Capital

1. Capital Ratio

AS PER BASEL II (Amount in ₹ Crore)

Sr. No.	Items	As at 31st March, 2020	As at 31st March, 2019
(i)	Common Equity Tier 1 Capital Ratio (%)	N.A.	
(ii)	Tier 1 capital ratio (%)	10.71%	10.38%
(iii)	Tier 2 capital ratio (%)	2.42%	2.47%
(iv)	Total Capital Ratio (%)	13.13%	12.85%

AS PER BASEL III

Sr. No.	Items	As at 31st March, 2020	As at 31st March, 2019
(i)	Common Equity Tier 1 Capital Ratio (%)	9.77%	9.62%
(ii)	Tier 1 capital ratio (%)	11.00%	10.65%
(iii)	Tier 2 capital ratio (%)	2.06%	2.07%
(iv)	Total Capital Ratio (%)	13.06%	12.72%
(v)	Percentage of the Shareholding of Government of India	56.92%	57.13%
(vi)	Number of Shares held by Government of India	507,97,75,288	509,88,82,979
(vii)	Amount of Equity Capital raised	Nil	0.38
(viii)	Amount of Additional Tier 1(AT 1) capital raised of which		
	a) Perpetual Non-Cumulative Preference Shares (PNCPS)	Nil	Nil
	b) Perpetual Debt Instruments (PDI)	6,918.40	7,317.30
(ix)	Amount of Tier 2 capital raised of which		
	a) Debt Capital instruments	5,000.00	4,115.90
	b) Preference Share Capital Instruments {Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)}	Nil	Nil

RBI vide circular No. DBR.No.BP.BC.83/21.06.201/2015-16 dated 1st March, 2016, has given discretion to banks to consider Revaluation Reserve, Foreign Currency Translation Reserve and Deferred Tax Asset for purposes of computation of Capital Adequacy as CET– I capital ratio. The Bank has exercised the option in the above computation.

2. Share Capital

Expenses in relation to the issue of shares: ₹ Nil (Previous Year ₹ 9.12 crore) is debited to Share Premium Account.

3. Innovative Perpetual Debt Instruments (IPDI)

The details of IPDI issued which qualify for Hybrid Tier I Capital and outstanding are as under:

A. Foreign

(₹ in crore)

Particulars	Date of Issue	Tenor	Amount	Equivalent ₹ as on 31st March, 2020	Equivalent ₹ as on 31st March, 2019
Additional Tier 1 (AT1) Bonds issued under MTN Programme 29th series	22.09.2016	Perpetual Non Call 5 years	USD 300 million	2,269.95	2,074.65

These bonds have been listed in Singapore stock exchange (SGX).

B. Domestic

(₹ in crore)

Sr. No.	Nature of Bonds	Principal Amount	Date of Issue	Rate of Interest % p.a.
1.	e-SBH Tier -I Series XIII	200.00	20.09.2010	9.05
2.	SBI Non Convertible Perpetual Bonds 2016 Unsecured Basel III AT 1	2,100.00	06.09.2016	9.00
3.	SBI Non Convertible Perpetual Bonds 2016 Unsecured Basel III AT 1 Series II	2,500.00	27.09.2016	8.75
4.	SBI Non Convertible Perpetual Bonds 2016 Unsecured Basel III AT 1 Series III	2,500.00	25.10.2016	8.39
5.	SBI Non Convertible Perpetual Bonds 2017 Unsecured Basel III AT 1 Series IV	2,000.00	02.08.2017	8.15
6.	SBI Non Convertible Unsecured Basel III- AT 1 Bonds 2018	4,021.00	04.12.2018	9.56
7.	SBI Non Convertible Unsecured Basel III- AT 1 Bonds 2018 Series II	2,045.00	21.12.2018	9.37
8.	SBI Non Convertible Unsecured Basel III- AT 1 Bonds 2018 Series III	1,251.30	22.03.2019	9.45
9.	SBI Non Convertible Unsecured Basel III- AT 1 Bonds 2019-20 Series I	3,104.80	30.08.2019	8.75
10.	SBI Non Convertible Unsecured Basel III- AT 1 Bonds 2019-20 Series II	3,813.60	22.11.2019	8.50
	TOTAL	**23,535.70**		

4. Subordinated Debts

The bonds are unsecured, long term, non–convertible and are redeemable at par. The details of outstanding subordinate debts are as under:-

(₹ in crore)

Sr. No.	Nature of Bonds	Principal Amount	Date of Issue /Date of Redemption	Rate of Interest % P.A.	Maturity Period In Months
1	e-SBBJ Lower Tier II (Series VI)	500.00	20.03.2012 20.03.2022	9.02	120
2	SBI Non Convertible (Private placement) Bonds 2013-14 (Tier II)	2,000.00	02.01.2014 02.01.2024	9.69	120
3	e-SBM Tier II Basel III compliant	500.00	17.12.2014 17.12.2024	8.55	120
4	e -SBP Tier II Basel III compliant (Series I)	950.00	22.01.2015 22.01.2025	8.29	120
5	e- SBBJ Tier II Basel III compliant	200.00	20.03.2015 20.03.2025	8.30	120
6	e -SBH Tier II Basel III compliant (Series XIV)	393.00	31.03.2015 31.03.2025	8.32	120
7	SBI Non Convertible (Public issue) Bonds 2010 (Series II) (Lower Tier II)	866.92	04.11.2010 04.11.2025	9.50	180
8	SBI Non Convertible, Unsecured (Private Placement), Basel III compliant Tier II Bonds 2015-16 (Series I)	4,000.00	23.12.2015 23.12.2025	8.33	120
9	e -SBH Tier II Basel III compliant (Series XV)	500.00	30.12.2015 30.12.2025	8.40	120
10	e-SBM Tier II Basel III compliant	300.00	31.12.2015 31.12.2025	8.40	120
11	e-SBM Tier II Basel III compliant	200.00	18.01.2016 18.01.2026	8.45	120

(₹ in crore)

Sr. No.	Nature of Bonds	Principal Amount	Date of Issue /Date of Redemption	Rate of Interest % P.A.	Maturity Period In Months
12	e -SBH Tier II Basel III compliant (Series XVI)	200.00	08.02.2016 08.02.2026	8.45	120
13	SBI Non Convertible, Unsecured (Private Placement), Basel III compliant Tier 2 Bonds 2015-16 (Series II)	3,000.00	18.02.2016 18.02.2026	8.45	120
14	SBI Non Convertible (Public issue) Bonds 2011 Retail (Series IV) (Lower Tier II)	3,937.60	16.03.2011 16.03.2026	9.95	180
15	SBI Non Convertible (Public issue) Bonds 2011 Non Retail (Series IV) (Lower Tier II)	828.32	16.03.2011 16.03.2026	9.45	180
16	SBI Non Convertible, Unsecured (Private Placement), Basel III compliant Tier II Bonds 2015-16 (Series III)	3,000.00	18.03.2016 18.03.2026	8.45	120
17	SBI Non Convertible, Unsecured (Private Placement), Basel III compliant Tier II Bonds 2015-16 (Series IV)	500.00	21.03.2016 21.03.2026	8.45	120
18	e- SBT Tier II Basel III compliant (Series I)	515.00	30.03.2016 30.03.2026	8.45	120
19	e- SBT Upper Tier II (Series III)	500.00	26.03.2012 26.03.2027	9.25	180
20	SBI Non Convertible, Unsecured Basel III - Tier II Bonds 2018	4,115.90	02.11.2018 02.11.2028	8.90	120
21	SBI Non Convertible, Unsecured Basel III - Tier II Bonds 2019-20	5,000.00	28.06.2019 28.06.2029	7.99	120
	TOTAL	**32,006.74**			

18.2 Investments

1. The Details of investments and the movement of provisions held towards depreciation on investments of the Bank are given below:

(₹ in crore)

Particulars			As at 31st March, 2020	As at 31st March, 2019
1.	Value of Investments			
	i)	Gross value of Investments		
		(a) In India	10,10,599.04	9,26,650.60
		(b) Outside India	47,448.66	51,473.40
	ii)	Provision for Depreciation		
		(a) In India	9,430.13	9,094.19
		(b) Outside India	150.82	158.22
	iii)	Liability on Interest Capitalised on Restructured Accounts (LICRA)	1,512.24	1,849.64
	iv)	Net value of Investments		
		(a) In India	9,99,656.67	9,15,706.77
		(b) Outside India	47,297.84	51,315.18
2.	Movement in provisions held towards depreciation on investments			
	i)	Balance at the beginning of the year	9,252.41	10,206.45
	ii)	Add: Provisions made during the year	5,237.78	1,863.13
	iii)	Less: Provision utilised during the year	33.48	-
	iv)	Less/(Add): Foreign Exchange revaluation adjustment	(38.04)	(22.24)
	v)	Less: Write off/Write back of excess provision during the year.	4,913.80	2,839.41
	vi)	Balance at the end of the year	9,580.95	9,252.41

Notes:

a. Securities amounting to ₹ 4,225.76 crore (Previous Year ₹ 21,219.41 crore) are kept as margin with Clearing Corporation of India Limited (CCIL)/ NSCCL/MCX/ NSEIL/ BSE towards Securities Settlement.

b. During the year, the Bank infused additional capital in its associates viz. i) Utkal Grameen Bank ₹ 143.77 crore, ii) Jharkhand Rajya Gramin Bank ₹ 86.68 crore, iii) Madhyanchal Gramin Bank ₹ 8.91 crore, iv) Ellaquai Dehati Bank ₹ 5.48 crore, v) Nagaland Rural Bank ₹ 0.48 crore and after infusion there is no change in Bank's stake.

c. Bank has made an investment of ₹ 6,050.00 crore in Yes Bank Limited which constitutes 48.21% of the equity capital post investment. Due to categorization of this investment in AFS category and the change in accounting policy in this respect, there is no impact on the profit for the year.

d. During the year, the Bank has sold its stake in the following subsidiaries: -

- 4,50,00,000 equity shares of SBI Life Insurance Company Ltd. at a profit of ₹ 3,484.30 crore. Thus, the Bank stake has reduced to 57.60% from 62.10%.
- 3,72,93,371 equity shares of SBI Cards and Payment Services Ltd. at a profit of ₹ 2,731.34 crore. Thus, the Bank stake has reduced to 69.51% from 74.00%.

e. As per NCLT order pronounced on 4th June 2019, SBI Business Process Management Services Private Limited (a subsidiary) has been amalgamated with SBI Cards and Payment Services Private Limited (a subsidiary) w.e.f. 1st April 2018 with the latter being the surviving entity.

The name of SBI Cards and Payment Services Private Limited has changed to SBI Cards and Payment Services Limited w.e.f. 20.08.2019.

f. The Bank exited from its RRBs as per details given below :-

(₹ in crore)

Name of RRB	Amount
Langpi Dehangi Rural Bank	10.83
Kaveri Grameena Bank	18.89

g. In accordance with notification issued by Govt. of India, the following amalgamations have taken place in between the Regional Rural Banks (RRBs) sponsored by SBI and RRBs sponsored by other banks.

The details of amalgamation of RRBs, where the transferee RRBs are not sponsored by State Bank of India are as below: -

	Name of transferor RRBs	Sponsor Bank of transferor RRBs	New Name after Amalgamation of RRBs	Sponsor Bank of transferee RRBs	Effective Date of Amalgamation
1.	Pragathi Krishna Gramin Bank	Canara Bank	Karnataka Gramin Bank	Canara Bank	1st April ,2019
	Kaveri Grameena Bank	State Bank of India			
2.	Assam Gramin Vikash Bank	United Bank of India	Assam Gramin Vikash Bank	United Bank of India	1st April ,2019
	Langpi Dehangi Rural Bank	State Bank of India			

The details of amalgamation of RRBs, where the transferee RRB is sponsored by State Bank of India are as below: -

	Name of transferor RRBs	Sponsor Bank of transferor RRBs	New Name after Amalgamation of RRBs	Sponsor Bank of transferee RRBs	Effective Date of Amalgamation
1.	Jharkhand Gramin Bank	Bank of India	Jharkhand Rajya Gramin Bank	State Bank of India	1st April ,2019
	Vananchal Gramin Bank	State Bank of India			

2. Repo Transactions including Liquidity Adjustment Facility (LAF) (in face value terms)

The details of securities sold and purchased under repos and reverse repos including LAF during the year are given below:

(₹ in crore)

Particulars		Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as on 31st March 2020
Securities sold under Repo					
i.	Government Securities	-	1,12,595.20	9,166.64	34,576.69
		(-)	(1,31,364.16)	(48,101.62)	(1,12,793.84)
ii.	Corporate Debt Securities	-	15,795.87	10,778.12	8,696.38
		(-)	(12,382.91)	(7,742.36)	(10,264.00)
Securities purchased under Reverse Repo					
i.	Government Securities	-	1,13,000.00	38,332.97	38,000.00
		(-)	(43,507.94)	(5,202.46)	(1,963.89)
ii.	Corporate Debt Securities	-	3,292.71	592.93	3,292.71
		(-)	(860.43)	(816.74)	(859.81)

(Figures in brackets are for Previous Year).

3. **Non-SLR Investment Portfolio**

a) **Issuer composition of Non SLR Investments**

The issuer composition of Non-SLR investments of the Bank is given below:

(₹ in crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of "Below Investment Grade" Securities *	Extent of "Unrated" Securities *	Extent of "Unlisted" Securities *
i	PSUs	62,047.29	45,135.13	-	-	-
		(48,324.45)	(18,145.75)	(356.64)	(-)	(-)
ii	FIs	86,460.61	74,871.30	2,754.24	-	1,150.00
		(67,836.16)	(55,738.02)	(-)	(-)	(-)
iii	Banks	24,856.99	12,624.53	585.10	23.62	23.62
		(19,374.89)	(1,457.62)	(1,177.32)	(23.62)	(23.62)
iv	Private Corporates	35,680.14	25,758.70	901.99	-	-
		(41,791.89)	(23,398.59)	(826.18)	(341.30)	(24.70)
v	Subsidiaries / Joint Ventures **	16,045.43	-	-	-	-
		(9,909.36)	(-)	(-)	(-)	(-)
vi	Others	29,687.12	2,196.19	3,558.08	46.68	4.84
		(24,977.19)	(623.66)	(2,383.40)	(53.47)	(3.17)
vii	Less: Provision held towards depreciation including LICRA	11,093.19	11.65	236.96	-	-
		(7,075.11)	(-)	(25.21)	(30.60)	(-)
	TOTAL	**2,43,684.39**	**1,60,574.20**	**7,562.45**	**70.30**	**1,178.46**
		(2,05,138.83)	**(99,363.64)**	**(4,718.33)**	**(387.79)**	**(51.49)**

(Figures in brackets are for Previous Year).

* Investments in Equity, Equity Oriented Mutual Funds, Venture Capital, Rated Assets Backed Securities, Central and State Government Securities and ARCIL are not segregated under these categories as these are exempt from rating/listing guidelines.

** Investments in Subsidiaries/Joint Ventures have not been segregated into various categories as these are not covered under relevant RBI Guidelines.

b) **Non Performing Non-SLR Investments**

(₹ in crore)

Particulars	Current Year	Previous Year
Opening Balance	5,609.66	4,595.25
Additions during the year	3,686.05	1,986.35
Reductions during the year	299.91	971.94
Closing balance	8,995.80	5,609.66
Total provisions held	**7,970.83**	**5,209.17**

4. **Sales And Transfers Of Securities To/From HTM Category**

The value of sales and transfers of securities to/from HTM Category does not exceed 5% of the book value of investment held in HTM category at the beginning of the year.

5. **Disclosure of Investment in Security Receipts (SRs)**

(₹ in crore)

	Particulars	SRs Issued within Past 5 Years	SRs issued more than 5 years ago but within past 8 Years	SRs issued more than 8 Years ago	Total
i	Book value of SRs Backed by NPAs sold by the bank as underlying	2,657.86	6,077.67	25.78	8,761.31
	Provision held against (i)	300.47	1,329.99	25.78	1,656.24
ii	Book value of SRs Backed by NPAs sold by Other banks / financial institutions / non-banking Financial companies as Underlying	0.54	3.92	2.68	7.14
	Provision held against (ii)	-	0.78	2.68	3.46
Total (i) + (ii)		**2,658.40**	**6,081.59**	**28.46**	**8,768.45**

6. **Details of Investments in Security Receipts against NPAs sold to Securitisation Company (SC) / Reconstruction Company (RC)**

(₹ in crore)

Particulars	Backed by NPAs sold by the bank as underlying		Backed by the NPAs sold by other banks/ financial institutions / non-banking financial companies as underlying		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Book Value of Investments in Security Receipts as on 31st March, 2020	8,761.31	9,834.83	7.14	7.15	8,768.45	9,841.98
Book Value of Investments in Security Receipts made during the year	0.06	16.58	-	-	0.06	16.58

18.3 Derivatives

A. **Forward Rate Agreements (FRA) / Interest Rate Swaps (IRS)**

(₹ in crore)

Sr. No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
i)	The notional principal of swap agreements#	2,98,843.36	3,74,120.04
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	8,063.30	3,342.37
iii)	Collateral required by the Bank upon entering swaps	Nil	Nil
iv)	Concentration of credit risk arising from the swaps	Not significant	Not significant
v)	The fair value of the swap book	7,908.68	125.32

IRS/FRA amounting to ₹ 32,134.98 crore (Previous Year ₹ 19,022.25 crore) entered with the Bank's own foreign offices are not shown here.

Nature and terms of forward rate agreements and interest rate swaps as on 31st March, 2020 are given below:

(₹ in crore)

Instrument	Nature	Nos	Notional Principal	Benchmark	Terms
IRS	Hedging	175	7,089.25	LIBOR	Fixed Receivable / Floating Payable
IRS	Hedging	1	192.94	LIBOR	Fixed Payable Vs Floating Receivable
IRS	Hedging	121	1,490.92	OTHERS	Fixed Receivable / Floating Payable
IRS	Hedging	39	25,615.09	LIBOR	Fixed Receivable / Floating Payable
IRS	Hedging	26	2,973.54	LIBOR	Floating Receivable / Fixed Payable
IRS	Trading	2	832.31	LIBOR	Floating Payable Vs Fixed Receivable
IRS	Trading	1993	1,06,806.98	LIBOR	Fixed Payable Vs Floating Receivable
IRS	Trading	2171	1,42,354.97	LIBOR	Floating Payable Vs Fixed Receivable
IRS	Trading	70	2,853.50	MIBOR	Fixed Payable Vs Floating Receivable
IRS	Trading	126	5,297.00	MIBOR	Floating Payable Vs Fixed Receivable
IRS	Trading	4	3,336.86	LIBOR	Fixed Receivable / Floating Payable
	TOTAL		**2,98,843.36**		

B. Exchange Traded Interest Rate Derivatives

(₹ in crore)

Sr. No.	Particulars	Current Year	Previous Year
1	Notional principal amount of exchange traded interest rate derivatives undertaken during the year		
	a. Interest Rate Futures	Nil	Nil
	b. 10 Year Government of India Securities	63,670.92	42,099.96
2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March, 2020		
	a. Interest Rate Futures	Nil	Nil
	b. 10 Year Government of India Securities	Nil	Nil
3	Notional principal amount of exchange traded interest rate derivatives outstanding and not “highly effective”	N.A.	N.A.
4	Mark-to-market value of exchange traded interest rate derivatives outstanding and not “highly effective”.	N.A.	N.A.

C. Risk Exposure in Derivatives

(A) Qualitative Risk Exposure

i. The Bank currently deals in over-the-counter (OTC) interest rate and currency derivatives as also in Interest Rate Futures and Exchange Traded Currency Derivatives. Interest Rate Derivatives dealt by the Bank are rupee interest rate swaps, foreign currency interest rate swaps and forward rate agreements, cap, floor and collars. Currency derivatives dealt by the Bank are currency swaps, rupee dollar options and cross-currency options. The products are offered to the Bank’s customers to hedge their exposures and the Bank also enters into derivatives contracts to cover off such exposures. Derivatives are used by the Bank both for trading as well as hedging balance sheet items. The Bank also runs option position in USD/INR, which is managed through various types of loss limits and Greek limits.

ii. Derivative transactions carry market risk i.e. the probable loss the Bank may incur as a result of adverse movements in interest rates/exchange rates and credit risk i.e. the probable loss the Bank may incur if the counterparties fail to meet their obligations. The Bank’s “Policy for Derivatives” approved by the Board prescribes the market risk parameters (Greek limits, Loss Limits, cut-loss triggers, open position limits, duration, modified duration, PV01 etc.) as well as customer eligibility criteria (credit rating, tenure of relationship, limits and customer appropriateness and suitability of policy (CAS) etc.) for entering into derivative transactions. Credit risk is controlled by entering into derivative transactions only with counterparties satisfying the criteria prescribed in the Policy. Appropriate limits are set for the counterparties taking into account their ability to honour obligations and the Bank enters into ISDA agreement with each counterparty.

iii. The Asset Liability Management Committee (ALCO) of the Bank oversees efficient management of these risks. The Bank's Market Risk Management Department (MRMD) identifies, measures, monitors market risk associated with derivative transactions, assists ALCO in controlling and managing these risks and reports compliance with policy prescriptions to the Risk Management Committee of the Board (RMCB) at regular intervals.

iv. The accounting policy for derivatives has been drawn-up in accordance with RBI guidelines, the details of which are presented under Schedule 17: Significant Accounting Policies (SAP) for the financial year 2019-20.

v. Interest Rate Swaps are mainly used at Foreign Offices for hedging of the assets and liabilities.

vi. Apart from hedging swaps, swaps at Foreign Offices consist of back to back swaps done at Bank's Foreign Offices which are done mainly for hedging of FCNR deposits at Global Markets, Kolkata.

vii. Majority of the swaps were done with First class counterparty banks.

viii. Derivative transactions comprise of swaps which are disclosed as contingent liabilities. The swaps are categorised as trading or hedging.

ix. Derivative deals are entered with only those interbank participants for whom counterparty exposure limits are sanctioned. Similarly, derivative deals entered with only those corporates for whom credit exposure limit is sanctioned. Collateral requirements for derivative transactions are laid down as a part of credit sanctions terms on a case by case basis. Such collateral requirements are determined based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

(B) Quantitative Risk Exposure

(₹ in crore)

Particulars	Currency Derivatives		Interest Rate Derivatives	
	Current Year	Previous Year	Current Year	Previous Year
(I) Derivatives (Notional Principal Amount)				
(a) For hedging	14,407.12 @	8,983.92 @	35,421.64 #	41,908.78 #
(b) For trading *	6,55,991.56	2,47,198.72	2,77,804.99	3,37,642.76
(II) Marked to Market Positions				
(a) Asset	14,629.42	3,555.69	8,063.30	3,365.55
(b) Liability	14,009.98	3,130.82	6,086.78	3,240.23
(III) Credit Exposure	36,850.85	12,665.30	11,026.29	7,037.75
(IV) Likely impact of one percentage change in interest rate (100* PV01)				
(a) on hedging derivatives	1.07	1.08	4.60	150.90
(b) on trading derivatives	86.72	15.83	146.20	136.08
(V) Maximum and Minimum of 100* PV 01 observed during the year				
(a) on hedging - Maximum	1.07	1.08	460.31	255.40
- Minimum	-	-	-	-
(b) on trading - Maximum	2.91	24.41	1.85	149.73
- Minimum	-	(-) 129.75	0.03	0.08

@ The swaps amounting to ₹ 1,725.03 crore (Previous Year ₹ 245.10 crore) entered with the Bank's own foreign offices are not shown here.

IRS/FRA amounting to ₹ 32,134.98 crore (Previous Year ₹ 19,022.25 crore) entered with the Bank's own Foreign offices are not shown here.

* The forward contract deals with our own Foreign Offices are not included. Currency Derivatives ₹ 867.18 crore (Previous Year ₹ 427.12 crore) and Interest Rate Derivatives ₹ Nil (Previous Year ₹ Nil).

1. The outstanding notional amount of derivatives done between Global Markets Unit and International Banking Group as on 31st March, 2020 amounted to ₹ 34,727.19 crore (Previous Year ₹ 19,694.47 crore) and the derivatives done between SBI Foreign Offices as on 31st March, 2020 amounted to ₹ 10,222.51 crore (Previous Year ₹ 8,929.28 crore).

2. The outstanding notional amount of interest rate derivatives which are not marked –to-market (MTM) where the underlying Assets/Liabilities are not marked to market as on 31st March, 2020 amounted to ₹ 60,632.85 crore (Previous Year ₹ 45,661.89 crore).

18.4 Asset Quality

a) Non-Performing Assets

(₹ in crore)

Particulars			As at 31st March, 2020	As at 31st March, 2019
I)	Net NPAs to Net Advances (%)		2.23%	3.01%
II)	Movement of NPAs (Gross)			
	(a)	Opening balance	1,72,750.36	2,23,427.46
	(b)	Additions (Fresh NPAs) during the year	49,826.28	32,738.05
		Sub-total (i)	2,22,576.64	2,56,165.51
	Less:			
	(c)	Reductions due to up gradations during the year	3,339.79	4,794.34
	(d)	Reductions due to recoveries (Excluding recoveries made from upgraded accounts)	17,782.63	19,715.63
	(e)	Technical/ Prudential Write-offs	-	5,139.76
	(f)	Reductions due to Write-offs during the year	52,362.37	53,765.42
		Sub-total (ii)	73,484.79	83,415.15
	(g)	Closing balance (i-ii)	1,49,091.85	1,72,750.36
III)	Movement of Net NPAs			
	(a)	Opening balance	65,894.74	1,10,854.70
	(b)	Additions during the year	6,758.88	27,008.89
	(c)	Reductions during the year	20,782.32	71,968.85
	(d)	Closing balance	51,871.30	65,894.74
IV)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	1,06,855.62	1,12,572.76
	(b)	Provisions made during the year	43,067.40	54,844.57
	(c)	Write-off / write-back of excess provisions	52,702.47	60,561.71
	(d)	Closing balance	97,220.55	1,06,855.62

Notes:-

a) Opening and closing balances of provision for NPAs include ECGC/CGFMU claims received and held pending adjustment of ₹ 235.61 crore (Previous Year ₹ 8.72 crore) and ₹ 305.54 crore (Previous Year ₹ 235.61 crore) respectively.

b) As per RBI circular No. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1st April, 2019, in case the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies and/or additional Gross NPAs identified by RBI exceeds 15% of published incremental Gross NPAs for the reference period then banks are required to disclose divergences from prudential norms on income recognition, asset classification and provisioning.

Accordingly, the following disclosure is made in respect of divergences for the F.Y. 2018-19: -

Divergence in Asset Classification and Provisioning for NPAs

	Particulars	(₹ in crore)
1	Gross NPAs as on March 31, 2019 as reported by the bank	1,72,750
2	Gross NPAs as on March 31, 2019 as assessed by RBI	1,84,682
3	Divergence in Gross NPAs (2-1)	11,932
4	Net NPAs as on March 31, 2019 as reported by the bank	65,895
5	Net NPAs as on March 31, 2019 as assessed by RBI	77,827
6	Divergence in Net NPAs (5-4)	11,932
7	Provisions for NPAs as on March 31, 2019 as reported by the bank	1,06,856
8	Provisions for NPAs as on March 31, 2019 as assessed by RBI	1,18,892
9	Divergence in provisioning (8-7)	12,036
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2019	862
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning	(-) 6,968

The Bank has made full provision against the said divergence during the year ended 31st March 2020.

c) Restructured Accounts

(₹ in crore)

Sr. No.	Type of Restructuring / Asset Classification / Particulars		Under CDR Mechanism (1) Standard	Sub Standard	Doubtful	Loss	Total	Under SME Debt Restructuring Mechanism (2) Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2019	No. of	4	-	44	9	57	28	167	142	17	354
	(Opening position)	Borrowers	(8)	(3)	(65)	(8)	(84)	(48)	(169)	(171)	(18)	(406)
		Amount	146.04	-	6,236.10	656.53	7,038.67	46.11	307.32	415.80	6.65	775.88
		outstanding	(607.77)	(380.51)	(15,840.78)	(248.84)	(17,077.90)	(75.59)	(377.84)	(2,559.80)	(6.82)	(3,020.05)
		Provision	0.96	-	-	-	0.96	10.26	6.43	24.88	0.27	41.84
		thereon	(7.06)	(28.17)	(106.20)	(-)	(141.43)	(18.23)	(26.85)	(115.41)	(0.39)	(160.88)
2	Fresh Restructuring during the current FY	No. of	-	-	-	-	-	790	6	1	-	797
		Borrowers	(-)	(-)	(-)	(-)	(-)	(-)	(28)	(4)	(3)	(35)
		Amount	26.57	-	-	-	26.57	154.84	4.44	1.38	-	160.66
		outstanding	(68.59)	(-)	(95.32)	(-)	(163.91)	(42.73)	(42.82)	(27.70)	(0.27)	(113.52)
		Provision	0.02	-	-	-	0.02	0.24	2.72	0.40	-	3.36
		thereon	(0.09)	(-)	(-)	(-)	(0.09)	(-)	(3.74)	(0.45)	(0.27)	(4.46)
3	Up gradation to restructured standard	No. of	-	-	-	-	-	1	-1	-	-	-
	category during current FY	Borrowers	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		Amount	-	-	-	-	-	18.11	-18.11	-	-	-
		outstanding	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		Provision	-	-	-	-	-	-	-	-	-	-
		thereon	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
4	Restructured Standard Advances which	No. of	-2				-2	-				-
	ceases to attract higher provisioning	Borrowers	(-1)				(-1)	(-2)				(-2)
	and/ or additional risk weight at the end	Amount	-155.08				-155.08	-				-
	of the FY and hence need not be shown	outstanding	(-23.05)				(-23.05)	(-4.56)				(-4.56)
	as restructured standard advances	Provision	-				-	-				-
	at the beginning of the next FY	thereon	(-)				(-)	(-0.23)				(-0.23)
5	Downgradations of restructured	No. of	-	-	-	-	-	-9	-7	16	-	-
	accounts during current FY	Borrowers	(-2)	(-2)	(1)	(3)	(-)	(-2)	(2)	(-)	(-)	(-)
		Amount	-	-	-	-	-	-2.38	-67.31	69.69	-	-
		outstanding	(-332.43)	(-221.77)	(-87.04)	(641.24)	(-)	(-38.02)	(38.02)	(-)	(-)	(-)
		Provision	-	-	-	-	-	-0.05	-8.78	8.83	-	-
		thereon	(-)	(-9.52)	(9.52)	(-)	(-)	(-0.35)	(0.35)	(-)	(-)	(-)
6	Write-offs of restructured	No. of	-	-	-22	-1	-23	-24	-53	-34	-3	-114
	accounts during current FY	Borrowers	(-1)	(-1)	(-22)	(-2)	(-26)	(-16)	(-32)	(-33)	(-4)	(-85)
		Amount	-2.08	-	-4,309.80	-165.50	-4,477.38	-9.75	-8.84	-34.41	-0.27	-53.27
		outstanding	(-174.83)	(-158.74)	(-9,612.97)	(-233.55)	(-10,180.09)	(-29.63)	(-151.36)	(-2,171.70)	(-0.44)	(-2,353.13)
		Provision	-0.07	-	-	-	-0.07	-1.95	-0.37	-17.85	-0.27	-20.44
		thereon	(-6.19)	(-18.65)	(-115.72)	(-)	(-140.56)	(-7.39)	(-24.51)	(-90.98)	(-0.39)	(-123.27)
7	Total Restructured Accounts	No. of	2	-	22	8	32	786	112	125	14	1,037
	as on 31st March, 2020	Borrowers	(4)	(-)	(44)	(9)	(57)	(28)	(167)	(142)	(17)	(354)
	(Closing Position)	Amount	15.45	-	1,926.30	491.03	2,432.78	206.93	217.50	452.46	6.38	883.27
		outstanding	(146.04)	(-)	(6,236.10)	(656.53)	(7,038.67)	(46.11)	(307.32)	(415.80)	(6.65)	(775.88)
		Provision	0.91	-	-	-	0.91	8.50	-	16.26	-	24.76
		thereon	(0.96)	(-)	(-)	(-)	(0.96)	(10.26)	(6.43)	(24.88)	(0.27)	(41.84)

Sr. No.	Type of Restructuring / Asset Classification / Particulars		Others (3) Standard	Sub Standard	Doubtful	Loss	Total	TOTAL (1 + 2 + 3) Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April	No. of	300	227	786	171	1484	332	394	972	197	1,895
	1, 2019 (Opening position)	Borrowers	(360)	(335)	(1,094)	(45)	(1,834)	(416)	(507)	(1,330)	(71)	(2,324)
		Amount	3,909.81	29.83	8,004.74	803.16	12,747.54	4,101.96	337.15	14,656.64	1,466.34	20,562.09
		outstanding	(4,179.74)	(3,933.96)	(29,631.18)	(966.41)	(38,711.28)	(4,863.08)	(4,692.31)	(48,031.77)	(1,222.07)	(58,809.23)
		Provision	319.57	0.85	15.23	4.05	339.70	330.79	7.28	40.11	4.32	382.50
		thereon	(350.99)	(80.14)	(170.62)	(0.64)	(602.39)	(376.27)	(135.15)	(392.24)	(1.03)	(904.69)
2	Fresh Restructuring during	No. of	4,813	61	21	1	4,896	5,603	67	22	1	5,693
	the current FY	Borrowers	(7)	(111)	(291)	(66)	(475)	(7)	(139)	(295)	(69)	(510)
		Amount	578.77	1.81	32.88	0.02	613.48	760.18	6.25	34.26	0.02	800.71
		outstanding	(9,347.86)	(2.96)	(94.95)	(3.95)	(9,449.72)	(9,459.18)	(45.78)	(217.96)	(4.23)	(9,727.15)
		Provision	-	65.61	2.09	0.24	67.94	0.26	68.33	2.49	0.24	71.32
		thereon	(43.41)	(0.47)	(8.02)	(2.26)	(54.16)	(43.49)	(4.21)	(8.47)	(2.53)	(58.70)
3	Upgradation to restructured standard	No. of	17	-7	-10	-	-	18	-8	-10	-	-
	category during current FY	Borrowers	(7)	(-7)	(-)	(-)	(-)	(7)	(-7)	(-)	(-)	(-)
		Amount	0.62	-0.36	-0.26	-	-	18.73	-18.47	-0.26	-	-
		outstanding	(0.29)	(-0.29)	(-)	(-)	(-)	(0.29)	(-0.29)	(-)	(-)	(-)
		Provision	-	-	-	-	-	-	-	-	-	-
		thereon	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
4	Restructured Standard Advances which	No. of	-16				-16	-18				-18
	ceases to attract higher provisioning	Borrowers	(-22)				(-22)	(-25)				(-25)
	and/ or additional risk weight at the end	Amount	-1,130.83				-1,130.83	-1,285.91				-1,285.91
	of the FY and hence need not be shown	outstanding	(-9,421.29)				(-9,421.29)	(-9,448.90)				(-9,448.90)
	as restructured standard advances	Provision	-28.19				-28.19	-28.19				-28.19
	at the beginning of the next FY	thereon	(-4.31)				(-4.31)	(-4.54)				(-4.54)
5	Downgradations of restructured	No. of	-5	-73	47	31	-	-14	-80	63	31	-
	accounts during current FY	Borrowers	(-9)	(-1)	(-79)	(89)	(-)	(-13)	(-1)	(-78)	(92)	(-)
		Amount	-675.75	631.60	43.65	0.50	-	-678.13	564.29	113.34	0.50	-
		outstanding	(-39.38)	(-1,256.52)	(-42.68)	(1,338.58)	(-)	(-409.83)	(-1,440.27)	(-129.72)	(1,979.82)	(-)
		Provision	-11.57	10.62	0.45	0.50	-	-11.62	1.84	9.28	0.50	-
		thereon	(-1.17)	(-15.18)	(10.96)	(5.39)	(-)	(-1.52)	(-24.35)	(20.48)	(5.39)	(-)
6	Write-offs of restructured	No. of	-5	-24	-162	-41	-232	-29	-77	-218	-45	-369
	accounts during current FY	Borrowers	(-43)	(-211)	(-520)	(-29)	(-803)	(-60)	(-244)	(-575)	(-35)	(-914)
		Amount	-483.01	-126.56	-5,601.59	-454.17	-6,665.33	-494.84	-135.40	-9,945.80	-619.94	-11,195.98
		outstanding	(-157.41)	(-2,650.27)	(-21,678.71)	(-1,505.78)	(-25,992.17)	(-361.87)	(-2,960.38)	(-33,463.39)	(-1,739.76)	(-38,525.40)
		Provision	-95.96	-0.28	-2.36	-2.19	-100.79	-97.98	-0.65	-20.21	-2.46	-121.30
		thereon	(-69.35)	(-64.58)	(-174.37)	(-4.24)	(-312.54)	(-82.93)	(-107.73)	(-381.07)	(-4.63)	(-576.36)
7	Total Restructured Accounts as on	No. of	5,104	184	682	162	6,132	5,892	296	829	184	7,201
	31st March, 2020 (Closing Position)	Borrowers	(300)	(227)	(786)	(171)	(1484)	(332)	(394)	(972)	(197)	(1895)
		Amount	2,199.61	536.32	2,479.42	349.51	5,564.86	2,421.99	753.82	4,858.18	846.92	8,880.91
		outstanding	(3,909.81)	(29.83)	(8,004.74)	(803.16)	(12,747.54)	(4,101.96)	(337.15)	(14,656.62)	(1,466.35)	(20,562.08)
		Provision	183.85	76.80	15.41	2.60	278.66	193.26	76.80	31.67	2.60	304.33
		thereon	(319.57)	(0.85)	(15.23)	(4.05)	(339.70)	(330.77)	(7.29)	(40.11)	(4.32)	(382.49)

Note:

1. Increase in outstanding of ₹ 572 crore (Previous Year ₹ 8,263.39 crore) included in Fresh Additions.
2. Closure of ₹ 5,616 crore (Previous Year ₹ 27,360.50 crore) and decrease in Outstanding of ₹ 597 crore (Previous Year ₹ 1,133.75 crore) is included in Write off.
3. Total Column does not include standard assets moved out of higher provisioning.

d) As per RBI circular no. DBR.No.BP. BC.18/21.04.048/2018-19 dated 01.01.2019, the details of restructured MSME accounts is as below:-

(₹ in crore)

Particulars	Current Year	Previous Year
No. of accounts restructured	60,057	17,419
Aggregate outstanding	2,872.49	627.64

e) **Details of Technical Write-offs and the recoveries made thereon:**

(₹ in crore)

Sr No	Particulars	Current Year	Previous Year
i	Opening balance of Technical/Prudential written-off accounts as at April 1	5,139.76	4,537.11
ii	Add: Technical/ Prudential write-offs during the year	-	5,139.76
iii	Sub-total (A)	5,139.76	9,676.87
iv	Less: Recoveries made/ Actual written off from previously technical/prudential written-off accounts during the year (B)	5,139.76	4,537.11
v	Closing balance as at 31st March (A-B)	-	5,139.76

f) **Details of financial assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction**

(₹ in crore)

Sr No	Particulars	Current Year	Previous Year
i	No. of Accounts	32	47
ii	Aggregate value (net of provisions) of accounts sold to SC/RC	101.17	2,227.88
iii	Aggregate consideration*	1,236.62	4,330.99
iv	Additional consideration realized in respect of accounts transferred in earlier years	-	-
v	Aggregate gain /(loss) over net book value #	1,135.45	2,103.11

* SRs received as part of considerations have been recognised at lower of Net book Value/ Face Value as per RBI Guidelines.

Includes amount of ₹ Nil (Previous Year ₹ 4.11 crore) credited to charges/ (interest) account.

g) **Excess Provision reversed to Profit & Loss Account on account of Sale of NPAs to Securitisation Company (SC) / Reconstruction Company (RC)**

(₹ in crore)

Particulars	Current Year	Previous Year
Excess Provision reversed to P&L Account in case of Sale of NPAs	170.82	1,075.12

h) **Details of non-performing financial assets purchased**

(₹ in crore)

Particulars			Current Year	Previous Year
1)	(a)	No. of Accounts purchased during the year	Nil	Nil
	(b)	Aggregate outstanding	Nil	Nil
2)	(a)	Of these, number of accounts restructured during the year	Nil	Nil
	(b)	Aggregate outstanding	Nil	Nil

i) **Details of non-performing financial assets sold**

(₹ in crore)

Particulars		Current Year	Previous Year
1)	No. of Accounts sold	15	29
2)	Aggregate outstanding	551.59	6,545.21
3)	Aggregate consideration received	271.15	3,155.43

j) **Provision on Standard Assets:**

(₹ in crore)

Particulars	Current Year	Previous Year
Provision towards Standard Assets	11,544.24	12,396.68

18.5 Business Ratios

Particulars		Current Year	Previous Year
i.	Interest Income as a percentage to Working Funds	6.45%	6.55%
ii.	Non-interest income as a percentage to Working Funds	1.13%	0.99%
iii.	Operating Profit as a percentage to Working Funds	1.71%	1.49%
iv.	Return on Assets*	0.38%	0.02%
v.	Business (Deposits plus advances) per employee (₹ in crore)	21.05	18.77
vi.	Profit per employee (₹ in thousands)	578.98	33.39

* (on net-assets basis)

18.6 Asset Liability Management: Maturity pattern of certain items of assets and liabilities as at 31st March, 2020

(₹ in crore)

	Day1	2-7 Days	8-14 Days	15 to 30 days	Over 31 days and upto 2 months	Over 2 months and 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
Deposits	50,412.96	89,018.26	48,210.68	82,393.15	1,26,563.94	1,09,843.95	3,16,203.23	6,02,960.92	5,92,806.58	3,24,913.60	8,98,293.46	32,41,620.73
	(20,801.66)	(67,397.57)	(38,395.92)	(70,124.55)	(1,09,112.89)	(1,04,290.94)	(2,80,613.69)	(5,56,965.57)	(5,31,671.81)	(3,03,630.51)	(8,28,380.90)	(29,11,386.01)
Advances	57,442.98	14,151.74	16,608.14	31,096.94	42,616.30	44,774.93	75,159.25	1,16,239.21	10,82,113.87	2,09,766.10	6,35,320.10	23,25,289.56
	(23,338.39)	(13,259.37)	(10,239.57)	(38,815.39)	(31,390.31)	(33,817.93)	(69,805.47)	(1,00,265.25)	(10,91,890.56)	(2,90,220.65)	(4,82,834.03)	(21,85,876.92)
Investments	188.13	4,423.08	3,965.20	17,133.59	20,404.80	33,033.97	45,189.57	70,272.40	182,741.13	1,55,126.51	5,14,476.14	10,46,954.52
	(22.36)	(6,432.46)	(2,525.26)	(13,582.82)	(8,105.72)	(22,921.96)	(25,099.70)	(42,890.15)	(1,66,758.51)	(1,81,538.37)	(4,97,144.64)	(9,67,021.95)
Borrowings	915.24	13,829.39	4,180.76	9,892.09	20,370.67	27,941.89	41,265.36	55,907.52	78,368.05	49,093.15	12,891.53	3,14,655.65
	(16,679.67)	(89,536.61)	(3,684.07)	(20,965.35)	(57,773.72)	(20,810.07)	(27,681.37)	(34,911.01)	(47,258.20)	(28,896.05)	(54,821.00)	(4,03,017.12)
Foreign Currency Assets #	44,464.27	5,354.64	8,137.20	20,603.01	25,000.46	23,193.94	36,944.55	43,842.32	1,12,403.17	83,445.52	47,435.08	4,50,824.16
	(43,190.02)	(3,268.05)	(3,451.22)	(10,523.17)	(18,236.76)	(16,732.11)	(35,576.40)	(41,045.46)	(95,815.96)	(83,623.23)	(39,988.32)	(3,91,450.70)
Foreign Currency Liabilities $	25,950.88	15,075.64	8,027.84	18,994.07	29,216.63	35,828.10	54,776.09	62,965.89	64,113.98	46,576.87	13,758.15	3,75,284.14
	(24,255.18)	(17,027.04)	(4,671.82)	(29,440.95)	(23,767.03)	(29,231.40)	(40,986.24)	(65,749.56)	(59,114.18)	(47,839.17)	(15,742.68)	(3,57,825.25)

Foreign Currency Assets and Liabilities represent advances and investments (net of provision thereof).

$ Foreign Currency Liabilities represent borrowings and deposits.

(Figures in brackets are as at 31st March, 2019).

18.7 Exposures

The Bank is lending to sectors, which are sensitive to asset price fluctuations.

a) Real Estate Sector

(₹ in crore)

	Particulars	Current Year	Previous Year
I	**Direct exposure**		
	i) Residential Mortgages	3,58,599.62	3,28,969.21
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	3,58,599.62	3,28,969.21
	Of which (i) Individual housing loans up to ₹ 35 lacs (previous year ₹ 35 lac) in Metropolitan centres (Population >= 10 lacs) and ₹ 25 lacs (previous year ₹ 25 lacs) in other centres for purchase/construction of dwelling unit per family.	1,50,689.19	1,54,846.41
	ii) Commercial Real Estate		
	Lending secured by mortgages on Commercial Real Estates (office building, retail space, multi purpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc. Exposures would also include non fund based (NFB) limits.	31,607.67	38,764.19
	iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	9,781.26	-
	a) Residential	-	-
	b) Commercial Real Estate	9,781.26	-
II	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,07,004.65	96,683.37
	Total Exposure to Real Estate Sector	**5,06,993.20**	**4,64,416.77**

b) Capital Market

(₹ in crore)

	Particulars	Current Year	Previous Year
1)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	8,534.42	8,438.87
2)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds.	19.16	24.41
3)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	93.49	26.07
4)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/ units of equity oriented mutual funds does not fully cover the advances.	975.44	8,114.07
5)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	14.09	135.91
6)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	13.82	1.68
7)	Bridge loans to companies against expected equity flows/issues.	Nil	Nil
8)	Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	Nil	Nil
9)	Financing to stockbrokers for margin trading.	Nil	0.13
10)	Exposures to Venture Capital Funds (both registered and unregistered)	3,352.74	2,185.02
	Total Exposure to Capital Market	**13,003.16**	**18,926.16**

c) **Risk Category wise Country Exposure**

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The country exposure (net funded) of the Bank for any country does not exceed 1% of its total assets except on USA, hence provision for the country exposure on USA has been made.

(₹ in crore)

Risk Category	Net Funded Exposure		Provision held	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
Insignificant	16,716.77	90,015.33	Nil	121.06
Very Low	1,56,986.73	53,189.73	145.81	Nil
Low	20,546.89	11,366.00	Nil	Nil
Medium	8,326.76	17,523.32	Nil	Nil
High	21,883.14	7,126.62	Nil	Nil
Very High	10,242.33	8,314.33	Nil	Nil
Restricted	318.01	1,299.06	Nil	Nil
TOTAL	**2,35,020.63**	**1,88,834.39**	**145.81**	**121.06**

d) **Single Borrower and Group Borrower exposure limits exceeded by the Bank**

The Bank had taken single borrower exposure & Group Borrower exposure within the prudential limit prescribed by RBI.

e) **Unsecured Advances**

(₹ in crore)

	Particulars	As at 31st March, 2020	As at 31st March, 2019
a)	Total Unsecured Advances of the bank	5,59,246.43	5,22,939.34
i)	Of which amount of advances outstanding against charge over intangible securities such as rights, licences, authority etc.	Nil	Nil
ii)	The estimated value of such intangible securities (as in (i) above).	Nil	Nil

18.8 Miscellaneous

a. **Disclosure of Penalties**

- Reserve Bank of India has imposed an aggregate penalty of ₹ 7.00 crore on the Bank for non-compliance of directions issued by RBI on Income Recognition and Asset Classification (IRAC) norms etc.
- Reserve Bank of India has imposed a penalty of ₹ 0.50 crore on the Bank for non-compliance with its directions relating to reporting of frauds.

b. **Penalty for Bouncing of SGL forms**

No penalty has been levied on the Bank for bouncing of SGL Forms.

18.9 Disclosure Requirements as per the Accounting Standards

a) **Accounting Standard – 5 "Net Profit or Loss for the period, Prior Period Items, and Changes in Accounting Policies"**

- During the year, there were no material prior period income / expenditure items.
- There is no change in the Significant Accounting Policies adopted during the year ended 31st March 2020 as compared to those followed in the previous financial year 2018-19 except in respect of investment in associates. This change does not have any impact on the financial results for the year ended 31st March 2020.

b) Accounting Standard – 15 "Employee Benefits"

i. Defined Benefit Plans

1. Employee's Pension Plan and Gratuity Plan

The following table sets out the status of the Defined Benefit Pension Plan and Gratuity Plan as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

Particulars	Pension Plans		Gratuity Plan	
	Current Year	Previous Year	Current Year	Previous Year
Change in the present value of the defined benefit obligation				
Opening defined benefit obligation at 1st April, 2019	95,362.15	87,786.56	12,189.05	12,872.60
Current Service Cost	953.34	1,060.57	447.17	410.51
Interest Cost	7,428.71	6,812.24	947.09	1,001.49
Past Service Cost (Vested Benefit)	-	-	-	-
Actuarial losses (gains)	13,619.61	6,434.95	1,224.38	(107.62)
Benefits paid	(3,914.34)	(3,966.53)	(1,955.13)	(1,987.93)
Direct Payment by Bank	(3,619.10)	(2,765.64)	-	-
Closing defined benefit obligation at 31st March, 2020	1,09,830.37	95,362.15	12,852.56	12,189.05
Change in Plan Assets				
Opening fair value of Plan Assets as at 1st April, 2019	90,399.61	85,249.60	10,326.00	9,140.76
Expected Return on Plan Assets	7,015.01	6,615.37	803.36	711.15
Contributions by employer	2,407.68	2,391.18	1,146.88	2,359.86
Expected Contributions by the employees	0.28	0.34	-	-
Benefits Paid	(3,914.34)	(3,966.53)	(1,955.13)	(1,987.93)
Actuarial Gains / (Loss) on plan Assets	1,550.28	109.65	249.84	102.16
Closing fair value of plan assets as at 31st March, 2020	97,458.52	90,399.61	10,570.95	10,326.00
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of Funded obligation at 31st March, 2020	1,09,830.37	95,362.15	12,852.56	12,189.05
Fair Value of Plan assets at 31st March, 2020	97,458.52	90,399.61	10,570.95	10,326.00
Deficit/(Surplus)	12,371.85	4,962.54	2,281.61	1,863.05
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	12,371.85	4,962.54	2,281.61	1,863.05
Amount Recognised in the Balance Sheet				
Liabilities	1,09,830.37	95,362.15	12,852.56	12,189.05
Assets	97,458.52	90,399.61	10,570.95	10,326.00
Net Liability / (Asset) recognised in Balance Sheet	12,371.85	4,962.54	2,281.61	1,863.05
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	12,371.85	4,962.54	2,281.61	1,863.05
Net Cost recognised in the profit and loss account				
Current Service Cost	953.34	1,060.57	447.17	410.51
Interest Cost	7,428.71	6,812.24	947.09	1,001.49
Expected return on plan assets	(7,015.01)	(6,615.37)	(803.36)	(711.15)

Particulars	Pension Plans		Gratuity Plan	
	Current Year	Previous Year	Current Year	Previous Year
Expected Contributions by the employees	(0.28)	(0.34)	-	-
Past Service Cost (Amortised) Recognised	-	-	-	-
Past Service Cost (Vested Benefit) Recognised	-	-	-	2,707.50
Net actuarial losses (Gain) recognised during the year	12,069.33	6,325.30	974.54	(209.78)
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	13,436.09	7,582.40	1,565.44	3,198.57
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	7,015.01	6,615.37	803.36	711.15
Actuarial Gain/ (loss) on Plan Assets	1,550.28	109.65	249.84	102.16
Actual Return on Plan Assets	8,565.29	6,725.02	1,053.20	813.31
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet				
Opening Net Liability/ (Asset) as at 1st April, 2019	4,962.54	2,536.96	1,863.05	1,024.34
Expenses as recognised in profit and loss account	13,436.09	7,582.40	1,565.44	3,198.57
Paid by Bank Directly	(3,619.10)	(2,765.64)	-	-
Debited to Other Provision	-	-	-	-
Recognised in Reserve	-	-	-	-
Employer's Contribution	(2,407.68)	(2,391.18)	(1,146.88)	(2,359.86)
Net liability/(Asset) recognised in Balance Sheet	12,371.85	4,962.54	2,281.61	1,863.05

Investments under Plan Assets of Pension Fund & Gratuity Fund as on 31st March, 2020 are as follows:

Category of Assets	Pension Fund	Gratuity Fund
	% of Plan Assets	% of Plan Assets
Central Govt. Securities	23.60%	19.42%
State Govt. Securities	36.89%	36.84%
Debt Securities, Money Market Securities and Bank Deposits	30.68%	26.35%
Mutual Funds	3.36%	3.53%
Insurer Managed Funds	2.56%	10.85%
Others	2.91%	3.01%
TOTAL	**100.00%**	**100.00%**

Principal actuarial assumptions

Particulars	Pension Plans	
	Current year	Previous year
Discount Rate	6.83%	7.79%
Expected Rate of return on Plan Asset	6.83%	7.79%
Salary Escalation Rate	5.40%	5.20%
Pension Escalation Rate	0.80%	0.40%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

Principal actuarial assumptions

Particulars	Gratuity Plans	
	Current year	Previous year
Discount Rate	6.84%	7.77%
Expected Rate of return on Plan Asset	6.84%	7.77%
Salary Escalation Rate	5.40%	5.20%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

Surplus/ Deficit in the Plan

Gratuity Plan

(₹ in crore)

Amount recognized in the Balance Sheet	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2020
Liability at the end of the year	7,332.14	7,291.02	12,872.60	12,189.05	12,852.56
Fair value of Plan Assets at the end of the year	6,879.77	7,281.18	9,140.76	10,326.00	10,570.95
Difference	452.37	9.84	3,731.84	1,863.05	2,281.61
Unrecognised Past Service Cost	-	-	2,707.50	-	-
Unrecognised Transition Liability	-	-	-	-	-
Amount Recognized in the Balance Sheet	452.37	9.84	1,024.34	1,863.05	2,281.61

Experience adjustment

(₹ in crore)

Amount recognized in the Balance Sheet	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2020
On Plan Liability (Gain) /Loss	326.09	10.62	399.62	(212.11)	382.17
On Plan Asset (Loss) /Gain	(43.09)	182.34	(25.96)	102.16	249.84

Surplus/Deficit in the plan

Pension

(₹ in crore)

Amount recognized in the Balance Sheet	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2020
Liability at the end of the year	59,151.41	67,824.90	87,786.56	95,362.15	1,09,830.37
Fair value of Plan Assets at the end of the year	53,410.37	64,560.42	85,249.60	90,399.61	97,458.52
Difference	5,741.04	3,264.48	2,536.96	4,962.54	12,371.85
Unrecognised Past Service Cost	-	-	-	-	-
Unrecognised Transition Liability	-	-	-	-	-
Amount Recognized in the Balance Sheet	5,741.04	3,264.48	2,536.96	4,962.54	12,371.85

Experience adjustment

(₹ in crore)

On Plan Liability (Gain) /Loss	5,502.35	3,007.59	4,439.54	3,642.57	4,078.53
On Plan Asset (Loss) /Gain	(162.93)	2,246.60	(135.07)	109.65	1,550.28

The expected contribution to the Pension and Gratuity fund for next year is ₹ 2,348.90 crore and ₹ 1,383.89 crore respectively.

As the plan assets are marked to market on the basis of the yield curve derived from government securities, the expected rate of return has been kept the same as the discount rate.

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible. The said estimates and assumptions have been relied upon by the auditors.

With a view to further strengthen the Pension Fund, it was decided to upwardly revise some of the assumptions.

2. **Employees' Provident Fund**

Actuarial valuation carried out in respect of interest shortfall in the Provident Fund Trust of the Bank, as per Deterministic Approach shows "Nil" liability, hence no provision is made in F.Y. 2019-20.

The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

Particulars	Provident Fund	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April, 2019	30,487.93	29,934.63
Current Service Cost	1,017.99	943.07
Interest Cost	2,455.49	2,475.08
Employee Contribution (including VPF)	1,104.84	1,330.76
Actuarial losses/(gains)	208.49	-
Benefits paid	(4,086.25)	(4,195.61)
Closing defined benefit obligation at 31st March, 2020	31,188.49	30,487.93
Change in Plan Assets		
Opening fair value of Plan Assets as at 1st April, 2019	32,179.93	31,502.49
Expected Return on Plan Assets	2,455.49	2,475.08
Contributions	2,122.82	2,273.83
Provision for loss on maturity of non-performing investment	(467.66)	-
Benefits Paid	(4,086.25)	(4,195.61)
Actuarial Gains / (Loss) on plan Assets	(100.11)	124.14
Closing fair value of plan assets as at 31st March, 2020	32,104.22	32,179.93
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at 31st March, 2020	31,188.49	30,487.93
Fair Value of Plan assets at 31st March, 2020	32,104.22	32,179.93
Deficit/(Surplus)	(915.73)	(1,692.00)
Net Asset not recognised in Balance Sheet	915.73	1,692.00
Net Cost recognised in the profit and loss account		
Current Service Cost	1,017.99	943.07
Interest Cost	2,455.49	2,475.08
Expected return on plan assets	(2,455.49)	(2,475.08)
Interest shortfall reversed	-	-
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	1,017.99	943.07
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April, 2019	-	-
Expense as above	1,017.99	943.07
Employer's Contribution	(1,017.99)	(943.07)
Net Liability/(Asset) Recognized In the Balance Sheet	-	-

Investments under Plan Assets of Provident Fund as on 31st March, 2020 are as follows:

Category of Assets	Provident Fund
	% of Plan Assets
Central Govt. Securities	34.72%
State Govt. Securities	28.12%
Debt Securities, Money Market Securities and Bank Deposits	31.20%
Mutual Funds	2.62%
Others	3.34%
TOTAL	**100.00%**

Principal actuarial assumptions

Particulars	Provident Fund	
	Current year	Previous year
Discount Rate	6.84%	7.77%
Guaranteed Return	8.50%	8.55%
Attrition Rate	2.00%	2.00%
Salary Escalation	5.40%	5.20%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

There is a guaranteed return applicable to liability under SBI Employees Provident Fund which shall not be lower of either:

(a) one half percent above the average standard rate (adjusted up or down to the interest one quarter per cent) quoted by the bank for new deposits fixed for twelve months in the preceding year (ending on the preceding the 31st day of March); or

(b) three percent per annum, subject to approval of Executive Committee.

ii. Defined Contribution Plan:

The Bank has a Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the Bank on or after August 1, 2010. The Scheme is managed by NPS Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y. 2019-20, the Bank has contributed ₹ 541.97 crore (Previous Year ₹ 451.39 crore).

iii. Long Term Employee Benefits (Unfunded Obligation):

(A) Accumulating Compensated Absences (Privilege Leave)

The following table sets out the status of Accumulating Compensated Absences (Privilege Leave) as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

Particulars	Accumulating Compensated Absences (Privilege Leave)	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April, 2019	6,870.40	6,242.18
Current Service Cost	284.97	259.33
Interest Cost	533.83	485.64
Actuarial losses/(gains)	769.88	741.53
Benefits paid	(926.04)	(858.28)
Closing defined benefit obligation at 31st March, 2020	7,533.04	6,870.40
Net Cost recognised in the profit and loss account		
Current Service Cost	284.97	259.33
Interest Cost	533.83	485.64

Particulars	Accumulating Compensated Absences (Privilege Leave)	
	Current Year	Previous Year
Actuarial (Gain)/ Losses	769.88	741.53
Total costs of defined benefit plans included in Schedule 16 “Payments to and provisions for employees”	1,588.68	1,486.50
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April, 2019	6,870.40	6,242.18
Expense as above	1,588.68	1,486.50
Employer’s Contribution	-	-
Benefit paid directly by the Employer	(926.04)	(858.28)
Net Liability/(Asset) Recognized In the Balance Sheet	7,533.04	6,870.40

Principal actuarial assumptions

Particulars	Current year	Previous year
Discount Rate	6.84%	7.77%
Salary Escalation	5.40%	5.20%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

(B) Other Long Term Employee Benefits

Amount of ₹ 21.71 crore (Previous Year ₹ 21.53 crore) is provided towards Other Long Term Employee Benefits as per the actuarial valuation by the independent Actuary appointed by the Bank and is included under the head “Payments to and Provisions for Employees” in Profit and Loss Account.

Details of Provisions made for various Other Long Term Employee Benefits during the year:

(₹ in crore)

Sr. No.	Long Term Employee Benefits	Current Year	Previous Year
1	Leave Travel and Home Travel Concession (Encashment/Availment)	20.00	35.00
2	Sick Leave	-	-
3	Silver Jubilee Award	3.91	(1.47)
4	Resettlement Expenses on Superannuation	1.01	(4.15)
5	Casual Leave	-	-
6	Retirement Award	(3.21)	(7.85)
TOTAL		**21.71**	**21.53**

Principal actuarial assumptions

Particulars	Current year	Previous year
Discount Rate	6.84%	7.77%
Salary Escalation	5.40%	5.20%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

c) Accounting Standard – 17 "Segment Reporting"

1. Segment Identification

I. Primary (Business Segment)

The following are the primary segments of the Bank:-

- Treasury
- Corporate / Wholesale Banking
- Retail Banking
- Other Banking Business.

The present accounting and information system of the Bank does not support capturing and extraction of the data in respect of the above segments separately. However, based on the present internal, organisational and management reporting structure and the nature of their risk and returns, the data on the primary segments have been computed as under:

ii. Treasury –

The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

iii. Corporate / Wholesale Banking –

The Corporate / Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Commercial Clients Group and Stressed Assets Resolution Group. These include providing loans and transaction services to corporate and institutional clients and further include non-treasury operations of foreign offices.

iv. Retail Banking –

The Retail Banking Segment comprises of retail branches, which primarily includes Personal Banking activities including lending activities to corporate customers having banking relations with these branches. This segment also includes agency business and ATMs.

v. Other Banking business –

Segments not classified under (i) to (iii) above are classified under this primary segment.

II. Secondary (Geographical Segment)

i) Domestic Operations - Branches/Offices having operations in India

ii) Foreign Operations - Branches/Offices having operations outside India and offshore Banking units having operations in India

III. Pricing of Inter-segmental Transfers

The Retail Banking segment is the primary resource mobilising unit. The Corporate/ Wholesale Banking and Treasury segments are recipient of funds from Retail Banking. Market related Funds Transfer Pricing (MRFTP) is followed under which a separate unit called Funding Centre has been created. The Funding Centre notionally buys funds that the business units raise in the form of deposits or borrowings and notionally sell funds to business units engaged in creating assets.

IV. Allocation of Expenses, Assets and Liabilities

Expenses incurred at Corporate Centre establishments directly attributable either to Corporate / Wholesale and Retail Banking Operations or to Treasury Operations segment, are allocated accordingly. Expenses not directly attributable are allocated on the basis of the ratio of number of employees in each segment/ratio of directly attributable expenses.

The Bank has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated.

2. **Segment Information**

Part A: Primary (Business Segments)

(₹ in crore)

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Revenue (before exceptional items) #	75,054.51	90,248.46	1,30,906.66	-	2,96,209.63
	(77,651.11)	(78,599.78)	(1,20,968.24)	(-)	(2,77,219.13)
Unallocated Revenue #					119.80
					(863.86)
Total Revenue #					2,96,329.43
					(2,78,082.99)
Result (before exceptional items) #	9,446.53	(-) 3,996.75	18,058.78	-	23,508.56
	(6,831.17)	(-16,262.12)	(12,730.51)	(-)	(3,299.56)
Add: Exceptional Items #	6,215.64				6,215.64
	(473.12)				(473.12)
Result (after exceptional items) #	15,662.17	(-) 3,996.75	18,058.78	-	29,724.20
	(7304.29)	(-16,262.12)	(12,730.51)	(-)	(3,772.68)
Unallocated Income(+) / Expenses(-) - net #					(-) 4,661.44
					(-2,165.20@)
Profit before tax #					25,062.76
					(1,607.48)
Tax #					10,574.65
					(745.25)
Extraordinary Profit #					Nil
					Nil
Net Profit #					14,488.11
					(862.23)
Other Information:					
Segment Assets *	11,34,532.91	11,77,636.15	15,80,600.47	-	38,92,769.53
	(10,02,841.57)	(11,33,271.13)	(14,91,676.59)	(-)	(36,27,789.29)
Unallocated Assets *					58,624.39
					(53,124.96)
Total Assets*					39,51,393.92
					(36,80,914.25)
Segment Liabilities *	10,18,341.71	11,62,918.88	14,60,117.68	-	36,41,378.27
	(8,37,911.69)	(11,64,572.02)	(13,89,432.28)	(-)	(33,91,915.99)
Unallocated Liabilities*					78,008.22
					(68,084.44)
Total Liabilities *					37,19,386.49
					(34,60,000.43)

(Figures in brackets are for previous year) .

@ Includes exceptional item of ₹ 1,087.43 crores.

Part B: Secondary (Geographic Segments)

(₹ in crore)

	Domestic		Foreign		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue (before exceptional items) #	2,81,486.59	2,63,866.57	14,842.84	14,216.42	2,96,329.43	2,78,082.99
Net Profit#	10,332.81	(-) 3,075.19	4,155.30	3,937.42	14,488.11	862.23
Assets *	35,11,389.86	32,85,791.00	4,40,004.06	3,95,123.25	39,51,393.92	36,80,914.25
Liabilities*	32,79,382.43	30,64,877.18	4,40,004.06	3,95,123.25	37,19,386.49	34,60,000.43

For the year ended 31st March, 2020.

* As at 31st March, 2020.

d) Accounting Standard – 18 "Related Party Disclosures"

1. Related Parties

A. SUBSIDIARIES

i. FOREIGN BANKING SUBSIDIARIES

1. Commercial Indo Bank LLC, Moscow
2. Bank SBI Botswana Limited
3. SBI Canada Bank
4. State Bank of India (California)
5. State Bank of India (UK) Limited
6. SBI (Mauritius) Ltd.
7. PT Bank SBI Indonesia
8. Nepal SBI Bank Ltd.

ii. DOMESTIC NON-BANKING SUBSIDIARIES

1. SBI Capital Markets Ltd.
2. SBICAP Securities Ltd.
3. SBICAP Trustee Company Ltd.
4. SBICAP Ventures Ltd.
5. SBI DFHI Ltd.
6. SBI Global Factors Ltd.
7. SBI Infra Management Solutions Pvt. Ltd.
8. SBI Mutual Fund Trustee Company Pvt. Ltd.
9. SBI Payment Services Pvt. Ltd.
10. SBI Pension Funds Pvt. Ltd.
11. SBI Life Insurance Company Ltd.
12. SBI General Insurance Company Ltd.
13. SBI Cards and Payment Services Ltd.
14. SBI – SG Global Securities Services Pvt. Ltd.
15. SBI Funds Management Pvt. Ltd.
16. SBI Foundation.

iii. FOREIGN NON-BANKING SUBSIDIARIES

1. SBICAP (Singapore) Ltd.
2. SBICAP (UK) Ltd.
3. SBI Funds Management (International) Pvt. Ltd.
4. State Bank of India Servicos Limitada
5. Nepal SBI Merchant Banking Ltd.

B. JOINTLY CONTROLLED ENTITIES

1. C-Edge Technologies Ltd.
2. SBI Macquarie Infrastructure Management Pvt. Ltd.
3. SBI Macquarie Infrastructure Trustee Pvt. Ltd.
4. Macquarie SBI Infrastructure Management Pte. Ltd.
5. Macquarie SBI Infrastructure Trustee Ltd.
6. Oman India Joint Investment Fund – Management Company Pvt. Ltd.
7. Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.
8. Jio Payments Bank Ltd.

C. ASSOCIATES

i. Regional Rural Banks

1. Andhra Pradesh Grameena Vikas Bank
2. Arunachal Pradesh Rural Bank
3. Chhattisgarh Rajya Gramin Bank
4. Ellaquai Dehati Bank
5. Madhyanchal Gramin Bank
6. Meghalaya Rural Bank
7. Mizoram Rural Bank
8. Nagaland Rural Bank
9. Purvanchal Bank
10. Saurashtra Gramin Bank
11. Utkal Grameen Bank
12. Uttarakhand Gramin Bank
13. Jharkhand Rajya Gramin Bank
14. Rajasthan Marudhara Gramin Bank
15. Telangana Grameena Bank

ii. **Others**

1. SBI Home Finance Ltd.(under liquidation)
2. The Clearing Corporation of India Ltd.
3. Bank of Bhutan Ltd.
4. Yes Bank Ltd. (from 14th March 2020)

D. Key Management Personnel of the Bank

1. Shri Rajnish Kumar, Chairman
2. Shri P. K. Gupta, Managing Director (Retail & Digital Banking)
3. Shri Dinesh Kumar Khara, Managing Director (Global Banking & Subsidiaries)
4. Shri Arijit Basu, Managing Director (Commercial Clients Group & IT)
5. Ms. Anshula Kant, Managing Director (Stressed Assets, Risk and Compliance) 01.04.2019 to 31.08.2019.
6. Shri Challa Sreenivasulu Setty, Managing Director (Stressed Assets) w.e.f. 20.01.2020

2. Parties with whom transactions were entered into during the year

No disclosure is required in respect of related parties, which are "State-controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

3. Transactions and Balances

(₹ in crore)

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
A. Outstanding as at 31st March,2020			
Borrowings	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Deposit	746.45	Nil	746.45
	(46.09)	(Nil)	(46.09)
Other Liabilities	0.06	Nil	0.06
	(Nil)	(Nil)	(Nil)
Balance with Banks and Money at call and short notice	300.00	Nil	300.00
	(Nil)	(Nil)	(Nil)
Advance	113.50	Nil	113.50
	(Nil)	(Nil)	(Nil)
Investment	11,003.36	Nil	11,003.36
	(106.06)	(Nil)	(106.06)
Other Assets	212.33	Nil	212.33
	(200.38)	(Nil)	(200.38)
Non-fund commitments (LCs/BGs)	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Maximum outstanding during the year			
Borrowings	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Deposit	767.06	Nil	767.06
	(206.16)	(Nil)	(206.16)
Other Liabilities	0.06	Nil	0.06
	(Nil)	(Nil)	(Nil)
Balance with Banks and Money at call and short notice	300.00	Nil	300.00
	(Nil)	(Nil)	(Nil)
Advance	113.50	Nil	113.50
	(Nil)	(Nil)	(Nil)
Investment	11,003.36	Nil	11,003.36
	(106.06)	(Nil)	(106.06)
Other Assets	212.33	Nil	212.33
	(200.38)	(Nil)	(200.38)
Non-fund commitments (LCs/BGs)	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
During the year ended 31st March,2020			
Interest Income	4.89	Nil	4.89
	(Nil)	(Nil)	(Nil)
Interest expenditure	0.82	Nil	0.82
	(Nil)	(Nil)	(Nil)
Income earned by way of dividend	17.88	Nil	17.88
	(21.78)	(Nil)	(21.78)
Other Income	0.74	Nil	0.74
	(0.73)	(Nil)	(0.73)
Other expenditure	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Profit/(loss) on sale of land/building and other assets	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Management contracts	Nil	1.38	1.38
	(Nil)	(1.32)	(1.32)

Figures in brackets are for Previous Year.

There are no materially significant related party transactions during the year.

e) Accounting Standard – 19 "Leases"

Premises taken on operating lease are given below:

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the Bank.

(i) Liability for Premises taken on Non-Cancellable operating lease are given below

(₹ in crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Not later than 1 year	116.77	136.94
Later than 1 year and not later than 5 years	399.69	485.41
Later than 5 years	104.46	110.90
TOTAL	**620.92**	**733.25**

(ii) Amount of lease payments recognised in the P&L Account for operating leases is ₹ 3,338.32 crore (₹ 3,309.41 crore).

f) Accounting Standard -20 "Earnings per Share"

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share". "Basic earnings" per share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year.

Particulars	Current Year	Previous Year
Basic and diluted		
Number of Equity Shares outstanding at the beginning of the year	892,46,11,534	892,45,87,534
Number of Equity Shares issued during the year	Nil	24,000
Number of Equity Shares outstanding at the end of the year	892,46,11,534	892,46,11,534
Weighted average number of equity shares used in computing basic earnings per share	892,46,11,534	892,45,91,479
Weighted average number of shares used in computing diluted earnings per share	892,46,11,534	892,45,91,479
Net profit / (loss) (₹ in crore)	14,488.11	862.23
Basic earnings per share (₹)	16.23	0.97
Diluted earnings per share (₹)	16.23	0.97
Nominal value per share (₹)	1	1

g) Accounting Standard – 22 "Accounting for Taxes on Income"

a. Current Tax :-

During the year the Bank has debited to Profit & Loss Account ₹ 3,063.67 crore (Previous Year ₹ 208.87 crore credited) on account of current tax. The Current Tax in India has been calculated in accordance with the provisions of Income Tax Act 1961 after taking appropriate relief for taxes paid in foreign jurisdictions.

b. Deferred Tax :-

During the year, ₹ 7,510.99 crore has been debited to Profit and Loss Account (Previous Year ₹ 954.12 crore) on account of deferred tax.

The Bank has a net DTA of ₹ 2,927.28 crore (Previous Year net DTA of ₹ 10,420.16 crore), which comprises of DTL of ₹ 6.16 crore (Previous Year ₹ 2.33 crore) included under 'Other Liabilities and Provisions' and Deferred Tax Assets (DTA) of ₹ 2,933.44 crore (Previous Year ₹ 10,422.49 crore) included under 'Other Assets'. The major components of DTA and DTL is given below:

(₹ in crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Assets (DTA)		
Provision for long term employee Benefits	6,425.50	5,321.84
Provision for advances	2,757.68	4,142.69
Provision for Other Assets/Other Liability	665.72	753.11
On Accumulated losses (including erstwhile ABs)	-	10,741.74
On Foreign Currency Translation Reserve	809.99	235.77
Depreciation on Fixed Assets	116.18	29.53
On account of Foreign Offices	253.17	277.67
TOTAL	**11,028.24**	**21,502.35**
Deferred Tax Liabilities (DTL)		
Interest accrued but not due on Securities	4,563.17	6,389.76
Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961	3,531.63	4,690.10
On account of Foreign Offices	6.16	2.33
TOTAL	**8,100.96**	**11,082.19**
Net Deferred Tax Assets/(Liabilities)	**2,927.28**	**10,420.16**

c. While recognising provision for income tax for the year ended 31st March 2020, the Bank has exercised the option of lower tax rate permitted under Section 115 BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Bank has re-measured its Deferred Tax Assets at 31st March, 2019 based on the tax rate prescribed in the said section and has reversed the MAT credit no longer available to it. The impact of these changes is a one-time charge of ₹ 3,392.31 crore which is included in Tax expenses of the Bank.

h) Accounting Standard – 27 "Financial Reporting of interests in Joint Ventures"

Investments include ₹ 97.66 crore (Previous Year ₹ 97.66 crore) representing Bank's interest in the following jointly controlled entities.

Sr. No	Name of the Company	Amount ₹ in crore	Country of Residence	Holding %
1	C - Edge Technologies Ltd.	4.90 (4.90)	India	49%
2	SBI Macquarie Infrastructure Management Pvt. Ltd.	18.57 (18.57)	India	45%
3	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	0.03 (0.03)	India	45%
4	Maquarie SBI Infrastructure Management Pte. Ltd.	2.25 (2.25)	Singapore	45%
5	Macquarie SBI Infrastructure Trustee Ltd. #	- (-)	Bermuda	45%
6	Oman India Joint Investment Fund – Management Company Pvt. Ltd.	2.30 (2.30)	India	50%
7	Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.	0.01 (0.01)	India	50%
8	Jio Payments Bank	69.60 (69.60)	India	30%

Indirect holding through Maquarie SBI Infra Management Pte. Ltd., against which the company has made 100% provision on investments.

(Figures in brackets relate to previous year).

As required by AS 27, the aggregate amount of the assets, liabilities, income, expenses, contingent liabilities and commitments related to the Bank's interests in jointly controlled entities are disclosed as under:

(₹ in crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Liabilities		
Capital & Reserves	242.72	214.01
Deposits	6.25	5.50
Borrowings	-	8.04
Other Liabilities & Provisions	59.47	56.99
TOTAL	**308.44**	**284.54**
Assets		
Cash and Balances with RBI	1.28	0.65
Balances with Banks and money at call and short notice	88.68	70.48
Investments	104.74	90.95
Advances	-	-
Fixed Assets	32.19	28.53
Other Assets	81.55	93.93
TOTAL	**308.44**	**284.54**
Capital Commitments	-	-
Other Contingent Liabilities	0.56	2.63
Income		
Interest earned	9.75	8.70
Other income	184.37	188.09
TOTAL	**194.12**	**196.79**
Expenditure		
Interest expended	0.28	0.20
Operating expenses	133.69	120.78
Provisions & contingencies	14.70	22.95
TOTAL	**148.67**	**143.93**
Profit	**45.45**	**52.86**

i) Accounting Standards – 28 "Impairment of Assets"

In the opinion of the Bank's Management, there is no indication of impairment to the assets during the year to which Accounting Standard 28 – "Impairment of Assets" applies.

j) **Accounting Standard – 29 "Provisions, Contingent Liabilities and Contingent Assets"**

Description of Contingent liabilities:

Sr. No.	Particulars	Brief Description
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows. The Bank is also a party to various taxation matters in respect of which appeals are pending.
2	Liability on partly paid-up investments/ Venture Funds	This item represents amounts remaining unpaid towards liability for partly paid investments. This also includes undrawn commitments for Venture Capital Funds.
3	Liability on account of outstanding forward exchange contracts	The Bank enters into foreign exchange contracts in its normal course of business to exchange currencies at a pre-fixed price at a future date. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. The notional amounts are recorded as Contingent Liabilities. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the interbank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial Banking activities, the Bank issues documentary credits and guarantees on behalf of its customers. Documentary credits enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfil its financial or performance obligations.
5	Other items for which the Bank is contingently liable	The Bank enters into currency options, forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts. Further, these also include estimated amount of contracts remaining to be executed on capital account and not provided for, letter of comforts issued by the Bank on behalf of Associates & Subsidiaries, Bank's Liability under Depositors Education and Awareness Fund A/c and other sundry contingent liabilities.

The Contingent Liabilities mentioned above are dependent upon the outcome of Court/ arbitration/out of Court settlements, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, as the case may be.

k) **Movement of provisions against Contingent Liabilities**

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance	525.26	503.16
Additions during the year	137.17	112.81
Amount utilised during the year	5.30	51.51
Unused amount reversed during the year	28.51	39.20
Closing balance	628.62	525.26

18.10 Additional Disclosures

1. **Provisions and Contingencies**

(₹ in crore)

Break up of "Provisions and Contingencies" shown under head Expenditure in Profit and loss account	Current Year	Previous Year
Provision for Taxation		
- Current Tax	2,803.14	491.13
- Deferred Tax	7,510.99	954.12
- Write Back/Additional Provision of Income Tax	260.53	(-) 700.00
Provision for Depreciation on Investments	538.55	(-) 762.09
Provision on Non-Performing Assets	42,997.50	54,617.72
Provision on Restructured Assets	(-) 221.54	(-) 88.66
Provision on Standard Assets	(-) 877.40	(-) 74.55
Other Provisions	632.73	136.13
TOTAL	**53,644.50**	**54,573.80**

2. **Floating Provisions**

(₹ in crore)

Particulars	Current Year	Previous Year
Opening Balance	193.75	193.75
Addition during the year	-	-
Draw down during the year	-	-
Closing Balance	**193.75**	**193.75**

3. **Draw down from Reserves**

During the year, no draw down has been made from reserves.

4. **Disclosure of complaints**

A. **Customer complaints (including complaints relating to ATM transactions)**

Particulars	As at 31st March, 2020	As at 31st March, 2019
No. of complaints pending at the beginning of the year	1,39,029	79,259
No. of complaints received during the year	38,08,400	42,21,491
No. of complaints redressed during the year	37,71,372	41,61,721
No. of complaints pending at the end of the year	1,76,057	1,39,029

Does not include complaints redressed within one working day.

B. **Awards passed by the Banking Ombudsman**

Particulars	Current Year	Previous Year
No. of unimplemented Awards at the beginning of the year	5	8
No. of Awards passed by the Banking Ombudsman during the year	15	19
No. of Awards implemented during the year	16	22
No. of unimplemented Awards at the end of the year	4	5

5. **Payment to Micro, Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006**

There has been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small & Medium Enterprises.

6. **Letter of Comfort**

The Bank has not issued any letter of comfort which are not recorded as contingent liabilities during the year ended 31st March, 2020 and 31st March, 2019.

7. **Provisioning Coverage Ratio (PCR):**

The Provisioning to Gross Non-Performing Assets ratio of the Bank as on 31st March, 2020 is 83.62 % (Previous Year 78.73 %).

8. **Fees/remuneration received in respect of the bancassurance business**

(₹ in crore)

Name of Company	Current Year	Previous Year
SBI Life Insurance Co. Ltd.	1,116.93	951.90
SBI General Insurance Co. Ltd.	314.52	270.86
NTUC and Manu Life Financial Limited	0.86	1.20
Tokio Marine and ACE	2.31	1.63
Unit Trust and LIC	0.35	0.47
AIA Singapore	1.12	0.64
TOTAL	**1,436.09**	**1,226.70**

9. **Concentration of Deposits, Advances, Exposures & NPAs (computed as per directions of RBI)**

a) **Concentration of Deposits**

(₹ in crore)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	95,385.85	90,609.54
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	2.94%	3.11%

b) **Concentration of Advances**

(₹ in crore)

Particulars	Current Year	Previous Year
Total Advances to twenty largest borrowers	3,10,707.52	2,89,222.17
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	12.82%	12.61%

c) **Concentration of Exposures**

(₹ in crore)

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/ customers	5,25,714.23	4,47,140.43
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the Bank on borrowers/customers	13.93%	12.80%

d) **Concentration of NPAs**

(₹ in crore)

Particulars	Current Year	Previous Year
Total Exposure to top four NPA accounts	25,880.11	30,314.49

10. Sector –wise Advances

(₹ in crore)

Sr. No.	Sector	Current Year			Previous year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	Agriculture & allied activities	2,04,185.71	32,558.27	15.95	1,99,789.60	23,335.83	11.68
2	Industry (Micro & Small, Medium and Large)	1,01,080.54	18,738.88	18.54	97,116.64	12,545.61	12.92
3	Services	83,870.61	5,289.20	6.31	99,232.43	9,674.48	9.75
4	Personal Loans	1,66,800.34	3,131.18	1.88	1,59,419.70	2,882.01	1.81
	Sub-total (A)	**5,55,937.20**	**59,717.53**	**10.74**	**5,55,558.37**	**48,437.93**	**8.72**
B	**Non Priority Sector**						
1	Agriculture & allied activities	2,235.29	229.81	10.28	19,403.93	89.00	0.46
2	Industry (Micro & Small, Medium and Large)	10,54,285.42	74,644.63	7.08	9,75,896.74	1,12,411.63	11.52
3	Services	2,21,642.21	9,686.06	4.37	2,47,541.38	8,007.30	3.23
4	Personal Loans	5,88,744.65	4,813.82	0.82	4,95,053.70	3,804.50	0.77
	Sub-total (B)	**18,66,907.57**	**89,374.32**	**4.79**	**17,37,895.75**	**1,24,312.43**	**7.15**
C	**Total (A+B)**	**24,22,844.77**	**1,49,091.85**	**6.15**	**22,93,454.12**	**1,72,750.36**	**7.53**

11. Overseas Assets, NPAs and Revenue

(₹ in crore)

Sr. No.	Particulars	Current Year	Previous Year
1	Total Assets	4,40,004.06	3,95,123.25
2	Total NPAs (Gross)	1,650.16	1,937.19
3	Total Revenue	14,842.84	14,216.42

12. Off-balance Sheet SPVs sponsored

Name of the SPV Sponsored		
	Domestic	**Overseas**
Current Year	NIL	NIL
Previous Year	NIL	NIL

13. Disclosure relating to Securitisation

(₹ in crore)

Sr. No.	Particulars	Current Year Number	Current Year Amount	Previous Year Number	Previous Year Amount
1.	No. of the SPVs sponsored by the Bank for securitization transactions	Nil	Nil	Nil	Nil
2.	Total amount of securitized assets as per the books of the SPVs sponsored by the bank	Nil	Nil	Nil	Nil
3.	Total amount of exposures retained by the bank to comply with MMR as on the date of balance sheet	Nil	Nil	Nil	Nil
	a) Off-balance sheet exposures				
	i. First Loss				
	ii. Others				
	b) On-balance sheet exposures				
	i. First Loss				
	ii. Others				
4.	Amount of exposures to securitisation transactions other than MMR	Nil	Nil	Nil	Nil
	a) Off-balance sheet exposures				
	i. Exposures to own securitisations				
	1. First Loss				
	2. Others				
	ii. Exposures to third party securitisations				
	1. First Loss				
	2. Others				
	b) On-balance sheet exposures				
	i. Exposures to own securitisations				
	1. First Loss				
	2. Others				
	ii. Exposures to third party securitisations				
	1. First Loss				
	2. Others				

14. Credit Default Swaps

(₹ in crore)

Sr. No.	Particulars	Current Year As Protection Buyer	Current Year As Protection Seller	Previous Year As Protection Buyer	Previous Year As Protection Seller
1.	No. of transactions during the year	NIL	NIL	NIL	NIL
	a) of which transactions that are/may be physically settled				
	b) cash settled				
2.	Amount of protection bought / sold during the year	NIL	NIL	NIL	NIL
	a) of which transactions which are/ may be physically settled				
	b) cash settled				
3.	No. of transactions where credit event payment was received / made during the year	NIL	NIL	NIL	NIL
	a) pertaining to current year's transactions				
	b) pertaining to previous year(s)' transactions				
4.	Net income/ profit (expenditure/ loss) in respect of CDS transactions during year-to-date:	NIL	NIL	NIL	NIL
	a) premium paid / received				
	b) Credit event payments:				
	• made (net of the value of assets realised)				
	• received (net of value of deliverable obligation)				
5.	Outstanding transactions as on 31st March:	NIL	NIL	NIL	NIL
	a) No. of Transactions				
	b) Amount of protection				
6.	Highest level of outstanding transactions during the year:	NIL	NIL	NIL	NIL
	a) No. of Transactions (as on 1st April)				
	b) Amount of protection (as on 1st April)				

15. Intra-Group Exposures:

(₹ in crore)

Sr. No.	Particulars	Current Year	Previous Year
i	Total amount of intra-group exposures	32,578.25	27,765.01
ii	Total amount of top-20 intra-group exposures	32,577.04	27,765.01
iii	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	0.86%	0.79%
iv	Details of breach of limits on intra-group exposures and regulatory action thereon	Nil	Nil

16. Unclaimed Liabilities transferred to Depositor Education and Awareness Fund (DEA Fund)

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance of amounts transferred to DEA Fund	2,852.66	2,125.62
Add : Amounts transferred to DEA Fund during the year	557.22	736.65
Less : Amounts reimbursed by DEA Fund towards claims	22.23	9.61
Closing balance of amounts transferred to DEA Fund	3,387.65	2,852.66

17. Unhedged Foreign Currency Exposure

The Bank in accordance with RBI Circular No. DBOD.No.BP.BC.85/21.06.200/2013-14 dated 15th January 2014 on 'Capital and Provisioning Requirements for Exposure to entities has provided for Unhedged Foreign Currency Exposure'.

An amount of ₹ 108.84 crore (Previous Year ₹ 98.13 crore) was held as on 31st March 2020 for towards Currency Induced Credit Risk and Capital allocated for Currency Induced Credit Risk amounting to ₹ 28.54 crore (Previous Year ₹ 43.19 crore).

18. As per RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020, the asset classification and provisioning in respect of COVID -19 Regulatory Package is as below:-

(₹ in crore)

Sr. No.	Particulars	Current Year
i.	Respective amounts where the moratorium /deferment was extended	5,63,896.15
ii.	Out of above (i) amount where asset classification benefits is extended	6,250.31
iii.	Provisions made during the year	1,172.00

19. Liquidity Coverage Ratio (LCR):

a) Standalone LCR

Liquidity Coverage Ratio (LCR) standard has been introduced with the objective that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

LCR has been defined as : $\dfrac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflow over the next 30 calendar days}}$

Liquid assets comprise of high quality assets that can be readily encashed or used as collateral to obtain cash in a range of stress scenarios. There are two categories of assets included in the stock of HQLAs, viz. Level 1 and Level 2 assets. While Level 1 assets are with 0% haircut, Level 2A and Level 2 B assets are with 15% and 50% haircuts respectively. The total net cash outflow is the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. Total expected cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or be drawn down. Total expected cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in up to an aggregate cap of 75% of total expected cash outflows.

Quantitative Disclosure:

LIQUIDITY COVERAGE RATIO

State Bank of India

(₹ in crore)

	LCR Components	Quarter ended 31st March 2020 Total Unweighted Value (Average)	Quarter ended 31st March 2020 Total Weighted Value (Average)	Quarter ended 31st December 2019 Total Unweighted Value (Average)	Quarter ended 31st December 2019 Total Weighted Value (Average)	Quarter ended 30th September 2019 Total Unweighted Value (Average)	Quarter ended 30th September 2019 Total Weighted Value (Average)	Quarter ended 30th June 2019 Total Unweighted Value (Average)	Quarter ended 30th June 2019 Total Weighted Value (Average)	Quarter ended 31st March 2019 Total Unweighted Value (Average)	Quarter ended 31st March 2019 Total Weighted Value (Average)
	HIGH QUALITY LIQUID ASSETS (HQLA)										
1	Total High Quality Liquid Assets(HQLA)		8,92,622		8,55,661		7,78,396		7,14,428		6,99,153
	CASH OUTFLOWS										
2	Retail Deposits and deposits from small business customers, of which:										
(i)	Stable deposits	3,15,743	15,787	3,32,079	16,604	3,29,339	16,467	3,25,871	16,294	3,23,269	16,163
(ii)	Less Stable Deposits	20,30,618	2,03,062	19,93,593	1,99,359	19,18,518	1,91,852	18,81,901	1,88,190	18,50,120	1,85,012
3	Unsecured wholesale funding, of which:										
(i)	Operational deposits(all counterparties)	757	189	813	203	712	178	908	227	1,208	302
(ii)	Non-operational deposits (all counterparties)	7,27,791	4,42,254	6,85,022	4,05,434	6,77,795	4,04,580	6,65,501	3,97,642	6,35,727	3,73,978
(iii)	Unsecured debt	-	-	-	-	-	-	-	-	-	-
4	Secured wholesale funding	1,652	18	128	-	163	-	23,601	9	72,120	54
5	Additional requirements, of which										
(i)	Outflows related to derivative exposures and other collateral requirements	1,56,235	1,56,235	1,39,378	1,39,378	1,36,479	1,36,479	1,56,233	1,56,233	1,70,833	1,70,833
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	42,467	6,050	46,145	6,787	42,098	6,396	42,285	6,309	39,337	6,053
6	Other contractual funding obligations	34,641	34,641	33,046	33,046	31,839	31,839	30,176	30,176	35,561	35,561
7	Other contingent funding obligations	5,56,385	19,965	5,66,220	20,252	5,46,604	19,520	5,53,283	19,955	5,72,831	20,941
8	TOTAL CASH OUTFLOWS	38,66,288	8,78,200	37,96,424	8,21,063	36,83,547	8,07,311	36,79,759	8,15,033	37,01,005	8,08,896
	CASH INFLOWS										
9	Secured lending(eg. Reverse repos)	48,756	-	41,132	-	42,876	-	6,415	-	7,938	-
10	Inflows from fully performing exposures	2,41,553	2,21,788	2,11,675	1,97,465	2,02,274	1,86,506	2,21,243	2,04,882	2,39,416	2,22,009
11	Other cash inflows	42,453	34,750	50,232	42,212	53,284	44,462	49,555	41,558	37,977	31,086
12	TOTAL CASH INFLOWS	3,32,762	2,56,538	3,03,038	2,39,677	2,98,434	2,30,968	2,77,213	2,46,440	2,85,331	2,53,095
13	TOTAL HQLA		8,92,622		8,55,661		7,78,396		7,14,428		6,99,153
14	TOTAL NET CASH OUTFLOWS		6,21,662		5,81,386		5,76,343		5,68,594		5,55,801
15	LIQUIDITY COVERAGE RATIO(%)		143.59%		147.18%		135.06%		125.65%		125.79%

Note 1. In accordance with RBI Circular No. RBI/2014-15/529 DBR. No. BP.BC.80/21.06.201/2014-15 dated March 31, 2015 guidelines, average weighted and unweighted amounts have been calculated considering simple daily average from 1st January 2017 and taking 68 days data points for the quarter January March 2020.

Note 2. Bank has implemented OFSAA system whereby computation of daily LCR has been automated for Domestic operation since March 2018.

The LCR position is above the minimum 100% prescribed by RBI. Bank's LCR comes to 143.59% based on daily average of three months (Q4 FY19-20). The average HQLA for the quarter was ₹ 8,92,622 crore, of which, Level 1 assets constituted 94.50% of total HQLA. Government securities constituted 96.99% of Total Level 1 Assets. Level 2A Assets constitutes 4.99% of total HQLA and Level 2B assets constitutes 0.51% of total HQLA. The HQLA level has gone up by ₹ 36,961 crore mainly on account of higher deployment of resources in HQLA during the period. The net cash outflow position has gone up by ₹ 40,276 crore on account of increase in retail deposit and also non-operational deposits from PSE, NFC, Sovereign, other legal entities etc. Derivative exposures are considered insignificant due to almost matching inflows and outflows position. During the quarter, LCR for USD (significant Foreign Currency constituting more than 5% of the Balance Sheet of the Bank) was 103.31% on average.

Liquidity Management in the Bank is driven by the ALM Policy of the Bank and regulatory prescriptions. The Domestic and International Treasuries are reporting to the Asset Liability Management Committee (ALCO). The ALCO has been empowered by the Bank's Board to formulate the Bank's funding strategies to ensure that the funding sources are well diversified and is consistent with the operational requirements of the Bank.

All the major decisions of ALCO are being reported to the Bank's Board periodically. In addition to daily/monthly LCR reporting, Bank prepares daily Structural Liquidity statements to assess the liquidity needs of the Bank on an ongoing basis.

The Bank has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail deposits constitute major portion of total funding sources, which are well diversified. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future short term requirements.

b. Consolidated LCR

The RBI through a supplementary guideline issued on 31st March 2015 had stipulated the implementation of LCR at a consolidated level from 1st January 2016. Accordingly, SBI Group has been computing the Consolidated LCR.

The entities covered in the Group LCR are State Bank of India and eight Overseas Banking Subsidiaries: Bank SBI Botswana Ltd, Commercial Indo Bank LLC, Moscow, Nepal SBI Bank Ltd., State Bank of India (California), SBI Canada Bank, SBI (Mauritius) Ltd, PT Bank SBI Indonesia and State Bank of India (UK) Ltd.

SBI Group LCR comes out to 144.09% as on 31st March, 2020 based on average of three months January, February and March, 2020.

LIQUIDITY COVERAGE RATIO

State Bank of India Group

(₹ in crore)

	Quarter ended 31st March 2020		Quarter ended 31st December 2019		Quarter ended 30th September 2019		Quarter ended 30th June 2019		Quarter ended 31st March 2019	
LCR Components	**Total Unweighted Value (Average)**	**Total weighted Value (Average)**	**Total Unweighted Value (Average)**	**Total Weighted Value (Average)**	**Total Unweighted Value (Average)**	**Total Weighted Value (Average)**	**Total Unweighted Value (Average)**	**Total Weighted Value (Average)**	**Total Unweighted Value (Average)**	**Total Weighted Value (Average)**
High Quality Liquid Assets										
1 Total High Quality Liquid Assets(HQLA)		8,97,905		8,60,122		7,81,476		7,17,540		7,01,837
Cash Outflows										
2 Retail Deposits and deposits from small business customers, of which:										
(i) Stable deposits	3,23,204	16,160	3,37,819	16,891	3,36,278	16,814	3,32,633	16,632	3,30,107	16,505
(ii) Less Stable Deposits	20,39,846	2,03,985	20,02,188	2,00,219	19,27,051	1,92,705	18,90,551	1,89,055	18,59,217	1,85,922
3 Unsecured wholesale funding, of which:										
(i) Operational deposits(all counterparties)	882	220	939	235	822	205	1,024	256	1,333	333
(ii) Non-operational deposits(all counterparties)	7,29,630	4,43,520	6,86,540	4,06,511	6,79,780	4,05,906	6,67,367	3,98,988	6,37,579	3,75,202
(iii) Unsecured debt	-	-	-	-	-	-	-	-	-	-
4 Secured wholesale funding	1,721	87	128	-	163	-	23,601	9	72,120	54
5 Additional requirements, of which										
(i) Outflows related to derivative exposures and other collateral requirements	1,56,243	1,56,243	1,39,379	1,39,379	1,36,480	1,36,480	1,56,236	1,56,236	1,70,834	1,70,834
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	44,002	7,007	48,086	7,707	44,661	7,409	44,642	7,334	41,230	6,839
6 Other contractual funding obligations	36,069	36,069	34,086	34,086	32,662	32,662	31,404	31,404	36,556	36,556
7 Other contingent funding obligations	5,58,222	20,021	5,68,053	20,308	5,48,431	19,576	5,55,308	20,017	5,74,764	21,000
8 TOTAL CASH OUTFLOWS	38,89,820	8,83,313	38,17,217	8,25,335	37,06,328	8,11,757	37,02,767	8,19,930	37,23,741	8,13,245
Cash Inflows										
9 Secured lending(eg. Reverse repos)	48,756	-	41,132	-	42,876	-	6,415	-	7,938	-
10 Inflows from fully performing exposures	2,46,736	2,24,450	2,15,832	1,98,971	2,06,377	1,88,101	2,25,721	2,06,750	2,44,205	2,24,094
11 Other cash inflows	43,430	35,712	51,102	43,069	53,894	45,051	50,368	42,344	38,892	31,972
12 Total Cash Inflows	3,38,922	2,60,162	3,08,066	2,42,039	3,03,148	2,33,152	2,82,504	2,49,094	2,91,034	2,56,066
13 TOTAL HQLA		8,97,905		8,60,122		7,81,476		7,17,540		7,01,837
14 TOTAL NET CASH OUTFLOWS		6,23,152		5,83,296		5,78,605		5,70,836		5,57,179
15 LIQUIDITY COVERAGE RATIO(%)		144.09%		147.46%		135.06%		125.70%		125.96%

Note : Monthly average of 3 months data considered for Overseas Banking Subsidiaries and daily average considered for SBI(Solo).

The Group has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail deposits constitute major portion of total funding sources, and such funding sources are well diversified. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future short term requirements.

20. Fraud Reported and provision made during the year:

Out of the total frauds of ₹ 44,622.45 crore in 6,964 cases (Previous year ₹ 12,387.13 crore in 2,616 cases) reported during the year, an amount of ₹ 44,419.46 crore in 651 cases (Previous year ₹ 12,310.90 crore in 581 cases) represents advances declared as frauds. Full provision has been made for the outstanding balance as on 31st March, 2020 in respect of frauds reported during the year except advance account declared as fraud during the year where Bank has chosen to make provision over four quarters. The unamortised provision amount of ₹ 5,230.37 crore as on 31st March 2020 has been debited to 'Other Reserves' by credit to 'Provisions' in term of RBI circular DBR. No.BP.BC.92/21.04.048/2015-16 dated 18th April 2016.

21. Inter Office Accounts

Inter Office Accounts between branches, controlling offices, local head offices and corporate centre establishments are being reconciled on an ongoing basis and no material effect is expected on the profit and loss account of the current year.

22. Sale of Assets to Reconstruction Companies

Shortfall on account of sale of assets to reconstruction companies during the year amounting to ₹ 0.84 crore (Previous Year ₹ 173.37 crore) has been fully charged in the current year.

23. Priority Sector Lending Certificate (PSLC)

The Bank has purchased the following PSLCs during the year:-

(₹ in crore)

Sr. No.	Category	Current Year	Previous Year
1.	PSLC Micro Enterprises	47,525.75	16,272.75
2.	PSLC Agriculture	-	1,223.00
3.	PSLC General	30,451.25	33,557.50
4.	PSLC Small and Marginal Farmers	9,352.00	553.00
	TOTAL	**87,329.00**	**51,606.25**

The Bank did not sell any PSLC during the year ended 31st March, 2020 and 31st March, 2019.

24. Counter Cyclical Provisioning Buffer (CCPB)

RBI vide Circular No. DBR.No.BP.BC.79/21.04.048/2014-15 dated 30th March 2015 on 'Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer' has allowed the banks, to utilise up to 50 percent of CCPB held by them as on 31st December 2014, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors.

During the year, the Bank has not utilized the CCPB for making specific provision for NPAs.

25. As per RBI letter no. DBR.No. BP. 15199/21.04.048/ 2016-17 and DBR. No. BP. 1906/21.04.048/ 2017-18 dated 23rd June 2017 and 28th August 2017 respectively, for the accounts covered under the provisions of Insolvency and Bankruptcy Code (IBC), the bank is holding total provision of ₹ 5,761.46 crores (93.53% of total outstanding) as on 31st March, 2020.

26. The bank has made a provision of ₹ 2,999.00 crore (Total cumulative till 31st March 2020 ₹ 8,642.41 crore) for the year ended 31st March, 2020 towards arrears of wages due for revision w.e.f 1st November, 2017.

27. Profit / (loss) on sale of investment (net) under schedule 14 "Other Income" includes:-

- ₹ 3,484.30 crore on sale of certain portion of investment in Bank's subsidiary - SBI Life Insurance Company Ltd.
- ₹ 2,731.34 crore on sale of certain portion of investment in Bank's subsidiary - SBI Cards and Payment Services Ltd.

28. Resolution of Stressed Assets

As per RBI circular DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019, the Bank has implemented Resolution Plans for its 9 borrowers having exposure of ₹ 14,487.28 crore as on 31st March 2020.

Further, in terms of RBI circular DOR.No.BP.BC.62/21.04.048/2019-20 dated 17th April 2020 the Bank has extended resolution period for its 4 borrowers having exposure of ₹ 1,006.91 crore as on 31st March 2020.

29. RBI vide an email dated 19th May 2020 advised the Public Sector Banks that the requirement for reporting on "Whether the bank has adequate Internal Financial Controls with reference to Financial Statements and the operating effectiveness of such controls" in the Independent Auditors' Report is optional for financial year 2019-2020.

The bank has availed the option to fulfil the requirment from financial year 2020-2021 onwards.

30. The spread of COVID-19 across the globe has resulted in decline in economic activity and increase in volatility in financial markets. In this situation, though the challenges continue to unfold, the Bank is gearing itself on all fronts to meet the same. The situation continues to be uncertain and the Bank is evaluating the situation on an going basis. Major challenges for the Bank would arise from extended working capital cycle and waning cash flows. Despite these conditions, there would not be any significant impact on the liquidity and profitability of the Bank.

RBI vide Notification No. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27th March 2020, has announced measures to mitigate the burden of debt servicing brought about by disruptions on account of

COVID-19 pandemic and to ensure the continuity of viable businesses. The measures, interalia, included Rescheduling of Payments -Term Loans and Working Capital Facilities, Easing of Working Capital Financing, Classification as Special Mention Account (SMA) and Non-performing Asset (NPA) etc. Accordingly the Bank has made the following provisions:-

- Provision @ 15% aggregating ₹ 938 crores against the accounts with outstanding of ₹ 6,250 crores which were standard as on 29th February 2020 but would have slipped to NPA/Sub-standard category as on 31st March 2020 had the RBI debt servicing relief as above not been reckoned.
- In respect of above accounts, interest income aggregating ₹ 234 crores has been reckoned in operating profit. However additional provision of ₹ 234 crores has been made against Standard Assets.

31. The bank has revalued immovable properties on 30th June 2019 (earlier revalued in June 2016) based on the reports obtained from the external independent valuers and the closing balance of Revaluation Reserve as on 31st March 2020, (net of amount transferred to General Reserve) is ₹ 23,762.67 crore (Previous year ₹ 24,653.94 crore).

32. Previous year figures have been regrouped/ reclassified, wherever necessary, to confirm to current year classification. In cases where disclosures have been made for the first time in terms of RBI guidelines / Accounting Standards, previous year's figures have not been mentioned.

STATE BANK OF INDIA

Cash Flow Statement for the year ended 31st March, 2020

(000s omitted)

PARTICULARS		Year ended 31.03.2020 (Current Year) ₹	Year ended 31.03.2019 (Previous Year) ₹
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit / (Loss) before Taxes		25062,76,50	1607,48,31
Adjustments for:			
Depreciation on Fixed Assets		3303,81,33	3212,30,65
(Profit)/Loss on sale of Fixed Assets (Net)		28,37,38	34,98,24
(Profit)/Loss on revaluation of Investments (Net)		-	2124,03,82
(Profit)/Loss on sale of Investments in Subsidiaries / Joint Ventures / Associates		(6215,64,59)	(473,12,00)
Provision for diminution in fair value & Non Performing Assets		42775,96,26	54529,06,14
Provision on Standard Assets		(877,40,17)	(74,55,42)
Provision for depreciation on Investments		538,55,05	(762,09,23)
Other provisions including provision for contingencies		632,73,80	136,12,79
Income from investment in Subsidiaries / Joint Ventures / Associates		(212,03,35)	(348,01,18)
Interest on Capital Instruments		4781,23,16	4112,28,55
		69818,35,37	64098,50,67
Adjustments for :			
Increase/(Decrease) in Deposits		330234,72,36	205042,72,57
Increase/ (Decrease) in Borrowings other than Capital Instruments		(96690,16,61)	37722,44,37
(Increase)/ Decrease in Investments other than investments in Subsidiaries / Joint Ventures / Associates		(74335,04,91)	94719,11,74
(Increase)/ Decrease in Advances		(182188,60,56)	(305525,79,00)
Increase/ (Decrease) in Other Liabilities		13206,59,82	(21247,50,61)
(Increase)/ Decrease in Other Assets		(21255,66,60)	(33604,14,67)
		38790,18,87	41205,35,07
Tax refund/ (Taxes paid)		(13102,32,71)	(6577,83,79)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	**(A)**	**25687,86,16**	**34627,51,28**
CASH FLOW FROM INVESTING ACTIVITIES			
(Increase)/ Decrease in Investments in Subsidiaries / Joint Ventures / Associates		(6136,07,14)	(2116,29,59)
Profit/(Loss) on sale of Investments in Subsidiaries / Joint Ventures / Associates		6215,64,59	473,12,00
Income from investment in Subsidiaries / Joint Ventures / Associates		212,03,35	348,01,18
(Increase)/ Decrease in Fixed Assets		(3268,37,96)	(2663,43,31)
NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES	**(B)**	**(2976,77,16)**	**(3958,59,72)**

(000s omitted)

PARTICULARS		Year ended 31.03.2020 (Current Year) ₹	Year ended 31.03.2019 (Previous Year) ₹
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares including share premium (Net of share issue expenses)		-	(8,74,21)
Issue/(Redemption) of Capital Instruments (Net)		8133,40,00	3033,20,00
Interest on Capital Instruments		(4781,23,16)	(4112,28,55)
Dividend paid including tax thereon		-	-
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	**(C)**	**3352,16,84**	**(1087,82,76)**
EFFECT OF EXCHANGE FLUCTUATION ON TRANSLATION RESERVE	**(D)**	**2543,63,55**	**1010,38,16**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	**(A+B+C+D)**	**28606,89,39**	**30591,46,96**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**222490,11,15**	**191898,64,19**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**251097,00,54**	**222490,11,15**
Note:			
1 Components of Cash & Cash Equivalents as at:		**31.03.2020**	**31.03.2019**
Cash & Balances with Reserve Bank of India		166735,77,90	176932,41,75
Balances with Banks and Money at Call & Short Notice		84361,22,64	45557,69,40
		251097,00,54	**222490,11,15**

2 Cash Flow from operating activities is reported by using indirect method.

Shri Challa Sreenivasulu Setty
Managing Director
(Retail & Digital Banking)

Shri Arijit Basu
Managing Director
(Commercial Clients Group & IT)

Shri Dinesh Kumar Khara
Managing Director
(Global Banking & Subsidiaries)

Directors:	**Place:**
Shri Sanjiv Malhotra	Udagamandalam
Shri Bhaskar Pramanik	New Delhi
Shri Basant Seth	Kanpur
Dr. Pushpendra Rai	New Delhi
Dr. Purnima Gupta	New Delhi
Shri B. Venugopal	Mumbai
Shri Chandan Sinha	Mumbai
Shri Debasish Panda	New Delhi
Shri Sanjeev Maheshwari	Mumbai

Shri Rajnish Kumar
Chairman

Place: Mumbai
Date : 5th June 2020

In terms of our report of even date

FOR J.C. BHALLA & CO.
Chartered Accountants

RAJESH SETHI
Partner: M. No. 085669
Firm Regn. No. 001111 N
Place: New Delhi

FOR RAY & RAY
Chartered Accountants

ARVIND NARAYAN YENNEMADI
Partner: M. No. 031004
Firm Regn. No. 301072 E
Place: Mumbai

FOR K. VENKATACHALAM AIYER & CO.
Chartered Accountants

A GOPALAKRISHNAN
Partner: M. No. 018159
Firm Regn. No. 004610 S
Place: Ernakulam

FOR G. P. AGRAWAL & CO.
Chartered Accountants

SUNITA KEDIA
Partner: M. No. 60162
Firm Regn. No. 302082 E
Place: Kolkata

FOR UMAMAHESWARA RAO & CO.
Chartered Accountants

G. SIVA RAMAKRISHNA PRASAD
Partner: M. No. 024860
Firm Regn. No. 004453 S
Place: Hyderabad

FOR CHATURVEDI & SHAH LLP
Chartered Accountants

VITESH D. GANDHI
Partner: M. No. 110248
FirmReg. No.101720W/W100355
Place: Mumbai

FOR O.P. TOTLA & CO.
Chartered Accountants

S. R. TOTLA
Partner: M. No. 071774
Firm Regn. No. 000734 C
Place: Indore

FOR S. K. KAPOOR & CO.
Chartered Accountants

V. B. SINGH
Partner: M. No. 073124
Firm Regn. No. 000745 C
Place: Kanpur

FOR SCV & CO. LLP
Chartered Accountants

SANJAY VASUDEVA
Partner: M. No. 090989
Firm Regn. No.000235N/N500089
Place: New Delhi

FOR KHANDELWAL JAIN & CO.
Chartered Accountants

PANKAJ JAIN
Partner: M. No. 48850
Firm Regn. No. 105049 W
Place: Mumbai

FOR S K MITTAL & CO.
Chartered Accountants

S MURTHY
Partner: M. No. 072290
Firm Regn. No. 001135 N
Place: New Delhi

FOR N.C. RAJAGOPAL & CO.
Chartered Accountants

V. CHANDRASEKARAN
Partner: M. No. 024844
Firm Regn. No. 003398 S
Place: Chennai

FOR KARNAVAT & CO.
Chartered Accountants

VIRAL JOSHI
Partner: M. No. 137686
Firm Regn. No. 104863 W
Place: Mumbai

FOR SHAH GUPTA & CO.
Chartered Accountants

VIPUL K CHOKSI
Partner: M. No. 37606
Firm Regn. No. 109574 W
Place: Mumbai

Date : June 05, 2020

INDEPENDENT AUDITORS' REPORT

To

The President of India

REPORT ON AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying Standalone Financial Statements of State Bank of India ("the Bank") which comprise the Balance Sheet as at March 31, 2020, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and Notes to Standalone Financial Statements including Significant Accounting Policies and other explanatory information in which are included returns for the year ended on that date of:

i. The Central offices, 17 Local Head offices, 1 Admin & Business Unit, Global Market Unit, International Business Group, Corporate Accounts Group (Central), Commercial Client Group (Central), Stressed Asset Resolution Group (Central), Central Accounts Offices and 42 branches audited by us;

ii. 9135 Indian branches audited by respective Statutory Branch Auditors;

iii. 34 Foreign branches audited by respective Local Auditors;

The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India (RBI). Also incorporated in the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement are the returns from 14021 Indian branches (including other accounting units) which have not been subjected to audit. These unaudited branches account for 9.54 percent of advances, 24.70 per cent of deposits, 10.98 per cent of interest income and 23.37 per cent of interest expenses.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Banking Regulation Act, 1949 and State Bank of India Act, 1955 (together referred to as "the Act"), in the manner so required for the Bank and are in conformity with accounting principles generally accepted in India and give:

a) true and fair view in case of the Balance Sheet, of the State of Affairs of the Bank as at March 31, 2020;

b) true balance of profit in case of the Profit and Loss Account for the year ended on that date; and

c) true and fair view of the cash flows in case of the Cash Flow Statement for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing ("SAs") issued by the Institute of Chartered Accountants of India ("the ICAI"). Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the ICAI together with ethical requirements that are relevant to our audit of the Standalone Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

3. We draw attention to Note No. 10.30 of Schedule 18 of the Standalone Financial Statements regarding impact of COVID-19 pandemic. The situation continues to be uncertain and the Bank is evaluating the situation on an ongoing basis with respect to the challenges faced.

Our opinion is not modified in respect of this matter.

Key Audit Matters

4. Key Audit Matters are those matters that in our professional judgment were of most significance in our audit of the Standalone Financial Statements for the year ended March 31, 2020. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report:

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
i	Classification of Advances, Income Recognition, Identification of and provisioning for non-performing Advances (Refer Schedule 9 read with Note 3 of Schedule 17 to the financial statements) Advances include Bills purchased and discounted, Cash credits, Overdrafts, Loans repayable on demand and Term loans. These are further categorised as secured by Tangible assets (including advances against Book Debts), covered by Bank/Government Guarantees and Unsecured advances.	Our audit approach towards advances with reference to the IRAC norms and other related circulars/directives issued by the RBI and also internal policies and procedures of the Bank includes the testing of the following a. The accuracy of the data input in the system for income recognition, classification into performing and non performing Advances and provisioning in accordance with the IRAC norm in respect of the branches allotted to us;

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
	Advances constitute 58.85 per cent of the Bank's total assets. They are, inter-alia, governed by income recognition, asset classification and provisioning (IRAC) norms and other circulars and directives issued by the RBI from time to time which provides guidelines related to classification of Advances into performing and non-performing Advances (NPA) except in case of foreign offices, classification of advances and provisioning thereof is made as per local regulations or RBI guidelines, whichever is more stringent. The Bank classifies these Advances based on IRAC norms as per its accounting policy No. 3. Identification of performing and non-performing Advances involves establishment of proper mechanism. The Bank accounts for all the transactions related to Advances in its Information Technology System (IT System) viz. Core Banking Solution (CBS) which also identifies whether the advances are performing or non-performing. Further, NPA classification and calculation of provision is done through another IT System viz. Centralised Credit Data Processing (CCDP) Application. The carrying value of these advances (net of provisions) may be materially misstated if, either individually or in aggregate, the IRAC norms are not properly followed. Considering the nature of the transactions, regulatory requirements, existing business environment, estimation/ judgement involved in valuation of securities, it is a matter of high importance for the intended users of the Standalone Financial Statements. Considering these aspects, we have determined this as a Key Audit Matter. Accordingly, our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances.	b. Existence and effectiveness of monitoring mechanisms such as Internal Audit, Systems Audit, Credit Audit and Concurrent Audit as per the policies and procedures of the Bank; c. Examination of advances including stressed advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines; d. We have also relied on the reports of External IT System Audit experts with respect to the business logics / parameters inbuilt in CBS for tracking, identification and stamping of NPAs and provisioning in respect thereof. e. We tested the mapping of advances in the CCDP application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions. f. We have examined the efficacy of various internal controls over advances to determine the nature, timing and extent of the substantive procedures and compliance with the observations of the various audits conducted as per the monitoring mechanism of the Bank and RBI Inspection. g. In carrying out substantive procedures at the branches allotted to us, we have examined all large advances/ stressed advances while other advances have been examined on a sample basis including review of valuation reports of independent valuers provided by the Bank's management. h. We assessed and evaluated the process of identification of NPAs and corresponding reversal of income and creation of provision; i. Reliance is also placed on Audit Reports of other Statutory Branch Auditors with whom we have also made specific communication.
ii	Classification and Valuation of Investments, Identification of and provisioning for Non-Performing Investments (Schedule 8 read with Note 2 of Schedule 17 to the financial statements) Investments include investments made by the Bank in various Government Securities, Bonds, Debentures, Shares, Security receipts and other approved securities. Investments constitute 26.50 per cent of the Bank's total assets. These are governed by the circulars and directives of the RBI. These directions of RBI, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, the corresponding non-recognition of income and provision there against.	Our audit approach towards Investments with reference to the RBI Circulars/directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non performing investments (NPIs), provisioning/depreciation related to Investments. In particular, a. We evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of NPIs, provisioning/depreciation related to investments; b. We assessed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments;

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
	The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various sources such as FIMMDA rates, rates quoted on BSE/NSE, financial statements of unlisted companies etc. Considering the complexities and extent of judgement involved in the valuation, volume of transactions, investments on hand and degree of regulatory focus, this has been determined as a Key Audit Matter. Accordingly, our audit was focused on valuation of investments, classification, identification of non performing investments and provisioning related to investments.	c. For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security. Samples were selected after ensuring that all the categories of investments (based on nature of security) were covered in the sample; d. We assessed and evaluated the process of identification of NPIs and corresponding reversal of income and creation of provision; e. We carried out substantive audit procedures to recompute independently the provision to be maintained and depreciation to be provided in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained in accordance with the RBI Circular for those selected sample of NPIs; f. We tested the mapping of investments between the Investment application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions.
iii	Assessment of Provisions and Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes, various claims filed by other parties not acknowledged as debt (Schedule 12 read with Note 18.9 of Schedule 18 to the financial statements) : There is high level of judgement required in estimating the level of provisioning. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advice from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and state of affairs presented in the Balance Sheet. We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgments/ interpretation of law involved.	Our audit approach involved: a. Obtaining an understanding of internal controls relevant to the audit in order to design our audit procedures that are appropriate in the circumstances; b. Understanding the current status of the litigations/tax assessments; c. Examining recent orders and/or communication received from various tax authorities/ judicial forums and follow up action thereon; d. Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice including opinion of our internal tax experts; e. Review and analysis of evaluation of the contentions of the Bank through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues; and f. Verification of disclosures related to significant litigations and taxation matters.

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
iv	Modified Audit Procedures carried out in light of COVID-19 outbreak: Due to COVID-19 pandemic, Nation-wide lockdown and travel restrictions imposed by Central / State Government / Local Authorities during the period of our audit and the RBI directions to Bank to facilitate carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of certain Branches / LHOs/ Business Units in the Corporate Office of the bank. As we could not gather audit evidence in person/ physically/ through discussions and personal interactions with the officials at the Branches/Circle / Administrative /Corporate Offices, we have identified such modified audit procedures as a Key Audit Matter. Accordingly, our audit procedures were modified to carry out the audit remotely.	Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Branches/Circle /Administrative /Corporate Offices and carry out the audit processes physically at the respective offices. Wherever physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the Bank through digital medium, emails and remote access to CBS, CCDP and other relevant application software. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period. Accordingly, we modified our audit procedures as follows: a. Conducted verification of necessary records/ documents/ CBS/ CCDP and other Application software electronically through remote access/emails in respect of some of the Branches / LHOs / Administrative Offices and other offices of the Bank wherever physical access was not possible. b. Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through emails and remote access over secure network of the Bank. c. Making enquiries and gathering necessary audit evidence through Video Conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels. d. Resolution of our audit observations telephonically/ through email instead of a face-to-face interaction with the designated officials.

Other Matters

5. We did not audit the financial statements / information of 9169 branches included in the Standalone Financial Statements of the Bank whose financial statements/ financial information reflects total assets of ₹30,87,788.72 crore at March 31, 2020 and total revenue of ₹1,20,151.17 crore for the year ended on that date, as considered in the Standalone Financial Statements. The financial statements/ information of these branches have been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

   Our opinion is not modified in respect of above matter.

Information Other than the Standalone Financial Statements and Auditors' Report thereon

6. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance report (but does not include the Standalone Financial Statements and our auditors' report thereon), which we obtained at the time of issue of this auditors' report, and the Directors' Report including annexures in annual report, if any, thereon, which is expected to be made available to us after that date.

   Our opinion on the Standalone Financial Statements does not cover the other information and Pillar 3 disclosures under the Basel III Disclosure and we do not and will not express any form of assurance conclusion thereon.

   In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Directors' Report, including annexures in annual report, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The Bank's Board of Directors is responsible with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949, the State Bank of India Act, 1955 and circulars and guidelines issued by RBI from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the Standalone Financial Statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

   Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

   As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

     Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949; and these give information as required to be given by virtue of the provisions of the State Bank of India Act, 1955 and regulations there under.

   Subject to the limitations of the audit indicated in paragraphs 5 and 6 above and as required by the State Bank of India Act, 1955, and subject also to the limitations of disclosure required therein and as required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;

b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

10. We further report that:

a) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

b) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;

c) the reports on the accounts of the branch offices audited by branch auditors of the Bank as per the provisions of the section 29 of the Banking Regulation Act, 1949, and the State Bank of India Act, 1955 have been sent to us and have been properly dealt with by us in preparing this report; and

d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by the RBI.

11. As required by letter No. DOS.ARG.No.6270/08.91.001/2019-20 dated March 17, 2020 on "Appointment of Statutory Central Auditors (SCAs) in Public Sector Banks – Reporting obligations for SCAs from FY 2019-20", read with subsequent communication dated May 19, 2020 issued by the RBI, we further report on the matters specified in paragraph 2 of the aforesaid letter as under:

a) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards issued by ICAI, to the extent they are not inconsistent with the accounting policies prescribed by the RBI.

b) There are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the bank.

c) On the basis of the written representations received from the directors as on March 31, 2020, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of sub-section (2) of Section 164 of the Companies Act, 2013.

d) There are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith.

e) As the Bank has exercised the option to implement "Internal Financial Controls with reference to the Financial Statements" from the financial year 2020-21 as permitted by RBI on May 19, 2020, we do not provide any comment in this regard.

FOR J.C. BHALLA & CO.
Chartered Accountants

RAJESH SETHI
Partner: M. No. 085669
Firm Regn. No. 001111 N
UDIN: 20085669AAAABA7352
Place: New Delhi

FOR RAY & RAY
Chartered Accountants

ARVIND NARAYAN YENNEMADI
Partner: M. No. 031004
Firm Regn. No. 301072 E
UDIN: 20031004AAAABW9223
Place: Mumbai

FOR K. VENKATACHALAM AIYER & CO.
Chartered Accountants

A GOPALAKRISHNAN
Partner: M. No. 018159
Firm Regn. No. 004610 S
UDIN: 20018159AAAAAF4367
Place: Ernakulam

FOR G. P. AGRAWAL & CO.
Chartered Accountants

SUNITA KEDIA
Partner: M. No. 60162
Firm Regn. No. 302082 E
UDIN: 20060162AAAABC8718
Place: Kolkata

FOR UMAMAHESWARA RAO & CO.
Chartered Accountants

G. SIVA RAMAKRISHNA PRASAD
Partner: M. No. 024860
Firm Regn. No. 004453 S
UDIN: 20024860AAAAAJ5174
Place: Hyderabad

FOR CHATURVEDI & SHAH LLP
Chartered Accountants

VITESH D. GANDHI
Partner: M. No. 110248
FirmReg. No.101720W/W100355
UDIN: 20110248AAAAAP1448
Place: Mumbai

FOR O.P. TOTLA & CO.
Chartered Accountants

S. R. TOTLA
Partner: M. No. 071774
Firm Regn. No. 000734 C
UDIN: 20071774AAAAAQ6602
Place: Indore

FOR S. K. KAPOOR & CO.
Chartered Accountants

V. B. SINGH
Partner: M. No. 073124
Firm Regn. No. 000745 C
UDIN: 20073124AAAABV9783
Place: Kanpur

FOR SCV & CO. LLP
Chartered Accountants

SANJAY VASUDEVA
Partner: M. No. 090989
Firm Regn. No.000235N/N500089
UDIN: 20090989AAAAAC6930
Place: New Delhi

FOR KHANDELWAL JAIN & CO.
Chartered Accountants

PANKAJ JAIN
Partner: M. No. 48850
Firm Regn. No. 105049 W
UDIN: 20048850AAAAAB9318
Place: Mumbai

FOR S K MITTAL & CO.
Chartered Accountants

S MURTHY
Partner: M. No. 072290
Firm Regn. No. 001135 N
UDIN: 20072290AAAABD1545
Place: New Delhi

FOR N.C. RAJAGOPAL & CO.
Chartered Accountants

V. CHANDRASEKARAN
Partner: M. No. 024844
Firm Regn. No. 003398 S
UDIN: 20024844AAAABB9243
Place: Chennai

FOR KARNAVAT & CO.
Chartered Accountants

VIRAL JOSHI
Partner: M. No. 137686
Firm Regn. No. 104863 W
UDIN: 20137686AAAACM1164
Place: Mumbai

FOR SHAH GUPTA & CO.
Chartered Accountants

VIPUL K CHOKSI
Partner: M. No. 37606
Firm Regn. No. 109574 W
UDIN: 20037606AAAAAW5094
Place: Mumbai

Date : June 05, 2020

State Bank of India

Consolidated Balance Sheet as on 31st March 2020

(000s omitted)

	Schedule No.	As on 31.03.2020 (Current Year) ₹	As on 31.03.2019 (Previous Year) ₹
CAPITAL AND LIABILITIES			
Capital	1	892,46,12	892,46,12
Reserves & Surplus	2	250167,66,30	233603,19,93
Minority Interest		7943,82,20	6036,99,13
Deposits	3	3274160,62,54	2940541,06,11
Borrowings	4	332900,67,03	413747,66,10
Other Liabilities and Provisions	5	331427,10,24	293642,82,22
TOTAL		**4197492,34,43**	**3888464,19,61**
ASSETS			
Cash and Balances with Reserve Bank of India	6	166968,46,05	177362,74,09
Balances with Banks and Money at Call & Short Notice	7	87346,80,31	48149,52,30
Investments	8	1228284,27,77	1119269,81,62
Advances	9	2374311,18,12	2226853,66,72
Fixed Assets	10	40078,16,81	40703,05,26
Other Assets	11	300503,45,37	276125,39,62
TOTAL		**4197492,34,43**	**3888464,19,61**
Contingent Liabilities	12	1221083,11,09	1121246,27,83
Bills for Collection		55790,69,54	70047,22,64
Significant Accounting Policies	17		
Notes to Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

Shri Challa Sreenivasulu Setty
Managing Director
(Retail & Digital Banking)

Shri Arijit Basu
Managing Director
(Commercial Clients Group & IT)

Shri Dinesh Kumar Khara
Managing Director
(Global Banking & Subsidiaries)

In term of our Report of even date.
For J.C. Bhalla & Co.
Chartered Accountants

Shri Rajnish Kumar
Chairman

Shri Rajesh Sethi
Partner
Mem. No. : 085669
Firm Regn. No. : 001111N

Place: Mumbai
Date : 5th June 2020

Place : New Delhi

Schedules

Schedule 1 - Capital

(000s omitted)

	As on 31.03.2020 (Current Year) ₹	As on 31.03.2019 (Previous Year) ₹
Authorised Capital : 5000,00,00,000 equity shares of ₹ 1 /- each (Previous Year 5000,00,00,000 equity shares of ₹ 1/- each)	5000,00,00	5000,00,00
Issued Capital : 892,54,05,164 equity shares of ₹ 1/- each (Previous Year 892,54,05,164 equity shares of ₹ 1/- each)	892,54,05	892,54,05
Subscribed and Paid up Capital : 892,46,11,534 equity shares of ₹ 1/- each (Previous Year 892,46,11,534 equity shares of ₹ 1/- each)	892,46,12	892,46,12
[The above includes 11,03,42,880 equity shares of ₹ 1/- each (Previous Year 12,10,71,350 equity shares of ₹ 1/- each) represented by 1,10,34,288 (Previous Year 1,21,07,135) Global Depository Receipts]		
TOTAL	**892,46,12**	**892,46,12**

Schedule 2 - Reserves & Surplus

(000s omitted)

		As on 31.03.2020 (Current Year) ₹		As on 31.03.2019 (Previous Year) ₹	
I.	**Statutory Reserves**				
	Opening Balance	66344,10,03		65958,04,13	
	Additions during the year	4538,17,61		386,05,90	
	Deductions during the year	-		-	
			70882,27,64		66344,10,03
II.	**Capital Reserves #**				
	Opening Balance	9957,28,52		9578,07,76	
	Additions during the year	3985,83,93		379,20,76	
	Deductions during the year	-		-	
			13943,12,45		9957,28,52
III.	**Share Premium**				
	Opening Balance	79115,47,05		79124,21,51	
	Additions during the year	-		37,92	
	Deductions during the year	-		9,12,38	
			79115,47,05		79115,47,05
IV.	**Investment Fluctuation Reserve**				
	Opening Balance	-		-	
	Additions during the year	1119,88,09		-	
	Deductions during the year	-		-	
			1119,88,09		-

(000s omitted)

		As on 31.03.2020 (Current Year) ₹		As on 31.03.2019 (Previous Year) ₹	
V.	**Foreign Currency Translation Reserves**				
	Opening Balance	7455,38,21		6379,09,54	
	Additions during the year	3069,98,94		1143,03,70	
	Deductions during the year	301,34,68		66,75,03	
			10224,02,47		7455,38,21
VI.	**Revaluation Reserve**				
	Opening Balance	24653,94,08		24847,98,65	
	Additions during the year	379,57,78		-	
	Deductions during the year	1270,85,29		194,04,57	
			23762,66,57		24653,94,08
VII.	**Revenue and Other Reserves**				
	Opening Balance	54405,42,03		53483,27,03	
	Additions during the year ##	3767,84,51		1213,96,33	
	Deductions during the year	5691,30,26		291,81,33	
			52481,96,28		54405,42,03
VIII.	**Balance in Profit and Loss Account**		(1361,74,25)		(8328,39,99)
TOTAL			**250167,66,30**		**233603,19,93**

includes Capital Reserve on consolidation ₹ 176,58,27 thousand (Previous Year ₹ 123,66,46 thousand)

net of consolidation adjustments

Schedule 3 - Deposits

(000s omitted)

				As on 31.03.2020 (Current Year) ₹	As on 31.03.2019 (Previous Year) ₹
A.	**I.**	**Demand Deposits**			
		(i)	From Banks	4750,67,24	6722,18,31
		(ii)	From Others	224677,63,39	201073,14,59
	II.	**Savings Bank Deposits**		1216783,00,49	1102172,37,48
	III.	**Term Deposits**			
		(i)	From Banks	6071,72,75	8235,22,81
		(ii)	From Others	1821877,58,67	1622338,12,92
TOTAL				**3274160,62,54**	**2940541,06,11**
B.	**(i)**	**Deposits of Branches in India**		3122567,41,87	2812134,71,07
	(ii)	**Deposits of Branches outside India**		151593,20,67	128406,35,04
TOTAL				**3274160,62,54**	**2940541,06,11**

Schedule 4 - Borrowings

(000s omitted)

			As on 31.03.2020 (Current Year) ₹		As on 31.03.2019 (Previous Year) ₹
I.	**Borrowings in India**				
	(i) Reserve Bank of India		34981,75,00		96089,00,00
	(ii) Other Banks		10041,13,63		4741,05,31
	(iii) Other Institutions and Agencies		11419,94,71		32112,46,32
	(iv) Capital Instruments:				
	a. Innovative Perpetual Debt Instruments(IPDI)	23535,70,00		19152,30,00	
	b. Subordinated Debt & Bonds	32929,05,15	56464,75,15	29153,93,90	48306,23,90
	TOTAL		**112907,58,49**		**181248,75,53**
II.	**Borrowings outside India**				
	(i) Borrowings and Refinance outside India		217066,00,49		229909,13,07
	(ii) Capital Instruments:				
	a. Innovative Perpetual Debt Instruments(IPDI)	2269,95,00		2074,65,00	
	b. Subordinated Debt & Bonds	657,13,05	2927,08,05	515,12,50	2589,77,50
	TOTAL		**219993,08,54**		**232498,90,57**
GRAND TOTAL (I & II)			**332900,67,03**		**413747,66,10**
Secured Borrowings included in I & II above			50555,91,20		127177,07,29

Schedule 5 - Other Liabilities & Provisions

(000s omitted)

		As on 31.03.2020 (Current Year) ₹	As on 31.03.2019 (Previous Year) ₹
I.	Bills payable	26889,76,23	23914,03,90
II.	Inter Bank Adjustments (net)	85,41,80	-
III.	Inter Office adjustments (net)	10,35,41	21735,79,14
IV.	Interest accrued	15477,09,06	14232,96,48
V.	Deferred Tax Liabilities (net)	6,60,61	4,17,10
VI.	Liabilities relating to Policyholders in Insurance Business	159661,49,04	140095,62,31
VII.	Provision for Standard Assets	12444,21,66	12709,13,43
VIII.	Others (including provisions)	116852,16,43	80951,09,86
TOTAL		**331427,10,24**	**293642,82,22**

Schedule 6 - Cash and Balances with Reserve Bank of India

(000s omitted)

			As on 31.03.2020 (Current Year) ₹	As on 31.03.2019 (Previous Year) ₹
I.	Cash in hand (including foreign currency notes and gold)		20334,94,93	19144,28,44
II.	Balances with Reserve Bank of India			
	(i)	In Current Account	146633,51,12	158197,60,63
	(ii)	In Other Accounts	-	20,85,02
TOTAL			**166968,46,05**	**177362,74,09**

Schedule 7 - Balances with Banks and Money at Call & Short Notice

(000s omitted)

				As on 31.03.2020 (Current Year) ₹	As on 31.03.2019 (Previous Year) ₹
I.	**In India**				
	(i)	Balances with banks			
		(a)	In Current Account	638,49,62	971,83,35
		(b)	In Other Deposit Accounts	1429,61,02	1959,46,21
	(ii)	Money at call and short notice			
		(a)	With banks	44747,71,31	4608,88,73
		(b)	With Other Institutions	8,69,42	-
TOTAL				**46824,51,37**	**7540,18,29**
II.	**Outside India**				
	(i)	In Current Account		30104,93,22	20571,96,27
	(ii)	In Other Deposit Accounts		1672,52,29	3205,38,56
	(iii)	Money at call and short notice		8744,83,43	16831,99,18
TOTAL				**40522,28,94**	**40609,34,01**
GRAND TOTAL (I and II)				**87346,80,31**	**48149,52,30**

Schedule 8 - Investments

(000s omitted)

			As on 31.03.2020 (Current Year) ₹	As on 31.03.2019 (Previous Year) ₹
I.	**Investments in India in**			
	(i)	Government Securities	872769,55,20	817674,70,52
	(ii)	Other Approved Securities	19106,17,68	13769,53,82
	(iii)	Shares	42165,97,57	42825,92,12
	(iv)	Debentures and Bonds	145276,27,74	123765,40,08
	(v)	Subsidiary and Associates #	12365,01,58	3383,71,53
	(vi)	Others (Units of Mutual Funds, Commercial Papers etc.)	85958,98,41	63902,23,56
TOTAL			**1177641,98,18**	**1065321,51,63**

(000s omitted)

	As on 31.03.2020 (Current Year) ₹	As on 31.03.2019 (Previous Year) ₹
II. Investments outside India in		
(i) Government Securities (including local authorities)	20791,80,59	14513,99,84
(ii) Associates #	147,64,44	136,33,52
(iii) Other Investments (Shares, Debentures, etc.)	29702,84,56	39297,96,63
TOTAL	**50642,29,59**	**53948,29,99**
GRAND TOTAL (I and II)	**1228284,27,77**	**1119269,81,62**
III. Investments in India		
(i) Gross Value of Investments	1190907,75,38	1076615,05,40
(ii) Less: Aggregate of Provisions / Depreciation	13265,77,20	11293,53,77
Net Investments (vide I above)	**1177641,98,18**	**1065321,51,63**
IV. Investments outside India		
(i) Gross Value of Investments	50809,67,49	54146,46,58
(ii) Less: Aggregate of Provisions / Depreciation	167,37,90	198,16,59
Net Investments (vide II above)	**50642,29,59**	**53948,29,99**
GRAND TOTAL (III and IV)	**1228284,27,77**	**1119269,81,62**
# Investment in Associates (In India and Outside India)		
Equity Investment in Associates	8872,23,62	706,97,00
Add : Goodwill on acquisition of Associates	-	-
Less : Capital reserve on acquisition of Associates (please refer note no. 1.1.(h) of schedule 18)	1947,52,79	-
Less : Provision for diminution	-	-
Cost of Investment in Associates	6924,70,83	706,97,00
Add : Post-acquisition profit/(loss) and Reserve of Associates (Equity Method)	5583,95,19	2809,08,05
TOTAL	**12508,66,02**	**3516,05,05**

Schedule 9 - Advances

(000s omitted)

	As on 31.03.2020 (Current Year) ₹	As on 31.03.2019 (Previous Year) ₹
A. (i) Bills purchased and discounted	85155,97,89	81528,37,41
(ii) Cash Credits,Overdrafts and Loans Repayable on demand	729647,05,50	799218,03,33
(iii) Term Loans	1559508,14,73	1346107,25,98
TOTAL	**2374311,18,12**	**2226853,66,72**
B. (i) Secured by tangible assets (includes advances against Book Debts)	1697284,07,32	1603654,21,87
(ii) Covered by Bank / Government Guarantees	92305,71,86	80289,66,46
(iii) Unsecured	584721,38,94	542909,78,39
TOTAL	**2374311,18,12**	**2226853,66,72**
C. (I) Advances in India		
(i) Priority Sector	526675,87,35	520729,77,60
(ii) Public Sector	287505,82,43	240295,89,39
(iii) Banks	975,10,49	9494,93,60
(iv) Others	1171958,80,62	1127585,24,83
TOTAL	**1987115,60,89**	**1898105,85,42**

(000s omitted)

		As on 31.03.2020 (Current Year) ₹	As on 31.03.2019 (Previous Year) ₹
(II)	**Advances outside India**		
(i)	Due from banks	80561,91,32	69802,85,72
(ii)	Due from others		
(a)	Bills purchased and discounted	31106,22,11	26741,06,57
(b)	Syndicated loans	186697,53,45	150765,88,72
(c)	Others	88829,90,35	81438,00,29
TOTAL		**387195,57,23**	**328747,81,30**
GRAND TOTAL [C (I) and C (II)]		**2374311,18,12**	**2226853,66,72**

Schedule 10 - Fixed Assets

(000s omitted)

		As on 31.03.2020 (Current Year) ₹		As on 31.03.2019 (Previous Year) ₹	
I.	**Premises**				
	At cost/revalued as on 31st March of the preceding year	31600,97,61		30933,23,37	
	Additions:				
-	during the year	307,09,16		707,34,92	
-	for Revaluation	3936,14,00		-	
	Deductions				
-	during the year	14,82,49		39,60,68	
-	for Revaluation	4735,02,74		-	
	Depreciation to date:				
-	on cost	927,92,12		793,71,67	
-	on Revaluation	670,54,22	29495,89,20	497,17,97	30310,07,97
II.	**Other Fixed Assets (including furniture and fixtures)**				
	At cost/revaluation as on 31st March of the preceding year	33185,43,15		31649,29,47	
	Additions during the year	3768,90,47		3018,06,52	
	Deductions during the year	933,14,28		1481,92,84	
	Depreciation to date	26053,57,37	9967,61,97	23627,73,26	9557,69,89
III.	**Leased Assets**				
	At cost/revalued as on 31st March of the preceding year	155,09,22		120,02,20	
	Additions during the year	102,00,56		35,64,65	
	Deductions during the year	16,70,94		57,63	
	Depreciation to date (including provisions)	95,49,35		82,11,57	
		144,89,49		72,97,65	
	Less : Lease Adjustment Account	-	144,89,49	-	72,97,65
IV.	**Assets under Construction (including Premises)**		469,76,15		762,29,75
TOTAL (I, II, III and IV)			**40078,16,81**		**40703,05,26**

Schedule 11 - Other Assets

(000s omitted)

		As on 31.03.2020 (Current Year) ₹	As on 31.03.2019 (Previous Year) ₹
I.	Inter Office adjustments (net)	1936,15,88	7,71,53
II.	Inter Bank Adjustments (net)	-	123,67,98
III.	Interest accrued	29344,58,26	29047,16,58
IV.	Tax paid in advance / tax deducted at source	35004,45,14	24699,95,89
V.	Stationery and Stamps	105,33,37	133,99,80
VI.	Non-banking assets acquired in satisfaction of claims	14,54,49	23,65,84
VII.	Deferred tax assets (net)	3500,19,46	10983,19,07
VIII.	Deposits placed with NABARD/SIDBI/NHB	163238,91,62	138245,29,37
IX.	Others #	67359,27,15	72860,73,56
TOTAL		**300503,45,37**	**276125,39,62**

Includes Goodwill on consolidation ₹ 1549,98,82 thousand (Previous Year ₹ 1734,07,01 thousand)

Schedule 12 - Contingent Liabilities

(000s omitted)

		As on 31.03.2020 (Current Year) ₹	As on 31.03.2019 (Previous Year) ₹
I.	Claims against the group not acknowledged as debts	72055,46,41	43964,90,09
II.	Liability for partly paid investments / Venture Funds	2555,80,84	1127,87,61
III.	Liability on account of outstanding forward exchange contracts	637499,92,10	597800,34,53
IV.	Guarantees given on behalf of constituents		
	(a) In India	165739,85,02	157417,08,56
	(b) Outside India	70998,07,06	72739,27,63
V.	Acceptances, endorsements and other obligations	132630,74,41	124526,15,33
VI.	Other items for which the group is contingently liable	139603,25,25	123670,64,08
TOTAL		**1221083,11,09**	**1121246,27,83**
Bills for collection		**55790,69,54**	**70047,22,64**

State Bank of India

Consolidated Profit and Loss Account for the Year Ended 31st March 2020

(000s omitted)

		Schedule No.	Year Ended 31.03.2020 (Current Year) ₹	Year Ended 31.03.2019 (Previous Year) ₹
I.	**INCOME**			
	Interest earned	13	269851,65,54	253322,17,41
	Other Income	14	98158,99,38	77365,18,53
	TOTAL		**368010,64,92**	**330687,35,94**
II.	**EXPENDITURE**			
	Interest expended	15	161123,79,86	155867,46,03
	Operating expenses	16	131781,56,30	114800,30,80
	Provisions and contingencies		56928,45,91	56950,51,70
	TOTAL		**349833,82,07**	**327618,28,53**
III.	**PROFIT/(LOSS)**			
	Net Profit /(Loss) for the year (before adjustment for Share in Profit of Associates and Minority Interest)		18176,82,85	3069,07,41
	Add: Share in Profit of Associates		2963,14,04	281,47,94
	Less: Minority Interest		1372,16,67	1050,91,44
	Net Profit/(Loss) for the Group		19767,80,22	2299,63,91
	Profit/(Loss) Brought forward		(8328,39,99)	(9941,19,94)
	TOTAL		**11439,40,23**	**(7641,56,03)**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserves		4538,17,61	386,05,90
	Transfer to Other Reserves		8254,91,35	243,79,58
	Tax on Dividend		8,05,52	56,98,48
	Balance carried over to Balance Sheet		(1361,74,25)	(8328,39,99)
	TOTAL		**11439,40,23**	**(7641,56,03)**
	Basic Earnings per Share		₹ 22.15	₹ 2.58
	Diluted Earnings per Share		₹ 22.15	₹ 2.58
	Significant Accounting Policies	17		
	Notes to Accounts	18		

Schedules referred to above form an integral part of the Profit & Loss Account

Shri Challa Sreenivasulu Setty
Managing Director
(Retail & Digital Banking)

Shri Arijit Basu
Managing Director
(Commercial Clients Group & IT)

Shri Dinesh Kumar Khara
Managing Director
(Global Banking & Subsidiaries)

In term of our Report of even date.
For J.C. Bhalla & Co.
Chartered Accountants

Shri Rajnish Kumar
Chairman

Shri Rajesh Sethi
Partner
Mem. No. : 085669
Firm Regn. No. : 001111N

Place: Mumbai
Date : 5th June 2020

Place : New Delhi

Schedule 13 - Interest Earned

(000s omitted)

		Year Ended 31.03.2020 (Current Year) ₹	Year Ended 31.03.2019 (Previous Year) ₹
I.	Interest / discount on advances/ bills	185494,19,47	166124,58,30
II.	Income on Investments	74812,87,02	80243,50,66
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	3066,24,77	1324,75,88
IV.	Others	6478,34,28	5629,32,57
TOTAL		**269851,65,54**	**253322,17,41**

Schedule 14 - Other Income

(000s omitted)

		Year Ended 31.03.2020 (Current Year) ₹	Year Ended 31.03.2019 (Previous Year) ₹
I.	Commission, exchange and brokerage	23571,28,64	22801,37,60
II.	Profit / (Loss) on sale of investments (Net) #	9202,71,19	3933,13,61
III.	Profit / (Loss) on revaluation of investments (Net)	-	(2124,03,82)
IV.	Profit /(Loss) on sale of land, building and other assets including leased assets (net)	(28,33,75)	(32,35,82)
V.	Profit / (Loss) on exchange transactions (Net)	2581,57,85	2209,07,07
VI.	Dividends from Associates in India/ abroad	14,66,77	11,71,87
VII.	Income from Finance Lease	-	-
VIII.	Credit Card membership/ service fees	4122,14,91	3179,78,08
IX.	Insurance Premium Income (net)	43176,55,90	35225,02,54
X.	Recoveries made in Write-off Accounts	9568,52,52	8607,44,37
XI.	Miscellaneous Income	5949,85,35	3554,03,03
TOTAL		**98158,99,38**	**77365,18,53**

Profit/(Loss) on sale of investments (Net)includes exceptional item of ₹ 5,781.56 crore (Previous year ₹ 466.48 crore)

Schedule 15 - Interest Expended

(000s omitted)

		Year Ended 31.03.2020 (Current Year) ₹	Year Ended 31.03.2019 (Previous Year) ₹
I.	Interest on Deposits	148136,84,44	140920,19,82
II.	Interest on Reserve Bank of India/ Inter-bank borrowings	7191,76,51	10103,57,61
III.	Others	5795,18,91	4843,68,60
TOTAL		**161123,79,86**	**155867,46,03**

Schedule 16 - Operating Expenses

(000s omitted)

		Year Ended 31.03.2020 (Current Year) ₹	Year Ended 31.03.2019 (Previous Year) ₹
I.	Payments to and provisions for employees	48850,94,64	43795,01,41
II.	Rent, taxes and lighting	5630,95,83	5553,08,91
III.	Printing & Stationery	651,58,62	595,00,09
IV.	Advertisement and publicity	2830,69,52	2360,81,37
V.	(a) Depreciation on Fixed Assets (other than Leased Assets)	3631,44,29	3479,97,41
	(b) Depreciation on Leased Assets	30,11,56	15,91,80
VI.	Directors' fees, allowances and expenses	11,15,54	9,71,04
VII.	Auditors' fees and expenses (including branch auditors' fees and expenses)	256,01,79	307,00,17
VIII.	Law charges	488,83,43	578,53,06
IX.	Postages, Telegrams, Telephones, etc.	571,68,38	568,56,57
X.	Repairs and maintenance	1121,27,27	1057,77,33
XI.	Insurance	3235,50,89	2860,59,09
XII.	Other Operating Expenses relating to Credit Card Operations	1542,56,89	1105,59,01
XIII.	Other Operating Expenses relating to Insurance Business	46728,37,12	37907,82,48
XIV.	Other Expenditure	16200,40,53	14604,91,06
TOTAL		**131781,56,30**	**114800,30,80**

Schedule 17-
Significant Accounting Policies

A. Basis of Preparation:

The accompanying financial statements have been prepared under the historical cost convention, on the accrual basis of accounting on Going Concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by Reserve Bank of India (RBI), State Bank of India Act, 1955, Banking Regulation Act, 1949, Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA), SEBI (Mutual Funds) Regulations, 1996, Companies Act 2013, Accounting Standards issued by Institute of Chartered Accountants of India (ICAI), and the prevalent accounting practices in India. In case of foreign entities, Generally Accepted Accounting Principles as applicable to the foreign entities are followed.

B. Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The impact of any revision in these estimates is recognised prospectively from the period of change.

C. Basis of Consolidation:

1. Consolidated financial statements of the Group (comprising of 28 subsidiaries, 8 Joint Ventures and 18 Associates) have been prepared on the basis of:

a. Audited financial statements of State Bank of India (Parent).

b. Line by line aggregation of each item of asset/liability/income/expense of the subsidiaries with the respective item of the Parent, and after eliminating all material intra-group balances/transactions, unrealised profit/loss, and making necessary adjustments wherever required for non-uniform accounting policies as per AS 21 "Consolidated Financial Statements" issued by the ICAI.

c. Consolidation of Joint Ventures – 'Proportionate Consolidation' as per AS 27 "Financial Reporting of Interests in Joint Ventures" issued by the ICAI.

d. Accounting for investment in 'Associates' under the 'Equity Method' as per AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the ICAI.

2. The difference between cost to the group of its investment in the subsidiary entities and the group's portion of the equity of the subsidiaries is recognised in the financial statements as goodwill / capital reserve.

3. Minority interest in the net assets of the consolidated subsidiaries consists of:

a. The amount of equity attributable to the minority at the date on which investment in a subsidiary is made, and

b. The minority share of movements in revenue reserves/loss (equity) since the date the parent-subsidiary relationship came into existence.

D. Significant Accounting Policies

1. Revenue recognition:

1.1 Income and expenditure are accounted on accrual basis, except otherwise stated. As regards, foreign offices/entities, income and expenditure are recognised as per the local laws of the country in which the respective foreign offices/entities are located.

1.2 Interest/Discount income is recognised in the Profit and Loss Account as it accrues except (i) income from Non-Performing Assets (NPAs), comprising of advances, leases and investments, which is recognised upon realisation, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices/entities (hereafter collectively referred to as Regulatory Authorities), (ii) overdue interest on investments and bills discounted, (iii) Income on Rupee Derivatives designated as “Trading”, which are accounted on realisation .

1.3 Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, profit on sale of investments in the “Held to Maturity” category is appropriated (net of applicable taxes and amount required to be transferred to “Statutory Reserve Account”) to “Capital Reserve Account”.

1.4 Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding in the lease, over the primary lease period. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease as per Accounting Standard 19 – “Leases”, issued by ICAI. The lease rentals are apportioned between principal and finance income based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of finance leases. The principal amount is utilized for reduction in balance of net investment in lease and finance income is reported as interest income.

1.5 Income (other than interest) on investments in “Held to Maturity” (HTM) category acquired at a discount to the face value, is recognised as follows:

i. on Interest bearing securities, it is recognised only at the time of sale/ redemption.

ii. on zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

1.6 Dividend income is recognised when the right to receive the dividend is established.

1.7 Commission on LC/ BG, Deferred Payment Guarantee, Government Business, ATM interchange fee & “Upfront fee on restructured account” are recognised on accrual basis proportionately over the period. All other commission and fee income are recognised on their realisation.

1.8 One time Insurance Premium paid under Special Home Loan Scheme (December 2008 to June 2009) is amortised over the average loan period of 15 years.

1.9 Brokerage, Commission etc. paid/incurred in connection with the issue of Bonds/Deposits are amortized over the tenure of the related Bonds/ Deposits and the expenses incurred in connection with the issue are charged upfront.

1.10 The sale of NPA is accounted as per guidelines prescribed by RBI:

i. When the Bank sells its financial assets to Securitisation Company (SC)/Reconstruction Company (RC), the same is removed from the books.

ii. If the sale is at a price below the Net Book Value (NBV) (i.e., book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale

iii. If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received, as permitted by the RBI.

1.11 Non-banking entities:

Merchant Banking:

a. Issue management and advisory fees are recognised based on the stage of completion of assignments and as per the terms of the agreement with the client, net of pass-through.

b. Fees for private placement are recognised on completion of assignment.

c. Brokerage income in relation to stock broking activity is recognized on the trade date of transaction and includes stamp duty, transaction charges and is net of scheme incentives paid.

d. Commission relating to public issues is accounted for on finalisation of allotment of the public issue/receipt of information from intermediary.

e. Brokerage income relating to public issues/mutual fund/other securities is accounted for based on mobilisation and intimation received from clients/ intermediaries.

f. Depository income – Annual Maintenance Charges are recognised on accrual basis and transaction charges are recognised on trade date of transaction.

Asset Management:

a. Management fee is recognised at specific rates agreed with the relevant schemes, applied on the average daily net assets of each scheme (excluding inter-scheme investments, wherever applicable, investments made by the company in the respective scheme and deposits with Banks), and are in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996.

b. Portfolio Advisory Services, Portfolio Management Services and Management Fees on Alternative Investment Fund (AIF) are recognised on accrual basis as per the terms of the contract.

c. Recovery, if any, on realisation of devolved investments of schemes acquired by the company, in terms of the right of subrogation, is accounted on the basis of receipts. Recovery from funded guarantee schemes is recognised as income in the year of receipt.

d. Expenses of schemes in excess of the stipulated rates and expenses relating to new fund offer are charged to the Profit and Loss Account in the year in which they are incurred in accordance with the requirements of SEBI (Mutual Funds) Regulations, 1996.

   Brokerage and/or incentive paid on investments in open-ended Equity Linked Tax Saving Schemes and Systematic Investment Plans (SIPs) are amortised over a period of 36 months and in case of other schemes, over the claw back period. In case of close-ended schemes, brokerage is amortised over the tenure of schemes.

Credit Card Operations:

a. First annual fee and subsequent renewal fee are recognised over a period of one year as this more closely reflects the period to which the fee relates to.

b. Interchange income is recognised on accrual basis.

c. The total unidentified receipts which could not be credited or adjusted in the customers' accounts for lack of complete & correct information is considered as liability in Balance Sheet. The estimated unidentified receipts aged more than 6 months and up to 3 years towards the written off customers is written back as income on Balance Sheet date. Further, the unresolved unidentified receipts aged more than 3 years are also written back as income on Balance Sheet date. The liability for stale cheques aged for more than three years is written back as income.

d. All other service income/fees are recorded at the time of occurrence of the respective events.

Factoring:

Factoring charges are accrued on factoring of debts at the applicable rates as decided by the company. Processing fees are recognised as income only when there is reasonable certainty of its receipt after execution of documents. Facility Continuation fees (FCF) are calculated and charged in the month of May for the entire next financial year on all live standard accounts. 1st of May is deemed as date for accrual of the FCF.

Life Insurance:

a. Premium of non-linked business is recognised as income (net of service tax/ goods and service tax) when due from policyholders. In respect of linked business, premium income is recognised when the associated units are allotted. In case of Variable Insurance Products (VIPs), premium income is recognised on the date when the Policy Account Value is credited. Uncollected premium from lapsed policies is not recognised as income until such policies are revived.

b. Top-up premiums are considered as single premium.

c. Income from linked funds which includes fund management charges, policy administration charges, mortality charges, etc. are recovered from linked fund in accordance with terms and conditions of policy and recognised when recovered.

d. Realised gains and losses in respect of equity securities and units of mutual funds are calculated as the difference between the net sales proceeds and their cost. In respect of debt securities, the realised gains and losses are calculated as difference between net sale proceeds or redemption proceeds and weighted average amortised cost. Cost in respect of equity shares and units of mutual fund are computed using the weighted average method.

e. Fees received on lending of equity shares under Securities lending and borrowing scheme (SLB) is recognised as income over the period of the lending on straight-line basis.

f. Premium ceded on reinsurance is accounted in accordance with the terms of the re-insurance treaty or in-principle arrangement with the re-insurer.

g. Benefits paid:

   - Claims cost consist of the policy benefit amounts and claims settlement costs, where applicable.
   - Claims by death and rider are accounted when intimated. Intimations up to the end of the period are considered for accounting of such claims.
   - Claims by maturity are accounted on the policy maturity date.
   - Survival and Annuity benefits claims are accounted when due.
   - Surrenders and withdrawals are accounted as and when intimated. Benefits paid also includes amount payable on lapsed policies which are accounted for as and when due. Surrenders, withdrawals and lapsation are disclosed at net of charges recoverable.
   - Repudiated claims disputed before judicial authorities are provided for based on management prudence considering the facts and evidences available in respect of such claims.
   - Amounts recoverable from re-insurers are accounted for in the same period as the related claims and are reduced from claims.

h. Acquisition costs such as commission, medical fees, etc. are costs that are primarily related to the acquisition of new and renewal insurance contracts. The same are expensed in the period in which they are incurred.

i. Liability for life policies: The actuarial liability of all the life insurance policies has been calculated by the Appointed Actuary in accordance with the Insurance Act 1938, and as per the rules and regulations and circulars issued by IRDAI and the relevant Guidance Notes and/or Actuarial Practice Standards (APS) issued by the Institute of Actuaries of India.

Non-linked business is reserved using a prospective gross premium valuation method. Mathematical reserves are calculated based on future assumptions having regard to current and future experience. The unit liability in respect of linked business has been considered as the value of the units standing to the credit of the policy holders, using the Net Asset Value (NAV) as on the valuation date. Variable insurance policies (VIPs) have also been valued in a manner similar to the ULIP business by considering liability as the policy account standing to the credit of the policy holders plus additional provisions for adequacy of charges to meet expenses.

General Insurance:

a. Premium including reinsurance accepted (net of goods & service tax) is recorded in the books at the commencement of risk. In case the premium is recovered in instalments, amount to the extent of instalment due is recorded on the due date of the instalment. Premium (net of goods & service tax), including reinstatement premium, on direct business and reinsurance accepted, is recognized as income over the contract period or the period of risk, whichever is appropriate, on a gross basis under 1/365 method. Any subsequent revision to premium is recognized over the remaining period of risk or contract period. Adjustments to premium income arising on cancellation of policies are recognised in the period in which they are cancelled.

b. Commission received on reinsurance ceded is recognised as income in the period in which reinsurance risk is ceded. Profit commission under re-insurance treaties, wherever applicable, is recognized as income in the year of final determination of the profits as intimated by Reinsurer.

c. In respect of proportional reinsurance ceded, the cost of reinsurance ceded is accrued at the commencement of risk. Non-proportional reinsurance cost is recognized when due. Non-proportional reinsurance cost is accounted as per the terms of the reinsurance arrangements. Any subsequent revision to, refunds or cancellations of premiums is recognized in the period in which they occur.

d. Reinsurance inward acceptances are accounted for on the basis of returns, to the extent received, from the insurers.

e. Acquisition costs are expensed in the period in which they are incurred. Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. The primary test for determination as acquisition cost is the obligatory relationship between the costs and the execution of the insurance contracts (i.e. commencement of risk).

f. Claim is recognised as and when a loss occurrence is reported. Claim is recognised by creation of provision for the amount of claim payable as estimated by the management based on available information and past experience, on receipt of claim notification. Such provision is reviewed / modified as appropriate on the basis of additional information as and when available. Amounts received/receivable from the re-insurers/ co-insurers, under the terms of the reinsurance and coinsurance arrangements respectively, is recognised together with the recognition of claim. Provision for claims outstanding payable as on the date of Balance Sheet is net of reinsurance, salvage value and other recoveries as estimated by the management.

g. Provision in respect of claim liabilities that may have been incurred before the end of the accounting year but are

- not yet reported or claimed (IBNR) or
- not enough reported i.e. reported with information insufficient for making a reasonable estimate of likely claim amount (IBNER),

The provision is made according to the amount determined by the Appointed Actuary based on actuarial principles in accordance with the Actuarial Practice Standards and Guidance Notes issued by the Institute of Actuaries of India and IRDAI regulations and guidelines.

Custody & Fund accounting services:

The revenue (net of goods & service tax) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Pension Fund Operation:

Management fee is recognized at specific rates agreed with the relevant schemes, applied on daily net assets of each scheme, and is in conformity with the regulatory guidelines issued by Pension Fund Regulatory and Development Authority (PFRDA). The Company presents revenues net of Service Tax/ goods and service tax

Trustee Operations:

a. Mutual Fund Trusteeship fee is recognised at specific rates agreed with relevant schemes, applied on the average daily Net Assets of each scheme (excluding inter-scheme investment, investment in fixed deposits, investments made by the Asset Management Company and deferred revenue expenses, where applicable), and is in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996.

b. Corporate Trusteeship Acceptance fees are recognised on the acceptance or execution of trusteeship assignment whichever is earlier. Corporate Trusteeship service charges are recognised/accrued on the basis of terms of trusteeship contracts/ agreements entered into with clients.

c. Income from online “will” services is recognised when the right to receive the fee is established, as all certainty for revenue recognition is present at the time of establishment of such right.

Infrastructure and Facility Management:

Revenue from management and consultancy fees is recognised as and when the said contractual work is awarded to the vendor and the agreed scope of work is completed by the vendor.

Merchant Acquiring Business:

a. The revenue is measured on basis of consideration received or receivable for the services provided, excluding discounts, GST and other applicable taxes and are recognised upon performance of services.

b. The revenue from deployment of POS is recognised either over the period during which the service is rendered or on basis of the number of transactions processed during the period in accordance with the rates and conditions specified in the agreements

c. Income received but not accrued on account of maintenance deployment contract are recognised as deferred revenue and included in liabilities until the revenue recognition criteria are met. Income accrued but not billed represents revenue recognised on work performed but billed in subsequent period based on terms of contract.

d. Revenue of providing services of Merchant Acquiring are recognised on fully loaded cost plus mark up on such costs

e. Revenue is recognised to the extent it is probable that the economic benefits will flow and the revenue can be reliably measured

2. Investments:

The transactions in all securities are recorded on "Settlement Date"

2.1 Classification:

Investments are classified into three categories viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) as per RBI Guidelines. For the purpose of disclosure in the Balance Sheet in Schedule 8, (I) 'Investments in India' are classified under six groups (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Subsidiaries and Associates and (vi) Others and (II) 'Investments outside India' are classified under three categories – (i) Government Securities, (ii) Associates and (iii) Other Investments.

2.2 Basis of classification:

i. Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".

ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".

iii. Investments, which are not classified in the above two categories, are classified as "Available for Sale (AFS)".

iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

v. Investments in associates are classified as HTM except in respect of those investments which are acquired and held exclusively with a view to its subsequent disposal. These investments are classified as AFS.

2.3 Valuation:

A. Banking Business:

i. In determining the acquisition cost of an investment:

   a. Brokerage/commission received on subscriptions is reduced from the cost.

   b. Brokerage, commission, securities transaction tax, etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.

   c. Broken period interest paid / received on debt instruments is treated as interest expense/income and is excluded from cost/sale consideration.

   d. Cost of investment under AFS and HFT category is determined at the weighted average cost method by the group entities and cost of investments under HTM category is determined on FIFO basis (first in first out) by SBI and weighted average cost method by other group entities.

ii. Transfer of securities from HFT/AFS category to HTM category is carried out at the lower of acquisition cost/book value/market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. However, transfer of securities from HTM category to AFS category is carried out on acquisition price/book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

iii. Treasury Bills and Commercial Papers are valued at carrying cost.

iv. Held to Maturity category: Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period of remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head "interest on investments". A provision is made for diminution, other than temporary, for each investment individually. Investments in Regional Rural Banks (RRBs) are valued at equity cost determined in accordance with AS 23 of the ICAI.

v. Available for Sale and Held for Trading categories: Investments held under AFS and HFT categories are individually revalued at the market price or fair value determined as per the regulatory guidelines, and only the net depreciation of each group for each category (viz., (i) Government securities (ii) Other Approved Securities (iii) Shares (iv) Debentures & Bonds (v) Subsidiaries and Joint Ventures; and (vi) others) is provided for and net appreciation, is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

vi. In case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognised at lower of (i) Net Book Value (NBV) (i.e., book value less provisions held) of the financial asset and (ii) Redemption value of SR. SRs issued by an SC/ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ARC, is reckoned for valuation of such investments.

vii. Investments are classified as performing and non-performing, based on the guidelines issued by the RBI in the case of domestic offices/entities and respective regulators in the case of foreign offices/entities. Investments of domestic offices become non-performing where:

a. Interest/instalment (including maturity proceeds) is due and remains unpaid for more than 90 days.

b. In the case of equity shares, in the event the investment in the shares of any company is valued at ₹ 1 per company on account of the non-availability of the latest Balance Sheet, those equity shares would be reckoned as NPI.

c. If any credit facility availed by an entity is NPA in the books of the bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.

d. The above would apply mutatis-mutandis to Preference Shares where the fixed dividend is not paid.

e. The investments in debentures/bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.

f. In respect of foreign offices/entities, provisions for NPIs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

viii. Accounting for Repo/Reverse Repo transactions (other than transactions under the Liquidity Adjustment Facility (LAF) with the RBI)

a. The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo A/c is classified under Schedule 4 (Borrowings) and balance in Reverse Repo A/c is classified under Schedule 7 (Balance with Banks and Money at Call & Short Notice).

b. Interest expended/earned on Securities purchased/ sold under LAF with RBI is accounted for as expenditure/ revenue.

Market repurchase and reverse repurchase transactions as well as the transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as Borrowings and Lending transactions in accordance with the extant RBI guidelines.

B. Insurance Business:

In case of life and general insurance subsidiaries, investments are accounted in accordance with the Insurance Act, 1938, the IRDAI (Investment) Regulations, 2016 and IRDA (Presentation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, investment policy of the company and various other circulars / notifications as issued by IRDAI from time to time.

(i) Valuation of investment pertaining to non-linked life insurance business and general insurance business: -

- All debt securities, including government securities and money market securities are stated at historical cost subject to amortisation of premium or accretion of discount.
- Listed equity shares, equity related instruments and preference shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the closing price at primary exchange i.e. National Stock Exchange of India Limited ('NSE') is considered. If NSE closing price is not available, the closing price of the secondary exchange i.e. BSE Limited ('BSE') is considered.
- Unlisted equity securities, equity related instruments and preference shares are measured at historical cost.
- In case of Security Lending and Borrowing (SLB), equity shares lent are valued as per valuation policy for equity shares as mentioned above.
- Additional Tier 1 (Basel III compliant) Perpetual Bonds classified under "Equity" as specified by IRDAI, are valued at prices obtained from Credit Rating Information Services of India Limited (CRISIL).
- Investments in mutual fund units are valued at the Net Asset Value (NAV) of previous day in life insurance and of Balance Sheet date in general insurance.
- Investment in Alternative Investment Funds (AIFs) are valued at latest available NAV.

Unrealized gains or losses arising due to change in the fair value of listed equity shares, mutual fund units and AIFs pertaining to shareholders' investments and non-linked policyholders investments are taken to "Revenue & Other Reserves (Schedule 2)" and "Liabilities relating to Policyholders in Insurance Business (Schedule 5)" respectively, in the Balance Sheet.

(ii) Valuation of investment pertaining to linked business: -

- Debt Securities including Government securities with remaining maturity of more than one year are valued at prices obtained from CRISIL. Debt securities including Government securities with remaining maturity of less than one year are valued on yield to maturity basis, where yield is derived using market price provided by CRISIL on the day when security is classified as short term. If security is purchased during its short term tenor, it is valued at amortised cost using yield to maturity method. In case of securities with options, earliest Call Option/Put Option date will be taken as maturity date for this purpose. Money market securities are valued at historical cost subject to amortization of premium or accretion of discount on yield to maturity basis.
- Listed equity shares, equity related instruments and preference shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the closing price at primary exchange i.e. NSE is considered. If NSE closing price is not available, closing price of the BSE is considered.
- Unlisted equity shares, equity related instruments and preference shares are measured at historical cost.
- In case of Security Lending and Borrowing (SLB), equity shares lent are valued as per valuation policy for equity shares as mentioned above.
- Additional Tier 1 (Basel III compliant) Perpetual Bonds classified under "Equity" as specified by IRDAI, are valued at prices obtained from CRISIL.
- Investments in mutual fund units are valued at the previous day's Net Asset Value (NAV).
- Unrealized gains or losses arising due to changes in the fair value are recognized in the Profit & Loss Account.

3. Loans /Advances and Provisions thereon:

3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

i. In respect of term loans, interest and/or instalment of principal remains overdue for a period of more than 90 days;

ii. In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e. if the outstanding balance exceeds the sanctioned limit/drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance-sheet, or if the credits are not adequate to cover the interest debited during the same period;

iii. In respect of bills purchased/discounted, the bill remains overdue for a period of more than 90 days;

iv. In respect of agricultural advances (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

3.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

i. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.

ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.

iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

3.3 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Substandard Assets:	i.	A general provision of 15% on the total outstanding;
	ii.	Additional provision of 10% for exposures which are unsecured ab-initio (i.e. where realisable value of security is not more than 10 percent ab-initio);
	iii.	Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available – 20%.
Doubtful Assets:		
-Secured portion:	i.	Upto one year – 25%
	ii.	One to three years – 40%
	iii.	More than three years – 100%
-Unsecured portion	100%	
Loss Assets:	100%	

3.4 In respect of foreign offices/entities, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

3.5 Advances are net of specific loan loss provisions, unrealised interest, ECGC claims received and bills rediscounted.

3.6 For restructured/rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loan/advances before and after restructuring is provided for, in addition to provision for the respective loans/advances. The Provision for Diminution in Fair Value (DFV) and interest sacrifice, if any, arising out of the above, is reduced from advances.

3.7 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

3.8 Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.

3.9 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

3.10 Appropriation of recoveries in NPAs are made in order of priority as under :

a. Charges, Costs, Commission etc.

b. Unrealized Interest / Interest

c. Principal

However, in Compromise and Resolution/ Settlement through National Company Law Tribunal (NCLT) cases, the recoveries are appropriated as per the terms of respective compromise/ resolution/ settlement. In case of suit filed accounts, recovery is appropriated as per directives of respective courts.

4. Floating Provisions:

The Bank has a policy for creation and utilisation of floating provisions separately for advances, investments and general purposes. The quantum of floating provisions to be created is assessed at the end of the financial year. The floating provisions are utilised only for contingencies under extraordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

5. Provision for Country Exposure for Banking Entities:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorised into seven risk categories, namely, insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the "Other Liabilities & Provisions – Others".

6. Derivatives:

6.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, cross currency interest rate swaps and forward rate agreements in order to hedge on-Balance Sheet/off-Balance Sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-Balance Sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-Balance Sheet items. The impact of such derivative instruments is correlated with the movement of the underlying assets and accounted in accordance with the principles of hedge accounting.

6.2 Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying assets / liabilities are also marked to market.

6.3 Except as mentioned above, all other derivative contracts are marked to market as per the Generally Accepted Accounting Practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss Account in the period of change. Any receivable under derivative contracts, which remain overdue for more than 90 days, are reversed through Profit and Loss Account to "Suspense Account - Crystallised Receivables". In cases where the derivative contracts provide for more settlement in future and if the derivative contract is not terminated on the overdue receivables remaining unpaid for 90 days, the positive MTM pertaining to future receivables is also reversed from Profit and Loss Account to "Suspense Account - Positive MTM".

6.4 Option premium paid or received is recorded in Profit and Loss Account at the expiry of the option. The balance in the premium received on options sold and premium paid on options bought is considered to arrive at Mark to Market value for forex Over the Counter (OTC) options.

6.5 Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

7. Fixed Assets Depreciation and Amortisation:

7.1 Fixed Assets are carried at cost less accumulated depreciation/ amortisation.

7.2 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure(s) incurred on the assets put to use are capitalised only when it increases the future benefits from such assets or their functioning capability.

7.3 The rates of depreciation and method of charging depreciation in respect of domestic operations are as under:

Sr. No.	Description of Fixed Assets	Method of charging depreciation	Depreciation/ amortisation rate
1	Computers	Straight Line Method	33.33% every year
2	Computer Software forming an integral part of the Computer hardware	Straight Line Method	33.33% every year
3	Computer Software which does not form an integral part of Computer hardware and cost of Software Development	Straight Line Method	33.33% every year
4	Automated Teller Machine/ Cash Deposit Machine Coin Dispenser / Coin Vending Machine	Straight Line Method	20.00% every year
5	Servers	Straight Line Method	25.00% every year
6	Network Equipment	Straight Line Method	20.00% every year
7	Other fixed assets	Straight Line Method	On the basis of estimated useful life of the assets Estimated useful life of major group of Fixed Assets are as under: Premises 60 Years Vehicles 5 Years Safe Deposit Lockers 20 Years Furniture & Fixtures 10 Years

7.4 In respect of assets acquired during the year for domestic operations, depreciation is charged on proportionate basis for the number of days assets have been put to use during the year.

7.5 Assets costing less than ₹ 1,000 each are charged off in the year of purchase.

7.6 In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease and the lease rent is charged in the respective year (s).

7.7 In respect of assets given on lease by the Bank on or before 31st March 2001, the value of the assets given on lease is disclosed as Leased Assets under Fixed Assets, and the difference between the annual lease charge (capital recovery) and the depreciation is taken to Lease Equalisation Account.

7.8 In respect of fixed assets held at foreign offices/ entities, depreciation is provided as per the regulations /norms of the respective countries.

7.9 The Bank considers only immovable assets for revaluation. Properties acquired during the last three years are not revalued. Valuation of the revalued assets is done at every three years thereafter.

7.10 The increase in Net Book Value of the asset due to revaluation is credited to the Revaluation Reserve Account without routing through the Profit and Loss Account. Additional Depreciation on the revalued asset is charged to the Profit and Loss Account and appropriated from the Revaluation Reserves to Other Revenue Reserve.

7.11 The Revalued Assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

8. Leases:

The asset classification and provisioning norms applicable to advances, as laid down in Para 3 above, are applied to financial leases also.

9. Impairment of Assets:

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future Net Discounted Cash Flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

10. Effect of changes in the foreign exchange rate:

10.1 Foreign Currency Transactions

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Foreign currency monetary items are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing (spot/forward) rates.

iii. Foreign currency non-monetary items, which are carried at historical cost, are reported using the exchange rate on the date of the transaction.

iv. Contingent liabilities denominated in foreign currency are reported using the FEDAI closing spot rates.

v. Outstanding foreign exchange spot and forward contracts held for trading are revalued at the exchange rates notified by FEDAI for specified maturities, and the resulting Profit or Loss is recognised in the Profit and Loss Account.

vi. Foreign exchange forward contracts which are not intended for trading and are outstanding on the Balance Sheet date, are re-valued at the closing spot rate. The premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

vii. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised as income or as expense in the period in which they arise.

viii. Gains / Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognised in the Profit and Loss Account.

10.2 Foreign Operations:

Foreign Branches/Subsidiaries / Joint Ventures of the Bank and Offshore Banking Units (OBU) have been classified as Non-integral Operations and Representative Offices have been classified as Integral Operations.

a. Non-integral Operations:

i. Both monetary and non-monetary foreign currency assets and liabilities including contingent liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

ii. Income and expenditure of non-integral foreign operations are translated at quarterly average closing rates notified by FEDAI.

iii. Exchange differences arising on investment in non-integral foreign operations are accumulated in Foreign Currency Translation Reserve until the disposal of the investment.

iv. The Assets and Liabilities of foreign offices/ subsidiaries /joint ventures in foreign currency (other than local currency of the foreign offices/subsidiaries/ joint ventures) are translated into local currency using spot rates applicable to that country on the Balance Sheet date.

b. Integral Operations:

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Monetary foreign currency assets and liabilities of integral foreign operations are translated at closing (Spot/Forward) exchange rates notified by FEDAI at the Balance Sheet date and the resulting Profit/Loss is included in the Profit and Loss Account. Contingent Liabilities are translated at Spot rate.

iii. Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate on the date of the transaction.

11. Employee Benefits:

11.1 Short Term Employee Benefits:

The undiscounted amounts of short-term employee benefits, such as medical benefits, which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

11.2 Long Term Employee Benefits:

i. Defined Benefit Plans :

a. SBI operates a Provident Fund scheme. All eligible employees are entitled to receive benefits under the Provident Fund scheme. SBI contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are remitted to a Trust established for this purpose and are charged to Profit and Loss Account. SBI recognizes such annual contributions as an expense in the year to which it relates, Shortfall, if any, is provided for on the basis of actuarial valuation.

SBI Life Insurance Company Limited makes contribution towards provident fund, a defined benefit retirement plan. The provident fund is administered by the trustees of the SBI Life Insurance Company Limited Employees PF Trust. The contribution paid or payable under the schemes is charged to the Profit and Loss Account during the period in which the employee renders the related service. Further, an actuarial valuation is conducted annually by an independent actuary to recognise the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate.

b. The group entities operate separate Gratuity schemes, which are defined benefit plans. The group entities provide for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement or on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to the cap prescribed by the Statutory Authorities. Vesting occurs upon completion of five years of service. SBI makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually.

c. SBI provides for pension to all eligible employees. The benefit is in the form of monthly payments as per rules to vested employees on retirement or on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. SBI makes monthly contribution to the Pension Fund at 10% of salary in terms of SBI Pension Fund Rules. The pension liability is reckoned based on an independent actuarial valuation carried out annually and SBI makes such additional contributions periodically to the Fund as may be required to secure payment of the benefits under the pension regulations.

d. The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains/losses are immediately recognised in the Profit and Loss and are not deferred.

ii. Defined Contribution Plans:

SBI operates a New Pension Scheme (NPS) for all officers/ employees joining SBI on or after 1st August, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing SBI Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from SBI. Pending completion of registration procedures of the employees concerned, these contributions are retained as deposits in SBI and earn interest at the same rate as that of the current account of Provident Fund balance. SBI recognizes such annual contributions and interest as an expense in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

iii. Other Long Term Employee benefits:

All eligible employees of the Group are eligible for compensated absences, silver jubilee award, leave travel concession, retirement award and resettlement allowance. The costs of such long term employee benefits are internally funded by the group entities.

The cost of providing other long term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. Past service cost is immediately recognised in the Profit and Loss and is not deferred.

11.3 Employee benefits relating to employees employed at foreign offices/ entities are valued and accounted for as per the respective local laws/regulations.

12. Segment Reporting

The Group recognises the business segment as the primary reporting segment and geographical segment as the secondary reporting segment in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by Institute of Chartered Accountants of India.

13. Taxes on income

Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax expense incurred by the Group. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively after taking into account taxes paid at the foreign offices/entities, which are based on the tax laws of respective jurisdiction. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year and carry forward losses.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

In Consolidated Financial Statement, income tax expenses are the aggregate of the amounts of tax expense appearing in the separate financial statements of the parent and its subsidiaries/joint ventures, as per their applicable laws.

14. Earnings per Share:

14.1 The Bank reports basic and diluted earnings per share in accordance with AS 20 –"Earnings per Share" issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders (other than minority) by the weighted average number of equity shares outstanding for the year.

14.2 Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

15. Provisions, Contingent Liabilities and Contingent Assets:

15.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Group recognises provisions only when it has a present obligation as a result of a past event and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

15.2 No provision is recognised for

i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group entities; or

ii. any present obligation that arises from past events but is not recognised because

a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b. a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities.

These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

15.3 Provision for reward points in relation to the debit card holders of SBI is being provided for on actuarial estimates.

15.4 Contingent Assets are not recognised in the financial statements.

16. Bullion Transactions:

SBI imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. SBI earns a fee on such bullion transactions. The fee is classified under commission income. SBI also accepts deposits and lends gold, which is treated as deposits/advances as the case may be with the interest paid/received classified as interest expense / income. Gold Deposits, Metal Loan Advances and closing Gold Balances are valued at available Market Rate as on the date of Balance Sheet

17. Special Reserves:

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961. The Board of Directors has passed a resolution approving creation of the reserve and confirming that it has no intention to make withdrawal from the Special Reserve.

18. Share Issue Expenses:

Share issue expenses are charged to the Share Premium Account.

19. Cash and cash equivalents

Cash and cash equivalents include Cash and Balances with RBI, Balances with Banks and money at call and short notice.

Schedule 18
Notes to Accounts:

1. List of Subsidiaries/Joint Ventures/Associates considered for preparation of consolidated financial statements:

1.1 The 28 Subsidiaries, 8 Joint Ventures and 18 Associates including 15 Regional Rural Banks from/upto respective dates of merger/exit during the year (which along with State Bank of India, the parent, constitute the Group), considered in the preparation of the consolidated financial statements, are

A) Subsidiaries:

S. No.	Name of the Subsidiary	Country of incorporation	Group's Stake (%) Current Year	Group's Stake (%) Previous Year*
1)	SBI Capital Markets Ltd.	India	100.00	100.00
2)	SBICAP Securities Ltd.	India	100.00	100.00
3)	SBICAP Trustee Company Ltd.	India	100.00	100.00
4)	SBICAP Ventures Ltd.	India	100.00	100.00
5)	SBICAP (Singapore) Ltd.	Singapore	100.00	100.00
6)	SBICAP (UK) Ltd.	U.K.	100.00	100.00
7)	SBI DFHI Ltd.	India	72.17	72.17
8)	SBI Global Factors Ltd.	India	86.18	86.18
9)	SBI Infra Management Solutions Pvt. Ltd.	India	100.00	100.00
10)	SBI Mutual Fund Trustee Company Pvt Ltd.	India	100.00	100.00
11)	SBI Payment Services Pvt. Ltd.@	India	74.00	74.00
12)	SBI Pension Funds Pvt Ltd.	India	92.60	92.60
13)	SBI Life Insurance Company Ltd.	India	57.60	62.10
14)	SBI General Insurance Company Ltd. @	India	70.00	70.00
15)	SBI Cards and Payment Services Ltd.	India	69.51	74.00
16)	SBI–SG Global Securities Services Pvt. Ltd. @	India	65.00	65.00
17)	SBI Funds Management Pvt. Ltd. @	India	63.00	63.00
18)	SBI Funds Management (International) Private Ltd. @	Mauritius	63.00	63.00

S. No.	Name of the Subsidiary	Country of incorporation	Group's Stake (%) Current Year	Group's Stake (%) Previous Year*
19)	Commercial Indo Bank Llc , Moscow @	Russia	60.00	60.00
20)	Bank SBI Botswana Limited	Botswana	100.00	100.00
21)	SBI Canada Bank	Canada	100.00	100.00
22)	State Bank of India (California)	USA	100.00	100.00
23)	State Bank of India (UK) Limited	UK	100.00	100.00
24)	State Bank of India Servicos Limitada	Brazil	100.00	100.00
25)	SBI (Mauritius) Ltd.	Mauritius	96.60	96.60
26)	PT Bank SBI Indonesia	Indonesia	99.00	99.00
27)	Nepal SBI Bank Ltd.	Nepal	55.00	55.00
28)	Nepal SBI Merchant Banking Limited	Nepal	55.00	55.00

@ Represents companies which are jointly controlled entities in terms of the shareholders' agreement. However, the same are consolidated as subsidiaries in accordance with AS 21 "Consolidated Financial Statements" as SBI's holding in these companies exceeds 50%.

* In the previous year, SBI Business Process Management Services Private Limited (a subsidiary) was also consolidated. It was amalgamated with SBI Cards and Payment Services Ltd. w.e.f April 1, 2018. Please refer Note no. 1.1.(a) below.

B) Joint Ventures:

S. No.	Name of the Joint Venture	Country of Incorporation	Group's Stake (%) Current Year	Group's Stake (%) Previous Year
1)	C - Edge Technologies Ltd.	India	49.00	49.00
2)	SBI Macquarie Infrastructure Management Pvt. Ltd.	India	45.00	45.00
3)	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	India	45.00	45.00
4)	Macquarie SBI Infrastructure Management Pte. Ltd.	Singapore	45.00	45.00
5)	Macquarie SBI Infrastructure Trustee Ltd.	Bermuda	45.00	45.00
6)	Oman India Joint Investment Fund – Management Company Pvt. Ltd.	India	50.00	50.00
7)	Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.	India	50.00	50.00
8)	Jio Payments Bank Ltd.	India	30.00	30.00

C) Associates:

S. No.	Name of the Associate	Country of Incorporation	Group's Stake (%) Current Year	Group's Stake (%) Previous Year*
1)	Andhra Pradesh Grameena Vikas Bank	India	35.00	35.00
2)	Arunachal Pradesh Rural Bank	India	35.00	35.00
3)	Chhattisgarh Rajya Gramin Bank	India	35.00	35.00
4)	Ellaquai Dehati Bank	India	35.00	35.00
5)	Madhyanchal Gramin Bank	India	35.00	35.00
6)	Meghalaya Rural Bank	India	35.00	35.00
7)	Mizoram Rural Bank	India	35.00	35.00
8)	Nagaland Rural Bank	India	35.00	35.00
9)	Purvanchal Bank	India	35.00	35.00
10)	Saurashtra Gramin Bank	India	35.00	35.00
11)	Utkal Grameen Bank	India	35.00	35.00

S. No.	Name of the Associate	Country of Incorporation	Group's Stake (%) Current Year	Previous Year*
12)	Uttarakhand Gramin Bank	India	35.00	35.00
13)	Jharkhand Rajya Gramin Bank	India	35.00	35.00
14)	Rajasthan Marudhara Gramin Bank	India	35.00	35.00
15)	Telangana Grameena Bank	India	35.00	35.00
16)	The Clearing Corporation of India Ltd.	India	20.05	20.05
17)	Yes Bank Ltd. (w.e.f. March 14, 2020)	India	48.21	-
18)	Bank of Bhutan Ltd.	Bhutan	20.00	20.00

* In previous year, Kaveri Grameena Bank, Langpi Dehangi Rural Bank and Malwa Gramin Bank (upto December 31, 2018) were also consolidated. These have been merged into RRBs not sponsored by SBI.

Please refer to Note no. 1.1.(f) below for details regarding merger of Regional Rural Banks (RRBs) sponsored by SBI.

a) As per NCLT order pronounced on June 04, 2019 SBI Business Process Management Services Private Limited (a subsidiary) has been amalgamated with SBI Cards and Payment Services Private Limited (a subsidiary) w.e.f. April 01, 2018 with the latter being the surviving entity.

The name of SBI Cards and Payment Services Private Limited has changed to SBI Cards and Payment Services Limited w.e.f. 20.08.2019.

In the month of March 2020, SBI sold its 4.00% stake in SBI Cards and Payment Services Limited by way of public offer. In the same public offer, SBI Cards and Payment Services Limited came up with a fresh issue of 6,622,516 equity shares of face value of ₹ 10 each.

Consequently the stake of SBI Group in SBI Cards and Payment Services Limited has reduced from 74.00% to 69.51%.

b) During the month of June 2019, SBI Capital Markets Limited. (a subsidiary) has infused share capital of GBP 2 lakh equivalent to ₹ 1.77 crore in SBICAP (UK) Limited (a step down subsidiary) .

During the month of August 2019, the board of SBICAP (UK) Limited approved the winding up of the operations of SBICAP (UK) Limited and surrender its license to Financial Conduct Authority (FCA) in UK. The operations of SBICAP (UK) were closed on 30.11.2019. In the month of March 2020, SBICAP (UK) has remitted back the balance in its capital and reserves to SBI Capital Markets Limited.

c) During the month of August 2019, SBI Capital Markets Limited (a subsidiary) has infused share capital of ₹ 10.40 crore in SBICAP Ventures Limited (a step down subsidiary) . The stake of SBI Group in SBICAP Ventures Limited remains the same.

d) In the month of September 2019, SBI sold its 4.50% stake in SBI Life Insurance Company Limited (a subsidiary). The stake of SBI Group in SBI Life Insurance Company Limited has reduced from 62.10% to 57.60%.

e) In the month of December 2019, Nepal SBI Bank Ltd. has issued 27,88,253 bonus shares to SBI amounting to NPR 27.88 crore equivalent to ₹ 17.47 crore. The stake of SBI Group in Nepal SBI Bank Ltd remains the same.

f) During the year, SBI has infused additional capital in the following Regional Rural Bank (RRBs) sponsored by it :-

₹ in crore

Regional Rural Banks	Amount
Utkal Grameena Bank	143.78
Ellaquai Dehati Bank	5.48
Madhyanchal Gramin Bank	8.91
Nagaland Rural Bank	0.48
TOTAL	158.65

The SBI Group's stake remains the same after the aforesaid capital infusion.

g) In accordance with notification issued by Govt. of India, the following amalgamations have taken/will take place among the Regional Rural Banks (RRBs) sponsored by SBI and those sponsored by other Banks :

i) The details of amalgamation of RRBs, where the transferee RRBs are not sponsored by SBI are as below:-

	Name of transferor RRBs	Sponsor Bank of transferor RRBs	New Name after Amalgamation of RRBs	Sponsor Bank of transferee RRBs	Effective Date of Amalgamation
1.	Pragathi Krishna Gramin Bank	Canara Bank	Karnataka Gramin Bank	Canara Bank	April 01 ,2019
	Kaveri Grameena Bank	State Bank of India			
2.	Assam Gramin Vikash Bank	United Bank of India	Assam Gramin Vikash Bank	United Bank of India	April 01 ,2019
	Langpi Dehangi Rural Bank	State Bank of India			
3.	Baroda Uttar Pradesh Gramin Bank	Bank of Baroda	Baroda U.P. Bank	Bank of Baroda	April 01 ,2020
	Kashi Gomti Samyut Gramin Bank	Union Bank of India			
	Purvanchal Bank	State Bank of India			

By virtue of Department of Financial Services (DFS) letter dated February 06, 2019 and February 14, 2019 the transfer of stake of sponsor Banks has taken place at face value of the shares and as a result during the year ended March 31, 2020 a loss of ₹ 207.93 crore has been recognized in the consolidated financial statements under the head "Other Income".

ii) The details of amalgamation of RRBs, where the transferee RRB is sponsored by SBI are as below:-

	Name of transferor RRBs	Sponsor Bank of transferor RRBs	New Name after Amalgamation of RRBs	Sponsor Bank of transferee RRBs	Effective Date of Amalgamation
1.	Jharkhand Gramin Bank	Bank of India	Jharkhand Rajya Gramin Bank	State Bank of India	April 01 ,2019
	Vananchal Gramin Bank	State Bank of India			

h) In the month of March 2020, as per the scheme of reconstruction notified by the Government of India, SBI has infused ₹ 6,050 crore in Yes Bank Ltd. The stake of SBI Group is at 48.21%.

Yes Bank Limited became an associate of the SBI Group w.e.f March 14, 2020 and has been consolidated using equity method as per AS-23 "Accounting for Investments in Associates in Consolidated Financial Statements". As per AS-23, capital reserve arises after the stake acquisition in Yes Bank Ltd. amounting to ₹ 1,947.53 crore in CFS.

i) SBI Home Finance Ltd., an associate in which SBI is having 25.05% stake, is under liquidation and therefore, not being considered for consolidation in preparation of Consolidated Financial Statements as per Accounting Standard 21.

j) As SBI Foundation is a Not-for-Profit Company [incorporated under section 7(2) of Companies Act, 2013], SBI Foundation is not being considered for consolidation in preparation of Consolidated Financial statements as per Accounting Standard 21.

1.2 The consolidated financial statements for the financial year 2019-20 of the Group include unaudited financial statements of one subsidiary (SBI Canada Bank) & two associate (Bank of Bhutan Ltd. and Purvanchal Bank) the results of which are not material.

2. Share capital:

Expenses in relation to the issue of shares: ₹ NIL (Previous Year ₹ 9.12 crore) is debited to Share Premium Account.

3. Disclosures as per Accounting Standards

3.1 Accounting Standard 5 – "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies "

- During the year, there were no material prior period income / expenditure items.

- There is no change in the Significant Accounting Policies adopted during the year ended March 31, 2020 as compared to those followed in the previous financial year 2018-19 except in respect of investment in associates. This change does not have any impact on the financial results for the year ended March 31, 2020.

3.2 Accounting Standard- 15 "Employee Benefits":

3.2.1 Defined Benefit Plans

3.2.1.1 Employee's Pension Plans and Gratuity Plans

The following table sets out the status of the Defined Benefit Pension Plans and Gratuity Plan as required under AS 15 (Revised 2005) :-

₹ in crore

Particulars	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Change in the present value of the defined benefit obligation				
Opening defined benefit obligation at 1st April 2019	95,362.15	87,786.56	12,378.30	13,025.81
Current Service Cost	953.34	1,060.57	471.10	430.32
Interest Cost	7,428.71	6,812.24	960.76	1,012.43
Past Service Cost (Vested Benefit)	-	-	-	-
Actuarial losses /(gains)	13,619.61	6,434.95	1,247.21	(89.76)
Benefits paid	(3,914.34)	(3,966.53)	(1,967.24)	(2,000.50)
Direct Payment by SBI	(3,619.10)	(2,765.64)	-	-
Closing defined benefit obligation at 31st March 2020	1,09,830.37	95,362.15	13,090.13	12,378.30
Change in Plan Assets				
Opening fair value of plan assets at 1st April 2019	90,399.61	85,249.60	10,493.46	9,263.16
Expected Return on Plan assets	7,015.01	6,615.37	815.36	721.37
Contributions by employer	2,407.68	2,391.18	1,183.65	2,404.93
Expected Contribution by the employees	0.28	0.34	-	-
Benefits Paid	(3,914.34)	(3,966.53)	(1,967.24)	(2,000.50)
Actuarial Gains / (Losses) on plan assets	1,550.28	109.65	249.87	104.50
Closing fair value of plan assets at 31st March 2020	97,458.52	90,399.61	10,775.10	10,493.46
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of funded obligation at 31st March 2020	1,09,830.37	95,362.15	13,090.13	12,378.30
Fair Value of plan assets at 31st March 2020	97,458.52	90,399.61	10,775.10	10,493.46
Deficit/(Surplus)	12,371.85	4,962.54	2,315.03	1,884.84
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	12,371.85	4,962.54	2,315.03	1,884.84
Amount Recognised in the Balance Sheet				
Liabilities	1,09,830.37	95,362.15	13,090.13	12,378.30
Assets	97,458.52	90,399.61	10,775.10	10,493.46
Net Liability / (Asset) recognised in Balance Sheet	12,371.85	4,962.54	2,315.03	1,884.84
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	-
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/ (Asset)	12,371.85	4,962.54	2,315.03	1,884.84
Net Cost recognised in the profit and loss account				
Current Service Cost	953.34	1,060.57	471.10	430.32
Interest Cost	7,428.71	6,812.24	960.76	1,012.43
Expected return on plan assets	(7,015.01)	(6,615.37)	(815.36)	(721.37)
Expected Contributions by the employees	(0.28)	(0.34)	-	-
Past Service Cost (Amortised) Recognised	-	-	-	-
Past Service Cost (Vested Benefits) Recognised	-	-	-	2,707.50
Net Actuarial Losses / (Gains) recognised during the year	12,069.33	6,325.30	997.34	(194.26)
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	13,436.09	7,582.40	1,613.84	3,234.62

Particulars	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	7,015.01	6,615.37	815.36	721.37
Actuarial Gains/ (Losses) on Plan Assets	1,550.28	109.65	249.87	104.50
Actual Return on Plan Assets	8,565.29	6,725.02	1,065.23	825.87
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet				
Opening Net Liability/(Asset) as at 1st April 2019	4,962.54	2,536.96	1,884.84	1,055.15
Expenses as recognised in profit and loss account	13,436.09	7,582.40	1,613.84	3,234.62
Paid by SBI Directly	(3,619.10)	(2,765.64)	-	-
Debited to Other Provision	-	-	-	-
Recognised in Reserve	-	-	-	-
Employer's Contribution	(2,407.68)	(2,391.18)	(1,183.63)	(2,404.93)
Net liability/(Asset) recognised in Balance Sheet	12,371.85	4,962.54	2,315.05	1,884.84

Investments under Plan Assets of Gratuity Fund & Pension Fund as on March 31, 2020 are as follows:

Category of Assets	Pension Fund	Gratuity Fund
	% of Plan Assets	% of Plan Assets
Central Govt. Securities	23.60%	19.05%
State Govt. Securities	36.89%	36.14%
Debt Securities, Money Market Securities and Bank Deposits	30.68%	25.85%
Mutual Funds	3.36%	3.46%
Insurer Managed Funds	2.56%	12.54%
Others	2.91%	2.96%
Total	100.00%	100.00%

Principal actuarial assumptions:

Particulars	Pension Plans	
	Current year	Previous year
Discount Rate	6.83%	7.79%
Expected Rate of return on Plan Asset	6.83%	7.79%
Salary Escalation Rate	5.40%	5.20%
Pension Escalation Rate	0.80%	0.40%
Attrition Rate	2.00%	2.00%

	Gratuity Plans	
	Current year	Previous year
Discount Rate	6.84%	7.77%
Expected Rate of return on Plan Asset	6.84%	7.77%
Salary Escalation Rate	5.40%	5.20%
Attrition Rate	2.00%	2.00%

The expected contribution to the Pension and Gratuity fund for the next year is ₹ 2,348.90 crore and ₹ 1,420.97 crore respectively

In case of SBI, as the plan assets are marked to market on the basis of the yield curve derived from government securities, the expected rate of return has been kept the same as the discount rate.

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in the very long term, consistent high salary growth rates are not possible. The said estimates and assumptions have been relied upon by the auditors.

With a view to further strengthen the Pension Fund, it was decided to upwardly revise some of the assumptions.

3.2.1.2 Employees Provident Fund

Actuarial valuation carried out in respect of interest shortfall in Provident Fund Trust shows "Nil" liability, hence no provision is made in F.Y. 2019-20.

The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuaries:-

₹ in crore

Particulars	Provident Fund	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2019	30,928.72	30,298.65
Current Service Cost	1,045.98	965.04
Interest Cost	2,495.99	2,507.55
Employee Contribution (including VPF)	1,166.46	1,377.59
Actuarial losses/(gains)	220.06	-
Benefits paid	(4,112.66)	(4,220.11)
Closing defined benefit obligation at 31st March 2020	31,744.55	30,928.72
Change in Plan Assets		
Opening fair value of Plan Assets as at 1st April 2019	32,630.54	31,874.25
Expected Return on Plan Assets	2,495.99	2,507.55
Contributions	2,212.43	2,342.63
Provision for loss on maturity of non-performing investment	(467.66)	-
Benefits Paid	(4,112.66)	(4,220.11)
Actuarial Gains / (Loss) on plan Assets	(109.92)	126.22
Closing fair value of plan assets as at 31st March 2020	32,648.72	32,630.54
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at 31st March 2020	31,744.55	30,928.72
Fair Value of Plan assets at 31st March 2020	32,648.72	32,630.54
Deficit/(Surplus)	(904.17)	(1,701.82)
Net Asset not recognised in Balance Sheet	904.17	1,701.82

Particulars	Provident Fund	
	Current Year	Previous Year
Net Cost recognised in the profit and loss account		
Current Service Cost	1,045.98	965.04
Interest Cost	2,495.99	2,507.55
Expected return on plan assets	(2,495.99)	-2,507.55
Interest shortfall reversed	-	-
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	1,045.98	965.04
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2019	-	-
Expense as above	1045.98	965.04
Employer's Contribution	(1045.98)	(965.04)
Net Liability/(Asset) Recognized In the Balance Sheet	-	-

Investments under Plan Assets of Provident Fund as on March 31, 2020 are as follows:

Category of Assets	Provident Fund
	% of Plan Assets
Central Govt. Securities	34.56%
State Govt. Securities	28.16%
Debt Securities, Money Market Securities and Bank Deposits	31.28%
Mutual Funds	2.58%
Others	3.42%
Total	100.00%

Principal actuarial assumptions

Particulars	Provident Fund	
	Current year	Previous year
Discount Rate	6.84%	7.77%
Guaranteed Return	8.50%	8.55%
Attrition Rate	2.00%	2.00%
Salary Escalation	5.40%	5.20%

i) There is a guaranteed return applicable to liability under SBI Employees Provident Fund which shall not be lower of either:

(a) one half percent above the average standard rate (adjusted up or down to the interest one quarter per cent) quoted by SBI for new deposits fixed for twelve months in the preceding year (ending on the preceding the 31st day of March); or

(b) three percent per annum, subject to approval of Executive Committee.

ii) The rules of the SBI Life Insurance Company Ltd.'s Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company.

3.2.2 Defined Contribution Plans

3.2.2.1 Employees Provident Fund

An amount of ₹ 47.66 crore (Previous Year ₹ 32.79 crore) is contributed towards the Provident Fund Scheme by the group (excluding the entities covered in Note 3.2.1.2) and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

3.2.2.2 Defined Contribution Pension Scheme

SBI has a Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the SBI on or after August 1, 2010. The Scheme is managed by NPS Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y. 2019-20, SBI has contributed ₹ 541.97 crore (Previous Year ₹ 451.39 crore).

3.2.2.3 The following amount is provided by the group (excluding SBI) towards Defined Contribution Plans:

₹ in crore

Sl. No.	Long Term Employees' Benefits	Current Year	Previous Year
1	Employee Pension Scheme under PF Act	28.33	21.36
2	National Pension System	5.78	3.86
3	Others	8.41	9.89
	Total	42.52	35.11

3.2.3 Long Term Employee Benefits (Unfunded Obligation):

3.2.3.1 Accumulating Compensated Absences (Privilege Leave)

The following table sets out the status of Accumulating Compensated Absences (Privilege Leave) as per Actuarial valuation by independent Actuaries:

₹ in crore

Particulars	Accumulating Compensated Absences (Privilege Leave)	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2019	6,876.64	6,248.59
Current Service Cost	288.00	261.33
Interest Cost	534.13	485.98
Actuarial losses/(gains)	772.70	741.84
Benefits paid	(929.32)	(861.10)
Closing defined benefit obligation at 31st March 2020	7,542.15	6,876.64
Net Cost recognised in the profit and loss account		
Current Service Cost	288.00	261.33
Interest Cost	534.13	485.98
Actuarial (Gain)/ Losses	772.70	741.84
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	1,594.83	1,489.15
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2019	6,876.64	6,248.59
Expense as above	1,594.83	1,489.15
Employer's Contribution	-	-
Benefit paid directly by the Employer	(929.32)	(861.10)
Net Liability/(Asset) recognized in the Balance Sheet	7,542.15	6,876.64

Principal actuarial assumptions:

Particulars	Current year	Previous year
Discount Rate	6.84%	7.77%
Salary Escalation	5.40%	5.20%
Attrition Rate	2.00%	2.00%

Accumulating Compensated Absences (Privilege Leave) (excluding the entities covered in above table)

An amount of ₹ 28.85 crore (Previous Year ₹ 30.76 crore) is provided by the group (excluding the entities covered in above table) towards Privilege Leave (Encashment) including leave encashment at the time of retirement and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

3.2.3.2 Other Long Term Employee Benefits

Amount of ₹ 26.17 crore [Previous Year ₹ 38.55 crore] is provided by the group towards other Long Term Employee Benefits and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

Details of Provisions made for various Other Long Term Employees' Benefits during the year :

₹ in crore

Sl. No.	Long Term Employees' Benefits	Current Year	Previous Year
1	Leave Travel and Home Travel Concession (Encashment/Availment)	20.67	35.80
2	Sick Leave	(0.26)	2.11
3	Silver Jubilee/Long Term Service Award	7.96	12.64
4	Resettlement Expenses on Superannuation	1.01	(4.15)
5	Casual Leave	-	-
6	Retirement Award	(3.21)	(7.85)
TOTAL		26.17	38.55

3.2.4 The employee benefits listed above are in respect of the employees of the Group based in India. The employees of the foreign operations are not covered in the above schemes.

3.3 Accounting Standard- 17 "Segment Reporting":

3.3.1 Segment identification

A) Primary (Business Segment)

The following are the Primary Segments of the Group:

- Treasury
- Corporate / Wholesale Banking
- Retail Banking
- Insurance Business
- Other Banking Business

The present accounting and information system of the Group does not support capturing and extraction of the data in respect of the above segments separately. However, based on the present internal, organisational and management reporting structure and the nature of their risk and returns, the data on the Primary Segments have been computed as under:

a) **Treasury**: The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

b) **Corporate / Wholesale Banking:** The Corporate / Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Commercial Clients Group and Stressed Assets Resolution Group. These include providing loans and transaction services to corporate and institutional clients and further include non-treasury operations of foreign offices/entities.

c) **Retail Banking:** The Retail Banking Segment comprises of retail branches, which primarily includes Personal Banking activities including lending activities to corporate customers having banking relations with these branches. This segment also includes agency business and ATMs

d) **Insurance Business** – The Insurance Business Segment comprises of the results of SBI Life Insurance Co. Ltd. and SBI General Insurance Co. Ltd.

e) **Other Banking business**– Segments not classified under (a) to (d) above are classified under this primary segment. This segment also includes the operations of all the Non-Banking Subsidiaries/Joint Ventures other than SBI Life Insurance Co. Ltd. and SBI General Insurance Co. Ltd. of the group.

B) Secondary (Geographical Segment):

a) **Domestic Operations** - Branches, Subsidiaries and Joint Ventures having operations in India.

b) **Foreign Operations** - Branches, Subsidiaries and Joint Ventures having operations outside India and offshore banking units having operations in India.

C) Pricing of Inter-segmental Transfers

The Retail Banking segment is the primary resource mobilising unit. The Corporate/Wholesale Banking and Treasury segments are recipient of funds from Retail Banking. Market related Funds Transfer Pricing (MRFTP) is followed under which a separate unit called Funding Centre has been created. The Funding Centre notionally buys funds that the business units raise in the form of deposits or borrowings and notionally sell funds to business units engaged in creating assets.

D) Allocation of Revenue, Expenses, Assets and Liabilities

Expenses of parent incurred at Corporate Centre establishments directly attributable either to Corporate / Wholesale and Retail Banking Operations or to Treasury Operations segment, are allocated accordingly. Expenses not directly attributable are allocated on the basis of the ratio of number of employees in each segment/ratio of directly attributable expenses.

The Group has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated.

3.2.1 SEGMENT INFORMATION

PART A: PRIMARY (BUSINESS) SEGMENTS:

₹ in crore

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Insurance Business	Other Banking Operations	TOTAL
Revenue (before exceptional item)	75,104.23	91,801.08	1,31,232.17	52,947.77	14,272.32	3,65,357.57
	(77,713.33)	(80,139.68)	(1,21,250.27)	(43,417.32)	(11,643.14)	(3,34,163.74)
Unallocated Revenue						168.15
						(903.54)
Less : Inter Segment Revenue						3,296.63
						(4,846.40)
Total Revenue						3,62,229.09
						(3,30,220.88)
Result (before exceptional Items)	9,202.09	-3,830.03	18,173.66	2,367.02	3,165.05	29,077.79
	(6,593.12)	(-15,889.35)	(12,837.52)	(2,114.81)	(2,290.57)	(7,946.67)
Add : Exceptional items	5,781.56					5,781.56
	(466.48)					(466.48)
Result (after exceptional items)	14,983.65	-3,830.03	18,173.66	2,367.02	3,165.05	34,859.35
	(7,059.60)	(-15,889.35)	(12,837.52)	(2,114.81)	(2,290.57)	(8,413.15)
Unallocated Income(+)/Expenses(–) net						(4,542.76)
						(-3,192.67)
Profit/(Loss) Before Tax						30,316.59
						(5,220.48)
Taxes						12,139.76
						(2,151.41)
Extraordinary Profit						0.00
						(0.00)
Net Profit/(Loss) before share in profit in Associates and Minority Interest						18,176.83
						(3,069.07)
Add: Share in Profit in Associates						2,963.14
						(281.48)
Less: Minority Interest						1,372.17
						(1,050.91)
Net Profit/(Loss) for the Group						19,767.80
						(2,299.64)
Other Information:						
Segment Assets	11,35,750.90	12,00,452.76	15,83,362.39	1,74,612.94	43,899.44	41,38,078.43
	(10,00,105.22)	(11,54,958.34)	(14,93,139.12)	(1,53,352.63)	(33,271.02)	(38,34,826.33)
Unallocated Assets						59,413.91
						(53,637.87)
Total Assets						41,97,492.34
						(38,88,464.20)
Segment Liabilities	10,08,550.01	11,77,433.80	14,78,049.72	1,63,726.93	32,442.25	38,60,202.71
	(8,28,452.00)	(11,77,656.01)	(14,04,930.51)	(1,43,952.42)	(24,650.45)	(35,79,641.39)
Unallocated Liabilities						86,229.51
						(74,327.15)
Total Liabilities						39,46,432.22
						(36,53,968.54)

(i) Income/Expenses are for the whole year. Assets/Liabilities are as at March 31, 2020.

(ii) Figures within brackets are for previous year

PART B: SECONDARY (GEOGRAPHIC) SEGMENTS

₹ in crore

	Domestic		Foreign		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue (before exceptional items) #	3,44,982.70	3,13,646.59	17,246.39	16,574.29	3,62,229.09	3,30,220.88
Net Profit#	15,297.21	(2,151.64)	4,470.59	4,451.28	19,767.80	2,299.64
Assets *	37,09,504.22	34,50,714.98	4,87,988.12	4,37,749.22	41,97,492.34	38,88,464.20
Liabilities*	34,65,172.72	32,22,552.87	4,81,259.50	4,31,415.67	39,46,432.22	36,53,968.54

For the year ended 31st March, 2020.

* As at 31st March, 2020.

3.4 Accounting Standard-18 "Related Party Disclosures":

3.4.1 Related Parties to the Group:

A) JOINT VENTURES:

1. C - Edge Technologies Ltd.
2. SBI Macquarie Infrastructure Management Pvt. Ltd.
3. SBI Macquarie Infrastructure Trustee Pvt. Ltd.
4. Macquarie SBI Infrastructure Management Pte. Ltd.
5. Macquarie SBI Infrastructure Trustee Ltd.
6. Oman India Joint Investment Fund – Management Company Pvt. Ltd.
7. Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.
8. Jio Payments Bank Limited

B) ASSOCIATES:

i) Regional Rural Banks

1. Andhra Pradesh Grameena Vikas Bank
2. Arunachal Pradesh Rural Bank
3. Chhattisgarh Rajya Gramin Bank
4. Ellaquai Dehati Bank
5. Madhyanchal Gramin Bank
6. Meghalaya Rural Bank
7. Mizoram Rural Bank
8. Nagaland Rural Bank
9. Purvanchal Bank
10. Saurashtra Gramin Bank
11. Utkal Grameen Bank
12. Uttarakhand Gramin Bank
13. Jharkhand Rajya Gramin Bank
14. Rajasthan Marudhara Gramin Bank
15. Telangana Grameena Bank

ii) Others

1. The Clearing Corporation of India Ltd.
2. Bank of Bhutan Ltd.
3. Yes Bank Ltd. (w.e.f. 14.03.2020)
4. SBI Home Finance Ltd. (under liquidation)

C) Key Management Personnel of SBI:

1. Shri Rajnish Kumar, Chairman
2. Shri P. K. Gupta, Managing Director (Retail & Digital Banking)
3. Shri Dinesh Kumar Khara, Managing Director (Global Banking & Subsidiaries)
4. Shri Arijit Basu, Managing Director (Corporate Clients Group & IT)
5. Shri Challa Sreenivasulu Setty, Managing Director (Stressed Assets) (from 20.01.2020)
6. Smt. Anshula Kant, Managing Director (Stressed Assets, Risks and Compliance) (upto 31.08.2019)

3.4.2 Related Parties with whom transactions were entered into during the year:

No disclosure is required in respect of related parties, which are "State controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

3.4.3 Transactions and Balances:

₹ in crore

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
Transactions during the year 2019-20			
Interest Income	4.94 (0.01)	- (-)	4.94 (0.01)
Interest Expenditure	0.82 -	- (-)	0.82 -
Income earned by way of Dividend	18.56 (22.19)	- (-)	18.56 (22.19)
Other Income	0.97 (0.90)	(-)	0.97 (0.90)
Other Expenditure	4.17 (2.28)	- (-)	4.17 (2.28)
Profit/Loss on Sale of Land/Building/Other Assets	- (-)	- (-)	- (-)
Management Contract	3.77 (1.92)	1.38 (1.32)	5.15 (3.24)
Outstanding as on March 31, 2020			
Borrowings	- (-)	- (-)	- (-)
Deposit	748.31 (47.18)	- (-)	748.31 (47.18)
Other Liabilities	28.35 (0.29)	- (-)	28.35 (0.29)
Balances with Banks and Money at call and short notice	300.00 (-)	- (-)	300.00 (-)
Investments	11,015.61 (108.31)	- (-)	11,015.61 (108.31)
Advances	113.50 (-)	- (-)	113.50 (-)
Other Assets	229.52 (217.55)	- (-)	229.52 (217.55)
Non-fund commitments (LCs/BGs)	- (-)	- (-)	- (-)
Maximum outstanding during the year			
Borrowings	- (-)	- (-)	- (-)
Deposit	768.92 (207.32)	- (-)	768.92 (207.32)
Other Liabilities	28.35 (0.29)	- (-)	28.35 (0.29)
Balances with Banks and Money at call and short notice	300.00 (-)	- (-)	300.00 (-)
Advances	113.50 (-)	- (-)	113.50 (-)
Investment	11,015.61 (108.31)	- (-)	11,015.61 (108.31)
Other Assets	229.52 (223.85)	- (-)	229.52 (223.85)
Non-fund commitments (LCs/BGs)	- (-)	- (-)	- (-)

(Figures in brackets pertain to previous year)

There are no materially significant related party transactions during the year.

3.5 Accounting Standard-19 "Leases":

3.5.1 Finance Leases

Assets taken on Financial Leases on or after April 01, 2001: The details of financial leases are given below:

₹ in crore

Particulars	As at 31.03.2020	As at 31.03.2019
Total Minimum lease payments outstanding		
Less than 1 year	42.59	24.58
1 to 5 years	105.50	65.08
5 years and above	28.47	-
Total	176.56	89.66
Interest Cost payable		
Less than 1 year	8.86	6.03
1 to 5 years	14.72	7.89
5 years and above	3.69	-
Total	27.27	13.92
Present value of minimum lease payments payable		
Less than 1 year	33.73	18.55
1 to 5 years	90.78	57.19
5 years and above	24.78	-
TOTAL	149.29	75.74

3.5.2 Operating Lease

Premises taken on operating lease are given below:

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the group entities.

Liability for Premises taken on Non-Cancellable operating lease are given below:

₹ in crore

Particulars	As at 31.03.2020	As at 31.03.2019
Not later than 1 year	165.73	188.39
Later than 1 year and not later than 5 years	496.10	558.54
Later than 5 years	112.22	120.46
TOTAL	774.05	867.39

Amount of lease payments recognised in the Profit & Loss Account for the year is ₹ 3,556.87 crore (Previous Year ₹ 3,552.61 crore).

3.6 Accounting Standard-20 "Earnings per Share":

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share". "Basic earnings" per share is computed by dividing consolidated net profit/ (loss) after tax (other than minority) by the weighted average number of equity shares outstanding during the year.

Particulars	Current Year	Previous Year
Basic and diluted		
Number of Equity Shares outstanding at the beginning of the year	892,46,11,534	892,45,87,534
Number of Equity Shares issued during the year	Nil	24,000
Number of Equity Shares outstanding at the end of the year	892,46,11,534	892,46,11,534
Weighted average number of equity shares used in computing basic earnings per share	892,46,11,534	892,45,91,479
Weighted average number of shares used in computing diluted earnings per share	892,46,11,534	892,45,91,479
Net Profit/(Loss) for the Group (₹ in crore)	19,767.80	2,299.64
Basic earnings per share (₹)	22.15	2.58
Diluted earnings per share (₹)	22.15	2.58
Nominal value per share (₹)	1.00	1.00

3.7 Accounting Standard-22 "Accounting for Taxes on Income":

i) During the year, ₹ 7,502.08 crore has been debited to Profit and Loss Account (Previous Year ₹ 878.16 crore) on account of deferred tax.

ii) The breakup of deferred tax assets and liabilities into major items is given below:

₹ in crore

Particulars	As at 31.03.2020	As at 31.03.2019
Deferred Tax Assets		
Provision for long term employee Benefits	6,468.85	5,363.60
Provision for advances	3,067.95	4,404.39
Provision for Other Assets/ Other Liability	665.72	753.11
On Accumulated Losses	105.22	10,863.94
On Foreign Currency Translation Reserve	809.99	235.77
Depreciation on Fixed Assets	146.56	50.00
DTAs on account of FOs of SBI	253.16	277.68
Others	180.50	220.38
TOTAL	11,697.95	22,168.87

₹ in crore

Particulars	As at 31.03.2020	As at 31.03.2019
Deferred Tax Liabilities		
Depreciation on Fixed Assets	96.86	99.44
Interest accrued but not due on securities	4,563.17	6,389.76
Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961	3,531.63	4,690.10
DTLs on account of FOs of SBI	6.16	2.33
Others	6.54	8.22
TOTAL	8,204.36	11,189.85
Net Deferred Tax Assets/(Liabilities)	3,493.59	10,979.02

iii) While recognizing provision for income tax for the year ended March 31, 2020 SBI and certain group entities have exercised the option of lower tax rate permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, SBI and certain group entities have re-measured their Deferred Tax Assets as at March 31, 2019 based on the tax rate prescribed in the said section and have reversed the MAT credit no longer available to them. The impact of these changes is a one-time charge of ₹ 3,166.37 crore (net of minority interest) which is included in Tax expenses of the group.

3.8 Accounting Standard-28 “Impairment of assets”:

In the opinion of the Management, there is no impairment to the assets during the year to which Accounting Standard 28 – “Impairment of Assets” applies.

3.9 Accounting Standard – 29 “Provisions, Contingent Liabilities and Contingent Assets”

➢ **Provisions and contingencies recognised in Profit and Loss Account:**

₹ in crore

Sr No.	Break up of “Provisions and Contingencies” shown under head Expenditure in Profit and loss account	Current Year	Previous Year
a)	Provision for Taxation		
	- Current Tax	4,372.77	1,982.02
	- Deferred Tax	7,502.08	878.16
	- Write Back/Additional Provision of Income Tax	264.91	(708.77)
b)	Provision on Non-Performing Assets	44,072.90	55,343.42
c)	Provision on Restructured Assets	(224.01)	(89.85)
d)	Provision on Standard Assets	(291.37)	20.51
e)	Provision for Depreciation on Investments	628.11	(606.00)
f)	Other Provisions	603.07	131.03
	TOTAL	56,928.46	56,950.52

(Figures in brackets indicate credit)

➢ **Floating provisions:**

₹ in crore

Sr No.	Particulars	Current Year	Previous Year
a)	Opening Balance	193.75	193.75
b)	Addition during the year	-	-
c)	Draw down during the year	-	-
d)	Closing balance	193.75	193.75

➢ **Description of contingent liabilities (AS-29):**

Sr. No	Particulars	Brief Description
1	Claims against the Group not acknowledged as debts	The parent and its constituents are parties to various proceedings in the normal course of business. It does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, results of operations or cash flows. The Group is a party to various taxation matters in respect of which appeals are pending.
2	Liability on partly paid-up investments/ Venture Funds	This item represents amounts remaining unpaid towards liability for partly paid investments. This also includes undrawn commitments for Venture Capital Funds.
3	Liability on account of outstanding forward exchange contracts	The Group enters into foreign exchange contracts in its normal course of business to exchange currencies at a pre-fixed price at a future date. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. The notional amounts are recorded as contingent liabilities. With respect to the transactions entered into with its customers, SBI generally enters into off-setting transactions in the interbank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Group issues documentary credits and guarantees on behalf of its customers. Documentary credits enhance the credit standing of the customers of the Group. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfil its financial or performance obligations.
5	Other items for which the Group is contingently liable	The Group enters into currency options, forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts. Further, these also include estimated amount of contracts remaining to be executed on capital account and not provided for, letter of comforts issued by SBI on behalf of Associates & Subsidiaries, SBI's Liability under Depositors Education and Awareness Fund A/c and other sundry contingent liabilities.

The contingent liabilities mentioned above are dependent upon the outcome of court/arbitration/out of court settlements, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, as the case may be.

➢ **Movement of provisions against contingent liabilities:**

₹ in crore

Sr No.	Particulars	Current Year	Previous Year
a)	Opening Balance	534.75	526.29
b)	Additions during the year	137.34	113.95
c)	Amount utilised during the year	7.13	66.22
d)	Unused amount reversed during the year	31.24	39.27
e)	Closing balance	633.72	534.75

4 Inter-Bank/ Company balances between group entities are being reconciled on an ongoing basis. No material effect is expected on the profit and loss account of the current year.

5 As per RBI circular No. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1st April, 2019, in case the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies and/or additional Gross NPAs identified by RBI exceeds 15% of published incremental Gross NPAs for the reference period then banks are required to disclose divergences from prudential norms on income recognition, asset classification and provisioning.

Accordingly, the following disclosure is made in respect of divergences for the F.Y. 2018-19: -

	Divergence in Asset Classification and Provisioning for NPAs	
	Particulars	**(₹ in crore)**
1	Gross NPAs as on March 31, 2019 as reported by SBI	1,72,750
2	Gross NPAs as on March 31, 2019 as assessed by RBI	1,84,682
3	Divergence in Gross NPAs (2-1)	11,932
4	Net NPAs as on March 31, 2019 as reported by SBI	65,895
5	Net NPAs as on March 31, 2019 as assessed by RBI	77,827
6	Divergence in Net NPAs (5-4)	11,932
7	Provisions for NPAs as on March 31, 2019 as reported by SBI	1,06,856
8	Provisions for NPAs as on March 31, 2019 as assessed by RBI	1,18,892
9	Divergence in provisioning (8-7)	12,036
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2019	862
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning	(-)6,968

SBI has made full provision against the said divergence during the year ended March 31, 2020.

6 As per RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020, in case of SBI the asset classification and provisioning in respect of COVID -19 Regulatory Package is as below :

(₹ in crore)

Sr. No.	**Particular**	**Current Year**
i.	Respective amounts where the moratorium/ deferment was extended	5,63,896.15
ii.	Out of above (i) amount where asset classification benefits is extended	6,250.31
iii.	Provisions made during the year	1,172.00

7 In case of advance account declared as fraud during the year, SBI has chosen to make provision over four quarters. The unamortised provision amount of ₹ 5,230.37 crore as on March 31, 2020 has been debited to “Other Reserves” by credit to “Provisions” in terms of RBI circular DBR. No.BP.BC.92/21.04.048/2015-16 dated 18th April 2016.

8 Counter Cyclical Provisioning Buffer (CCPB)

RBI vide Circular No. DBR.No.BP.BC.79/21.04.048/2014-15 dated March 30, 2015 on ‘Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer’ has allowed the banks, to utilise up to 50 per cent of CCPB held by them as on December 31, 2014, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by Bank’s Board of Directors.

During the year, SBI has not utilized the CCPB for making specific provision for NPAs.

9 As per RBI letter no. DBR.No.BP.15199/21.04.048/2016-17 and DBR. No. BP. 1906/21.04.048/ 2017-18 dated June 23, 2017 and August 28, 2017 respectively, for the accounts covered under the provisions of Insolvency and Bankruptcy Code (IBC), SBI is holding total provision of ₹ 5,761.46 crore (93.53% of total outstanding) as on March 31,2020.

10 SBI has made a provision of ₹ 2,999 crore (total cumulative till March 31 ,2020 ₹ 8,642.41 crore) for the year ended March 31, 2020 towards arrears of wages due for revision w.e.f November 01, 2017.

11 Profit / (loss) on sale of investment (net) under schedule 14 “Other Income” includes :

i. ₹ 3,190.97 crore on sale of certain portion of investment in SBI Life Insurance Company Limited

ii. ₹ 2,590.59 crore on sale of certain portion of investment in SBI Cards and Payments Services Limited

12 Resolution of Stressed Assets

As per RBI circular DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019, SBI has implemented Resolution Plans for its 9 borrowers having exposure of ₹ 14,487.28 crore as on 31st March 2020.

Further, in terms of RBI circular DOR.No.BP BC.62/21.04.048/2019-20 dated 17th April 2020, SBI has extended resolution period for its 4 borrowers having exposure of ₹ 1,006.91 crore as on 31st March 2020.

13 RBI vide an email dated 19th May 2020 advised the Public Sector Banks that the requirement for reporting on “Whether the bank has adequate Internal Financial Controls with reference to Financial Statements and the operating effectiveness of such controls” in the Independent Auditors’ Report is optional for financial year 2019-2020.

SBI has availed the option to report the same in the Independent Auditor’s Report from financial year 2020-2021 onwards.

14 The spread of COVID-19 across the globe has resulted in decline in economic activity and increase in volatility in financial markets. In this situation, though the challenges continue to unfold, SBI is gearing itself on all fronts to meet the same. The situation continues to be uncertain and SBI is evaluating the situation on a going basis. Major challenges for SBI would arise from extended working capital cycle and waning cash flows. Despite these conditions, there would not be any significant impact on the liquidity and profitability of SBI.

RBI vide Notification No. RBI/2019-20/186 DOR.No.BP. BC.47/21.04.048/2019-20 dated 27th March 2020, has announced measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses. The measures, interalia, included Rescheduling of Payments -Term Loans and Working Capital Facilities, Easing of Working Capital Financing, Classification as Special Mention Account (SMA) and Non-performing Asset (NPA) etc. Accordingly the Bank has made the following provisions:-

- Provision @ 15% aggregating ₹ 938 crores against the accounts with outstanding of ₹ 6,250 crores which were standard as on 29th February 2020 but would have slipped to NPA/Sub-standard category as on 31st March 2020 had the RBI debt servicing relief as above not been reckoned.
- In respect of above accounts, interest income aggregating ₹234 crores has been reckoned in operating profit. However additional provision of ₹ 234 crores has been made against Standard Assets.

15 SBI has revalued immovable properties on June 30, 2019 (earlier revalued in June 2016) based on the reports obtained from the external independent valuers and the closing balance of revaluation reserve as at March, 31 2020, (net of amount transferred to General Reserve) is ₹ 23,762.67 crore (Previous year ₹ 24,653.94 crore).

16 In respect of SBI Life Insurance Company Ltd., IRDAI has issued directions under Section 34(1) of the Insurance Act, 1938 to distribute the administrative charges paid to Master policy holders vide order no. IRDA/Life/ORD/Misc/228/10/2012 dated October 5, 2012 amounting to ₹ 84.32 crore (Previous Year ₹ 84.32 crore). The company had filed an appeal against the said order with Ministry of Finance, Government of India, who remanded the case back to IRDAI on November 04, 2015. IRDAI issued further directions dated January 11, 2017 reiterating the directions issued on October 5, 2012. The company has filed an appeal against the said directions /orders with Securities Appellate Tribunal which is pending final determination.

In the above mentioned matter, SBI Life Insurance Company Ltd. has shown a requisite amount as contingent liability in the financials of the company.

17 The investments of life and general insurance subsidiaries have been accounted for in accordance with the IRDAI guidelines instead of restating the same in accordance with the accounting policy followed by SBI. The investments of insurance subsidiaries constitute approximately 13.34% (Previous Year 12.74%) of the total investments as on March 31, 2020.

18 In accordance with RBI circular DBOD NO.BP. BC.42/21.01.02/2007-08, redeemable preference shares (if any) are treated as liabilities and the coupon payable thereon is treated as interest.

19 In accordance with current RBI guidelines, the general clarification issued by ICAI has been considered in the preparation of the consolidated financial statements. Accordingly, additional statutory information disclosed in separate financial statements of the parent and its subsidiaries having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements in view of the Accounting Standard Interpretation issued by ICAI.

20 Previous year figures have been regrouped/reclassified, wherever necessary, to confirm to current year classification. In cases where disclosures have been made for the first time in terms of RBI guidelines/ Accounting Standards, previous year's figures have not been mentioned.

Shri Challa Sreenivasulu Setty	**Shri Arijit Basu**	**Shri Dinesh Kumar Khara**
Managing Director	Managing Director	Managing Director
(Retail & Digital Banking)	(Commercial Clients Group & IT)	(Global Banking & Subsidiaries)

In term of our Report of even date.
For J.C. Bhalla & Co.
Chartered Accountants

Shri Rajnish Kumar
Chairman

Shri Rajesh Sethi
Partner
Mem. No. : 085669
Firm Regn. No. : 001111N

Place : New Delhi

Place: Mumbai
Date : 5th June 2020

State Bank of India

Consolidated Cash Flow Statement for the year ended 31st March 2020

(000s omitted)

PARTICULARS		Year ended 31.03.2020 ₹	Year ended 31.03.2019 ₹
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before taxes (including share in profit from associates and net of minority interest)		31907,55,94	4451,05,72
Adjustments for :			
Depreciation on Fixed Assets		3661,55,85	3495,89,21
(Profit)/Loss on sale of Fixed Assets (Net)		28,33,75	32,35,82
(Profit)/Loss on revaluation of Investments (Net)		-	2124,03,82
(Profit)/Loss on sale of Investments in Subsidiaries/Joint Ventures/ Associates		(5573,62,96)	(466,47,81)
Provision for diminution in fair value & Non Performing Assets		43848,89,01	55253,57,08
Provision on Standard Assets		(291,36,52)	20,50,53
Provision for depreciation on Investments		626,52,21	(606,00,24)
Other Provisions including provision for contingencies		604,65,49	131,02,52
Share in Profit of Associates		(2963,14,04)	(281,47,94)
Dividend from Associates		(14,66,77)	(11,71,87)
Interest on Capital Instruments		4908,09,07	4222,27,24
		76742,81,03	68365,04,08
Adjustments for :			
Increase/(Decrease) in Deposits		333619,56,43	218362,77,89
Increase/(Decrease) in Borrowings other than Capital Instruments		(89342,80,87)	41290,72,22
(Increase)/Decrease in Investments other than Investment in Subsidiaries / Joint Ventures / Associates		(100670,42,40)	63373,44,50
(Increase)/Decrease in Advances		(191306,40,41)	(321988,70,29)
Increase/(Decrease) in Other Liabilities		31602,72,76	4182,31,31
(Increase)/Decrease in Other Assets		(21857,44,26)	(35854,36,00)
		38788,02,28	37731,23,71
Tax refund / (Taxes paid)		(14859,49,11)	(8175,23,21)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	**(A)**	**23928,53,17**	**29556,00,50**
CASH FLOW FROM INVESTING ACTIVITIES			
(Increase)/Decrease in Investments in Subsidiaries/Joint Ventures/ Associates		(6031,06,06)	(63,53,05)
Profit/ (Loss) on sale of Investments in Subsidiaries/Joint Ventures/ Associates		5573,62,96	466,47,81
Dividend from Associates		14,66,77	11,71,87
(Increase)/Decrease in Fixed Assets		(3065,01,13)	(3005,51,02)
(Increase)/Decrease in Goodwill on Consolidation		184,08,19	1734,07,01
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	**(B)**	**(3323,69,27)**	**(856,77,38)**

(000s omitted)

PARTICULARS		Year ended 31.03.2020 ₹	Year ended 31.03.2019 ₹
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Equity shares including share premium (Net of share issue expenses)		-	(8,74,22)
Issue/redemption of Capital Instruments (net)		8495,81,80	3377,60,00
Interest on Capital Instruments		(4908,09,07)	(4222,27,24)
Dividend paid including tax thereon		-	-
Dividend tax paid by Subsidiaries/Joint Ventures		(65,04,00)	(120,69,39)
Increase/(Decrease) in Minority Interest		1906,83,07	1421,74,62
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	**(C)**	**5429,51,80**	**447,63,77**
EFFECT OF EXCHANGE FLUCTUATION ON TRANSLATION RESERVE	**(D)**	**2768,64,27**	**1076,28,67**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(A)+(B)+(C)+(D)**	**28802,99,97**	**30223,15,56**
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR		**225512,26,39**	**195289,10,83**
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		**254315,26,36**	**225512,26,39**
Note:			
1 Components of Cash & Cash Equivalents as at:		**31.03.2020**	**31.03.2019**
Cash & Balances with Reserve Bank of India		166968,46,05	177362,74,09
Balances with Banks and Money at Call & Short Notice		87346,80,31	48149,52,30
TOTAL		**254315,26,36**	**225512,26,39**
2 Cash Flow from operating activities is reported by using indirect method.			

Shri Challa Sreenivasulu Setty
Managing Director
(Retail & Digital Banking)

Shri Arijit Basu
Managing Director
(Commercial Clients Group & IT)

Shri Dinesh Kumar Khara
Managing Director
(Global Banking & Subsidiaries)

In term of our Report of even date.
For J.C. Bhalla & Co.
Chartered Accountants

Shri Rajnish Kumar
Chairman

Shri Rajesh Sethi
Partner
Mem. No. : 085669
Firm Regn. No. : 001111N

Place: Mumbai
Date : 5th June 2020

Place : New Delhi

INDEPENDENT AUDITORS' REPORT

To,
The Board of Directors,
State Bank of India,
State Bank Bhavan,
Madam Cama Road,
Mumbai-400021.

REPORT ON AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying Consolidated Financial Statements of State Bank of India ("the Bank") which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended, and Notes to Consolidated Financial Statements including a summary of Significant Accounting Policies and other explanatory information which includes:

a) Audited Results of the Bank which have been reviewed by all the fourteen Statutory Central Auditors including us;

b) Audited Results of 27 Subsidiaries, 8 Joint Ventures and 16 Associates (including 14 Regional Rural Banks) audited by other Auditors; and

c) Un-audited results of 1 Subsidiary and 2 Associates (including 1 Regional Rural Bank).

The above entities together with the Bank are referred to as the 'Group'.

In our opinion and to the best of our information and according to the explanations given to us, and based on our consideration of the reports of other auditors on separate financial statements of Subsidiaries, Joint Ventures and Associates, the unaudited financial statements and the other financial information of subsidiaries and Associates as furnished by the management, the aforesaid consolidated financial statements are in conformity with accounting principles generally accepted in India and give:

a) true and fair view in case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at March 31, 2020;

b) true balance of profit in case of Consolidated Profit & Loss Account for the year ended on that date; and

c) true and fair view in case of Consolidated Cash Flow Statement for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (the ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the code of ethics issued by the ICAI together with ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

3. We draw attention to Note No.14 of Schedule 18 of the Consolidated Financial Statements regarding impact of COVID-19 pandemic. The situation continues to be uncertain and the Bank is evaluating the situation on an ongoing basis with respect to the challenges faced.

Our opinion is not modified in respect of this matter.

Key Audit Matters

4. Key Audit Matters are those matters that in our professional judgment were of most significance in our audit of the Consolidated Financial Statements for the year ended March 31, 2020. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters of the Bank to be communicated in our report:

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
i	Classification of Advances, Income Recognition, Identification of and provisioning for non-performing Advances (Refer Schedule 9 read with Note 3 of Schedule 17 to the financial statements). Advances include Bills purchased and discounted, Cash credits, Overdrafts, Loans repayable on demand and Term loans. These are further categorised as secured by Tangible assets (including advances against Book Debts), covered by Bank/Government Guarantees and Unsecured advances.	Our audit approach towards advances with reference to the IRAC norms and other related circulars/ directives issued by the RBI and also internal policies and procedures of the Bank includes the testing of the following: a. The accuracy of the data input in the system for income recognition, classification into performing and non performing Advances and provisioning in accordance with the IRAC norm in respect of the branches allotted to us;

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
	Advances constitute 58.85 per cent of the Bank's total assets. They are, inter-alia, governed by income recognition, asset classification and provisioning (IRAC) norms and other circulars and directives issued by the RBI from time to time which provides guidelines related to classification of Advances into performing and non-performing Advances (NPA) except in case of foreign offices, classification of advances and provisioning thereof is made as per local regulations or RBI guidelines, whichever is more stringent. The Bank classifies these Advances based on IRAC norms as per its accounting policy No. 3. Identification of performing and non-performing Advances involves establishment of proper mechanism. The Bank accounts for all the transactions related to Advances in its Information Technology System (IT System) viz. Core Banking Solution (CBS) which also identifies whether the advances are performing or non-performing. Further, NPA classification and calculation of provision is done through another IT System viz. Centralised Credit Data Processing (CCDP) Application. The carrying value of these advances (net of provisions) may be materially misstated if, either individually or in aggregate, the IRAC norms are not properly followed. Considering the nature of the transactions, regulatory requirements, existing business environment, estimation/judgement involved in valuation of securities, it is a matter of high importance for the intended users of the Standalone Financial Statements. Considering these aspects, we have determined this as a Key Audit Matter. Accordingly, our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances.	b. Existence and effectiveness of monitoring mechanisms such as Internal Audit, Systems Audit, Credit Audit and Concurrent Audit as per the policies and procedures of the Bank; c. Examination of advances including stressed advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines; d. We have also relied on the reports of External IT System Audit experts with respect to the business logics / parameters inbuilt in CBS for tracking, identification and stamping of NPAs and provisioning in respect thereof. e. We tested the mapping of advances in the CCDP application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions. f. We have examined the efficacy of various internal controls over advances to determine the nature, timing and extent of the substantive procedures and compliance with the observations of the various audits conducted as per the monitoring mechanism of the Bank and RBI Inspection. g. In carrying out substantive procedures at the branches allotted to us, we have examined all large advances/ stressed advances while other advances have been examined on a sample basis including review of valuation reports of independent valuers provided by the Bank's management. h. We assessed and evaluated the process of identification of NPAs and corresponding reversal of income and creation of provision; i. Reliance is also placed on Audit Reports of other Statutory Branch Auditors with whom we have also made specific communication.
ii	Classification and Valuation of Investments, Identification of and provisioning for Non-Performing Investments (Schedule 8 read with Note 2 of Schedule 17 to the financial statements). Investments include investments made by the Bank in various Government Securities, Bonds, Debentures, Shares, Security receipts and other approved securities. Investments constitute 26.50 per cent of the Bank's total assets. These are governed by the circulars and directives of the RBI. These directions of RBI, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, the corresponding non-recognition of income and provision there against.	Our audit approach towards Investments with reference to the RBI Circulars/ directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non-performing investments (NPIs), provisioning/depreciation related to Investments. In particular, a. We evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of NPIs, provisioning/ depreciation related to investments; b. We assessed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments;

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
	The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various sources such as FIMMDA rates, rates quoted on BSE/NSE, financial statements of unlisted companies etc. Considering the complexities and extent of judgement involved in the valuation, volume of transactions, investments on hand and degree of regulatory focus, this has been determined as a Key Audit Matter. Accordingly, our audit was focused on valuation of investments, classification, identification of non performing investments and provisioning related to investments.	c. For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security. Samples were selected after ensuring that all the categories of investments (based on nature of security) were covered in the sample; d. We assessed and evaluated the process of identification of NPIs and corresponding reversal of income and creation of provision; e. We carried out substantive audit procedures to recompute independently the provision to be maintained and depreciation to be provided in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained in accordance with the RBI Circular for those selected sample of NPIs; f. We tested the mapping of investments between the Investment application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions.
iii	Assessment of Provisions and Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes, various claims filed by other parties not acknowledged as debt (Schedule 12 read with Note 3.9 of Schedule 18 to the financial statements) : There is high level of judgement required in estimating the level of provisioning. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advice from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and state of affairs presented in the Balance Sheet. We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgments/ interpretation of law involved.	Our audit approach involved: a. Obtaining an understanding of internal controls relevant to the audit in order to design our audit procedures that are appropriate in the circumstances; b. Understanding the current status of the litigations/tax assessments; c. Examining recent orders and/or communication received from various tax authorities/ judicial forums and follow up action thereon; d. Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice including opinion of our internal tax experts; e. Review and analysis of evaluation of the contentions of the Bank through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues; and f. Verification of disclosures related to significant litigations and taxation matters.

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
iv	Modified Audit Procedures carried out in light of COVID-19 outbreak: Due to COVID-19 pandemic, Nation-wide lockdown and travel restrictions imposed by Central / State Government/ Local Authorities during the period of our audit and the RBI directions to Bank to facilitate carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of certain Branches/ LHOs/Business Units in the Corporate Office of the bank. As we could not gather audit evidence in person/ physically/ through discussions and personal interactions with the officials at the Branches/ Circle/ Administrative/ Corporate Offices, we have identified such modified audit procedures as a Key Audit Matter. Accordingly, our audit procedures were modified to carry out the audit remotely.	Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Branches/Circle /Administrative /Corporate Offices and carry out the audit processes physically at the respective offices. Wherever physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the Bank through digital medium, emails and remote access to CBS, CCDP and other relevant application software. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period. Accordingly, we modified our audit procedures as follows: a. Conducted verification of necessary records/ documents/ CBS/ CCDP and other Application software electronically through remote access/emails in respect of some of the Branches / LHOs / Administrative Offices and other offices of the Bank wherever physical access was not possible. b. Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through emails and remote access over secure network of the Bank. c. Making enquiries and gathering necessary audit evidence through Video Conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels. d. Resolution of our audit observations telephonically/ through email instead of a face-to-face interaction with the designated officials.

Information Other than the Consolidated Financial Statements and Auditors' Report thereon

5. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance report (but does not include the Consolidated Financial Statements and our auditors' report thereon), which will be obtained at the time of issue of this auditors' report, and the Directors' Report of the Bank including annexures in annual report, if any, thereon, which is expected to be made available to us after that date.

   Our opinion on the Consolidated Financial Statements does not cover the other information and Pillar 3 disclosures under Basel III Disclosure and we do not and will not express any form of assurance conclusion thereon.

   In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

   When we read the Director's Report of the Bank, including annexures in annual report, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Bank's Board of Directors is responsible with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standard 21-"Consolidated Financial Statements", Accounting Standards 23- "Accounting for Investment in Associates in Consolidated Financial

Statements“ and Accounting Standards 27 – Financial Reporting of Interest in Joint Venture” issued by the Institute of Chartered Accountants of India, and provisions of Section 29 of the Banking Regulation Act, 1949, the State Bank of India Act,1955 and circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Results, respective Board of Directors of the Group Entities is responsible for assessing the respective Group Entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group Entity or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors of the Group Entities are also responsible for overseeing the respective Group Entity’s financial reporting process.

Auditors’ Responsibility for the Audit of Consolidated Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

   As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group Entity to cease to continue as a going concern.
   - Evaluate the overall presentation structure and content of the Consolidated Financial Statements, including the disclosures and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

8. Incorporated in these consolidated financial statements are the:

a) We along with 13 (thirteen) Joint Auditors did not audit the financial statements/ information of 9169 branches included in the standalone financial statements of the Bank whose financial statements / financial information reflect total assets of ₹30,87,788.72 crore at March 31, 2020 and total revenue of ₹ 1,20,151.17 crore for the year ended on that date, as considered in the standalone financial statements. The financial statements / information of these branches have been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors;

b) We did not audit the financial statements of 27 (twenty-seven) Subsidiaries, 8 (eight) Joint Ventures whose financial statements reflect total assets of ₹2,60,823.39 crore as at March 31, 2020, total revenues of ₹ 69,349.38 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 2,948.53 crore for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of 16 (Sixteen) associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors

c) We did not audit the financial statements of 1(one) subsidiary whose financial statements reflect total assets of ₹6,848.63 crore as at 31st March, 2020, total revenues of ₹ 256.09 crore, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 14.61 crore for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of 2(two) associates, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report relates to the aforesaid subsidiaries, jointly controlled entities and associates, in so far as is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

   Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

9. The auditors of SBI Life Insurance Company Limited and SBI General Insurance Company Limited, a subsidiary of the Group have reported that the actuarial valuation of liabilities for life policies in force and the actuarial valuation of liabilities in respect of Claims Incurred But Not Reported (IBNR) and Claims Not Incurred But Not Enough Reported (IBNER) is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2020 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory Development Authority of India ("IRDAI" / "Authority") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in financial statements of the Company.

Report on Other Legal and Regulatory Requirements

10. The Consolidated Balance Sheet and the Consolidated Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949; and these give information as required to be given by virtue of the provisions of the State Bank of India Act, 1955 and regulations there under.

    Subject to the limitations of the audit indicated in paragraph 5 to 8 above and as required by the State Bank of India Act, 1955, and subject also to the limitations of disclosure required therein, we report that:

a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;

b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

For J. C. Bhalla & Co.
Chartered Accountants
Firm Regn No. 001111N

(Rajesh Sethi)
Partner
Membership No. 085669
UDIN: 20085669AAAABB7435

Place: New Delhi
Date : 05 June, 2020

State Bank of India

Balance Sheet as at 31st March, 2019

(000s omitted)

	Schedule No.	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
CAPITAL AND LIABILITIES			
Capital	1	892,46,12	892,45,88
Reserves & Surplus	2	220021,36,33	218236,10,15
Deposits	3	2911386,01,07	2706343,28,50
Borrowings	4	403017,11,82	362142,07,45
Other Liabilities and Provisions	5	145597,29,55	167138,07,68
TOTAL		**3680914,24,89**	**3454751,99,66**
ASSETS			
Cash and Balances with Reserve Bank of India	6	176932,41,75	150397,18,14
Balances with Banks and money at call and short notice	7	45557,69,40	41501,46,05
Investments	8	967021,94,75	1060986,71,50
Advances	9	2185876,91,77	1934880,18,91
Fixed Assets	10	39197,56,94	39992,25,11
Other Assets	11	266327,70,28	226994,19,95
TOTAL		**3680914,24,89**	**3454751,99,66**
Contingent Liabilities	12	1116081,45,94	1162020,69,30
Bills for Collection	-	70022,53,97	74027,90,24
Significant Accounting Policies	17		
Notes to Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet.

Signed by:

Smt. Anshula Kant
Managing Director
(Stressed Assets, Risk & Compliance)

Shri Arijit Basu
Managing Director
(Commercial Clients Group & IT)

Shri Dinesh Kumar Khara
Managing Director
(Global Banking & Subsidiaries)

Shri P. K. Gupta
Managing Director
(Retail & Digital Banking)

Directors:
Dr. Girish Kumar Ahuja
Shri B. Venugopal
Dr. Purnima Gupta
Shri Chandan Sinha
Shri Sanjiv Malhotra
Dr. Pushpendra Rai
Shri Basant Seth
Shri Bhaskar Pramanik

Shri Rajnish Kumar
Chairman

Place: Mumbai
Date: 10th May 2019

In terms of our report of even date

FOR J.C. BHALLA & CO.
Chartered Accountants

RAJESH SETHI
Partner : M. No.085669
Firm Regn. No. 001111N

FOR CHATURVEDI & SHAH LLP
Chartered Accountants

VITESH D. GANDHI
Partner: M. No.110248
Firm Regn. No. 101720W/W100355

FOR O.P. TOTLA & CO.
Chartered Accountants

S. R. TOTLA
Partner : M. No. 071774
Firm Regn. No. 000734C

FOR S. K. KAPOOR & CO.
Chartered Accountants

SANJIV KAPOOR
Partner : M. No. 070487
Firm Regn. No. 000745C

FOR DE CHAKRABORTY & SEN
Chartered Accountants

D. K. ROY CHOWDHURY
Partner : M. No. 053087
Firm Regn. No. 303029E

FOR RAO & KUMAR
Chartered Accountants

ANIRBAN PAL
Partner : M. No. 214919
Firm Regn. No. 003089S

FOR S. K. MITTAL & CO.
Chartered Accountants

M. K. JUNEJA
Partner : M. No.013117
Firm Regn. No.001135N

FOR N.C. RAJAGOPAL & CO.
Chartered Accountants

V. CHANDRASEKARAN
Partner: M. No. 024844
Firm Regn. No. 230448S

FOR KARNAVAT & CO.
Chartered Accountants

SAMEER B. DOSHI
Partner : M. No. 117987
Firm Regn. No. 104863W

FOR KALANI & CO.
Chartered Accountants

BHUPENDER MANTRI
Partner: M. No. 108170
Firm Regn. No. 000722C

FOR BRAHMAYYA & CO.
Chartered Accountants

K. JITENDRA KUMAR
Partner : M. No. 201825
Firm Regn. No. 000511S

FOR RAY & RAY
Chartered Accountants

ABHIJIT NEOGI
Partner : M. No. 061380
Firm Regn. No. 301072E

FOR K. VENKATACHALAM AIYER & CO.
Chartered Accountants

A GOPALAKRISHNAN
Partner : M. No. 018159
Firm Regn. No. 004610S

FOR G. P. AGRAWAL & CO.
Chartered Accountants

AJAY KUMAR AGRAWAL
Partner : M. No. 17643
Firm Regn. No. 302082E

Place : Mumbai
Date : 10th May, 2019

Schedule 1 - Capital

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
Authorised Capital : 5000,00,00,000 shares of ₹ 1 each (Previous Year 5000,00,00,000 shares of ₹ 1 each)	5000,00,00	5000,00,00
Issued Capital : 892,54,05,164 Equity Shares of ₹ 1 each (Previous Year 892,54,05,164 Equity Shares of ₹ 1 each)	892,54,05	892,54,05
Subscribed and Paid-up Capital : 892,46,11,534 Equity Shares of ₹ 1 each (Previous Year 892,45,87,534 Equity Shares of ₹ 1 each)	892,46,12	892,45,88
[The above includes 12,10,71,350 Equity Shares of ₹ 1 each (Previous Year 12,62,48,980 Equity Shares of ₹ 1 each) represented by 1,21,07,135 (Previous Year 1,26,24,898) Global Depository Receipts]		
TOTAL	**892,46,12**	**892,45,88**

Schedule 2 - Reserves & Surplus

(000s omitted)

		As at 31.03.2019 (Current Year) ₹		As at 31.03.2018 (Previous Year) ₹	
I.	**Statutory Reserves**				
	Opening Balance	65336,98,37		53969,83,67	
	Additions during the year	258,66,89		11367,14,70	
	Deductions during the year	-		-	
			65595,65,26		65336,98,37
II.	**Capital Reserves**				
	Opening Balance	9391,65,88		3688,17,59	
	Additions during the year	379,20,76		5703,48,29	
	Deductions during the year	-		-	
			9770,86,64		9391,65,88
III.	**Share Premium**				
	Opening Balance	79124,21,51		55423,23,36	
	Additions during the year	37,92		23718,58,11	
	Deductions during the year	9,12,38		17,59,96	
			79115,47,05		79124,21,51
IV.	**Foreign Currency Translation Reserve**				
	Opening Balance	5720,58,73		4428,63,94	
	Additions during the year	1077,13,19		1482,65,84	
	Deductions during the year	66,75,03		190,71,05	
			6730,96,89		5720,58,73
V.	**Revenue and Other Reserves***				
	Opening Balance	48893,23,87		38392,85,99	
	Additions during the year	563,88,56		14888,94,48	
	Deductions during the year	76,60,48		4388,56,60	
			49380,51,95		48893,23,87

(000s omitted)

		As at 31.03.2019 (Current Year) ₹		As at 31.03.2018 (Previous Year) ₹
VI.	**Revaluation Reserve**			
	Opening Balance	24847,98,65		31585,64,99	
	Additions during the year			4670,63,97	
	Deductions during the year	194,04,57		11408,30,31	
			24653,94,08		24847,98,65
VII.	**Balance of Profit and Loss Account**		(15226,05,54)		(15078,56,86)
	* Note: Revenue and Other Reserves include (i) ₹ 5,00,00 thousand (Previous Year ₹ 5,00,00 thousand) of Integration and Development Fund (maintained under Section 36 of the State Bank of India Act, 1955) (ii) Special Reserve under Section 36(1) (viii) of the Income Tax Act, 1961 ₹ 13421,76,76 thousand (Previous Year ₹ 13421,76,76 thousand) (iii) Investment Reserves Current Year ₹ 371,84,01 (Previous Year Nil)				
	TOTAL		**220021,36,33**		**218236,10,15**

Additions during the previous year includes receipt from erstwhile ABs and BMBL on acquisition

Schedule 3 - Deposits

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
A. I. Demand Deposits		
(i) From Banks	6894,62,06	5326,82,76
(ii) From Others	198980,62,74	184847,05,92
II. Savings Bank Deposits	1091751,97,36	1013774,47,09
III. Term Deposits		
(i) From Banks	8234,15,28	15218,78,64
(ii) From Others	1605524,63,63	1487176,14,09
TOTAL	**2911386,01,07**	**2706343,28,50**
B I. Deposits of Branches in India	2814243,42,48	2599393,43,21
II. Deposits of Branches outside India	97142,58,59	106949,85,29
TOTAL	**2911386,01,07**	**2706343,28,50**

Schedule 4 - Borrowings

(000s omitted)

		As at 31.03.2019 (Current Year) ₹		As at 31.03.2018 (Previous Year) ₹
I. Borrowings in India				
(i) Reserve Bank of India		94319,00,00		94252,00,00
(ii) Other Banks		260,00,00		1603,85,43
(iii) Other Institutions and Agencies		27853,89,24		2411,83,26
(iv) Capital Instruments :				
a. Innovative Perpetual Debt Instruments (IPDI)	19152,30,00		11835,00,00	
b. Subordinated Debt	28256,73,80		32540,83,80	
		47409,03,80		**44375,83,80**
TOTAL		**169841,93,04**		**142643,52,49**
II. Borrowings outside India				
(i) Borrowings and Refinance outside India		231100,53,78		217543,29,96
(ii) Capital Instruments :				
Innovative Perpetual Debt Instruments (IPDI)		2074,65,00		1955,25,00
TOTAL		**233175,18,78**		**219498,54,96**
GRAND TOTAL		**403017,11,82**		**362142,07,45**
Secured Borrowings included in I & II above		**124028,25,70**		**106637,02,05**

Schedule 5 - Other Liabilities & Provisions

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I. Bills payable	23875,66,31	26617,74,90
II. Inter-office adjustments (Net)	21735,74,61	40734,57,50
III. Interest accrued	14479,87,48	16279,62,96
IV. Deferred Tax Liabilities (Net)	2,33,15	2,80,59
V. Others (including provisions)*	85503,68,00	83503,31,73
* Includes prudential provision for Standard Assets ₹ 12396,67,91 thousand (Previous Year ₹12499,46,35 thousand)		
TOTAL	**145597,29,55**	**167138,07,68**

Schedule 6 - Cash and Balances With Reserve Bank of India

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I. Cash in hand (including foreign currency notes and gold)	18777,94,34	15472,42,20
II. Balance with Reserve Bank of India		
(i) In Current Account	158154,47,41	134924,75,94
(ii) In Other Accounts	-	-
TOTAL	**176932,41,75**	**150397,18,14**

Schedule 7 - Balances With Banks And Money At Call & Short Notice

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I. In India		
(i) Balances with banks		
(a) In Current Accounts	87,02,70	48,59,90
(b) In Other Deposit Accounts	-	-
(ii) Money at call and short notice		
(a) With banks	4608,88,73	1614,44,26
(b) With other institutions	-	-
TOTAL	**4695,91,43**	**1663,04,16**
II. Outside India		
(i) In Current Accounts	19667,07,18	28528,09,13
(ii) In Other Deposit Accounts	2870,14,73	1226,43,94
(iii) Money at call and short notice	18324,56,06	10083,88,82
TOTAL	**40861,77,97**	**39838,41,89**
GRAND TOTAL (I and II)	**45557,69,40**	**41501,46,05**

Schedule 8 - Investments

(000s omitted)

		As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I. Investments in India in :			
(i) Government Securities		761883,12,15	848395,84,44
(ii) Other approved securities		-	-
(iii) Shares		9878,74,38	10516,69,01
(iv) Debentures and Bonds		84948,36,68	77962,93,46
(v) Subsidiaries and/ or Joint Ventures (including Associates)		5608,00,04	5077,97,43
(vi) Others (Units of Mutual Funds, Commercial Papers etc.)		53388,53,85	72882,56,59
TOTAL		**915706,77,10**	**1014836,00,93**
II. Investments outside India in :			
(i) Government Securities (including local authorities)		11644,84,99	10520,45,85
(ii) Subsidiaries and/ or Joint Ventures abroad		4298,49,28	2712,22,30
(iii) Other Investments (Shares, Debentures etc.)		35371,83,38	32918,02,42
TOTAL		**51315,17,65**	**46150,70,57**
GRAND TOTAL (I and II)		**967021,94,75**	**1060986,71,50**
III. Investments in India :			
(i) Gross Value of Investments		926650,59,97	1026438,36,91
(ii) Less: Aggregate of Provisions / Depreciation		10943,82,87	11602,35,98
(iii) Net Investments (vide I above)	**TOTAL**	**915706,77,10**	**1014836,00,93**
IV. Investments outside India :			
(i) Gross Value of Investments		51473,39,76	46658,94,18
(ii) Less: Aggregate of Provisions / Depreciation		158,22,11	508,23,61
(iii) Net Investments (vide II above)	**TOTAL**	**51315,17,65**	**46150,70,57**
GRAND TOTAL (III and IV)		**967021,94,75**	**1060986,71,50**

Schedule 9 - Advances

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
A. I. Bills purchased and discounted	80278,87,21	67613,55,55
II. Cash credits, overdrafts and loans repayable on demand	776633,45,81	746252,38,11
III. Term loans	1328964,58,75	1121014,25,25
TOTAL	**2185876,91,77**	**1934880,18,91**
B. I. Secured by tangible assets (includes advances against Book Debts)	1582764,41,50	1505988,72,17
II. Covered by Bank/ Government Guarantees	80173,16,17	68651,16,60
III. Unsecured	522939,34,10	360240,30,14
TOTAL	**2185876,91,77**	**1934880,18,91**
C. I. Advances in India		
(i) Priority Sector	520729,77,60	448358,95,60
(ii) Public Sector	240295,89,39	161939,24,46
(iii) Banks	9174,06,50	2845,19,97
(iv) Others	1114679,73,28	1023464,39,00
TOTAL	**1884879,46,77**	**1636607,79,03**
II. Advances outside India		
(i) Due from banks	69975,74,47	77109,63,56
(ii) Due from others		
(a) Bills purchased and discounted	26740,94,11	14539,04,35
(b) Syndicated loans	138191,25,40	120685,86,16
(c) Others	66089,51,02	85937,85,81
TOTAL	**300997,45,00**	**298272,39,88**
GRAND TOTAL [C (I) and C (II)]	**2185876,91,77**	**1934880,18,91**

Schedule 10 - Fixed Assets

(000s omitted)

	As at 31.03.2019 (Current Year) ₹		As at 31.03.2018 (Previous Year) ₹	
I. Premises (including Revalued Premises)				
At cost/revalued as at 31st March of the preceding year	30201,53,82		35961,29,86	
Additions:				
- during the year	669,84,09		1056,24,24	
- for Revaluation	-		4477,39,82	
Deductions during the year	39,60,68		11293,40,10	
Depreciation to date:				
- on cost	714,18,98		614,08,31	
- on Revaluation	497,17,97		308,66,78	
		29620,40,28		**29278,78,73**

(000s omitted)

		As at 31.03.2019 (Current Year) ₹		As at 31.03.2018 (Previous Year) ₹
II. Other Fixed Assets (including furniture and fixtures)				
At cost as at 31st March of the preceding year	30114,90,96		21856,35,33	
Additions during the year	2404,25,97		9232,65,68	
Deductions during the year	1444,39,63		974,10,05	
Depreciation to date	22186,23,44		20192,98,49	
		8888,53,86		**9921,92,47**
III. Assets under Construction (Including Premises)		**688,62,80**		**791,53,91**
TOTAL (I, II, and III)		**39197,56,94**		**39992,25,11**

Additions during the previous year includes receipt from erstwhile ABs and BMBL on acquisition

Schedule 11 - Other Assets

(000s omitted)

		As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I.	Inter-Office adjustments (net)	-	-
II.	Interest accrued	26141,97,03	25714,46,61
III.	Tax paid in advance / tax deducted at source	24376,29,42	17546,11,08
IV.	Deferred Tax Assets (Net)	10422,49,17	11368,79,19
V.	Stationery and Stamps	102,14,03	107,05,92
VI.	Non-banking assets acquired in satisfaction of claims	73,71	4,64,72
VII.	Others*	205284,06,92	172253,12,43
	*Includes Deposits placed with NABARD/SIDBI/NHB amounting to ₹ 138245,29,37 thousand (Previous Year ₹ 95643,16,91 thousand)		
TOTAL		**266327,70,28**	**226994,19,95**

Schedule 12 - Contingent Liabilities

(000s omitted)

		As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I.	Claims against the bank not acknowledged as debts	43357,92,57	35153,03,00
II.	Liability for partly paid investments / Venture Funds	472,87,61	619,44,30
III.	Liability on account of outstanding forward exchange contracts	596621,66,74	644102,45,28
IV.	Guarantees given on behalf of constituents		
	(a) In India	157186,66,27	148866,54,48
	(b) Outside India	72425,94,84	67469,26,89
V.	Acceptances, endorsements and other obligations	124194,94,04	121238,94,74
VI.	Other items for which the bank is contingently liable*	121821,43,87	144571,00,61
	*Includes Derivatives ₹ 117435,24,87 thousand (Previous Year ₹ 141154,40,39 thousand)		
TOTAL		**1116081,45,94**	**1162020,69,30**

State Bank of India

Profit and Loss Account for the year ended 31st March, 2019

(000s omitted)

		Schedule No.	Year ended 31.03.2019 (Current Year) ₹	Year ended 31.03.2018 (Previous Year) ₹
I.	**INCOME**			
	Interest earned	13	242868,65,35	220499,31,56
	Other Income	14	36774,88,78	44600,68,71
	TOTAL		**279643,54,13**	**265100,00,27**
II.	**EXPENDITURE**			
	Interest expended	15	154519,77,80	145645,60,00
	Operating expenses	16	69687,73,74	59943,44,64
	Provisions and contingencies		54573,79,61	66058,41,00
	TOTAL		**278781,31,15**	**271647,45,64**
III.	**PROFIT**			
	Net Profit/(Loss) for the year		862,22,98	(6547,45,37)
	Add: Profit/(Loss) brought forward		(15078,56,86)	31,68
	Loss of eABs & BMB on amalgamation		-	(6407,68,97)
	TOTAL		**(14216,33,88)**	**(12954,82,66)**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		258,66,89	-
	Transfer to Capital Reserve		379,20,76	3288,87,88
	Transfer to Revenue and other Reserves		371,84,01	(1165,13,68)
	Balance carried over to Balance Sheet		(15226,05,54)	(15078,56,86)
	TOTAL		**(14216,33,88)**	**(12954,82,66)**
	Basic Earning per Share:		₹ 0.97	₹ -7.67
	Diluted Earning per Share:		₹ 0.97	₹ -7.67
	Significant Accounting Policies	17		
	Notes to Accounts	18		

The schedules referred to above form an integral part of the Profit & Loss Account.

Signed by:

Smt. Anshula Kant
Managing Director
(Stressed Assets, Risk & Compliance)

Shri Arijit Basu
Managing Director
(Commercial Clients Group & IT)

Shri Dinesh Kumar Khara
Managing Director
(Global Banking & Subsidiaries)

Shri P. K. Gupta
Managing Director
(Retail & Digital Banking)

Directors:
Dr. Girish Kumar Ahuja
Shri B. Venugopal
Dr. Purnima Gupta
Shri Chandan Sinha
Shri Sanjiv Malhotra
Dr. Pushpendra Rai
Shri Basant Seth
Shri Bhaskar Pramanik

Shri Rajnish Kumar
Chairman

Place: Mumbai
Date: 10th May 2019

In terms of our report of even date

FOR J.C. BHALLA & CO.
Chartered Accountants

RAJESH SETHI
Partner : M. No.085669
Firm Regn. No. 001111N

FOR CHATURVEDI & SHAH LLP
Chartered Accountants

VITESH D. GANDHI
Partner: M. No.110248
Firm Regn. No. 101720W/W100355

FOR O.P. TOTLA & CO.
Chartered Accountants

S. R. TOTLA
Partner : M. No. 071774
Firm Regn. No. 000734C

FOR S. K. KAPOOR & CO.
Chartered Accountants

SANJIV KAPOOR
Partner : M. No. 070487
Firm Regn. No. 000745C

FOR DE CHAKRABORTY & SEN
Chartered Accountants

D. K. ROY CHOWDHURY
Partner : M. No. 053087
Firm Regn. No. 303029E

FOR RAO & KUMAR
Chartered Accountants

ANIRBAN PAL
Partner : M. No. 214919
Firm Regn. No. 003089S

FOR S. K. MITTAL & CO.
Chartered Accountants

M. K. JUNEJA
Partner : M. No.013117
Firm Regn. No.001135N

FOR N.C. RAJAGOPAL & CO.
Chartered Accountants

V. CHANDRASEKARAN
Partner: M. No. 024844
Firm Regn. No. 230448S

FOR KARNAVAT & CO.
Chartered Accountants

SAMEER B. DOSHI
Partner : M. No. 117987
Firm Regn. No. 104863W

FOR KALANI & CO.
Chartered Accountants

BHUPENDER MANTRI
Partner: M. No. 108170
Firm Regn. No. 000722C

FOR BRAHMAYYA & CO.
Chartered Accountants

K. JITENDRA KUMAR
Partner : M. No. 201825
Firm Regn. No. 000511S

FOR RAY & RAY
Chartered Accountants

ABHIJIT NEOGI
Partner : M. No. 061380
Firm Regn. No. 301072E

FOR K. VENKATACHALAM AIYER & CO.
Chartered Accountants

A GOPALAKRISHNAN
Partner : M. No. 018159
Firm Regn. No. 004610S

FOR G. P. AGRAWAL & CO.
Chartered Accountants

AJAY KUMAR AGRAWAL
Partner : M. No. 17643
Firm Regn. No. 302082E

Place : Mumbai
Date : 10th May, 2019

Schedule 13 - Interest Earned

(000s omitted)

		Year ended 31.03.2019 (Current Year) ₹	Year ended 31.03.2018 (Previous Year) ₹
I.	Interest / discount on advances / bills	161640,23,23	141363,16,78
II.	Income on investments	74406,16,37	70337,61,67
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	1179,06,59	2249,99,69
IV.	Others	5643,19,16	6548,53,42
TOTAL		**242868,65,35**	**220499,31,56**

Schedule 14 - Other Income

(000s omitted)

		Year ended 31.03.2019 (Current Year) ₹	Year ended 31.03.2018 (Previous Year) ₹
I.	Commission, exchange and brokerage	23303,89,22	22996,80,04
II.	Profit/ (Loss) on sale of investments (Net)[1]	3146,86,06	13423,34,83
III.	Profit/ (Loss) on revaluation of investments (Net)	(2124,03,82)	(1120,61,02)
IV.	Profit/ (Loss) on sale of land, buildings and other assets (Net)	(34,98,24)	(30,03,00)
V.	Profit/ (Loss) on exchange transactions (Net)	2155,75,29	2484,59,52
VI.	Income earned by way of dividends etc., from subsidiaries/ companies and/ or joint ventures abroad/ in India	348,01,18	448,51,70
VII.	Income from financial lease	-	-
VIII.	Miscellaneous Income [2]	9979,39,09	6398,06,64
	TOTAL	**36774,88,78**	**44600,68,71**

[1] Profit/ (Loss) on sale of investments (Net) includes exceptional item of ₹ 473.12 crore (Previous year ₹ 5,436.17 crore).

[2] Miscellaneous Income includes exceptional item of ₹ 1,087.43 crore (Previous year nil) and Recoveries made in write-off accounts ₹ 8,344.61 crore (Previous year ₹ 5,333.20 crore).

Schedule 15 - Interest Expended

(000s omitted)

		Year ended 31.03.2019 (Current Year) ₹	Year ended 31.03.2018 (Previous Year) ₹
I.	Interest on deposits	140272,36,59	135725,70,41
II.	Interest on Reserve Bank of India/ Inter-bank borrowings	9838,95,98	5312,42,79
III.	Others	4408,45,23	4607,46,80
TOTAL		**154519,77,80**	**145645,60,00**

Schedule 16 - Operating Expenses

(000s omitted)

		Year ended 31.03.2019 (Current Year) ₹	Year ended 31.03.2018 (Previous Year) ₹
I.	Payments to and provisions for employees	41054,70,68	33178,67,95
II.	Rent, taxes and lighting	5265,65,95	5140,43,15
III.	Printing and stationery	498,94,99	518,13,63
IV.	Advertisement and publicity	354,05,58	358,32,54
V.	Depreciation on Bank's property	3212,30,65	2919,46,63
VI.	Directors' fees, allowances and expenses	1,34,65	61,93
VII.	Auditors' fees and expenses (including branch auditors' fees and expenses)	293,67,65	289,18,07
VIII.	Law charges	261,84,28	199,03,48
IX.	Postages, Telegrams, Telephones etc.	387,01,81	506,83,11
X.	Repairs and maintenance	904,08,56	826,93,29
XI.	Insurance	2845,44,78	2759,88,05
XII.	Other expenditure	14608,64,16	13245,92,81
TOTAL		**69687,73,74**	**59943,44,64**

Schedule 17- Significant Accounting Policies:

A. Basis of Preparation:

The Bank's financial statements are prepared under the historical cost convention, on the accrual basis of accounting on Going Concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/ guidelines prescribed by Reserve Bank of India (RBI), Banking Regulation Act, 1949, Accounting Standards issued by Institute of Chartered Accountants of India (ICAI), and the practices prevalent in the banking industry in India.

B. Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

C. Significant Accounting Policies:

1. Revenue recognition:

1.1 Income and expenditure are accounted on accrual basis, except otherwise stated. As regards Bank's foreign offices, income and expenditure are recognised as per the local laws of the country in which the respective foreign office is located.

1.2 Interest/ Discount income is recognised in the Profit and Loss Account as it accrues except: (i) income from Non-Performing Assets (NPAs), comprising of advances, leases and investments, which is recognised upon realisation, as per the prudential norms prescribed by RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities), (ii) overdue interest on investments and bills discounted, (iii) Income on Rupee Derivatives designated as "Trading", which are accounted on realisation.

1.3 Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, profit on sale of investments in the "Held to Maturity" category is appropriated (net of applicable taxes and amount required to be transferred to "Statutory Reserve Account") to "Capital Reserve Account".

1.4 Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding in the lease, over the primary lease period. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease as per Accounting Standard 19 –"Leases" issued by ICAI. The lease rentals are apportioned between principal and finance income based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of finance leases. The principal amount is utilized for reduction in balance of net investment in lease and finance income is reported as interest income.

1.5 Income (other than interest) on investments in "Held to Maturity (HTM)" category acquired at a discount to the face value, is recognised as follows:

a. on interest bearing securities, it is recognised only at the time of sale/ redemption.

b. on zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

1.6 Dividend income is recognised when the right to receive the dividend is established.

1.7 Commission on LC/ BG, Deferred Payment Guarantee, Government Business, ATM interchange fee & "Upfront fee on restructured account" are recognised on accrual basis proportionately for the period. All other commission and fee income are recognised on their realisation.

1.8 One time Insurance Premium paid under Special Home Loan Scheme (December 2008 to June 2009) is amortised over the average loan period of 15 years.

1.9 Brokerage, Commission etc. paid/ incurred in connection with the issue of Bonds/ Deposits are amortized over the tenure of related Bonds/ Deposits and the expenses incurred in connection with the issue are charged upfront.

1.10 The sale of NPA is accounted as per guidelines prescribed by RBI:

i. When the Bank sells its financial assets to Securitisation Company (SC)/ Reconstruction Company (RC), the same is removed from the books.

ii. If the sale is at a price below the Net Book Value (NBV) (i.e. book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale.

iii. If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received, as permitted by the RBI.

2. Investments:

The transactions in all securities are recorded on "Settlement Date".

2.1 Classification:

Investments are classified into three categories viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) as per RBI Guidelines.

2.2 Basis of classification:

i. Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".

ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".

iii. Investments, which are not classified in above two categories, are classified as "Available for Sale (AFS)".

iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

v. Investments in subsidiaries, joint ventures and associates are classified as HTM.

2.3 Valuation:

i. In determining the acquisition cost of an investment:

(a) Brokerage/ commission received on subscriptions is reduced from the cost.

(b) Brokerage, Commission, Securities Transaction Tax (STT) etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.

(c) Broken period interest paid/ received on debt instruments is treated as interest expense/ income and is excluded from cost/ sale consideration.

(d) Cost is determined on the weighted average cost method for investments under AFS and HFT category and on FIFO basis (first in first out) for investments under HTM category.

ii. Transfer of securities from HFT/ AFS category to HTM category is carried out at the lower of acquisition cost/ book value/ market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. However, transfer of securities from HTM category to AFS category is carried out on acquisition price/ book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

iii. Treasury Bills and Commercial Papers are valued at carrying cost.

iv. **Held to Maturity category:** a) Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period of remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head "interest on investments". b) Investments in subsidiaries, joint ventures and associates (both in India and abroad) are valued at historical cost. A provision is made for diminution, other than temporary, for each investment individually. c) Investments in Regional Rural Banks are valued at carrying cost (i.e. book value).

v. **Available for Sale and Held for Trading categories:** Investments held under AFS and HFT categories are individually revalued at market price or fair value determined as per the regulatory guidelines and only the net depreciation of each group for each category (viz. (i) Government securities, (ii) Other Approved Securities, (iii) Shares, (iv) Bonds and Debentures, (v) Subsidiaries and Joint Ventures and (vi) others) is provided for and net appreciation is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

vi. In case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognised at lower of: (i) Net Book Value (NBV) (i.e. book value less provisions held) of the financial asset; and (ii) Redemption value of SR. SRs issued by an SC/ ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ ARC, is reckoned for valuation of such investments.

vii. Investments are classified as performing and non-performing, based on the guidelines issued by RBI in case of domestic offices and respective regulators in case of foreign offices. Investments of domestic offices become non-performing where:

(a) Interest/ installment (including maturity proceeds) is due and remains unpaid for more than 90 days.

(b) In the case of equity shares, in the event the investment in shares of any company is valued at ₹ 1 per company on account of non availability of the latest balance sheet, those equity shares would be reckoned as NPI.

(c) If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.

(d) The above would apply mutatis-mutandis to Preference Shares where the fixed dividend is not paid.

(e) The investments in debentures/ bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.

(f) In respect of foreign offices, provisions for NPIs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

viii. Accounting for Repo/ Reverse Repo transactions (other than transactions under the Liquidity Adjustment Facility (LAF) with RBI):

(a) The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/ Reverse Repo Accounts and contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/ income, as the case may be. Balance in Repo Account is classified under Schedule 4 (Borrowings) and balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at call & short notice).

(b) Interest expended/ earned on Securities purchased/ sold under LAF with RBI is accounted for as expenditure/ revenue.

ix. Market repurchase and reverse repurchase transactions as well as the transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as Borrowings and Lending transactions in accordance with the extant RBI guidelines.

3. Loans/ Advances and Provisions thereon:

3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/ directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

i. In respect of term loans, interest and/ or instalment of principal remains overdue for a period of more than 90 days;

ii. In respect of Overdraft or Cash Credit advances, the account remains “out of order”, i.e. if the outstanding balance exceeds the sanctioned limit/ drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance sheet, or if the credits are not adequate to cover the interest debited during the same period;

iii. In respect of bills purchased/ discounted, the bill remains overdue for a period of more than 90 days;

iv. In respect of agricultural advances: (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

3.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

i. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.

ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.

iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

3.3 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Substandard Assets:

i. A general provision of 15% on the total outstanding;

ii. Additional provision of 10% for exposures which are unsecured ab-initio (i.e. where realisable value of security is not more than 10 percent ab-initio);

iii. Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available - 20%.

Doubtful Assets:

- Secured portion:

i. Upto one year – 25%

ii. One to three years – 40%

iii. More than three years – 100%

- Unsecured portion 100%

Loss Assets: 100%

3.4 In respect of foreign offices, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

3.5 Advances are net of specific loan loss provisions, unrealised interest, ECGC claims received and bills rediscounted.

3.6 For restructured/ rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loans/ advances before and after restructuring is provided for, in addition to provision for the respective loans/ advances. The Provision for Diminution in Fair Value (DFV) and interest sacrifice, if any, arising out of the above, is reduced from advances.

3.7 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

3.8 Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.

3.9 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head “Other Liabilities & Provisions – Others” and are not considered for arriving at the Net NPAs.

3.10 Appropriation of recoveries in NPAs (not out of fresh/ additional credit facilities sanctioned to the borrower concerned) towards principal or interest due as per the Bank's extant instructions is done in accordance with the following priority:

a. Charges

b. Unrealized Interest / Interest

c. Principal

4. Floating Provisions:

The Bank has a policy for creation and utilisation of floating provisions separately for advances, investments and general purposes. The quantum of floating provisions to be created is assessed at the end of the financial year. The floating provisions are utilised only for contingencies under extraordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

5. Provision for Country Exposure:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorised into seven risk categories, namely, insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others".

6. Derivatives:

6.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, cross currency interest rate swaps and forward rate agreements in order to hedge on-balance sheet/ off-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of the underlying assets and accounted in accordance with the principles of hedge accounting.

6.2 Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying assets/ liabilities are also marked to market.

6.3 Except as mentioned above, all other derivative contracts are marked to market as per the Generally Accepted Accounting Practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss Account in the period of change. Any receivable under derivative contracts, which remain overdue for more than 90 days, are reversed through Profit and Loss Account to "Suspense Account Crystallised Receivables". In cases where the derivative contracts provide for more settlement in future and if the derivative contract is not terminated on the overdue receivables remaining unpaid for 90 days, the positive MTM pertaining to future receivables is also reversed from Profit and Loss Account to "Suspense Account - Positive MTM".

6.4 Option premium paid or received is recorded in Profit and Loss Account at the expiry of the option. The balance in the premium received on options sold and premium paid on options bought is considered to arrive at Mark-to-Market value for forex Over-the-Counter (OTC) options.

6.5 Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

7. Fixed Assets, Depreciation and Amortisation:

7.1 Fixed Assets are carried at cost less accumulated depreciation/ amortisation.

7.2 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure(s) incurred on the assets put to use are capitalised only when it increases the future benefits from such assets or their functioning capability.

7.3 The rates of depreciation and method of charging depreciation in respect of domestic operations are as under:

Sr. No.	Description of Fixed Assets	Method of charging depreciation	Depreciation/ amortisation rate
1	Computers	Straight Line Method	33.33% every year
2	Computer Software forming an integral part of the Computer hardware	Straight Line Method	33.33% every year
3	Computer Software which does not form an integral part of Computer hardware and cost of Software Development	Straight Line Method	33.33% every year
4	Automated Teller Machine/ Cash Deposit Machine/ Coin Dispenser/ Coin Vending Machine	Straight Line Method	20.00% every year
5	Server	Straight Line Method	25.00% every year
6	Network Equipment	Straight Line Method	20.00% every year
7	Other fixed assets	Straight Line Method	On the basis of estimated useful life of the assets. Estimated useful life of major group of Fixed Assets are as under: Premises 60 Years Vehicles 05 Years Safe Deposit Lockers 20 Years Furniture & Fixtures 10 Years

7.4 In respect of assets acquired during the year (for domestic operations), depreciation is charged on proportionate basis for the number of days the assets have been put to use during the year.

7.5 Assets costing less than ₹ 1,000 each are charged off in the year of purchase.

7.6 In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease and the lease rent is charged in the respective year(s).

7.7 In respect of assets given on lease by the Bank on or before 31st March 2001, the value of the assets given on lease is disclosed as Leased Assets under Fixed Assets, and the difference between the annual lease charge (capital recovery) and the depreciation is taken to Lease Equalisation Account.

7.8 In respect of fixed assets held at foreign offices, depreciation is provided as per the regulations / norms of the respective countries.

7.9 The Bank considers only immovable assets for revaluation. Properties acquired during the last three years are not revalued. Valuation of the revalued assets is done at every three years thereafter.

7.10 The increase in Net Book Value of the asset due to revaluation is credited to the Revaluation Reserve Account without routing through the Profit and Loss Account. The depreciation provided on the increase in the Net Book Value is recouped from Revaluation Reserve.

7.11 The Revalued Asset is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

8. Leases:

The asset classification and provisioning norms applicable to advances, as laid down in Para 3 above, are applied to financial leases also.

9. Impairment of Assets:

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future Net Discounted Cash Flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

10. Effect of changes in the foreign exchange rate:

10.1 Foreign Currency Transactions:

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Foreign currency monetary items are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing (spot/ forward) rates.

iii. Foreign currency non-monetary items, which are carried at historical cost, are reported using the exchange rate on the date of the transaction.

iv. Contingent liabilities denominated in foreign currency are reported using the FEDAI closing spot rates.

v. Outstanding foreign exchange spot and forward contracts held for trading are revalued at the exchange rates notified by FEDAI for specified maturities, and the resulting Profit or Loss is recognised in the Profit and Loss Account.

vi. Foreign exchange forward contracts which are not intended for trading and are outstanding on the balance sheet date, are re-valued at the closing spot rate. The premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

vii. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised as income or as expense in the period in which they arise.

viii. Gains/ Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/ losses are recognised in the Profit and Loss Account.

10.2 Foreign Operations:

Foreign Branches of the Bank and Offshore Banking Units (OBU) have been classified as Non-integral Operations and Representative Offices have been classified as Integral Operations.

a. Non-integral Operations:

i. Both monetary and non-monetary foreign currency assets and liabilities including contingent liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

ii. Income and expenditure of non-integral foreign operations are translated at quarterly average closing rates notified by FEDAI.

iii. Exchange differences arising on investment in non-integral foreign operations are accumulated in Foreign Currency Translation Reserve until the disposal of the investment.

iv. The Assets and Liabilities of foreign offices in foreign currency (other than local currency of the foreign offices) are translated into local currency using spot rates applicable to that country on the balance sheet date.

b. Integral Operations:

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Monetary foreign currency assets and liabilities of integral foreign operations are translated at closing (Spot/ Forward) exchange rates notified by FEDAI at the balance sheet date and the resulting Profit/ Loss is included in the Profit and Loss Account. Contingent Liabilities are translated at Spot rate.

iii. Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate on the date of the transaction.

11. Employee Benefits:

11.1 Short Term Employee Benefits:

The undiscounted amounts of short-term employee benefits, such as medical benefits which are expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

11.2 Long Term Employee Benefits:

i. Defined Benefit Plans:

a. The Bank operates a Provident Fund scheme. All eligible employees are entitled to receive benefits under the Bank's Provident Fund scheme. The Bank contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are remitted to a Trust established for this purpose and are charged to Profit and Loss Account. The Bank recognizes such annual contributions as an expense in the year to which it relates. Shortfall, if any, is provided for on the basis of actuarial valuation.

b. The Bank operates Gratuity and Pension schemes which are defined benefit plans.

i) The Bank provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, or on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to the cap prescribed by the Statutory Authorities. Vesting occurs upon completion of five years of service. The Bank makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually.

ii) The Bank provides for pension to all eligible employees. The benefit is in the form of monthly payments as per rules to vested employees on retirement or on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The Bank makes monthly contribution to the Pension Fund at 10% of salary in terms of SBI Pension Fund Rules. The pension liability is reckoned based on an independent actuarial valuation carried out annually and Bank makes such additional contributions periodically to the Fund as may be required to secure payment of the benefits under the pension regulations.

c. The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains/ losses are immediately recognised in the Profit and Loss Account and are not deferred.

ii. Defined Contribution Plan:

The Bank operates a New Pension Scheme (NPS) for all officers/ employees joining the Bank on or after 1st August, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing SBI Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. Pending completion of registration procedures of the employees concerned, these contributions are retained as deposits in the Bank and earn interest at the same rate as that of the current account of Provident Fund balance. The Bank recognizes such annual contributions and interest as an expense in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

iii. Other Long Term Employee Benefits:

a. All eligible employees of the Bank are eligible for compensated absences, silver jubilee award, leave travel concession, retirement award and resettlement allowance. The costs of such long term employee benefits are internally funded by the Bank.

b. The cost of providing other long term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. Past service cost is immediately recognised in the Profit and Loss Account and is not deferred.

11.3 Employee benefits relating to employees employed at foreign offices are valued and accounted for as per the respective local laws/ regulations.

12. Taxes on income:

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgment as to whether their realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

13. Earnings per Share:

13.1 The Bank reports basic and diluted earnings per share in accordance with AS 20 –"Earnings per Share" issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

13.2 Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

14. Provisions, Contingent Liabilities and Contingent Assets:

14.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

14.2 No provision is recognised for:

i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

ii. any present obligation that arises from past events but is not recognised because:

a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b. a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

14.3 Provision for reward points in relation to the debit card holders of the Bank is being provided for on actuarial estimates.

14.4 Contingent Assets are not recognised in the financial statements.

15. Bullion Transactions:

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified under commission income. The Bank also accepts deposits and lends gold, which is treated as deposits/ advances as the case may be with the interest paid/ received classified as interest expense/ income. Gold Deposits, Metal Loan Advances and closing Gold Balances are valued at available Market Rate as on the date of Balance Sheet.

16. Special Reserves:

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961. The Board of Directors of the Bank has passed a resolution approving creation of the reserve and confirming that it has no intention to make withdrawal from the Special Reserve.

17. Share Issue Expenses:

Share issue expenses are charged to the Share Premium Account.

Schedule 18

NOTES TO ACCOUNTS

18.1 Capital

1. Capital Ratio

AS PER BASEL II (Amount in ₹ crore)

Sr. No.	Items	As at 31st March, 2019	As at 31st March, 2018
(i)	Common Equity Tier 1 Capital Ratio (%)	N.A.	
(ii)	Tier 1 Capital Ratio (%)	10.38%	10.02%
(iii)	Tier 2 Capital Ratio (%)	2.47%	2.72%
(iv)	Total Capital Ratio (%)	12.85%	12.74%

AS PER BASEL III

Sr. No.	Items	As at 31st March, 2019	As at 31st March, 2018
(i)	Common Equity Tier 1 Capital Ratio (%)	9.62%	9.68%
(ii)	Tier 1 Capital Ratio (%)	10.65%	10.36%
(iii)	Tier 2 Capital Ratio (%)	2.07%	2.24%
(iv)	Total Capital Ratio (%)	12.72%	12.60%
(v)	Percentage of the Shareholding of Government of India	57.13%	58.03%
(vi)	Number of Shares held by Government of India	509,88,82,979	517,89,88,645
(vii)	Amount of Equity Capital raised	0.38	23,813.69
(viii)	Amount of Additional Tier 1(AT 1) capital raised of which		
	a) Perpetual Non-Cumulative Preference Shares (PNCPS)	Nil	Nil
	b) Perpetual Debt Instruments (PDI)	7,317.30	2,000.00
(ix)	Amount of Tier 2 capital raised of which		
	a) Debt Capital Instruments:	4,115.90	Nil
	b) Preference Share Capital Instruments: {Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)}	Nil	Nil

RBI vide circular No. DBR.No.BP.BC.83/21.06.201/2015-16 dated 1st March, 2016, has given discretion to banks to consider Revaluation Reserve, Foreign Currency Translation Reserve and Deferred Tax Asset for purposes of computation of Capital Adequacy as CET– I capital ratio. The Bank has exercised the option in the above computation.

2. Share Capital

a) The Bank received application money of ₹ 0.38 crore including share premium of ₹ 0.38 crore by way of the issue of 24,000 equity shares of ₹ 1 each kept in abeyance due to various title disputes or third party claims out of the Right Issue closed on 18.03.2008. The equity shares kept in abeyance were allotted on 31.01.2019.

b) Expenses in relation to the issue of shares: ₹ 9.12 crore (Previous Year ₹ 17.60 crore) is debited to Share Premium Account.

3. Innovative Perpetual Debt Instruments (IPDI)

The details of IPDI issued which qualify for Hybrid Tier I Capital and outstanding are as under:

A. Foreign

(₹ in crore)

Particulars	Date of Issue	Tenor	Amount	Equivalent ₹ as on 31st March, 2019	Equivalent ₹ as on 31st March, 2018
Additional Tier 1 (AT1) Bonds issued under MTN Programme 29th series	22.09.2016	Perpetual Non Call 5 years	USD 300 million	2,074.65	1,955.25

These bonds have been listed in Singapore stock exchange (SGX).

B. Domestic

(₹ in crore)

Sr. No.	Nature of Bonds	Principal Amount	Date of Issue	Rate of Interest % p.a.
1.	SBI Non Convertible Perpetual Bonds 2009-10 (Tier I) Series I	1,000.00	14.08.2009	9.10
2.	e-SBM Tier -I	100.00	25.11.2009	9.10
3.	e-SBP Tier -I Series I	300.00	18.01.2010	9.15
4.	SBI Non Convertible Perpetual Bonds 2009-10 (Tier I) Series II	1,000.00	27.01.2010	9.05
5.	e-SBH Tier -I Series XII	135.00	24.02.2010	9.20
6.	e-SBH Tier -I Series XIII	200.00	20.09.2010	9.05
7.	SBI Non Convertible Perpetual Bonds 2016 Unsecured Basel III AT 1	2,100.00	06.09.2016	9.00
8.	SBI Non Convertible Perpetual Bonds 2016 Unsecured Basel III AT 1 Series II	2,500.00	27.09.2016	8.75
9.	SBI Non Convertible Perpetual Bonds 2016 Unsecured Basel III AT 1 Series III	2,500.00	25.10.2016	8.39
10.	SBI Non Convertible Perpetual Bonds 2017 Unsecured Basel III AT 1 Series IV	2,000.00	02.08.2017	8.15
11.	SBI Non Convertible, Unsecured, Basel III- AT 1 Bonds 2018	4,021.00	04.12.2018	9.56
12.	SBI Non Convertible, Unsecured, Basel III- AT 1 Bonds 2018 Series II	2,045.00	21.12.2018	9.37
13.	SBI Non Convertible, Unsecured, Basel III- AT 1 Bonds 2018 Series III	1,251.30	22.03.2019	9.45
	TOTAL	**19,152.30***		

*Includes ₹ 2,000 crore raised during the F.Y. 2009-10, of which ₹ 550 crore invested by SBI Employee Pension Fund, not reckoned for the purpose of Tier I Capital as per RBI instructions.

4. Subordinated Debts

The bonds are unsecured, long term, non–convertible and are redeemable at par. The details of outstanding subordinate debts are as under:-

(₹ in crore)

Sr. No.	Nature of Bonds	Principal Amount	Date of Issue/ Date of Redemption	Rate of Interest % P.A.	Maturity Period In Months
1	e-SBBJ Lower Tier II	500.00	20.03.2012	9.02	120
	(Series VI)		20.03.2022		
2	SBI Non Convertible	2,000.00	02.01.2014	9.69	120
	(Private placement) Bonds 2013-14 (Tier II)		02.01.2024		
3	e-SBH Upper Tier II	325.00	05.06.2009	8.39	180
	(Series IX)		05.06.2024		
4	e- SBH Upper Tier II	450.00	21.08.2009	8.50	180
	(Series X)		21.08.2024		
5	e -SBH Upper Tier II	475.00	08.09.2009	8.60	180
	(Series XI)		08.09.2024		
6	e-SBM Tier II	500.00	17.12.2014	8.55	120
	Basel III compliant		17.12.2024		
7	e -SBP Tier II	950.00	22.01.2015	8.29	120
	Basel III compliant (series I)		22.01.2025		
8	e- SBBJ Tier II	200.00	20.03.2015	8.30	120
	Basel III compliant		20.03.2025		
9	e -SBH Tier II	393.00	31.03.2015	8.32	120
	Basel III compliant (Series XIV)		31.03.2025		
10	SBI Non Convertible	866.92	04.11.2010	9.50	180
	(Public issue) Bonds 2010 (Series II) (Lower Tier II)		04.11.2025		
11	SBI Non Convertible, Unsecured	4,000.00	23.12.2015	8.33	120
	(Private Placement), Basel III compliant Tier II Bonds 2015-16 (Series I)		23.12.2025		
12	e -SBH Tier II	500.00	30.12.2015	8.40	120
	Basel III compliant (Series XV)		30.12.2025		

(₹ in crore)

Sr. No.	Nature of Bonds	Principal Amount	Date of Issue/ Date of Redemption	Rate of Interest % P.A.	Maturity Period In Months
13	e-SBM Tier II Basel III compliant	300.00	31.12.2015 31.12.2025	8.40	120
14	e-SBM Tier II Basel III compliant	200.00	18.01.2016 18.01.2026	8.45	120
15	e -SBH Tier II Basel III compliant (Series XVI)	200.00	08.02.2016 08.02.2026	8.45	120
16	SBI Non Convertible, Unsecured (Private Placement), Basel III compliant Tier 2 Bonds 2015-16 (Series II)	3,000.00	18.02.2016 18.02.2026	8.45	120
17	SBI Non Convertible (Public issue) Bonds 2011 Retail (Series IV) (Lower Tier II)	3,937.60	16.03.2011 16.03.2026	9.95	180
18	SBI Non Convertible (Public issue) Bonds 2011 Non Retail (Series IV) (Lower Tier II)	828.32	16.03.2011 16.03.2026	9.45	180
19	SBI Non Convertible, Unsecured (Private Placement), Basel III compliant Tier II Bonds 2015-16 (Series III)	3,000.00	18.03.2016 18.03.2026	8.45	120
20	SBI Non Convertible, Unsecured (Private Placement), Basel III compliant Tier II Bonds 2015-16 (Series IV)	500.00	21.03.2016 21.03.2026	8.45	120
21	e- SBT Tier II Basel III compliant (Series I)	515.00	30.03.2016 30.03.2026	8.45	120
22	e- SBT Upper Tier II (Series III)	500.00	26.03.2012 26.03.2027	9.25	180
23	SBI Non Convertible, Unsecured Basel III - Tier II Bonds 2018	4,115.90	02.11.2018 02.11.2028	8.90	120
	TOTAL	**28,256.74**			

18.2. Investments

1. The Details of investments and the movement of provisions held towards depreciation on investments of the Bank are given below:

(₹ in crore)

Particulars	As at 31st March, 2019	As at 31st March, 2018
1. Value of Investments		
i) Gross value of Investments		
(a) In India	9,26,650.60	10,26,438.37
(b) Outside India	51,473.40	46,658.94
ii) Provision for Depreciation		
(a) In India	9,094.19	9,698.21
(b) Outside India	158.22	508.24
iii) Liability on Interest Capitalised on Restructured Accounts (LICRA)	1,849.64	1,904.15
iv) Net value of Investments		
(a) In India	9,15,706.77	10,14,836.01
(b) Outside India	51,315.18	46,150.70
2. Movement in provisions held towards depreciation on investments		
i) Balance at the beginning of the year	10,206.45	642.76
ii) Add: Provisions made during the year	1,863.13	9,959.55
iii) Less: Provision utilised during the year	-	16.51
iv) Less/(Add): Foreign Exchange revaluation adjustment	(22.24)	(5.65)
v) Less: Write off/Write back of excess provision during the year.	2,839.41	385.00
vi) Balance at the end of the year	9,252.41	10,206.45

Notes:

a. Provisions made during the previous year includes the receipt from erstwhile Associate Banks (ABs) and Bharatiya Mahila Bank Limited (BMBL) on acquisition.

b. Securities amounting to ₹ 21,219.41 crore (Previous Year ₹ 40,992.04 crore) are kept as margin with Clearing Corporation of India Limited (CCIL)/ NSCCL/MCX/ NSEIL/ BSE towards Securities Settlement.

c. During the year, the Bank infused additional capital in its subsidiaries and associates viz. i) SBI Cards & Payments Services Private Ltd. ₹ 347.80 crore, ii) SBI Infra Management Solutions Pvt. Ltd. ₹ 30.00 crore, iii) SBI Payment Services Pvt. Ltd. ₹ 2.50 crore, iv) State Bank of India (UK) Ltd. ₹ 1,604.43 crore, v) Jio Payments Bank Ltd. ₹ 30.00 crore, vi) Utkal Grameen Bank ₹ 63.14 crore, vii) Madyanchal Gramin Bank ₹ 57.63 crore, viii) Rajasthan Marudhara Gramin Bank ₹ 7.28 crore, ix) Nagaland Rural Bank ₹ 0.65 crore and after infusion there is no change in Bank's stake.

d. During the year, the Bank has sold its 4% stake in SBI General Insurance Company Ltd. at a profit of ₹ 473.12 crore. Thus, the Bank stake has reduced from 74.00% to 70.00%.

e. The Bank exited from an RRB as per details given below: -

(₹ in crore)

Name of RRB	Amount
Malwa Gramin Bank	0.35

2. Repo Transactions including Liquidity Adjustment Facility (LAF) (in face value terms)

The details of securities sold and purchased under repos and reverse repos including LAF during the year are given below:

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as on 31st March 2019
Securities sold under Repos				
i. Government Securities	-	1,31,364.16	48,101.62	1,12,793.84
	(-)	(94,252.00)	(11,859.64)	(94,252.00)
ii. Corporate Debt Securities	-	12,382.91	7,742.36	10,264.00
	(-)	(7,614.78)	(1,849.22)	(7,613.71)
Securities purchased under Reverse Repos				
i. Government Securities	-	43,507.94	5,202.46	1,963.89
	(-)	(83,636.62)	(26,858.19)	(138.94)
ii. Corporate Debt Securities	-	860.43	816.74	859.81
	(-)	(581.22)	(573.73)	(574.07)

(Figures in brackets are for Previous Year)

3. Non-SLR Investment Portfolio

a) Issuer composition of Non SLR Investments

The issuer composition of Non-SLR investments of the Bank is given below:

(₹ in crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of "Below Investment Grade" Securities *	Extent of "Unrated" Securities *	Extent of "Unlisted" Securities *
i	PSUs	48,324.45	18,145.75	356.64	-	-
		(49,524.49)	(25,424.36)	(414.14)	(-)	(-)
ii	FIs	67,836.16	55,738.02	-	-	-
		(72,183.66)	(66,780.93)	(-)	(-)	(250.00)
iii	Banks	19,374.89	1,457.62	1,177.32	23.62	23.62
		(16,540.91)	(1,927.73)	(1,988.79)	(23.62)	(23.62)
iv	Private Corporates	41,791.89	23,398.59	826.18	341.30	24.70
		(48,275.25)	(36,182.49)	(528.49)	(481.94)	(24.70)
v	Subsidiaries /Joint Ventures **	9,909.36	-	-	-	-
		(7,793.06)	(-)	(-)	(-)	(-)
vi	Others	24,977.19	623.66	2,383.40	53.47	3.17
		(24,304.13)	(-)	(991.02)	(60.07)	(-)
vii	Less: Provision held towards depreciation including LICRA	7,075.11	-	25.21	30.60	-
		(6,030.63)	(-)	(-)	(-)	(-)
	Total	**2,05,138.83**	**99,363.64**	**4,718.33**	**387.79**	**51.49**
		(2,12,590.87)	**(1,30,315.51)**	**(3,922.44)**	**(565.63)**	**(298.32)**

(Figures in brackets are for Previous Year)

* Investments in Equity, Equity Oriented Mutual Funds, Venture Capital, Rated Assets Backed Securities, Central and State Government Securities and ARCIL are not segregated under these categories as these are exempt from rating/listing guidelines.

** Investments in Subsidiaries/Joint Ventures have not been segregated into various categories as these are not covered under relevant RBI Guidelines.

b) **Non Performing Non-SLR Investments**

(₹ in crore)

Particulars	Current Year	Previous Year
Opening Balance	4,595.25	447.54
Additions during the year	1,986.35	4,250.77
Reductions during the year	971.94	103.06
Closing balance	5,609.66	4,595.25
Total provisions held	**5,209.17**	**2,452.30**

Additions during the previous year include receipt from erstwhile ABs and BMBL on acquisition.

4. Sales and Transfers of Securities To/From HTM Category

The value of sales and transfers of securities to/from HTM Category does not exceed 5% of the book value of investment held in HTM category at the beginning of the year.

5. Disclosure of Investment in Security Receipts (SRs)

(₹ in crore)

Particulars	SRs Issued within Past 5 Years	SRs issued more than 5 years ago but within past 8 Years	SRs issued more than 8 Years ago	Total
i. Book value of SRs Backed by NPAs sold by the bank as underlying	9,464.18	344.72	25.93	9,834.83
Provision held against (i)	196.90	-	25.93	222.83
ii Book value of SRs Backed by NPAs sold by Other banks / financial institutions / non-banking Financial companies as Underlying	0.74	6.07	0.34	7.15
Provision held against (ii)	-	1.45	0.34	1.79
Total (i) + (ii)	**9,464.92**	**350.79**	**26.27**	**9,841.98**

6. Details of Investments in Security Receipts against NPAs sold to Securitisation Company (SC) / Reconstruction Company (RC)

(₹ in crore)

Particulars	Backed by NPAs sold by the bank as underlying		Backed by the NPAs sold by other banks/ financial institutions / non-banking financial companies as underlying		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Book Value of Investments in Security Receipts as on 31st March, 2019	9,841.98	10,489.53	-	16.41	9,841.98	10,505.94
Book Value of Investments in Security Receipts made during the year	16.58	5,214.56	-	-	16.58	5,214.56

18.3. Derivatives

A. Forward Rate Agreements (FRA) / Interest Rate Swaps (IRS)

(₹ in crore)

Sr No	Particulars	As at 31st March, 2019	As at 31st March, 2018
i)	The notional principal of swap agreements#	3,74,120.04	3,60,705.72
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	3,342.37	904.42
iii)	Collateral required by the Bank upon entering into swaps	Nil	Nil
iv)	Concentration of credit risk arising from the swaps	Not significant	Not significant
v)	The fair value of the swap book	125.32	(-) 555.68

IRS/FRA amounting to ₹ 19,022.25 crore (Previous Year ₹ 2,988.82 crore) entered with the Bank's own foreign offices are not shown here as they are for hedging of FCNB corpus and hence not marked to market.

Nature and terms of forward rate agreements and interest rate swaps as on 31st March, 2019 are given below:

(₹ in crore)

Instrument	Nature	Nos	Notional Principal	Benchmark	Terms
IRS	Hedging	219	6,229.77	LIBOR	Floating Payable Vs Fixed Receivable
IRS	Hedging	1	176.35	LIBOR	Fixed Payable Vs Floating Receivable
IRS	Hedging	115	955.46	OTHERS	Floating Payable Vs Fixed Receivable
IRS	Hedging	56	33,471.30	LIBOR	Fixed Receivable / Floating Payable
IRS	Hedging	22	1,075.91	LIBOR	Floating Receivable / Fixed Payable
IRS	Trading	73	19,168.46	LIBOR	Fixed Payable Vs Floating Receivable
IRS	Trading	204	40,973.65	LIBOR	Floating Payable Vs Fixed Receivable
IRS	Trading	2,709	1,29,351.55	LIBOR	Floating Payable Vs Floating Receivable
IRS	Trading	2	760.70	LIBOR	Fixed Payable Vs Floating Receivable
IRS	Trading	2,715	1,29,224.72	LIBOR	Floating Payable Vs Fixed Receivable
IRS	Trading	68	3,028.50	MIFOR	Fixed Payable Vs Floating Receivable
IRS	Trading	81	3,622.00	MIFOR	Floating Payable Vs Fixed Receivable
IRS	Trading	18	3,678.13	LIBOR	Fixed Receivable / Floating Payable
IRS	Trading	24	2,403.54	LIBOR	Floating Receivable / Fixed Payable
	Total		**3,74,120.04**		

B. Exchange Traded Interest Rate Derivatives

(₹ in crore)

Sr. No	Particulars	Current Year	Previous Year
1	Notional principal amount of exchange traded interest rate derivatives undertaken during the year		
	a. Interest Rate Futures	Nil	Nil
	b. 10 Year Government of India Securities	42,099.96	54,611.66
2	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March, 2019		
	a. Interest Rate Futures	Nil	Nil
	b. 10 Year Government of India Securities	Nil	Nil
3	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	N.A.	N.A.
4	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective".	N.A.	N.A.

C. Risk Exposure in Derivatives

(A) Qualitative Risk Exposure

i. The Bank currently deals in over-the-counter (OTC) interest rate and currency derivatives as also in Interest Rate Futures and Exchange Traded Currency Derivatives. Interest Rate Derivatives dealt by the Bank are rupee interest rate swaps, foreign currency interest rate swaps and forward rate agreements, cap, floor and collars. Currency derivatives dealt by the Bank are currency swaps, rupee dollar options and cross-currency options. The products are offered to the Bank's customers to hedge their exposures and the Bank also enters into derivatives contracts to cover off such exposures. Derivatives are used by the Bank both for trading as well as hedging balance sheet items. The Bank also runs option position in USD/INR, which is managed through various types of loss limits and Greek limits.

ii. Derivative transactions carry market risk i.e. the probable loss the Bank may incur as a result of adverse movements in interest rates/exchange rates and credit risk i.e. the probable loss the Bank may incur if the counterparties fail to meet their obligations. The Bank's "Policy for Derivatives" approved by the Board prescribes the market risk parameters (Greek limits, Loss Limits, cut-loss triggers, open position limits, duration, modified duration, PV01 etc.) as well as customer eligibility criteria (credit rating, tenure of relationship, limits and customer appropriateness and suitability of policy (CAS) etc.) for entering into derivative transactions. Credit risk is controlled by entering into derivative transactions only with counterparties satisfying the criteria prescribed in the Policy. Appropriate limits are set for the counterparties taking into account their ability to honour obligations and the Bank enters into ISDA agreement with each counterparty.

iii. The Asset Liability Management Committee (ALCO) of the Bank oversees efficient management of these risks. The Bank's Market Risk Management Department (MRMD) identifies, measures, monitors market risk associated with derivative transactions, assists ALCO in controlling and managing these risks and reports compliance with policy prescriptions to the Risk Management Committee of the Board (RMCB) at regular intervals.

iv. The accounting policy for derivatives has been drawn-up in accordance with RBI guidelines, the details of which are presented under Schedule 17: Significant Accounting Policies (SAP) for the financial year 2018-19.

v. Interest Rate Swaps are mainly used at Foreign Offices for hedging of the assets and liabilities.

vi. Apart from hedging swaps, swaps at Foreign Offices consist of back to back swaps done at our Foreign Offices which are done mainly for hedging of FCNR deposits at Global Markets, Kolkata.

vii. Majority of the swaps were done with First class counterparty banks.

viii. Derivative transactions comprise of swaps which are disclosed as contingent liabilities. The swaps are categorised as trading or hedging.

ix. Derivative deals are entered into with only those interbank participants for whom counterparty exposure limits are sanctioned. Similarly, derivative deals entered into with only those corporates for whom credit exposure limit is sanctioned. Collateral requirements for derivative transactions are laid down as a part of credit sanctions terms on a case by case basis. Such collateral requirements are determined based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

(B) Quantitative Risk Exposure

(₹ in crore)

Particulars	Currency Derivatives		Interest Rate Derivatives	
	Current Year	Previous Year	Current Year	Previous Year
(I) Derivatives				
(Notional Principal Amount)				
(a) For hedging	8,983.92 @	20,605.24 @	41,908.78 #	49,193.30 #
(b) For trading*	2,47,198.72	6,16,447.95	3,37,642.76	3,11,512.42
(II) Marked to Market Positions				
(a) Asset	3,555.69	5,716.35	3,365.55	592.99
(b) Liability	3,130.82	5,218.09	3,240.23	1,152.54
(III) Credit Exposure	12,665.30	21,749.61	7,037.75	4,160.44
(IV) Likely impact of one percentage change in interest rate (100* PV01)				
(a) on hedging derivatives	1.08	-0.14	150.90	-3.14
(b) on trading derivatives	15.83	0.98	136.08	11.62
(V) Maximum and Minimum of 100* PV 01 observed during the year				
(a) on hedging --				
Maximum	1.08	-	255.40	2.81
Minimum	-	-0.04	-	-
(b) on trading –				
Maximum	24.41	1.18	149.73	0.76
Minimum	-129.75	-	0.08	-

@ The swaps amounting to ₹ 245.10 crore (Previous Year ₹ 2,870.26 crore) entered with the Bank's own foreign offices are not shown here as they are for hedging of FCNB corpus and hence not marked to market.
# IRS/FRA amounting to ₹ 19,022.25 crore (Previous Year ₹ 2,988.82 crore) entered with the Bank's own Foreign offices are not shown here as they are for hedging of FCNB corpus and hence not marked to market.
* The forward contract deals with our own Foreign Offices are not included. Currency Derivatives ₹ 427.12 crore (Previous Year ₹ Nil) and Interest Rate Derivatives ₹ Nil (Previous Year ₹ Nil).

1. The outstanding notional amount of derivatives done between Global Markets Unit and International Banking Group as on 31st March, 2019 amounted to ₹ 19,694.47 crore (Previous Year ₹ 5,859.08 crore) and the derivatives done between SBI Foreign Offices as on 31st March, 2019 amounted to ₹ 8,929.28 crore (Previous Year ₹ 12,056.81 crore).

2. The outstanding notional amount of interest rate derivatives which are not marked –to-market (MTM) where the underlying Assets/Liabilities are not marked to market as on 31st March, 2019 amounted to ₹ 45,661.89 crore (Previous Year ₹ 45,442.82 crore).

18.4. Asset Quality

a) Non-Performing Assets

(₹ in crore)

	Particulars	As at 31st March, 2019	As at 31st March, 2018
I)	Net NPAs to Net Advances (%)	3.01%	5.73%
II)	Movement of NPAs (Gross)		
	(a) Opening balance	2,23,427.46	1,12,342.99
	(b) Additions (Fresh NPAs) during the year	32,738.05	1,60,303.65
	Sub-total (i)	2,56,165.51	2,72,646.64
	Less:		
	(c) Reductions due to up gradations during the year	4,794.34	4,746.09
	(d) Reductions due to recoveries (Excluding recoveries made from upgraded accounts)	19,715.63	4,277.67
	(e) Technical/ Prudential Write-offs	5,139.76	4,537.11
	(f) Reductions due to Write-offs during the year	53,765.42	35,658.31
	Sub-total (ii)	83,415.15	49,219.18
	(g) Closing balance (i-ii)	1,72,750.36	2,23,427.46
III)	Movement of Net NPAs		
	(a) Opening balance	1,10,854.70	58,277.38
	(b) Additions during the year	27,008.89	61,478.47
	(c) Reductions during the year	71,968.85	8,901.15
	(d) Closing balance	65,894.74	1,10,854.70
IV)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	1,12,572.76	54,065.61
	(b) Provisions made during the year	54,844.57	98,825.17
	(c) Write-off / write-back of excess provisions	60,561.71	40,318.02
	(d) Closing balance	1,06,855.62	1,12,572.76

Notes:-

i. Opening and closing balances of provision for NPAs include ECGC/CGFMU claims received and held pending adjustment of ₹ 8.72 crore (Previous Year ₹ 1.97 crore) and ₹ 235.61 crore (Previous Year ₹ 8.72 crore) respectively.

ii. Additions/Provisions made during the previous year include receipt from erstwhile ABs and BMBL on acquisition.

b) As per RBI circular No. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1st April, 2019, in case the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies and/or additional Gross NPAs identified by RBI exceeds 15% of published incremental Gross NPAs for the reference period then banks are required to disclose divergences from prudential norms on income recognition, asset classification and provisioning.

Accordingly, no separate disclosure is made in respect of divergence for the financial year 2017-18 as the same is not beyond the above-mentioned thresholds.

c) Restructured Accounts

(₹ in crore)

Sr. No.	Type of Restructuring		Under CDR Mechanism (1)					Under SME Debt Restructuring Mechanism (2)				
	Asset Classification		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
	Particulars											
1	Restructured Accounts as on April 1, 2018 (Opening position)	No. of Borrowers	8	3	65	8	84	48	169	171	18	406
			(28)	(-)	(68)	(4)	(100)	(81)	(25)	(128)	(19)	(253)
		Amount outstanding	607.77	380.51	15,840.78	248.84	17,077.90	75.59	377.84	2,559.80	6.82	3,020.05
			(7,711.79)	(-)	(17,030.68)	(82.59)	(24,825.06)	(5,640.63)	(204.06)	(2,464.71)	(6.88)	(8,316.28)
		Provision thereon	7.06	28.17	106.20	-	141.43	18.23	26.85	115.41	0.39	160.88
			(327.32)	(-)	(360.74)	(0.94)	(689.01)	(21.94)	(10.65)	(113.98)	(-)	(146.57)
2	Fresh Restructuring during the current FY	No. of Borrowers	-	-	-	-	-	-	28	4	3	35
			(23)	(4)	(18)	(6)	(51)	(288)	(436)	(2,066)	(288)	(3,078)
		Amount outstanding	68.59	-	95.32	-	163.91	42.73	42.82	27.70	0.27	113.52
			(3,453.35)	(220.71)	(8,499.62)	(186.82)	(12,360.50)	(83.44)	(188.53)	(189.35)	(5.34)	(466.66)
		Provision thereon	0.09	-	-	-	0.09	-	3.74	0.45	0.27	4.46
			(192.47)	(20.86)	(15.30)	(0.03)	(228.66)	(27.69)	(3.80)	(3.94)	(0.39)	(35.82)
3	Up gradation to restructured standard category during current FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
			(1)	(-)	(-1)	(-)	(-)	(1)	(-)	(-1)	(-)	(-)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
			(443.42)	(-)	(-443.42)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		Provision thereon	-	-	-	-	-	-	-	-	-	-
			(6.33)	(-)	(-6.33)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
4	Restructured Standard Advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-1				-1	-2				-2
			(-11)				(-11)	(-43)				(-43)
		Amount outstanding	-23.05				-23.05	-4.56				-4.56
			(-5,389.94)				(-5,389.94)	(-5,318.42)				(-5,318.42)
		Provision thereon	-				-	-0.23				-0.23
			(-209.29)				(-209.29)	(-1.80)				(-1.80)
5	Downgradations of restructured accounts during current FY	No. of Borrowers	-2	-2	1	3	-	-2	2	-	-	-
			(-13)	(-)	(11)	(2)	(-)	(-6)	(5)	(-3)	(4)	(-)
		Amount outstanding	-332.43	-221.77	-87.04	641.24	-	-38.02	38.02	-	-	-
			(-3,336.83)	(303.58)	(2,747.62)	(285.63)	(-)	(-235.87)	(125.95)	(108.16)	(1.76)	(-)
		Provision thereon	-	-9.52	9.52	-	-	-0.35	0.35	-	-	-
			(-36.14)	(7.65)	(28.03)	(0.47)	(-)	(-12.02)	(12.02)	(-)	(-)	(-)
6	Write-offs of restructured accounts during current FY	No. of Borrowers	-1	-1	-22	-2	-26	-16	-32	-33	-4	-85
			(-20)	(-1)	(-31)	(-4)	(-56)	(-273)	(-297)	(-2,019)	(-293)	(-2,882)
		Amount outstanding	-174.83	-158.74	-9,612.97	-233.55	-10,180.09	-29.63	-151.36	-2,171.70	-0.44	-2,353.13
			(-2,274.02)	(-143.78)	(-11,993.72)	(-306.20)	(-14,717.72)	(-94.19)	(-140.70)	(-202.42)	(-7.16)	(-444.47)
		Provision thereon	-6.19	-18.65	-115.72	-	-140.56	-7.39	-24.51	-90.98	-0.39	-123.27
			(-273.63)	(-0.34)	(-291.54)	(-1.44)	(-566.95)	(-17.58)	(0.38)	(-2.51)	(-)	(-19.71)
7	Total Restructured Accounts as on 31st March, 2019 (Closing Position)	No. of Borrowers	4	-	44	9	57	28	167	142	17	354
			(8)	(3)	(65)	(8)	(84)	(48)	(169)	(171)	(18)	(406)
		Amount outstanding	146.04	-	6,236.10	656.53	7,038.67	46.11	307.32	415.80	6.65	775.88
			(607.77)	(380.51)	(15,840.78)	(248.84)	(17,077.90)	(75.59)	(377.84)	(2,559.80)	(6.82)	(3,020.05)
		Provision thereon	0.96	-	-	-	0.96	10.26	6.43	24.88	0.27	41.84
			(7.06)	(28.17)	(106.20)	(-)	(141.43)	(18.23)	(26.85)	(115.41)	(0.39)	(160.88)

Sr. No.	Type of Restructuring		Others (3)					TOTAL (1 + 2 + 3)				
	Asset Classification		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
	Particulars											
1	Restructured Accounts as on April 1, 2018 (Opening position)	No. of Borrowers	360	335	1,094	45	1,834	416	507	1,330	71	2,324
			(100)	(206)	(1,990)	(49)	(2,345)	(209)	(231)	(2,186)	(72)	(2,698)
		Amount outstanding	4,179.74	3,933.96	29,631.18	966.41	38,711.28	4,863.08	4,692.31	48,031.77	1,222.07	58,809.23
			(23,281.14)	(2,714.14)	(6,774.45)	(30.56)	(32,800.30)	(36,633.56)	(2,918.20)	(26,269.85)	(120.03)	(65,941.64)
		Provision thereon	350.99	80.14	170.62	0.64	602.39	376.27	135.15	392.24	1.03	904.69
			(242.27)	(28.14)	(174.82)	(-)	(445.23)	(591.54)	(38.79)	(649.55)	(0.94)	(1,280.82)
2	Fresh Restructuring during the current FY	No. of Borrowers	7	111	291	66	475	7	139	295	69	510
			(30,726)	(6,219)	(235)	(20)	(37,200)	(31,037)	(6,659)	(2,319)	(314)	(40,329)
		Amount outstanding	9,347.86	2.96	94.95	3.95	9,449.72	9,459.18	45.78	217.96	4.23	9,727.15
			(8,757.80)	(3,097.75)	(9,145.22)	(121.52)	(21,122.29)	(12,294.58)	(3,506.99)	(17,834.19)	(313.68)	(33,949.44)
		Provision thereon	43.41	0.47	8.02	2.26	54.16	43.49	4.21	8.47	2.53	58.70
			(236.33)	(25.15)	(93.70)	(4.23)	(359.41)	(456.49)	(49.80)	(112.94)	(4.66)	(623.89)
3	Upgradation to restructured standard category during current FY	No. of Borrowers	7	-7	-	-	-	7	-7	-	-	-
			(5)	(-3)	(-2)	(-)	(-)	(7)	(-3)	(-4)	(-)	(-)
		Amount outstanding	0.29	-0.29	-	-	-	0.29	-0.29	-	-	-
			(656.33)	(-605.65)	(-50.68)	(-)	(-)	(1,099.75)	(-605.65)	(-494.10)	(-)	(-)
		Provision thereon	-	-	-	-	-	-	-	-	-	-
			(3.99)	(-1.04)	(-2.95)	(-)	(-)	(10.32)	(-1.04)	(-9.28)	(-)	(-)
4	Restructured Standard Advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-22				-22	-25				-25
			(-38)				(-38)	(-92)				(-92)
		Amount outstanding	-9,421.29				-9,421.29	-9,448.90				-9,448.90
			(-2,716.15)				(-2,716.15)	(-13,424.50)				(-13,424.50)
		Provision thereon	-4.31				-4.31	-4.54				-4.54
			(-14.83)				(-14.83)	(-225.93)				(-225.93)
5	Downgradations of restructured accounts during current FY	No. of Borrowers	-9	-1	-79	89	-	-13	-1	-78	92	-
			(-50)	(-222)	(249)	(23)	(-)	(-69)	(-217)	(257)	(29)	(-)
		Amount outstanding	-39.38	-1,256.52	-42.68	1,338.58	-	-409.83	-1,440.27	-129.72	1,979.82	-
			(-21,997.58)	(456.27)	(20,388.99)	(1,152.33)	(-)	(-25,570.29)	(885.80)	(23,244.77)	(1,439.72)	(-)
		Provision thereon	-1.17	-15.18	10.96	5.39	-	-1.52	-24.35	20.48	5.39	-
			(-133.95)	(52.17)	(81.52)	(0.26)	(-)	(-182.12)	(71.84)	(109.55)	(0.73)	(-)
6	Write-offs of re-structured accounts during current FY	No. of Borrowers	-43	-211	-520	-29	-803	-60	-244	-575	-35	-914
			(-30,383)	(-5,865)	(-1,378)	(-47)	(-37,673)	(-30,676)	(-6,163)	(-3,428)	(-344)	(-40,611)
		Amount outstanding	-157.41	-2,650.27	-21,678.71	-1,505.78	-25,992.17	-361.87	-2,960.38	-33,463.39	-1,739.76	-38,525.40
			(-3,801.80)	(-1,728.55)	(-6,626.80)	(-338.00)	(-12,495.16)	(-6,170.02)	(-2,013.03)	(-18,822.94)	(-651.36)	(-27,657.35)
		Provision thereon	-69.35	-64.58	-174.37	-4.24	-312.54	-82.93	-107.73	-381.07	-4.63	-576.36
			(-248.70)	(-24.28)	(-176.47)	(-3.85)	(-453.30)	(-539.91)	(-24.24)	(-470.52)	(-5.30)	(-1,039.97)
7	Total Restructured Accounts as on 31st March, 2019 (Closing Position)	No. of Borrowers	300	227	786	171	1484	332	394	972	197	1895
			(360)	(335)	(1,094)	(45)	(1,834)	(416)	(507)	(1,330)	(71)	(2,324)
		Amount outstanding	3,909.81	29.83	8,004.74	803.16	12,747.54	4,101.96	337.15	14,656.62	1,466.35	20,562.08
			(4,179.74)	(3,933.96)	(29,631.18)	(966.41)	(38,711.28)	(4,863.08)	(4,692.31)	(48,031.77)	(1,222.07)	(58,809.23)
		Provision thereon	319.57	0.85	15.23	4.05	339.70	330.77	7.29	40.11	4.32	382.49
			(85.11)	(80.14)	(170.62)	(0.64)	(336.51)	(110.39)	(135.15)	(392.24)	(1.03)	(638.81)

1. Increase in outstanding of ₹ 8,263.39 crore (Previous Year ₹ 11,165.38 crore) included in Fresh Additions.
2. Closure of ₹ 27,360.50 crore (Previous Year ₹ 10,935.28 crore) and decrease in Outstanding of ₹ 1,133.75 crore (Previous Year ₹ 9,266.34 crore) is included in Write off.
3. Total Column does not include standard assets moved out of higher provisioning.
4. Fresh Restructuring during the previous year include receipt from erstwhile ABs and BMBL on acquisition.

d) As per RBI circular no. DBR.No.BP.BC.18/21.04.048/2018-19 dated 1.01.2019, the details of restructured MSME accounts is as below:-

(₹ in crore)

No. of accounts restructured	Amount
17,419	627.64

e) Details of Technical Write-offs and the recoveries made thereon:

(₹ in crore)

Sr No	Particulars	Current Year	Previous Year
i	Opening balance of Technical/Prudential written-off accounts as at April 1	4,537.11	Nil
ii	Add: Technical/Prudential write-offs during the year	5,139.76	12,926.65
iii	Sub-total (A)	9,676.87	12,926.65
iv	Less: Recoveries made/ Actual written off from previously technical/ prudential written-off accounts during the year (B)	4,537.11	8,389.54
v	Closing balance as at 31st March (A-B)	5,139.76	4,537.11

Technical/Prudential write-offs during the previous year includes the receipt from erstwhile ABs and BMBL on acquisition.

f) Details of financial assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction

(₹ in crore)

Sr No	Particulars	Current Year	Previous Year
i	No. of Accounts	47	32
ii	Aggregate value (net of provisions) of accounts sold to SC/RC	2,227.88	964.72
iii	Aggregate consideration*	4,330.99	1,304.36
iv	Additional consideration realized in respect of accounts transferred in earlier years	-	-
v	Aggregate gain /(loss) over net book value #	2,103.11	339.64

* SRs received as part of considerations have been recognised at lower of Net book Value/ Face Value as per RBI Guidelines.
# Includes amount of ₹ 4.11 crore (Previous Year ₹ Nil crore) credited to charges/ (interest) account.

g) Excess Provision reversed to Profit & Loss Account on account of Sale of NPAs to Securitisation Company (SC) / Reconstruction Company (RC)

(₹ in crore)

Particulars	Current Year	Previous Year
Excess Provision reversed to P&L Account in case of Sale of NPAs	1,075.12	-

h) Details of non-performing financial assets purchased

(₹ in crore)

Sr No	Particulars	Current Year	Previous Year
1)	(a) No. of Accounts purchased during the year	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil
2)	(a) Of these, number of accounts restructured during the year	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil

i) Details of non-performing financial assets sold

(₹ in crore)

Sr No	Particulars	Current Year	Previous Year
1)	No. of Accounts sold	29	16
2)	Aggregate outstanding	6,545.21	1,323.69
3)	Aggregate consideration received	3,155.43	1,057.73

j) Provision on Standard Assets:

(₹ in crore)

Particulars	Current Year	Previous Year
Provision towards Standard Assets	12,396.68	12,499.46

k) Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ in crore)

No. of accounts where SDR has been invoked	Amount outstanding as on 31st March, 2019		Amount outstanding as on 31st March, 2019 with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on 31st March, 2019 with respect to accounts where conversion of debt to equity has taken place	
Classified as	Standard	NPA	Standard	NPA	Standard	NPA
Nil	Nil	Nil	Nil	Nil	Nil	Nil

l) Disclosures on Flexible Structuring of Existing Loans

(₹ in crore)

Period	No of Borrowers taken up for Flexible Structuring	Amount of Loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring (Yrs)	After applying flexible structuring (Yrs)
Previous Year	2	1,254.32	-	3.55 yrs	9.67 yrs
Current Year	Nil	Nil	Nil	Nil	Nil

m) Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

(₹ in crore)

No. of accounts where banks have decided to effect change in ownership	Outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
Classified as	Standard	NPA	Standard	NPA	Standard	NPA	Standard	NPA
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

n) Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

(₹ in crore)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on 31st March, 2019		
	Classified as standard	Classified as Standard Restructured	Classified as NPA
Nil	Nil	Nil	Nil

o) Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31st March, 2019.

(₹ in crore)

Accounts where S4A has been applied		Aggregate amount outstanding	Amount outstanding		Provision held
Asset Classification	Number of Accounts		In Part A	In Part B	
Standard Accounts	4	2,603.21	1,205.35	1,397.86	608.12
NPAs	Nil	Nil	Nil	Nil	Nil

18.5. Business Ratios

Particulars	Current Year	Previous Year
i. Interest Income as a percentage to Working Funds	6.55%	6.37%
ii. Non-interest income as a percentage to Working Funds	0.99%	1.29%
iii Operating Profit as a percentage to Working Funds	1.49%	1.72%
iv. Return on Assets*	0.02%	(-) 0.19%
v. Business (Deposits plus advances) per employee (₹ in crore)	18.77	16.70
vi. Profit per employee (₹ in thousands)	33.39	(-) 243.33

* (on net-assets basis)

18.6. Asset Liability Management: Maturity pattern of certain items of assets and liabilities as at 31st March, 2019

(₹ in crore)

	Day1	2-7 Days	8-14 Days	15 to 30 days	Over 31 days and upto 2 months	Over 2 months and 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
Deposits	20,801.66	67,397.57	38,395.92	70,124.55	1,09,112.89	1,04,290.94	2,80,613.69	5,56,965.57	5,31,671.81	3,03,630.51	8,28,380.90	29,11,386.01
	(18,801.34)	(62,884.68)	(36,410.72)	(59,039.39)	(1,02,902.64)	(95,934.27)	(2,68,120.10)	(5,02,239.16)	(5,05,095.20)	(2,82,468.59)	(7,72,447.20)	(27,06,343.29)
Advances	23,338.39	13,259.37	10,239.57	38,815.39	31,390.31	33,817.93	69,805.47	1,00,265.25	10,91,890.56	2,90,220.65	4,82,834.03	21,85,876.92
	(9,505.35)	(22,201.83)	(23,146.72)	(96,137.66)	(47,241.42)	(61,224.31)	(1,17,078.25)	(2,73,529.68)	(2,87,544.39)	(2,47,962.40)	(7,49,308.18)	(19,34,880.19)
Investments	22.36	6,432.46	2,525.26	13,582.82	8,105.72	22,921.96	25,099.70	42,890.15	1,66,758.51	1,81,538.37	4,97,144.64	9,67,021.95
	(79.71)	(1,753.94)	(7,824.29)	(7,044.03)	(41,927.02)	(29,445.22)	(33,385.93)	(55,415.07)	(164,722.92)	(174,516.31)	(5,44,872.27)	(10,60,986.71)
Borrowings	16,679.67	89,536.61	3,684.07	20,965.35	57,773.72	20,810.07	27,681.37	34,911.01	47,258.20	28,896.05	54,821.00	4,03,017.12
	(217.95)	(84,918.90)	(38,244.45)	(19,866.70)	(23,856.81)	(23,304.46)	(25,422.91)	(30,492.51)	(44,182.98)	(23,658.96)	(47,975.44)	(3,62,142.07)
Foreign Currency Assets #	43,190.02	3,268.05	3,451.22	10,523.17	18,236.76	16,732.11	35,576.40	41,045.46	95,815.96	83,623.23	39,988.32	3,91,450.70
	(2,410.92)	(2,875.52)	(3,525.69)	(22,501.88)	(13,481.32)	(17,334.18)	(31,977.62)	(40,927.39)	(145,715.96)	(74,935.97)	(37,041.66)	(3,92,728.11)
Foreign Currency Liabilities $	24,255.18	17,027.04	4,671.82	29,440.95	23,767.03	29,231.40	40,986.24	65,749.56	59,114.18	47,839.17	15,742.68	3,57,825.25
	(877.05)	(22,146.51)	(10,534.83)	(23,488.39)	(31,245.24)	(31,360.75)	(39,865.36)	(63,595.71)	(73,874.40)	(39,418.43)	(28,029.95)	(3,64,436.62)

Foreign Currency Assets and Liabilities represent advances and investments (net of provision thereof).
$ Foreign Currency Liabilities represent borrowings and deposits.

(Figures in brackets are as at 31st March, 2018).

18.7. Exposures

The Bank is lending to sectors, which are sensitive to asset price fluctuations.

a) Real Estate Sector

(₹ in crore)

	Particulars	Current Year	Previous Year
I	**Direct exposure**		
	i) Residential Mortgages	3,28,969.21	3,03,188.55
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	3,28,969.21	3,03,188.55
	Of which (i) Individual housing loans up to ₹ 35 lacs (previous year ₹ 28 lac) in Metropolitan centres (Population >= 10 lacs) and ₹ 25 lacs (previous year ₹ 20 lacs) in other centres for purchase/construction of dwelling unit per family.	1,54,846.41	1,26,359.38
	ii) Commercial Real Estate		
	Lending secured by mortgages on Commercial Real Estates (office building, retail space, multi purpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc. Exposures would also include non fund based (NFB) limits.	38,764.19	82,807.89
	iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	-	266.05
	a) Residential	-	266.05
	b) Commercial Real Estate	-	-
II	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	96,683.37	87,233.16
	Total Exposure to Real Estate Sector	**4,64,416.77**	**4,73,495.65**

b) Capital Market

(₹ in crore)

	Particulars	Current Year	Previous Year
1)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	8,438.87	8,471.07
2)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds.	24.41	31.47
3)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	26.07	1,084.72
4)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/ units of equity oriented mutual funds does not fully cover the advances.	8,114.07	12,187.75
5)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	135.91	200.15
6)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	1.68	3.36
7)	Bridge loans to companies against expected equity flows/issues.	Nil	Nil
8)	Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	Nil	Nil
9)	Financing to stockbrokers for margin trading.	0.13	215.00
10)	Exposures to Venture Capital Funds (both registered and unregistered)	2,185.02	1,948.56
	Total Exposure to Capital Market	**18,926.16**	**24,142.08**

c) Risk Category wise Country Exposure

As per the extant RBI guidelines, the country exposure of the Bank is categorised into various risk categories listed in the following table. The country exposure (net funded) of the Bank for any country does not exceed 1% of its total assets except on USA, hence provision for the country exposure on USA has been made.

(₹ in crore)

Risk Category	Net Funded Exposure		Provision held	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Insignificant	90,015.33	96,534.70	121.06	111.18
Very Low	53,189.73	53,321.64	Nil	Nil
Low	11,366.00	11,110.42	Nil	Nil
Medium	17,523.32	13,480.60	Nil	Nil
High	7,126.62	4,246.28	Nil	Nil
Very High	8,314.33	8,082.38	Nil	Nil
Restricted	1,299.06	3,964.32	Nil	Nil
Total	**1,88,834.39**	**1,90,740.34**	**121.06**	**111.18**

d) Single Borrower and Group Borrower exposure limits exceeded by the Bank

The Bank had taken single borrower exposure & Group Borrower exposure within the prudential limit prescribed by RBI.

e) Unsecured Advances

(₹ in crore)

Sr No	Particulars	As at 31st March, 2019	As at 31st March, 2018
a)	Total Unsecured Advances of the bank	5,22,939.34	3,60,240.30
i)	Of which amount of advances out-standing against charge over intangible securities such as rights, licences, authority etc.	Nil	Nil
ii)	The estimated value of such intangible securities (as in (i) above).	Nil	Nil

18.8. Miscellaneous

a. Disclosure of Penalties

- Reserve Bank of India has imposed a penalty of ₹ 1.00 crore on the Bank for not monitoring the end use of funds in respect of one of its borrowers.
- Reserve Bank of India has imposed a penalty of ₹ 1.00 crore on the Bank for non-compliance with the directions issued by RBI on the SWIFT related operational controls.
- The Central Bank of Bahrain (CBB) has imposed a penalty of ₹ 0.92 crore (BHD 50,000) on Bahrain Branches for non-compliance of USD Parity stipulations in 5 deals. The Bank has filed an appeal before Central Bank of Bahrain and the final decision from CBB is still awaited.

b. Penalty for Bouncing of SGL forms

No penalty has been levied on the Bank for bouncing of SGL Forms.

18.9. Disclosure Requirements as per the Accounting Standards

a) Accounting Standard – 15 "Employee Benefits"

i. Defined Benefit Plans

1. Employee's Pension Plan and Gratuity Plan

The following table sets out the status of the Defined Benefit Pension Plan and Gratuity Plan as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

Particulars	Pension Plans		Gratuity Plan	
	Current Year	Previous Year	Current Year	Previous Year
Change in the present value of the defined benefit obligation				
Opening defined benefit obligation at 1st April, 2018	87,786.56	67,824.90	12,872.60	7,291.02
Current Service Cost	1,060.57	978.19	410.51	286.07
Interest Cost	6,812.24	6,248.32	1,001.49	713.71
Past Service Cost (Vested Benefit)	-	-	-	3,610.00
Liability transferred In/Acquisitions	-	16,045.22	-	2,526.13
Actuarial losses (gains)	6,434.95	3,338.70	(107.62)	(18.74)
Benefits paid	(3,966.53)	(4,190.42)	(1,987.93)	(1,535.59)
Direct Payment by Bank	(2,765.64)	(2,458.35)	-	-
Closing defined benefit obligation at 31st March, 2019	95,362.15	87,786.56	12,189.05	12,872.60
Change in Plan Assets				
Opening fair value of Plan Assets as at 1st April, 2018	85,249.60	64,560.42	9,140.76	7,281.18
Expected Return on Plan Assets	6,615.37	5,908.09	711.15	709.95
Contributions by employer	2,391.18	4,363.79	2,359.86	226.90
Assets transferred In/Acquisitions	-	14,742.79	-	2,484.28
Expected Contributions by the employees	0.34	-	-	-
Benefits Paid	(3,966.53)	(4,190.42)	(1,987.93)	(1,535.59)
Actuarial Gains / (Loss) on plan Assets	109.65	(135.07)	102.16	(25.96)
Closing fair value of plan assets as at 31st March, 2019	90,399.61	85,249.60	10,326.00	9,140.76
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of Funded obligation at 31st March, 2019	95,362.15	87,786.56	12,189.05	12,872.60
Fair Value of Plan assets at 31st March, 2019	90,399.61	85,249.60	10,326.00	9,140.76
Deficit/(Surplus)	4,962.54	2,536.96	1,863.05	3,731.84
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	(2,707.50)
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	4,962.54	2,536.96	1,863.05	1,024.34
Amount Recognised in the Balance Sheet				
Liabilities	95,362.15	87,786.56	12,189.05	12,872.60
Assets	90,399.61	85,249.60	10,326.00	9,140.76
Net Liability / (Asset) recognised in Balance Sheet	4,962.54	2,536.96	1,863.05	3,731.84
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	(2,707.50)
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	4,962.54	2,536.96	1,863.05	1,024.34
Net Cost recognised in the profit and loss account				
Current Service Cost	1,060.57	978.19	410.51	286.07
Interest Cost	6,812.24	6,248.32	1,001.49	713.71

Particulars	Pension Plans		Gratuity Plan	
	Current Year	Previous Year	Current Year	Previous Year
Expected return on plan assets	(6,615.37)	(5,908.09)	(711.15)	(709.95)
Expected Contributions by the employees	(0.34)	-	-	-
Past Service Cost (Amortised) Recognised	-	-	-	-
Past Service Cost (Vested Benefit) Recognised	-	-	2,707.50	902.50
Net actuarial losses (Gain) recognised during the year	6,325.30	3,473.77	(209.78)	7.22
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	7,582.40	4,792.19	3,198.57	1,199.55
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	6,615.37	5,908.09	711.15	709.95
Actuarial Gain/ (loss) on Plan Assets	109.65	(135.07)	102.16	(25.96)
Actual Return on Plan Assets	6,725.02	5,773.02	813.31	683.99
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet				
Opening Net Liability/ (Asset) as at 1st April, 2018	2,536.96	3,264.48	1,024.34	9.84
Expenses as recognised in profit and loss account	7,582.40	4,792.19	3,198.57	1,199.55
Paid by Bank Directly	(2,765.64)	(2,458.35)	-	-
Debited to Other Provision	-	-	-	-
Recognised in Reserve	-	-	-	-
Net Liability/ (Asset) transferred in	-	1,302.43	-	41.85
Employer's Contribution	(2,391.18)	(4,363.79)	(2,359.86)	(226.90)
Net liability/(Asset) recognised in Balance Sheet	4,962.54	2,536.96	1,863.05	1,024.34

Investments under Plan Assets of Pension Fund & Gratuity Fund as on 31st March, 2019 are as follows:

	Pension Fund	Gratuity Fund
Category of Assets	% of Plan Assets	% of Plan Assets
Central Govt. Securities	23.69%	18.79%
State Govt. Securities	31.40%	33.96%
Debt Securities, Money Market Securities and Bank Deposits	31.93%	23.29%
Mutual Funds	2.39%	4.09%
Insurer Managed Funds	2.63%	15.36%
Others	7.96%	4.51%
Total	100.00%	100.00%

Principal actuarial assumptions

Particulars	Pension Plans	
	Current Year	Previous Year
Discount Rate	7.79%	7.76%
Expected Rate of return on Plan Asset	7.79%	7.76%
Salary Escalation Rate	5.20%	5.00%
Pension Escalation Rate	0.40%	-
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

Principal actuarial assumptions

Particulars	Gratuity Plans	
	Current Year	Previous Year
Discount Rate	7.77%	7.78%
Expected Rate of return on Plan Asset	7.77%	7.78%
Salary Escalation Rate	5.20%	5.00%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

Surplus/Deficit in the plan

Gratuity Plan

(₹ in crore)

Amount recognized in the Balance Sheet	Year ended 31-03-2015	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2019
Liability at the end of the year	7,182.35	7,332.14	7,291.02	12,872.60	12,189.05
Fair value of Plan Assets at the end of the year	7,110.25	6,879.77	7,281.18	9,140.76	10,326.00
Difference	72.10	452.37	9.84	3,731.84	1,863.05
Unrecognised Past Service Cost	-	-	-	2,707.50	-
Unrecognised Transition Liability	-	-	-	-	-
Amount Recognized in the Balance Sheet	72.10	452.37	9.84	1,024.34	1,863.05

Experience adjustment

(₹ in crore)

Amount recognized in the Balance Sheet	Year ended 31-03-2015	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2019
On Plan Liability (Gain) /Loss	(24.69)	326.09	10.62	399.62	(212.11)
On Plan Asset (Loss) /Gain	106.04	(43.09)	182.34	(25.96)	102.16

Surplus/Deficit in the plan

Pension

(₹ in crore)

Amount recognized in the Balance Sheet	Year ended 31-03-2015	Year ended 31-03-2016	Year ended 31-03-2017	Year ended 31-03-2018	Year ended 31-03-2019
Liability at the end of the year	51,616.04	59,151.41	67,824.90	87,786.56	95,362.15
Fair value of Plan Assets at the end of the year	49,387.97	53,410.37	64,560.42	85,249.60	90,399.61
Difference	2,228.07	5,741.04	3,264.48	2,536.96	4,962.54
Unrecognised Past Service Cost	-	-	-	-	-
Unrecognised Transition Liability	-	-	-	-	-
Amount Recognized in the Balance Sheet	2,228.07	5,741.04	3,264.48	2,536.96	4,962.54

Experience adjustment

(₹ in crore)

On Plan Liability (Gain) /Loss	1,732.86	5,502.35	3,007.59	4,439.54	3,642.57
On Plan Asset (Loss) /Gain	2,285.87	(162.93)	2,246.60	(135.07)	109.65

As the plan assets are marked to market on the basis of the yield curve derived from government securities, the expected rate of return has been kept the same as the discount rate.

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible. The said estimates and assumptions have been relied upon by the auditors.

With a view to further strengthen the Pension Fund, it was decided to upwardly revise some of the assumptions.

2. Employees' Provident Fund

Actuarial valuation carried out in respect of interest shortfall in the Provident Fund Trust of the Bank, as per Deterministic Approach shows "Nil" liability, hence no provision is made in F.Y. 2018-19.

The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

	Provident Fund	
Particulars	**Current Year**	**Previous Year**
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April, 2018	29,934.63	25,921.96
Current Service Cost	943.07	942.85
Interest Cost	2,475.08	2,428.48
Employee Contribution (including VPF)	1,330.76	1,357.28
Liability Transferred In	-	3,309.05
Actuarial losses/(gains)	-	25.56
Benefits paid	(4,195.61)	(4,050.55)
Closing defined benefit obligation at 31st March, 2019	30,487.93	29,934.63
Change in Plan Assets		
Opening fair value of Plan Assets as at 1st April, 2018	31,502.49	26,915.23
Expected Return on Plan Assets	2,475.08	2,428.48
Contributions	2,273.83	2,300.13
Transferred from other Companies	-	3,723.65
Benefits Paid	(4,195.61)	(4,050.55)
Actuarial Gains / (Loss) on plan Assets	124.14	185.55
Closing fair value of plan assets as at 31st March, 2019	32,179.93	31,502.49
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at 31st March, 2019	30,487.93	29,934.63
Fair Value of Plan assets at 31st March, 2019	32,179.93	31,502.49
Deficit/(Surplus)	(1,692.00)	(1,567.86)
Net Asset not recognised in Balance Sheet	1,692.00	1,567.86
Net Cost recognised in the profit and loss account		
Current Service Cost	943.07	942.85
Interest Cost	2,475.08	2,428.48
Expected return on plan assets	(2,475.08)	(2,428.48)
Interest shortfall reversed	-	-
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	943.07	942.85
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April, 2018	-	-
Expense as above	943.07	942.85
Employer's Contribution	(943.07)	(942.85)
Net Liability/(Asset) Recognized In the Balance Sheet	-	-

Investments under Plan Assets of Provident Fund as on 31st March, 2019 are as follows:

Category of Assets	Provident Fund
	% of Plan Assets
Central Govt. Securities	35.51%
State Govt. Securities	24.74%
Debt Securities, Money Market Securities and Bank Deposits	31.67%
Mutual Funds	1.46%
Others	6.62%
Total	100.00%

Principal actuarial assumptions

	Provident Fund	
Particulars	**Current Year**	**Previous Year**
Discount Rate	7.77%	7.78%
Guaranteed Return	8.55%	8.65%
Attrition Rate	2.00%	2.00%
Salary Escalation	5.20%	5.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

There is a guaranteed return applicable to liability under SBI Employees Provident Fund which shall not be lower of either:

(a) one half percent above the average standard rate (adjusted up or down to the interest one quarter per cent) quoted by the bank for new deposits fixed for twelve months in the preceding year (ending on the preceding the 31st day of March); or

(b) three percent per annum, subject to approval of Executive Committee.

ii. Defined Contribution Plan:

The Bank has a Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the Bank on or after August 1, 2010. The Scheme is managed by NPS Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During F.Y. 2018-19, the Bank has contributed ₹ 451.39 crore (Previous Year ₹ 390.00 crore).

iii. Long Term Employee Benefits (Unfunded Obligation):

(A) Accumulating Compensated Absences (Privilege Leave)

The following table sets out the status of Accumulating Compensated Absences (Privilege Leave) as per the actuarial valuation by the independent Actuary appointed by the Bank:-

(₹ in crore)

	Accumulating Compensated Absences (Privilege Leave)	
Particulars	**Current Year**	**Previous Year**
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April, 2018	6,242.18	4,754.10
Current Service Cost	259.33	208.26
Interest Cost	485.64	432.03
Liability transferred In/ Acquisitions	-	1,188.49
Actuarial losses/(gains)	741.53	593.08
Benefits paid	(858.28)	(933.78)
Closing defined benefit obligation at 31st March, 2019	6,870.40	6,242.18
Net Cost recognised in the profit and loss account		
Current Service Cost	259.33	208.26
Interest Cost	485.64	432.03

Particulars	Accumulating Compensated Absences (Privilege Leave) Current Year	Previous Year
Actuarial (Gain)/ Losses	741.53	593.08
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	1,486.50	1,233.37
Reconciliation of opening and closing net liability/(asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April, 2018	6,242.18	4,754.10
Expense as above	1,486.50	1,233.37
Net Liability/ (Asset) transferred in	-	1,188.49
Employer's Contribution	-	-
Benefit paid directly by the Employer	(858.28)	(933.78)
Net Liability/(Asset) Recognized In the Balance Sheet	6,870.40	6,242.18

Principal actuarial assumptions

Particulars	Current Year	Previous Year
Discount Rate	7.77%	7.78%
Salary Escalation	5.20%	5.00%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

(B) Other Long Term Employee Benefits

Amount of ₹ 21.53 crore (Previous Year ₹ (63.95) crore) is provided / (written back) towards Other Long Term Employee Benefits as per the actuarial valuation by the independent Actuary appointed by the Bank and is included under the head “Payments to and Provisions for Employees” in Profit and Loss Account.

Details of Provisions made for various Other Long Term Employee Benefits during the year:

(₹ in crore)

Sr No	Long Term Employee Benefits	Current Year	Previous Year
1	Leave Travel and Home Travel Concession (Encashment/Availment)	35.00	(10.88)
2	Sick Leave	-	-
3	Silver Jubilee Award	(1.47)	(27.87)
4	Resettlement Expenses on Superannuation	(4.15)	(13.23)
5	Casual Leave	-	-
6	Retirement Award	(7.85)	(11.97)
	Total	**21.53**	**(63.95)**

Principal actuarial assumptions

Particulars	Current Year	Previous Year
Discount Rate	7.77%	7.78%
Salary Escalation	5.20%	5.00%
Attrition Rate	2.00%	2.00%
Mortality Table	IALM (2006-08) ULTIMATE	IALM (2006-08) ULTIMATE

b) Accounting Standard – 17 "Segment Reporting"

1. Segment Identification

I. Primary (Business Segment)

The following are the primary segments of the Bank:-

- Treasury
- Corporate / Wholesale Banking
- Retail Banking
- Other Banking Business

The present accounting and information system of the Bank does not support capturing and extraction of the data in respect of the above segments separately. However, based on the present internal, organisational and management reporting structure and the nature of their risk and returns, the data on the primary segments have been computed as under:

i. Treasury –

The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

ii. Corporate / Wholesale Banking –

The Corporate / Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Commercial Clients Group and Stressed Assets Resolution Group. These include providing loans and transaction services to corporate and institutional clients and further include non-treasury operations of foreign offices.

iii. Retail Banking –

The Retail Banking Segment comprises of retail branches, which primarily includes Personal Banking activities including lending activities to corporate customers having banking relations with these branches. This segment also includes agency business and ATMs.

iv. Other Banking business –

Segments not classified under (i) to (iii) above are classified under this primary segment.

II. Secondary (Geographical Segment)

i) Domestic Operations - Branches/Offices having operations in India

ii) Foreign Operations - Branches/Offices having operations outside India and offshore Banking units having operations in India

III. Pricing of Inter-segmental Transfers

The Retail Banking segment is the primary resource mobilising unit. The Corporate/ Wholesale Banking and Treasury segments are recipient of funds from Retail Banking. Market related Funds Transfer Pricing (MRFTP) is followed under which a separate unit called Funding Centre has been created. The Funding Centre notionally buys funds that the business units raise in the form of deposits or borrowings and notionally sell funds to business units engaged in creating assets.

IV. Allocation of Expenses, Assets and Liabilities

Expenses incurred at Corporate Centre establishments directly attributable either to Corporate / Wholesale and Retail Banking Operations or to Treasury Operations segment, are allocated accordingly. Expenses not directly attributable are allocated on the basis of the ratio of number of employees in each segment/ratio of directly attributable expenses.

The Bank has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated.

2. Segment Information

Part A: Primary (Business Segments)

(₹ in crore)

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Revenue (before exceptional items) #	77,651.11	78,599.78	1,20,968.24	-	2,77,219.13
	(82,020.76)	(63,280.84)	(1,11,809.55)	(-)	(2,57,111.15)
Unallocated Revenue #					863.86
					(2,552.68)
Total Revenue #					2,78,082.99
					(2,59,663.83)
Result (before exceptional items) #	6,831.17	(-) 16,262.12	12,730.51	-	3,299.56
	(48.05)	(- 38,498.98)	(19,412.16)	(-)	(- 19,038.77)
Add: Exceptional Items #	473.12				473.12
	(5,436.17)				(5,436.17)
Result (after exceptional items) #	7304.29	(-) 16,262.12	12,730.51	-	3,772.68
	(5,484.22)	(- 38,498.98)	(19,412.16)	(-)	(- 13,602.60)
Unallocated Income(+) / Expenses(-) - net #					(-) 2,165.20@
					(-1,925.64)
Profit before tax #					1,607.48
					(-15,528.24)
Tax #					745.25
					(-8,980.79)
Extraordinary Profit #					Nil
					Nil
Net Profit #					862.23
					(-6,547.45)
Other Information:					
Segment Assets *	10,02,841.57	11,33,271.13	14,91,676.59	-	36,27,789.29
	(10,89,553.51)	(10,11,026.98)	(13,22,851.33)	(-)	(34,23,431.82)
Unallocated Assets *					53,124.96
					(31,320.18)
Total Assets*					36,80,914.25
					(34,54,752.00)
Segment Liabilities *	8,37,911.69	11,64,572.02	13,89,432.28	-	33,91,915.99
	(8,19,731.87)	(10,48,664.62)	(13,11,134.57)	(-)	(31,79,531.06)
Unallocated Liabilities*					68,084.44
					(56,092.38)
Total Liabilities *					34,60,000.43
					(32,35,623.44)

(Figures in brackets are for previous year).
@ Includes exceptional item of ₹ 1,087.43 crores.

Part B: Secondary (Geographic Segments)

(₹ in crore)

	Domestic		Foreign		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue (before exceptional items) #	2,63,866.57	2,48,361.36	14,216.42	11,302.47	2,78,082.99	2,59,663.83
Net Profit#	- 3,075.19	- 7,891.83	3,937.42	1,344.38	862.23	- 6,547.45
Assets *	32,85,791.00	30,69,761.21	3,95,123.25	3,84,990.79	36,80,914.25	34,54,752.00
Liabilities*	30,64,877.18	28,50,632.65	3,95,123.25	3,84,990.79	34,60,000.43	32,35,623.44

For the year ended 31st March, 2019.
* As at 31st March, 2019.

c) Accounting Standard – 18 "Related Party Disclosures"

1. Related Parties

A. SUBSIDIARIES

i. FOREIGN BANKING SUBSIDIARIES

1. Commercial Indo Bank LLC, Moscow
2. Bank SBI Botswana Limited
3. SBI Canada Bank
4. State Bank of India (California)
5. State Bank of India (UK) Limited
6. SBI (Mauritius) Ltd.
7. PT Bank SBI Indonesia
8. Nepal SBI Bank Ltd.

ii. DOMESTIC NON-BANKING SUBSIDIARIES

1. SBI Capital Markets Ltd.
2. SBICAP Securities Ltd.
3. SBICAP Trustee Company Ltd.
4. SBICAP Ventures Ltd.
5. SBI DFHI Ltd.
6. SBI Global Factors Ltd.
7. SBI Infra Management Solutions Pvt. Ltd.
8. SBI Mutual Fund Trustee Company Pvt. Ltd.
9. SBI Payment Services Pvt. Ltd.
10. SBI Pension Funds Pvt. Ltd.
11. SBI Life Insurance Company Ltd.
12. SBI General Insurance Company Ltd.
13. SBI Cards and Payment Services Pvt. Ltd.
14. SBI Business Process Management Services Pvt. Ltd.
15. SBI – SG Global Securities Services Pvt. Ltd.
16. SBI Funds Management Pvt. Ltd.
17. SBI Foundation.

iii. FOREIGN NON-BANKING SUBSIDIARIES

1. SBICAP (Singapore) Ltd.
2. SBICAP (UK) Ltd.
3. SBI Funds Management (International) Pvt. Ltd.
4. State Bank of India Servicos Limitada
5. Nepal SBI Merchant Banking Ltd.

B. JOINTLY CONTROLLED ENTITIES

1. C-Edge Technologies Ltd.
2. SBI Macquarie Infrastructure Management Pvt. Ltd.
3. SBI Macquarie Infrastructure Trustee Pvt. Ltd.
4. Macquarie SBI Infrastructure Management Pte. Ltd.
5. Macquarie SBI Infrastructure Trustee Ltd.
6. Oman India Joint Investment Fund – Management Company Pvt. Ltd.
7. Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.
8. Jio Payments Bank Ltd.

C. ASSOCIATES

i. Regional Rural Banks

1. Andhra Pradesh Grameena Vikas Bank
2. Arunachal Pradesh Rural Bank
3. Chhattisgarh Rajya Gramin Bank
4. Ellaquai Dehati Bank
5. Langpi Dehangi Rural Bank
6. Madhyanchal Gramin Bank
7. Meghalaya Rural Bank
8. Mizoram Rural Bank
9. Nagaland Rural Bank
10. Purvanchal Bank
11. Saurashtra Gramin Bank

12. Utkal Grameen Bank
13. Uttarakhand Gramin Bank
14. Vananchal Gramin Bank
15. Rajasthan Marudhara Gramin Bank
16. Telangana Grameena Bank
17. Kaveri Grameena Bank
18. Malwa Gramin Bank (upto 31.12.2018).

ii. Others

1. SBI Home Finance Ltd.(under liquidation)
2. The Clearing Corporation of India Ltd.
3. Bank of Bhutan Ltd.

D. Key Management Personnel of the Bank

1. Shri Rajnish Kumar, Chairman
2. Shri P. K. Gupta, Managing Director (Retail & Digital Banking)
3. Shri Dinesh Kumar Khara, Managing Director (Global Banking & Subsidiaries)
4. Shri B. Sriram, Managing Director (Corporate & Global Banking) upto 29.06.2018
5. Shri Arijit Basu, Managing Director (Commercial Clients Group & IT) from 25.06.2018
6. Smt. Anshula Kant, Managing Director (Stressed Assets, Risk & Compliance) from 07.09.2018.

2. Parties with whom transactions were entered into during the year

No disclosure is required in respect of related parties, which are “State-controlled Enterprises” as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

3. Transactions and Balances

(₹ in crore)

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
Outstanding as at 31st March,2019			
Borrowings	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Deposit	46.09	Nil	46.09
	(44.22)	(Nil)	(44.22)
Other Liabilities	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Balance with Banks	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Advance	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Investment	97.66	Nil	97.66
	(67.66)	(Nil)	(67.66)
Non-fund commitments (LCs/ BGs)	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Maximum outstanding during the year			
Borrowings	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Deposit	206.16	Nil	206.16
	(205.68)	(Nil)	(205.68)
Other Liabilities	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Balance with Banks	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Advance	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Investment	97.66	Nil	97.66
	(77.10)	(Nil)	(77.10)
Non-fund commitments (LCs/ BGs)	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
During the year ended 31st March,2019			
Interest Income	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Interest expenditure	Nil	Nil	Nil
	(0.09)	(Nil)	(0.09)
Income earned by way of dividend	19.26	Nil	19.26
	(29.24)	(Nil)	(29.24)
Other Income	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Other expenditure	Nil	Nil	Nil
	(7.66)	(Nil)	(7.66)
Profit/(loss) on sale of land/building and other assets	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Management contracts	Nil	1.32	1.32
	(Nil)	(2.05)	(2.05)

Figures in brackets are for Previous Year.

There are no materially significant related party transactions during the year.

d) Accounting Standard – 19 "Leases"

Premises taken on operating lease are given below:

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the Bank.

(i) Liability for Premises taken on Non-Cancellable operating lease are given below

(₹ in crore)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Not later than 1 year	136.94	163.35
Later than 1 year and not later than 5 years	485.41	535.88
Later than 5 years	110.90	246.15
Total	**733.25**	**945.38**

(ii) Amount of lease payments recognised in the P&L Account for operating leases is ₹ 3,309.41 crore (₹ 3,244.23 crore).

e) Accounting Standard -20 "Earnings per Share"

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share". "Basic earnings" per share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year.

Particulars Basic and diluted	Current Year	Previous Year
Number of Equity Shares outstanding at the beginning of the year	892,45,87,534	797,35,04,442
Number of Equity Shares issued during the year	24,000	95,10,83,092
Number of Equity Shares outstanding at the end of the year	892,46,11,534	892,45,87,534
Weighted average number of equity shares used in computing basic earnings per share	892,45,91,479	853,30,51,135
Weighted average number of shares used in computing diluted earnings per share	892,45,91,479	853,30,51,135
Net profit / (loss) (₹ in crore)	862.23	(6,547.45)
Basic earnings per share (₹)	0.97	(7.67)
Diluted earnings per share (₹)	0.97	(7.67)
Nominal value per share (₹)	1	1

f) Accounting Standard – 22 "Accounting for Taxes on Income"

a. Current Tax :-

During the year the Bank has credited to Profit & Loss Account ₹ 208.87 crore (Previous Year ₹ 673.54 crore debited) on account of current tax. The Current Tax in India has been calculated in accordance with the provisions of Income Tax Act 1961 after taking appropriate relief for taxes paid in foreign jurisdictions.

b. Deferred Tax :-

During the year, ₹ 954.12 crore has been debited to Profit and Loss Account (Previous Year ₹ 9,654.33 crore credited) on account of deferred tax.

The Bank has a net DTA of ₹ 10,420.16 crore (Previous Year net DTA of ₹ 11,365.99 crore), which comprises of DTL of ₹ 2.33 crore (Previous Year ₹ 2.80 crore) included under 'Other Liabilities and Provisions' and Deferred Tax Assets (DTA) of ₹ 10,422.49 crore (Previous Year ₹ 11,368.79 crore) included under 'Other Assets'. The major components of DTA and DTL is given below:

(₹ in crore)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deferred Tax Assets (DTA)		
Provision for long term employee Benefits	5,321.84	3,454.26
Provision for advances	4,142.69	4,197.64
Provision for Other Assets/ Other Liability	753.11	743.57
On Accumulated losses (including erstwhile ABs)	10,741.74	13,862.05
On Foreign Currency Translation Reserve	235.77	-
Depreciation on Fixed Assets	29.53	-
On account of Foreign Offices	277.67	317.04
Total	**21,502.35**	**22,574.56**
Deferred Tax Liabilities (DTL)		
Depreciation on Fixed Assets	-	83.36
Interest accrued but not due on Securities	6,389.76	6,315.01
Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961	4,690.10	4,690.10
On account of Foreign Offices	2.33	2.80
On Foreign Currency Translation Reserve	-	117.30
Total	**11,082.19**	**11,208.57**
Net Deferred Tax Assets/ (Liabilities)	**10,420.16**	**11,365.99**

g) Accounting Standard – 27 "Financial Reporting of interests in Joint Ventures"

Investments include ₹ 97.66 crore (Previous Year ₹ 67.66 crore) representing Bank's interest in the following jointly controlled entities.

Sr. No	Name of the Company	Amount ₹ in crore	Country of Residence	Holding %
1	C - Edge Technologies Ltd.	4.90 (4.90)	India	49%
2	SBI Macquarie Infrastructure Management Pvt. Ltd.	18.57 (18.57)	India	45%
3	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	0.03 (0.03)	India	45%
4	Maquarie SBI Infrastructure Management Pte. Ltd.	2.25 (2.25)	Singapore	45%
5	Macquarie SBI Infrastructure Trustee Ltd. #	- (-)	Bermuda	45%
6	Oman India Joint Investment Fund – Management Company Pvt. Ltd.	2.30 (2.30)	India	50%
7	Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.	0.01 (0.01)	India	50%
8	Jio Payments Bank	69.60 (39.60)	India	30%

Indirect holding through Maquarie SBI Infra Management Pte. Ltd., against which the company has made 100% provision on investments.
(Figures in brackets relate to previous year).

As required by AS 27, the aggregate amount of the assets, liabilities, income, expenses, contingent liabilities and commitments related to the Bank's interests in jointly controlled entities are disclosed as under:

(₹ in crore)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Liabilities		
Capital & Reserves	214.01	153.26
Deposits	5.50	-
Borrowings	8.04	0.60
Other Liabilities & Provisions	56.99	53.57
Total	**284.54**	**207.43**

Particulars	As at 31st March, 2019	As at 31st March, 2018
Assets		
Cash and Balances with RBI	0.65	0.02
Balances with Banks and money at call and short notice	70.48	68.86
Investments	90.95	49.47
Advances	-	-
Fixed Assets	28.53	8.91
Other Assets	93.93	80.17
Total	**284.54**	**207.43**
Capital Commitments	-	-
Other Contingent Liabilities	2.63	1.28
Income		
Interest earned	8.70	4.13
Other income	188.09	184.18
Total	**196.79**	**188.31**
Expenditure		
Interest expended	0.20	0.23
Operating expenses	120.78	119.34
Provisions & contingencies	22.95	20.24
Total	**143.93**	**139.81**
Profit	**52.86**	**48.50**

h) Accounting Standards – 28 "Impairment of Assets"

In the opinion of the Bank's Management, there is no indication of impairment to the assets during the year to which Accounting Standard 28 – "Impairment of Assets" applies.

i) Accounting Standard – 29 "Provisions, Contingent Liabilities and Contingent Assets"

Description of Contingent liabilities:

Sr. No.	Particulars	Brief Description
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows. The Bank is also a party to various taxation matters in respect of which appeals are pending.
2	Liability on partly paid-up investments/ Venture Funds	This item represents amounts remaining unpaid towards liability for partly paid investments. This also includes undrawn commitments for Venture Capital Funds.

Sr. No.	Particulars	Brief Description
3	Liability on account of outstanding forward exchange contracts	The Bank enters into foreign exchange contracts in its normal course of business to exchange currencies at a pre-fixed price at a future date. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. The notional amounts are recorded as Contingent Liabilities. With respect to the transactions entered into with its customers, the Bank generally enters into off-setting transactions in the interbank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial Banking activities, the Bank issues documentary credits and guarantees on behalf of its customers. Documentary credits enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfil its financial or performance obligations.
5	Other items for which the Bank is contingently liable	The Bank enters into currency options, forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts. Further, these also include estimated amount of contracts remaining to be executed on capital account and not provided for, letter of comforts issued by the Bank on behalf of Associates & Subsidiaries, Bank's Liability under Depositors Education and Awareness Fund A/c and other sundry contingent liabilities.

The Contingent Liabilities mentioned above are dependent upon the outcome of Court/ arbitration/out of Court settlements, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, as the case may be.

j) Movement of provisions against Contingent Liabilities

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance	503.16	423.34
Additions during the year	112.81	705.60
Amount utilised during the year	51.51	227.64
Unused amount reversed during the year	39.20	398.14
Closing balance	525.26	503.16

Additions during the previous year includes receipt from erstwhile ABs and BMBL on acquisition.

18.10. Additional Disclosures

1. Provisions and Contingencies

(₹ in crore)

Break up of "Provisions and Contingencies" shown under head Expenditure in Profit and loss account	Current Year	Previous Year
Provision for Taxation		
- Current Tax	491.13	673.54
- Deferred Tax	954.12	(-) 9,654.33
- Write Back of Income Tax	(-) 700.00	-
Provision for Depreciation on Investments	(-) 762.09	8,087.58
Provision on Non-Performing Assets	54,617.72	71,374.22
Provision on Restructured Assets	(-) 88.66	(-) 693.99
Provision on Standard Assets	(-) 74.55	(-) 3,603.66
Other Provisions	136.13	(-) 124.95
Total	**54,573.80**	**66,058.41**

2. Floating Provisions

(₹ in crore)

Particulars	Current Year	Previous Year
Opening Balance	193.75	25.14
Addition during the year	-	168.61
Draw down during the year	-	-
Closing Balance	**193.75**	**193.75**

Additions during the previous year includes receipt from erstwhile ABs and BMBL on acquisition.

3. **Draw down from Reserves**

During the year, no draw down has been made from reserves.

4. **Status of complaints**

A. **Customer complaints (including complaints relating to ATM transactions)**

Particulars	As at 31st March, 2019	As at 31st March, 2018
No. of complaints pending at the beginning of the year	79,259	46,282
No. of complaints received during the year	42,21,491	21,59,700
No. of complaints redressed during the year	41,61,721	21,26,723
No. of complaints pending at the end of the year	1,39,029	79,259

Does not include complaints redressed within one working day.

No. of complaints received during the previous year include receipt from erstwhile ABs and BMBL on acquisition.

B. **Awards passed by the Banking Ombudsman**

Particulars	Current Year	Previous Year
No. of unimplemented Awards at the beginning of the year	8	3
No. of Awards passed by the Banking Ombudsman during the year	19	78
No. of Awards implemented during the year	22	73
No. of unimplemented Awards at the end of the year	5	8

5. **Payment to Micro, Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006**

There has been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small & Medium Enterprises.

6. **Letter of Comfort**

The Bank has not issued any letter of comfort which are not recorded as contingent liabilities during the year ended 31st March, 2019 and 31st March, 2018.

7. **Provisioning Coverage Ratio (PCR):**

The Provisioning to Gross Non-Performing Assets ratio of the Bank as on 31st March, 2019 is 78.73 % (Previous Year 66.17%).

8. **Fees/remuneration received in respect of the bancassurance business**

(₹ in crore)

Name of Company	Current Year	Previous Year
SBI Life Insurance Co. Ltd.	951.90	714.75
SBI General Insurance Co. Ltd.	270.86	212.57
NTUC and Manu Life Financial Limited	1.20	1.05
Tokio Marine and ACE	1.63	0.32
Unit Trust	0.47	0.26
AIA Singapore	0.64	0.07
TOTAL	**1,226.70**	**929.02**

9. **Concentration of Deposits, Advances, Exposures & NPAs (computed as per directions of RBI)**

a) **Concentration of Deposits**

(₹ in crore)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	90,609.54	1,19,585.93
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	3.11%	4.42%

b) **Concentration of Advances**

(₹ in crore)

Particulars	Current Year	Previous Year
Total Advances to twenty largest borrowers	2,89,222.17	1,95,211.00
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	12.61%	7.91%

c) **Concentration of Exposures**

(₹ in crore)

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/ customers	4,47,140.43	3,65,809.00
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/ customers	12.80%	12.11%

d) **Concentration of NPAs**

(₹ in crore)

Particulars	Current Year	Previous Year
Total Exposure to top four NPA accounts	30,314.49	38,239.70

10. Sector –wise Advances

(₹ in crore)

Sr. No.	Sector	Current Year			Previous year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1	Agriculture & allied activities	1,99,789.60	23,335.83	11.68	1,88,502.88	20,964.77	11.12
2	Industry (Micro & Small, Medium and Large)	97,116.64	12,545.61	12.92	99,386.61	16,020.84	16.12
3	Services	99,232.43	9,674.48	9.75	74,363.81	7,339.66	9.87
4	Personal Loans	1,59,419.70	2,882.01	1.81	1,04,507.85	3,332.33	3.19
	Sub-total (A)	5,55,558.37	48,437.93	8.72	4,66,761.15	47,657.60	10.21
B	**Non Priority Sector**						
1	Agriculture & allied activities	19,403.93	89.00	0.46	3,753.61	301.93	8.04
2	Industry (Micro & Small, Medium and Large)	9,75,896.74	1,12,411.63	11.52	9,06,557.34	1,62,784.99	17.96
3	Services	2,47,541.38	8,007.30	3.23	2,20,925.77	9,264.85	4.19
4	Personal Loans	4,95,053.70	3,804.50	0.77	4,50,389.43	3,418.09	0.76
	Sub-total (B)	17,37,895.75	1,24,312.43	7.15	15,81,626.15	1,75,769.86	11.11
C	**Total (A+B)**	**22,93,454.12**	**1,72,750.36**	**7.53**	**20,48,387.30**	**2,23,427.46**	**10.91**

11. Overseas Assets, NPAs and Revenue

(₹ in crore)

Sr. No.	Particulars	Current Year	Previous Year
1	Total Assets	3,95,123.25	3,84,990.79
2	Total NPAs (Gross)	1,937.19	7,199.29
3	Total Revenue	14,216.42	11,302.47

12. Off-balance Sheet SPVs sponsored

	Name of the SPV Sponsored	
	Domestic	Overseas
Current Year	NIL	NIL
Previous Year	NIL	NIL

13. Disclosure relating to Securitisation

(₹ in crore)

Sr. No.	Particulars	Current Year Number	Current Year Amount	Previous Year Number	Previous Year Amount
1.	No. of the SPVs sponsored by the Bank for securitization transactions	Nil	Nil	Nil	Nil
2.	Total amount of securitized assets as per the books of the SPVs sponsored by the bank	Nil	Nil	Nil	Nil
3.	Total amount of exposures retained by the bank to comply with MMR as on the date of balance sheet a) Off-balance sheet exposures i. First Loss ii. Others b) On-balance sheet exposures i. First Loss ii. Others	Nil	Nil	Nil	Nil
4.	Amount of exposures to securitisation transactions other than MMR a) Off-balance sheet exposures i. Exposures to own securitisations 1. First Loss 2. Others ii. Exposures to third party securitisations 1. First Loss 2. Others b) On-balance sheet exposures i. Exposures to own securitisations 1. First Loss 2. Others ii. Exposures to third party securitisations 1. First Loss 2. Others	Nil	Nil	Nil	Nil

14. Credit Default Swaps

(₹ in crore)

Sr. No.	Particulars	Current Year As Protection Buyer	Current Year As Protection Seller	Previous Year As Protection Buyer	Previous Year As Protection Seller
1.	No. of transactions during the year a) of which transactions that are/may be physically settled b) cash settled	Nil	Nil	Nil	Nil
2.	Amount of protection bought / sold during the year a) of which transactions which are/ may be physically settled b) cash settled	Nil	Nil	Nil	Nil
3.	No. of transactions where credit event payment was received / made during the year a) pertaining to current year's transactions b) pertaining to previous year's transactions	Nil	Nil	Nil	Nil
4.	Net income/ profit (expenditure/ loss) in respect of CDS transactions during year-to-date: a) premium paid / received b) Credit event payments: • made (net of the value of assets realised) • received (net of value of deliverable obligation)	Nil	Nil	Nil	Nil
5.	Outstanding transactions as on 31st March : a) No. of Transactions b) Amount of protection	Nil	Nil	Nil	Nil
6.	Highest level of outstanding transactions during the year: a) No. of Transactions (as on 1st April) b) Amount of protection (as on 1st April)	Nil	Nil	Nil	Nil

15. Intra-Group Exposures:

(₹ in crore)

Sr. No.	Particulars	Current Year	Previous Year
i	Total amount of intra-group exposures	27,765.01	25,469.43
ii	Total amount of top-20 intra-group exposures	27,765.01	25,469.43
iii	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	0.79%	0.84%
iv	Details of breach of limits on intra-group exposures and regulatory action thereon	Nil	Nil

16. Unclaimed Liabilities transferred to Depositor Education and Awareness Fund (DEA Fund)

(₹ in crore)

Particulars	Current Year	Previous Year
Opening balance of amounts transferred to DEA Fund	2,125.62	1,081.42
Add : Amounts transferred to DEA Fund during the year	736.65	1,050.31
Less : Amounts reimbursed by DEA Fund towards claims	9.61	6.11
Closing balance of amounts transferred to DEA Fund	2,852.66	2,125.62

Amounts transferred to DEA Fund during the year includes receipt from erstwhile ABs and BMBL on acquisition.

17. Unhedged Foreign Currency Exposure

The Bank in accordance with RBI Circular No. DBOD.No.BP.BC.85/21.06.200/2013-14 dated 15th January 2014 on 'Capital and Provisioning Requirements for Exposure to entities has provided for Unhedged Foreign Currency Exposure'.

An amount of ₹ 98.13 crore (Previous Year ₹ 86.44 crore) was held as on 31st March 2019 for towards Currency Induced Credit Risk and Capital allocated for Currency Induced Credit Risk amounting to ₹ 43.19 crore (Previous Year ₹ 66.49 crore).

18. Liquidity Coverage Ratio (LCR):

a) Standalone LCR

Liquidity Coverage Ratio (LCR) standard has been introduced with the objective that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

LCR has been defined as :

$$\frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflow over the next 30 calendar days}}$$

Liquid assets comprise of high quality assets that can be readily encashed or used as collateral to obtain cash in a range of stress scenarios. There are two categories of assets included in the stock of HQLAs, viz. Level 1 and Level 2 assets. While Level 1 assets are with 0% haircut, Level 2A and Level 2B assets are with 15% and 50% haircuts respectively. The total net cash outflow is the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. Total expected cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or be drawn down. Total expected cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in up to an aggregate cap of 75% of total expected cash outflows.

Quantitative Disclosure:

(₹ in crore)

LCR Components	Quarter ended 31st March 2019 Total Unweighted Value (Average)	Quarter ended 31st March 2019 Total Weighted Value (Average)	Quarter ended 31st December 2018 Total Unweighted Value (Average)	Quarter ended 31st December 2018 Total Weighted Value (Average)	Quarter ended 30th September 2018 Total Unweighted Value (Average)	Quarter ended 30th September 2018 Total Weighted Value (Average)	Quarter ended 30th June 2018 Total Unweighted Value (Average)	Quarter ended 30th June 2018 Total Weighted Value (Average)	Quarter ended 31st March 2018 Total Unweighted Value (Average)	Quarter ended 31st March 2018 Total Weighted Value (Average)
HIGH QUALITY LIQUID ASSETS (HQLA)										
1 Total High Quality Liquid Assets(HQLA)		6,99,153		7,30,337		7,39,148		6,93,460		6,74,894
Cash Outflows										
2 Retail Deposits and deposits from small business customers, of which:										
(i) Stable deposits	3,23,269	16,163	3,21,119	16,056	3,06,105	15,305	3,00,005	15,000	2,78,238	13,912
(ii) Less Stable Deposits	18,50,120	1,85,012	18,22,082	1,82,208	17,90,924	1,79,092	17,59,076	1,75,908	17,51,396	1,75,140
3 Unsecured wholesale funding, of which:										
(i) Operational deposits(all counterparties)	1,208	302	928	232	759	190	930	232	63	16
(ii) Non-operational deposits(all counterparties)	6,35,727	3,73,978	6,07,012	3,46,204	6,11,590	3,48,024	6,00,814	3,41,376	5,56,336	3,27,440
(iii) Unsecured debt	0	0	0	0	0	0	0	0	0	0
4 Secured wholesale funding	72,120	54	68,811	2	29,820	3	21,070	0	30,025	0
5 Additional requirements, of which										
(i) Outflows related to derivative exposures and other collateral requirements	1,70,833	1,70,833	1,65,949	1,65,949	1,54,141	1,54,141	1,62,711	1,62,711	1,50,911	1,50,911
(ii) Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0	0	0
(iii) Credit and liquidity facilities	39,337	6,053	31,918	5,128	28,949	4,854	25,896	4,512	43,416	6,376
6 Other contractual funding obligations	35,561	35,561	34,919	34,919	27,454	27,454	29,441	29,441	39,838	39,838
7 Other contingent funding obligations	5,72,831	20,941	5,79,289	21,158	5,66,376	20,688	5,63,555	20,759	5,63,500	20,659
8 TOTAL CASH OUTFLOWS	37,01,005	8,08,896	36,32,026	7,71,856	35,16,117	7,49,751	34,63,496	7,49,938	34,13,722	7,34,290
Cash Inflows										
9 Secured lending (e.g. Reverse repos)	7,938	0	4,098	0	3,121	0	5,166	0	7,075	0
10 Inflows from fully performing exposures	2,39,416	2,22,009	2,34,551	2,19,730	2,17,069	2,02,188	2,42,332	2,24,197	2,20,510	2,02,086
11 Other cash inflows	37,977	31,086	41,666	33,605	42,221	33,154	37,813	29,804	38,779	28,758
12 Total Cash Inflows	2,85,331	2,53,095	2,80,315	2,53,335	2,62,411	2,35,343	2,85,311	2,54,001	2,66,364	2,30,844
13 TOTAL HQLA		6,99,153		7,30,337		7,39,148		6,93,460		6,74,894
14 TOTAL NET CASH OUTFLOWS		5,55,801		5,18,522		5,14,409		4,95,937		5,03,446
15 LIQUIDITY COVERAGE RATIO(%)		125.79%		140.85%		143.69%		139.83%		134.05%

Note 1 : In accordance with RBI Circular No. RBI/2014-15/529 DBR. No. BP.BC.80/21.06.201/2014-15 dated March 31, 2015 guidelines, average weighted and unweighted amounts have been calculated considering simple daily average from 1st January 2017 and taking 69 data points for the quarter January-March 2019.
Note 2 : Bank has implemented OFSAA system whereby computation of daily LCR has been automated for Domestic operation since March 2018.

The LCR position is above the minimum 100% prescribed by RBI. Bank's LCR comes to 125.79% based on daily average of three months (Q4 FY18-19). The average HQLA for the quarter was ₹ 6,99,153 crore, of which, Level 1 assets constituted 93.26% of total HQLA. Government securities constituted 96.77% of Total Level 1 Assets. Level 2A Assets constitutes 5.59% of total HQLA and Level 2B Assets constitutes 1.15% of total HQLA. The net cash outflow position has slightly gone up on account of increase in wholesale deposits where run-off rate is 40%-100%. Derivative exposures are considered insignificant due to almost matching inflows and outflows position. During the quarter, LCR for USD (significant Foreign Currency constituting more than 5% of the Balance Sheet of the Bank) was 49.34% on average.

Liquidity Management in the Bank is driven by the ALM Policy of the Bank and regulatory prescriptions. The Domestic and International Treasuries are reporting to the Asset Liability Management Committee (ALCO). The ALCO has been empowered by the Bank's Board to formulate the Bank's funding strategies to ensure that the funding sources are well diversified and is consistent with the operational requirements of the Bank. All the major decisions of ALCO are being reported to the Bank's Board periodically. In addition to daily/monthly LCR reporting, Bank prepares daily Structural Liquidity statements to assess the liquidity needs of the Bank on an ongoing basis.

The Bank has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail deposits constitute major portion of total funding sources, which are well diversified. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future short term requirements.

b. Consolidated LCR

The RBI through a supplementary guideline issued on 31st March 2015 had stipulated the implementation of LCR at a consolidated level from January 1, 2016. Accordingly, SBI Group has been computing the Consolidated LCR.

The entities covered in the Group LCR are State Bank of India and eight Overseas Banking Subsidiaries: Bank SBI Botswana Ltd, Commercial Indo Bank LLC, Moscow, Nepal SBI Bank Ltd., State Bank of India (California), SBI Canada Bank, SBI (Mauritius) Ltd., PT Bank SBI Indonesia and State Bank of India (UK) Ltd.

SBI Group LCR comes out to 125.96% as on 31st March, 2019 based on average of three months January, February and March, 2019.

(₹ in crore)

LCR COMPONENTS	Quarter ended 31st March 2019 Total Unweighted Value (Average)	Quarter ended 31st March 2019 Total Weighted Value (Average)	Quarter ended 31st December 2018 Total Unweighted Value (Average)	Quarter ended 31st December 2018 Total Weighted Value (Average)	Quarter ended 30th September 2018 Total Unweighted Value (Average)	Quarter ended 30th September 2018 Total Weighted Value (Average)	Quarter ended 30th June 2018 Total Unweighted Value (Average)	Quarter ended 30th June 2018 Total Weighted Value (Average)	Quarter ended 31st March 2018 Total Unweighted Value (Average)	Quarter ended 31st March 2018 Total Weighted Value (Average)
HIGH QUALITY LIQUID ASSETS (HQLA)										
1 Total High Quality Liquid Assets(HQLA)		7,01,837		7,32,641		7,41,584		6,95,753		6,77,442
CASH OUTFLOWS										
2 Retail Deposits and deposits from small business customers, of which:										
(i) Stable deposits	3,30,107	16,505	3,27,747	16,387	3,12,981	15,649	3,06,889	15,344	2,80,782	14,039
(ii) Less Stable Deposits	18,59,217	1,85,922	18,31,275	1,83,127	17,99,879	1,79,988	17,67,538	1,76,754	17,58,364	1,75,836
3 Unsecured wholesale funding, of which:										
(i) Operational deposits(all counterparties)	1,333	333	1,048	262	888	222	1,109	277	177	44
(ii) Non-operational deposits(all counterparties)	6,37,579	3,75,202	6,09,736	3,48,144	6,14,172	3,49,945	6,03,745	3,43,707	5,58,884	3,29,566
(iii) Unsecured debt	0	0	0	0	0	0	0	0	0	0
4 Secured wholesale funding	72,120	54	68,811	2	29,843	27	21,070	0	30,209	184
5 Additional requirements, of which										
(i) Outflows related to derivative exposures and other collateral requirements	1,70,834	1,70,834	1,65,954	1,65,954	1,54,142	1,54,142	1,62,715	1,62,715	1,50,912	1,50,912
(ii) Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0	0	0
(iii) Credit and liquidity facilities	41,230	6,839	33,689	5,729	30,693	5,430	27,455	5,024	44,693	6,877
6 Other contractual funding obligations	36,556	36,556	35,568	35,568	27,999	27,999	30,017	30,017	40,639	40,639
7 Other contingent funding obligations	5,74,764	21,000	5,81,286	21,219	5,68,430	20,750	5,65,635	20,822	5,65,427	20,718
8 TOTAL CASH OUTFLOWS	37,23,741	8,13,245	36,55,114	7,76,393	35,39,028	7,54,152	34,86,173	7,54,660	34,30,087	7,38,817
CASH INFLOWS										
9 Secured lending (e.g. Reverse repos)	7,938	0	4,098	0	3,121	0	5,168	1	7,076	1
10 Inflows from fully performing exposures	2,44,205	2,24,094	2,39,904	2,22,117	2,21,519	2,03,818	2,47,101	2,26,566	2,23,818	2,03,448
11 Other cash inflows	38,892	31,972	42,924	34,827	43,323	34,226	39,476	31,447	39,889	29,867
12 TOTAL CASH INFLOWS	2,91,034	2,56,066	2,86,926	2,56,945	2,67,962	2,38,043	2,91,745	2,58,014	2,70,783	2,33,316
13 TOTAL HQLA		7,01,837		7,32,641		7,41,584		6,95,753		6,77,442
14 TOTAL NET CASH OUTFLOWS		5,57,179		5,19,448		5,16,109		4,96,646		5,05,501
15 LIQUIDITY COVERAGE RATIO(%)		125.96%		141.04%		143.69%		140.09%		134.01%

Note : Monthly average of 3 months data considered for Overseas Banking Subsidiaries and daily average considered for SBI(Solo).

The Group has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail deposits constitute major portion of total funding sources, and such funding sources are well diversified. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future short term requirements.

19. Fraud Reported and provision made during the year:

Out of the total frauds of ₹ 12,387.13 crore in 2,616 cases (Previous year ₹ 2,532.24 crore in 1,789 cases) reported during the year, an amount of ₹ 12,310.90 crore in 581 cases (Previous year ₹ 2,359.61 crore in 539 cases) represents advances declared as frauds. Full provision has been made for the outstanding balance as on 31st March, 2019 in respect of frauds reported during the year.

20. Inter Office Accounts

Inter Office Accounts between branches, controlling offices, local head offices and corporate centre establishments are being reconciled on an ongoing basis and no material effect is expected on the profit and loss account of the current year.

21. Sale of Assets to Reconstruction Companies

Shortfall on account of sale of assets to reconstruction companies during the year amounting to ₹ 173.37 crore (Previous Year ₹ 9.07 crore) has been fully charged in the current year.

22. Priority Sector Lending Certificate (PSLC)

The Bank has purchased the following PSLCs during the year:-

(₹ in crore)

Sr. No.	Category	Current Year	Previous Year
1.	PSLC Micro Enterprises	16,272.75	350.00
2.	PSLC Agriculture	1,223.00	100.00
3.	PSLC General	33,557.50	33,485.00
4.	PSLC Small and Marginal Farmers	553.00	1,664.00
	Total	**51,606.25**	**35,599.00**

The Bank did not sell any PSLC during the year ended 31st March, 2019 and 31st March, 2018.

23. Counter Cyclical Provisioning Buffer (CCPB)

RBI vide Circular No. DBR.No.BP.BC.79/21.04.048/2014-15 dated 30th March 2015 on 'Utilisation of Floating Provisions/ Counter Cyclical Provisioning Buffer' has allowed the banks, to utilise up to 50 per cent of CCPB held by them as on 31st December 2014, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors.

During the year, the Bank has not utilized the CCPB for making specific provision for NPAs.

24. RBI vide Circular no. DBR.No.BP.BC.108/21.04.048/2017-18 dated 6th June 2018 permitted banks to continue the exposures to MSME borrowers to be classified as standard assets. Accordingly, the bank has retained advances of ₹ 242.32 crores as standard asset as on 31st March 2019. In accordance with the provisions of the circular, the bank has not recognized interest on these accounts and is maintaining a standard asset provision of ₹ 12.12 crores as on 31st March 2019 in respect of such borrowers.

25. As per RBI letter no. DBR.No.BP.15199/21.04.048/2016-17 and DBR. No. BP. 1906/21.04.048/ 2017-18 dated 23rd June 2017 and 28th August 2017 respectively, for the accounts covered under the provisions of Insolvency and Bankruptcy Code (IBC), the bank is holding total provision of ₹ 34,554 crores (89.66% of total outstanding) as on 31st March, 2019.

26. The bank has made a provision of ₹ 3,984.00 crore (Total ₹ 5,643.41 crore) for the year ended 31st March, 2019 towards arrears of wages due for revision w.e.f 1st November, 2017.

27. a) Profit / (loss) on sale of investment (net) under schedule 14 "Other Income" includes ₹ 473.12 crore on sale of partial investment in SBI General Insurance Company Limited (Previous year ₹ 5,436.17 crore on sale of partial investment in SBI Life Insurance Company Limited) .

b) Miscellaneous Income under schedule 14 "Other Income" includes ₹ 1,087.43 crore on transfer of the bank's merchant acquiring business (MAB) to a wholly owned subsidiary SBI Payment Services Private Limited (SBIPSPL) pursuant to a business transfer agreement dated 29th September, 2018 for a consideration of ₹ 1,250 crore.

28. Previous year figures have been regrouped/reclassified, wherever necessary, to confirm to current year classification. In cases where disclosures have been made for the first time in terms of RBI guidelines / Accounting Standards, previous year's figures have not been mentioned.

State Bank of India

Cash Flow Statement for the year ended 31st March, 2019

(000s omitted)

PARTICULARS		Year ended 31.03.2019 (Current Year) ₹	Year ended 31.03.2018 (Previous Year) ₹
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit / (loss) before Taxes		1607,48,31	(15528,24,16)
Adjustments for:			
Depreciation on Fixed Assets		3212,30,65	2919,46,63
(Profit)/Loss on sale of Fixed Assets (Net)		34,98,24	30,03,00
(Profit)/Loss on revaluation of Investments (Net)		2124,03,82	1120,61,02
(Profit)/Loss on sale of Investments in Subsidiaries / Joint Ventures / Associates		(473,12,00)	(5639,89,81)
Provision for diminution in fair value & Non Performing Assets		54529,06,14	70680,23,69
Provision on Standard Assets		(74,55,42)	(3603,66,16)
Provision for depreciation on Investments		(762,09,23)	8087,57,43
Other provisions including provision for contingencies		136,12,79	(124,95,17)
Income from Investment in Subsidiaries / Joint Ventures / Associates		(348,01,18)	(448,51,70)
Interest on Capital Instruments		4112,28,55	4472,04,27
		64098,50,67	61964,69,04
Adjustments for:			
Increase/(Decrease) in Deposits		205042,72,57	121022,95,24
Increase/ (Decrease) in Borrowings other than Capital Instruments		37722,44,37	42629,85,28
(Increase)/ Decrease in Investments other than Investments in Subsidiaries / Joint Ventures / Associates		94719,11,74	(136164,12,43)
(Increase)/ Decrease in Advances		(305525,79,00)	(136597,79,56)
Increase/ (Decrease) in Other Liabilities		(21247,50,61)	(2214,19,47)
(Increase)/ Decrease in Other Assets		(33604,14,67)	(29086,42,24)
		41205,35,07	(78445,04,14)
Tax refund/ (Taxes paid)		(6577,83,79)	(6980,20,58)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	**A**	**34627,51,28**	**(85425,24,72)**
CASH FLOW FROM INVESTING ACTIVITIES:			
(Increase)/ Decrease in Investments in Subsidiaries / Joint Ventures / Associates		(2116,29,59)	(1104,10,39)
Profit/(Loss) on sale of Investments in Subsidiaries / Joint Ventures / Associates		473,12,00	5639,89,81
Income from Investment in Subsidiaries / Joint Ventures / Associates		348,01,18	448,51,70
(Increase)/ Decrease in Fixed Assets		(2663,43,31)	(4104,97,78)
Cash paid to shareholders of erstwhile Domestic Banking Subsidiaries & Bhartiya Mahila Bank towards fractional entitlements consequent to merger		-	(25,18)

(000s omitted)

PARTICULARS		Year ended 31.03.2019 (Current Year) ₹	Year ended 31.03.2018 (Previous Year) ₹
NET CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES	**B**	**(3958,59,72)**	**879,08,16**
CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from issue of equity shares including share premium (Net of Share issue expenses)		(8,74,21)	23782,45,47
Issue/(Redemption) of Capital Instruments (Net)		3033,20,00	(12603,22,50)
Interest on Capital Instruments		(4112,28,55)	(4472,04,27)
Dividend paid including tax thereon		-	(2416,26,71)
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	**C**	**(1087,82,76)**	**4290,91,99**
EFFECT OF EXCHANGE FLUCTUATION ON TRANSLATION RESERVE	**D**	**1010,38,16**	**1291,94,79**
CASH & CASH EQUIVALENTS RECEIVED ON ACCOUNT OF MERGER OF DOMESTIC BANKING SUBSIDIARIES & BHARTIYA MAHILA BANK	**E**	**-**	**98890,28,99**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C+D+E)		**30591,46,96**	**19926,99,21**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**191898,64,19**	**171971,64,98**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**222490,11,15**	**191898,64,19**
Note:			
(1) Components of Cash & Cash Equivalents as at:		**31.03.2019**	**31.03.2018**
Cash & Balance with RBI		176932,41,75	150397,18,14
Balances with Banks and money at call & short notice		45557,69,40	41501,46,05
		222490,11,15	**191898,64,19**
(2) Cash flow from operating activities is reported by using indirect method.			

Signed by:

Smt. Anshula Kant
Managing Director
(Stressed Assets, Risk & Compliance)

Shri Arijit Basu
Managing Director
(Commercial Clients Group & IT)

Shri Dinesh Kumar Khara
Managing Director
(Global Banking & Subsidiaries)

Shri P. K. Gupta
Managing Director
(Retail & Digital Banking)

Directors:
Dr. Girish Kumar Ahuja
Shri B. Venugopal
Dr. Purnima Gupta
Shri Chandan Sinha
Shri Sanjiv Malhotra
Dr. Pushpendra Rai
Shri Basant Seth
Shri Bhaskar Pramanik

Shri Rajnish Kumar
Chairman

Place: Mumbai
Date: 10th May 2019

In terms of our report of even date

FOR J.C. BHALLA & CO.
Chartered Accountants

RAJESH SETHI
Partner : M. No.085669
Firm Regn. No. 001111N

FOR CHATURVEDI & SHAH LLP
Chartered Accountants

VITESH D. GANDHI
Partner: M. No.110248
Firm Regn. No. 101720W/W100355

FOR O.P. TOTLA & CO.
Chartered Accountants

S. R. TOTLA
Partner : M. No. 071774
Firm Regn. No. 000734C

FOR S. K. KAPOOR & CO.
Chartered Accountants

SANJIV KAPOOR
Partner : M. No. 070487
Firm Regn. No. 000745C

FOR DE CHAKRABORTY & SEN
Chartered Accountants

D. K. ROY CHOWDHURY
Partner : M. No. 053087
Firm Regn. No. 303029E

FOR RAO & KUMAR
Chartered Accountants

ANIRBAN PAL
Partner : M. No. 214919
Firm Regn. No. 003089S

FOR S. K. MITTAL & CO.
Chartered Accountants

M. K. JUNEJA
Partner : M. No.013117
Firm Regn. No.001135N

FOR N.C. RAJAGOPAL & CO.
Chartered Accountants

V. CHANDRASEKARAN
Partner: M. No. 024844
Firm Regn. No. 230448S

FOR KARNAVAT & CO.
Chartered Accountants

SAMEER B. DOSHI
Partner : M. No. 117987
Firm Regn. No. 104863W

FOR KALANI & CO.
Chartered Accountants

BHUPENDER MANTRI
Partner: M. No. 108170
Firm Regn. No. 000722C

FOR BRAHMAYYA & CO.
Chartered Accountants

K. JITENDRA KUMAR
Partner : M. No. 201825
Firm Regn. No. 000511S

FOR RAY & RAY
Chartered Accountants

ABHIJIT NEOGI
Partner : M. No. 061380
Firm Regn. No. 301072E

FOR K. VENKATACHALAM AIYER & CO.
Chartered Accountants

A GOPALAKRISHNAN
Partner : M. No. 018159
Firm Regn. No. 004610S

FOR G. P. AGRAWAL & CO.
Chartered Accountants

AJAY KUMAR AGRAWAL
Partner : M. No. 17643
Firm Regn. No. 302082E

Place : Mumbai
Date : 10th May, 2019

Independent Auditors' Report

To

The President of India

Report on Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of State Bank of India ("the Bank") which comprise the Balance Sheet as at March 31, 2019, the Profit and Loss Account and Cash Flow Statement for the year then ended, and Notes to Standalone Financial Statements including a summary of Significant Accounting Policies and other explanatory information in which are included returns for the year ended on that date of:

i. The Central offices, 16 Local Head offices, 1 Admin & Business unit, Global Market Unit, International Business Group, Corporate Accounts Group (Central), Commercial Client Group (Central), Stressed Asset Resolution Group (Central), Central Accounts Offices and 42 branches audited by us;

ii. 14,758 Indian branches audited by Statutory Branch Auditors;

iii. 38 Foreign branches audited by Local Auditors;

The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet, the Profit and Loss Account are the returns from 8,447 Indian branches (including other accounting units) and those have not been subjected to audit. These unaudited branches account for 3 percent of advances, 11.44 per cent of deposits, 7.35 per cent of interest income and 12.80 per cent of interest expenses.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Banking Regulation Act, 1949 and State Bank of India Act 1955, in the manner so required for the Bank and are in conformity with accounting principles generally accepted in India and give:

a) true and fair view in case of the Balance Sheet, of the State of Affairs of the Bank as at March 31, 2019;

b) true balance of profit in case of Profit & Loss Account for the year ended on that date; and

c) true and fair view in case of Cash Flow Statement for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (the ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the code of ethics issued by the ICAI together with ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

3. Key Audit Matters are those matters that in our professional judgment were of most significance in our audit of the Standalone Financial Statements for the year ended March 31, 2019. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report:-

Sr. No.	Key Audit Matters	Auditors' Response
i	Classification of Advances and Identification of and provisioning for non-performing Advances in accordance with the RBI guidelines (Refer Schedule 9 read with Note 3 of Schedule 17 to the financial statements) Advances include Bills purchased and discounted, Cash credits, Overdrafts loans repayable on demand and Term loans. These are further categorised as secured by Tangible assets (including advances against Book Debts), covered by Bank / Government Guarantees and Unsecured advances.	Our audit approach towards advances with reference to the IRAC norms and other related circulars / directives issued by RBI and also internal policies and procedures of the Bank includes the testing of the following: - The accuracy of the data input in the system for income recognition, classification into performing and non-performing Advances and provisioning in accordance with the IRAC Norms in respect of the branches allotted to us;

Sr. No.	Key Audit Matters	Auditors' Response
	Advances constitute 59.38% of the Bank's total assets. They are, inter-alia, governed by income recognition, asset classification and provisioning (IRAC) norms and other circulars and directives issued by the RBI from time to time which provides guidelines related to classification of Advances into performing and non-performing Advances (NPA). The Bank classifies these Advances based on IRAC norms as per its accounting policy No. 3. Identification of performing and non-performing Advances involves establishment of proper mechanism. The Bank accounts for all the transactions related to Advances in its Information Technology System (IT System) viz. Core Banking Solutions (CBS) which also identifies whether the advances are performing or non-performing. Further, NPA classification and calculation of provision is done through another IT System viz. Centralised Credit Data Processing (CCDP) Application. The carrying value of these advances (net of provisions) may be materially misstated if, either individually or in aggregate, the IRAC norms are not properly followed. Considering the nature of the transactions, regulatory requirements, existing business environment, estimation/ judgement involved in valuation of securities, it is a matter of high importance for the intended users of the Standalone Financial Statements. Considering these aspects, we have determined this as a Key Audit Matter. Accordingly, our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances.	- Existence and effectiveness of monitoring mechanisms such as Internal Audit, Systems Audit, Credit Audit and Concurrent Audit as per the policies and procedures of the Bank; We have examined the efficacy of various internal controls over advances to determine the nature, timing and extent of the substantive procedures and compliance with the observations of the various audits conducted as per the monitoring mechanism of the Bank and RBI Inspection. In carrying out substantive procedures at the branches allotted to us, we have examined all large advances/stressed advances while other advances have been examined on a sample basis including review of valuation reports of independent valuer's provided by the Bank's management. Reliance is also placed on Audit Reports of other Statutory Branch Auditors with whom we have also made specific communication. We have also relied on the reports of External IT System Audit experts with respect to the business logics / parameters inbuilt in CBS for tracking, identification and stamping of NPAs and provisioning in respect thereof.
ii	Classification and Valuation of Investments, Identification of and provisioning for Non-Performing Investments (Schedule 8 read with Note 2 of Schedule 17 to the financial statements) Investments include investments made by the Bank in various Government Securities, Bonds, Debentures, Shares, Security receipts and other approved securities. Investments constitute 26.27% of the Bank's total assets. These are governed by the circulars and directives of the Reserve Bank of India (RBI). These directions of RBI, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, the corresponding non-recognition of income and provision there against. The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various sources such as FIMMDA rates, rates quoted on BSE / NSE, financial statements of unlisted companies etc. Considering the complexities and extent of judgement involved in the valuation, volume of transactions, investments on hand and degree of regulatory focus, this has been determined as a Key Audit Matter.	Our audit approach towards Investments with reference to the RBI Circulars / directives included the review and testing of the design, operating effectiveness of internal controls and substantive audit procedures in relation to valuation, classification, identification of Non Performing Investments, Provisioning / depreciation related to Investments. In particular, a. We evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of Non Performing Investments, Provisioning / depreciation related to investments; b. We assessed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments; c. For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security. Samples were selected after ensuring that all the categories of investments (based on nature of security) were covered in the sample;

Sr. No.	Key Audit Matters	Auditors' Response
	Accordingly, our audit was focused on valuation of investments, classification, identification of Non Performing Investments and provisioning related to investments.	d. We assessed and evaluated the process of identification of NPIs, and corresponding reversal of income and creation of provision; e. We carried out substantive audit procedures to recompute independently the provision to be maintained and depreciation to be provided in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained in accordance with the RBI Circular for those selected sample of NPIs; f. We tested the mapping of investments between the Investment application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions.
iii	Assessment of Provisions and Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes, various claims filed by other parties not acknowledged as debt. (Schedule 12 read with Note 18.9 of Schedule 18 to the financial statements) : There is high level of judgement required in estimating the level of provisioning. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advices from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and the Balance Sheet. We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgments/ interpretation of law involved.	Our audit approach involved :- a. Understanding the current status of the litigations/tax assessments; b. Examining recent orders and/or communication received from various Tax Authorities/ Judicial forums and follow up action thereon; c. Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice ; and d. Review and analysis of evaluation of the contentions of the Bank through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues.

Information Other than the Standalone Financial Statements and Auditors' Report thereon

4. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance report (but does not include the Standalone Financial Statements and our auditors' report thereon), which we obtained at the time of issue of this auditors' report, and the Directors' Report including annexures, if any, thereon, which is expected to be made available to us after that date.

   Our opinion on the Standalone Financial Statements does not cover the other information and the Basel III Disclosure and we do not and will not express any form of assurance conclusion thereon.

   In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

   When we read the Director's Report, including annexures, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

5. The Bank's Board of Directors is responsible with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949, the State Bank of India Act, 1955 and circulars and guidelines issued by RBI from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the Standalone Financial Statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

   Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibility for the Audit of Standalone Financial Statements

6. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

   As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
   - Evaluate the overall presentation structure and content of the Standalone Financial Statements, including the disclosures and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

   Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

   We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

   We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

   From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

7. We did not audit the financial statements / information of 14,796 branches included in the standalone financial statements of the Bank whose financial statements / financial information reflect total advances of ₹ 14,00,731.01 crores at 31st March 2019 and total interest income of ₹ 1,06,540.62 crores for the year ended on that date, as considered in the standalone financial statements. The financial statements / information of these branches have been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

   Our opinion is not modified in respect of above matters.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949; and these give information as required to be given by virtue of the provisions of the State Bank of India Act, 1955 and regulations there under.

   Subject to the limitations of the audit indicated in paragraph 5 to 7 above and as required by the State Bank of India Act, 1955, and subject also to the limitations of disclosure required therein, we report that:

a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;

b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

We further report that:

a) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

b) the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;

c) the reports on the accounts of the branch offices audited by branch auditors of the Bank as per the provisions of the section 29 of the Banking Regulation Act, 1949, and the State Bank of India Act, 1955 have been sent to us and have been properly dealt with by us in preparing this report; and

d) in our opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by the RBI.

In terms of our report of even date

FOR J.C. BHALLA & CO.
Chartered Accountants

RAJESH SETHI
Partner : M. No.085669
Firm Regn. No. 001111N

FOR CHATURVEDI & SHAH LLP
Chartered Accountants

VITESH D. GANDHI
Partner: M. No.110248
Firm Regn. No. 101720W/W100355

FOR O.P. TOTLA & CO.
Chartered Accountants

S. R. TOTLA
Partner : M. No. 071774
Firm Regn. No. 000734C

FOR S. K. KAPOOR & CO.
Chartered Accountants

SANJIV KAPOOR
Partner : M. No. 070487
Firm Regn. No. 000745C

FOR DE CHAKRABORTY & SEN
Chartered Accountants

D. K. ROY CHOWDHURY
Partner : M. No. 053087
Firm Regn. No. 303029E

FOR RAO & KUMAR
Chartered Accountants

ANIRBAN PAL
Partner : M. No. 214919
Firm Regn. No. 003089S

FOR S. K. MITTAL & CO.
Chartered Accountants

M. K. JUNEJA
Partner : M. No.013117
Firm Regn. No.001135N

FOR N.C. RAJAGOPAL & CO.
Chartered Accountants

V. CHANDRASEKARAN
Partner: M. No. 024844
Firm Regn. No. 230448S

FOR KARNAVAT & CO.
Chartered Accountants

SAMEER B. DOSHI
Partner : M. No. 117987
Firm Regn. No. 104863W

FOR KALANI & CO.
Chartered Accountants

BHUPENDER MANTRI
Partner: M. No. 108170
Firm Regn. No. 000722C

FOR BRAHMAYYA & CO.
Chartered Accountants

K. JITENDRA KUMAR
Partner : M. No. 201825
Firm Regn. No. 000511S

FOR RAY & RAY
Chartered Accountants

ABHIJIT NEOGI
Partner : M. No. 061380
Firm Regn. No. 301072E

FOR K. VENKATACHALAM AIYER & CO.
Chartered Accountants

A GOPALAKRISHNAN
Partner : M. No. 018159
Firm Regn. No. 004610S

FOR G. P. AGRAWAL & CO.
Chartered Accountants

AJAY KUMAR AGRAWAL
Partner : M. No. 17643
Firm Regn. No. 302082E

Place : Mumbai
Date : 10th May, 2019

State Bank of India

Consolidated Balance Sheet as at 31st March, 2019

(000s omitted)

	Schedule No.	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
CAPITAL AND LIABILITIES			
Capital	1	892,46,12	892,45,88
Reserves & Surplus	2	233603,19,93	229429,48,68
Minority Interest		6036,99,13	4615,24,51
Deposits	3	2940541,06,11	2722178,28,21
Borrowings	4	413747,66,10	369079,33,88
Other Liabilities and Provisions	5	293645,68,92	290249,75,29
TOTAL		**3888467,06,31**	**3616444,56,45**
ASSETS			
Cash and Balances with Reserve Bank of India	6	177362,74,09	150769,45,69
Balances with Banks and Money at Call & Short Notice	7	48149,52,30	44519,65,14
Investments	8	1119247,76,62	1183794,24,19
Advances	9	2226853,66,72	1960118,53,51
Fixed Assets	10	40703,05,26	41225,79,26
Other Assets	11	276150,31,32	236016,88,66
TOTAL		**3888467,06,31**	**3616444,56,45**
Contingent Liabilities	12	1121246,27,83	1166334,80,21
Bills for Collection		70047,22,64	74060,22,00
Significant Accounting Policies	17		
Notes to Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

Smt. Anshula Kant
MD (SARC)

Shri Arijit Basu
MD (CCG & IT)

Shri Dinesh Kumar Khara
MD (GB & S)

Shri P. K. Gupta
MD (R & DB)

In term of our Report of even date.
For **J.C. Bhalla & Co.**
Chartered Accountants

Shri Rajnish Kumar
Chairman

Shri Rajesh Sethi
Partner
Mem. No. : 085669
Firm Regn. No. : 001111N

Mumbai
Dated 10th May 2019

Schedules

Schedule 1 - Capital

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
Authorised Capital : 5000,00,00,000 equity shares of ₹ 1 /- each (Previous Year 5000,00,00,000 equity shares of ₹ 1/- each)	5000,00,00	5000,00,00
Issued Capital : 892,54,05,164 equity shares of ₹ 1/- each (Previous Year 892,54,05,164 equity shares of ₹ 1/- each)	892,54,05	892,54,05
Subscribed and Paid up Capital : 892,46,11,534 equity shares of ₹ 1/- each (Previous Year 892,45,87,534 equity shares of ₹ 1/- each) [The above includes 12,10,71,350 equity shares of ₹ 1/- each (Previous Year 12,62,48,980 equity shares of ₹ 1/- each) represented by 1,21,07,135 (Previous Year 1,26,24,898) Global Depository Receipts]	892,46,12	892,45,88
TOTAL	**892,46,12**	**892,45,88**

Schedule 2 - Reserves & Surplus

(000s omitted)

		As at 31.03.2019 (Current Year) ₹		As at 31.03.2018 (Previous Year) ₹	
I.	**Statutory Reserves**				
	Opening Balance	65958,04,13		64753,52,12	
	Additions during the year	386,05,90		1204,52,01	
	Deductions during the year	-	66344,10,03	-	65958,04,13
II.	**Capital Reserves #**				
	Opening Balance	9578,07,76		5246,09,99	
	Additions during the year	379,20,76		4332,28,38	
	Deductions during the year	-	9957,28,52	30,61	9578,07,76
III.	**Share Premium**				
	Opening Balance	79124,21,51		55423,23,36	
	Additions during the year	37,92		23718,58,11	
	Deductions during the year	9,12,38	79115,47,05	17,59,96	79124,21,51
IV.	**Foreign Currency Translation Reserves**				
	Opening Balance	6379,09,54		5073,92,01	
	Additions during the year	1143,03,70		1498,80,30	
	Deductions during the year	66,75,03	7455,38,21	193,62,77	6379,09,54

(000s omitted)

		As at 31.03.2019 (Current Year) ₹		As at 31.03.2018 (Previous Year) ₹	
V.	**Revaluation Reserve**				
	Opening Balance	24847,98,65		35593,88,13	
	Additions during the year	-		662,40,83	
	Deductions during the year	194,04,57	24653,94,08	11408,30,31	24847,98,65
VI.	**Revenue and Other Reserves**				
	Opening Balance	53483,27,03		54644,18,21	
	Additions during the year ##	1213,96,33		3264,59,39	
	Deductions during the year	291,81,33	54405,42,03	4425,50,57	53483,27,03
VII.	**Balance in Profit and Loss Account**		(8328,39,99)		(9941,19,94)
	TOTAL		**233603,19,93**		**229429,48,68**

includes Capital Reserve on consolidation ₹ 123,66,46 thousand (Previous Year ₹ 123,66,46 thousand)
net of consolidation adjustments

Schedule 3 - Deposits

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
A. I. Demand Deposits		
(i) From Banks	6722,18,31	5240,84,61
(ii) From Others	201073,14,59	185795,42,20
II. Savings Bank Deposits	1102172,37,48	1019137,42,48
III. Term Deposits		
(i) From Banks	8235,22,81	15027,28,78
(ii) From Others	1622338,12,92	1496977,30,14
TOTAL	**2940541,06,11**	**2722178,28,21**
B I. Deposits of Branches in India	2812134,71,07	2596232,33,79
II. Deposits of Branches outside India	128406,35,04	125945,94,42
TOTAL	**2940541,06,11**	**2722178,28,21**

Schedule 4 - Borrowings

(000s omitted)

		As at 31.03.2019 (Current Year) ₹		As at 31.03.2018 (Previous Year) ₹
I. Borrowings in India				
(i) Reserve Bank of India		96089,00,00		95394,09,00
(ii) Other Banks		4741,05,31		4822,21,61
(iii) Other Institutions and Agencies		32112,46,32		4370,23,49
(iv) Capital Instruments :				
a. Innovative Perpetual Debt Instruments (IPDI)	19152,30,00		11835,00,00	
b. Subordinated Debt & Bonds	29153,93,90	48306,23,90	33665,66,40	45500,66,40
TOTAL		**181248,75,53**		**150087,20,50**
II. Borrowings outside India				
(i) Borrowings and Refinance outside India		229909,13,07		216974,38,38
(ii) Capital Instruments :				
a. Innovative Perpetual Debt Instruments (IPDI)	2074,65,00		1955,25,00	
b. Subordinated Debt & Bonds	515,12,50	2589,77,50	62,50,00	2017,75,00
TOTAL		**232498,90,57**		**218992,13,38**
GRAND TOTAL (I & II)		**413747,66,10**		**369079,33,88**
Secured Borrowings included in I & II above		**127177,07,29**		**108384,82,97**

Schedule 5 - Other Liabilities & Provisions

(000s omitted)

		As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I.	Bills payable	23914,03,90	26667,07,53
II.	Inter Bank Adjustments (net)	-	-
III.	Inter Office adjustments (net)	21735,79,14	40734,57,50
IV.	Interest accrued	14232,96,48	15996,01,47
V.	Deferred Tax Liabilities (net)	4,17,10	5,38,82
VI	Liabilities relating to Policyholders in Insurance Business	140095,62,31	115128,68,83
VII	Provision for Standard Assets	12709,13,43	12717,18,97
VIII	Others (including provisions)	80953,96,56	79000,82,17
TOTAL		**293645,68,92**	**290249,75,29**

Schedule 6 - Cash and Balances with Reserve Bank of India

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I. Cash in hand (including foreign currency notes and gold)	19144,28,44	15796,02,76
II. Balance with Reserve Bank of India		
(i) In Current Account	158197,60,63	134973,42,93
(ii) In Other Accounts	20,85,02	-
TOTAL	**177362,74,09**	**150769,45,69**

Schedule 7 - Balances with Banks and Money at Call & Short Notice

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I. In India		
(i) Balances with banks		
(a) In Current Accounts	971,83,35	380,85,00
(b) In Other Deposit Accounts	1959,46,21	2275,38,97
(ii) Money at call and short notice		
(a) With banks	4608,88,73	1613,94,26
(b) With other institutions	-	-
TOTAL	**7540,18,29**	**4270,18,23**
II. Outside India		
(i) In Current Accounts	20571,96,27	29445,08,67
(ii) In Other Deposit Accounts	3205,38,56	1550,38,84
(iii) Money at call and short notice	16831,99,18	9253,99,40
TOTAL	**40609,34,01**	**40249,46,91**
GRAND TOTAL (I and II)	**48149,52,30**	**44519,65,14**

Schedule 8 - Investments

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I. Investments in India in :		
(i) Government Securities	817674,70,52	898369,89,37
(ii) Other Approved Securities	13769,53,82	9203,62,94
(iii) Shares	42825,92,12	36902,41,97
(iv) Debentures and Bonds	123765,40,08	108220,08,31
(v) Subsidiary and Associates	3383,71,53	3061,30,04
(vi) Others (Units of Mutual Funds, Commercial Papers etc.)	63880,18,56	80682,84,64
TOTAL	**1065299,46,63**	**1136440,17,27**
II. Investments outside India in :		
(i) Government Securities (including local authorities)	14513,99,84	13318,89,79

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
(ii) Associates	136,33,52	113,74,52
(iii) Other Investments (Shares, Debentures, etc.)	39297,96,63	33921,42,61
TOTAL	**53948,29,99**	**47354,06,92**
GRAND TOTAL (I and II)	**1119247,76,62**	**1183794,24,19**
III. Investments in India :		
(i) Gross Value of Investments	1076593,00,40	1148190,17,89
(ii) Less: Aggregate of Provisions / Depreciation	11293,53,77	11750,00,62
Net Investments (vide I above)	**1065299,46,63**	**1136440,17,27**
IV. Investments outside India :		
(i) Gross Value of Investments	54146,46,58	47900,20,34
(ii) Less: Aggregate of Provisions / Depreciation	198,16,59	546,13,42
Net Investments (vide II above)	**53948,29,99**	**47354,06,92**
GRAND TOTAL (III and IV)	**1119247,76,62**	**1183794,24,19**

Schedule 9 - Advances

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
A. I. Bills purchased and discounted	81528,37,41	68767,36,05
II. Cash Credits, Overdrafts and Loans Repayable on demand	799218,03,33	758550,41,15
III. Term loans	1346107,25,98	1132800,76,31
TOTAL	**2226853,66,72**	**1960118,53,51**
B. I. Secured by tangible assets (includes advances against Book Debts)	1603654,21,87	1515859,93,23
II. Covered by Bank/ Government Guarantees	80289,66,46	68812,50,75
III. Unsecured	542909,78,39	375446,09,53
TOTAL	**2226853,66,72**	**1960118,53,51**
C. I. Advances in India		
(i) Priority Sector	520729,77,60	448358,95,60
(ii) Public Sector	240295,89,39	161939,24,46
(iii) Banks	9494,93,60	3280,07,87
(iv) Others	1127585,24,83	1031896,41,62
TOTAL	**1898105,85,42**	**1645474,69,55**

(000s omitted)

	As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
II. Advances outside India		
(i) Due from banks	69802,85,72	77109,63,56
(ii) Due from others		
(a) Bills purchased and discounted	26741,06,57	14668,01,47
(b) Syndicated loans	150765,88,72	124511,75,00
(c) Others	81438,00,29	98354,43,93
TOTAL	**328747,81,30**	**314643,83,96**
GRAND TOTAL [C (I) and C (II)]	**2226853,66,72**	**1960118,53,51**

Schedule 10 - Fixed Assets

(000s omitted)

		As at 31.03.2019 (Current Year) ₹		As at 31.03.2018 (Previous Year) ₹
I. Premises				
At cost/revalued as on 31st March of the preceding year	30933,23,37		42107,56,59	
Additions:				
- during the year	707,34,92		119,06,88	
- for Revaluation	-		-	
Deductions during the year	39,60,68		11293,40,10	
Depreciation to date:				
- on cost	793,71,67		666,86,16	
- on Revaluation	497,17,97	30310,07,97	308,66,78	29957,70,43
II. Other Fixed Assets (including furniture and fixtures)				
At cost/revaluation as on 31st March of the preceding year	31649,29,47		28512,42,79	
Additions during the year	3018,06,52		4165,17,52	
Deductions during the year	1481,92,84		1028,30,84	
Depreciation to date	23627,73,26	9557,69,89	21359,74,23	10289,55,24
III. Leased Assets				
At cost/revalued as on 31st March of the preceding year	120,02,20		117,38,81	
Additions during the year	35,64,65		6,85,52	
Deductions during the year	57,63		4,22,13	
Depreciation to date (including provisions)	82,11,57		66,55,50	
	72,97,65		53,46,70	
Less : Lease Adjustment Account	-	72,97,65	-	53,46,70
IV. Assets under Construction (including Premises)		762,29,75		925,06,89
TOTAL (I, II, III and IV)		**40703,05,26**		**41225,79,26**

Schedule 11 - Other Assets

(000s omitted)

		As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I.	Inter Office adjustments (net)	7,71,53	-
II.	Inter Bank Adjustments (net)	123,67,98	26,70,13
III.	Interest accrued	29047,16,58	28002,40,66
IV.	Tax paid in advance / tax deducted at source	24699,95,89	17728,89,88
V.	Stationery and Stamps	133,99,80	125,47,34
VI.	Non-banking assets acquired in satisfaction of claims	23,65,84	30,41,48
VII.	Deferred tax assets (net)	10983,19,07	11837,70,33
VIII.	Deposits placed with NABARD/SIDBI/NHB	138245,29,37	95643,16,91
IX.	Others #	72885,65,26	82622,11,93
TOTAL		**276150,31,32**	**236016,88,66**

Includes Goodwill on consolidation ₹ 1734,07,01 thousand (Previous Year ₹ 1734,07,01 thousand)

Schedule 12 - Contingent Liabilities

(000s omitted)

		As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I.	Claims against the group not acknowledged as debts	43964,90,09	35546,03,53
II.	Liability for partly paid investments / Venture Funds	1127,87,61	619,44,30
III.	Liability on account of outstanding forward exchange contracts	597800,34,53	644808,04,15
IV.	Guarantees given on behalf of constituents		
	(a) In India	157417,08,56	149282,50,36
	(b) Outside India	72739,27,63	67762,40,06
V.	Acceptances, endorsements and other obligations	124526,15,33	121900,95,22
VI.	Other items for which the group is contingently liable	123670,64,08	146415,42,59
TOTAL		**1121246,27,83**	**1166334,80,21**

Bills for collection		**70047,22,64**	**74060,22,00**

State Bank of India

Consolidated Profit And Loss Account For The Year Ended 31st March 2019

(000s omitted)

		Schedule No.	Year ended 31.03.2019 (Current Year) ₹	Year ended 31.03.2018 (Previous Year) ₹
I.	**INCOME**			
	Interest earned	13	253322,14,36	228970,27,66
	Other Income	14	77365,21,58	77557,39,04
	TOTAL		**330687,35,94**	**306527,66,70**
II.	**EXPENDITURE**			
	Interest expended	15	155867,46,03	146602,98,20
	Operating expenses	16	114800,30,80	96154,51,90
	Provisions and contingencies		56950,51,70	67957,57,98
	TOTAL		**327618,28,53**	**310715,08,08**
III.	**PROFIT/(LOSS)**			
	Net Profit /(Loss) for the year (before adjustment for Share in Profit of Associates and Minority Interest)		3069,07,41	(4187,41,38)
	Add: Share in Profit of Associates		281,47,94	438,15,98
	Less: Minority Interest		1050,91,44	807,03,60
	Net Profit/(Loss) for the Group		2299,63,91	(4556,29,00)
	Profit/(Loss) Brought forward		(9941,19,94)	(4340,03,96)
	TOTAL		**(7641,56,03)**	**(8896,32,96)**
IV.	**APPROPRIATIONS**			
	Transfer to Statutory Reserves		386,05,90	59,94,63
	Transfer to Other Reserves		243,79,58	921,21,43
	Dividend for the previous year paid during the year (including Tax on Dividend)		-	-
	Final Dividend for the year		-	-
	Tax on Dividend		56,98,48	63,70,92
	Balance carried over to Balance Sheet		(8328,39,99)	(9941,19,94)
	TOTAL		**(7641,56,03)**	**(8896,32,96)**
	Basic Earnings per Share		₹ 2.58	₹ (5.34)
	Diluted Earnings per Share		₹ 2.58	₹ (5.34)
	Significant Accounting Policies	17		
	Notes to Accounts	18		
	Schedules referred to above form an integral part of the Profit & Loss Account			

Smt. Anshula Kant
MD (SARC)

Shri Arijit Basu
MD (CCG & IT)

Shri Dinesh Kumar Khara
MD (GB & S)

Shri P. K. Gupta
MD (R & DB)

In term of our Report of even date.
For **J.C. Bhalla & Co.**
Chartered Accountants

Shri Rajnish Kumar
Chairman

Shri Rajesh Sethi
Partner
Mem. No. : 085669
Firm Regn. No. : 001111N

Mumbai
Dated 10th May 2019

Schedule 13 - Interest Earned

(000s omitted)

		As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I.	Interest / discount on advances/ bills	166124,58,30	144958,59,17
II.	Income on Investments	80243,50,66	75036,61,62
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	1324,75,88	2410,75,18
IV.	Others	5629,29,52	6564,31,69
TOTAL		**253322,14,36**	**228970,27,66**

Schedule 14 - Other Income

(000s omitted)

		As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I.	Commission, exchange and brokerage	22801,37,60	22829,85,38
II.	Profit / (Loss) on sale of investments (Net) #	3933,13,61	14170,08,63
III.	Profit / (Loss) on revaluation of investments (Net)	(2124,03,82)	(1120,61,02)
IV.	Profit /(Loss) on sale of land, building and other assets including leased assets (net)	(32,35,82)	(30,73,27)
V.	Profit / (Loss) on exchange transactions (Net)	2209,07,07	2522,45,61
VI.	Dividends from Associates in India/ abroad	11,71,87	15,45,97
VII.	Income from Finance Lease	-	-
VIII.	Credit Card membership/ service fees	3179,78,08	2126,48,67
IX.	Insurance Premium Income (net)	35225,02,54	26925,87,69
X.	Recoveries made in Write-off Accounts	8607,44,37	5522,46,46
XI.	Miscellaneous Income	3554,06,08	4596,04,92
TOTAL		**77365,21,58**	**77557,39,04**

Profit/(Loss) on sale of investments (Net)includes exceptional item of ₹ 466.48 crore (Previous year ₹ 5036.21 crore)

Schedule 15 - Interest Expended

(000s omitted)

		As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I.	Interest on Deposits	140920,19,82	136109,15,67
II.	Interest on Reserve Bank of India/ Inter-bank borrowings	10103,57,61	5686,89,92
III.	Others	4843,68,60	4806,92,61
TOTAL		**155867,46,03**	**146602,98,20**

Schedule 16 - Operating Expenses

(000s omitted)

		As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
I.	Payments to and provisions for employees	43795,01,41	35410,62,16
II.	Rent, taxes and lighting	5553,08,91	5392,58,19
III.	Printing & Stationery	595,00,09	603,44,87
IV.	Advertisement and publicity	2360,81,37	1997,56,23
V.	(a) Depreciation on Fixed Assets (other than Leased Assets)	3479,97,41	3094,39,40

(000s omitted)

		As at 31.03.2019 (Current Year) ₹	As at 31.03.2018 (Previous Year) ₹
	(b) Depreciation on Leased Assets	15,91,80	10,67,70
VI.	Directors' fees, allowances and expenses	9,71,04	6,53,54
VII.	Auditors' fees and expenses (including branch auditors' fees and expenses)	307,00,17	296,38,24
VIII.	Law charges	578,53,06	501,90,13
IX.	Postages, Telegrams, Telephones, etc.	568,56,57	671,28,78
X.	Repairs and maintenance	1057,77,33	971,89,71
XI.	Insurance	2860,59,09	2774,59,09
XII.	Other Operating Expenses relating to Credit Card Operations	1105,59,01	1155,03,28
XIII.	Other Operating Expenses relating to Insurance Business	37907,82,48	29377,17,22
XIV.	Other Expenditure	14604,91,06	13890,43,36
TOTAL		**114800,30,80**	**96154,51,90**

Schedule 17- Significant Accounting Policies:

A. Basis of Preparation:

The accompanying financial statements have been prepared under the historical cost convention, on the accrual basis of accounting on going concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by the Reserve Bank of India (RBI), Banking Regulation Act, 1949, Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA), SEBI (Mutual Funds) Regulations, 1996, Companies Act 2013, Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), and the prevalent accounting practices in India. In case of foreign entities, Generally Accepted Accounting Principles as applicable to the foreign entities are followed.

B. Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

C. Basis of Consolidation:

1. Consolidated financial statements of the Group (comprising of 29 subsidiaries, 8 Joint Ventures and 20 Associates) have been prepared on the basis of:

a. Audited financial statements of State Bank of India (Parent).

b. Line by line aggregation of each item of asset/liability/ income/expense of the subsidiaries with the respective item of the Parent, and after eliminating all material intra-group balances/transactions, unrealised profit/ loss, and making necessary adjustments wherever required for non-uniform accounting policies as per AS 21 "Consolidated Financial Statements" issued by the ICAI.

c. Consolidation of Joint Ventures – 'Proportionate Consolidation' as per AS 27 "Financial Reporting of Interests in Joint Ventures" issued by the ICAI.

d. Accounting for investment in 'Associates' under the 'Equity Method' as per AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the ICAI.

e. In terms of RBI circular on "Strategic Debt Restructuring Scheme", the controlling interest acquired in entities as part of Strategic Debt Restructuring Scheme is neither considered for consolidation nor such investment is treated as investments in subsidiary/ associate as the control is protective in nature and not participative.

2. The difference between cost to the group of its investment in the subsidiary entities and the group's portion of the equity of the subsidiaries is recognised in the financial statements as goodwill / capital reserve.

3. Minority interest in the net assets of the consolidated subsidiaries consists of:

   a. The amount of equity attributable to the minority at the date on which investment in a subsidiary is made, and

   b. The minority share of movements in revenue reserves/loss (equity) since the date the parent-subsidiary relationship came into existence.

D. Significant Accounting Policies

1. Revenue recognition:

1.1 Income and expenditure are accounted on accrual basis, except otherwise stated. As regards, foreign offices/entities, income and expenditure are recognised as per the local laws of the country in which the respective foreign offices/entities are located.

1.2 Interest/Discount income is recognised in the Profit and Loss Account as it accrues except (i) income from Non-Performing Assets (NPAs), comprising of advances, leases and investments, which is recognised upon realisation, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices/entities (hereafter collectively referred to as Regulatory Authorities), (ii) overdue interest on investments and bills discounted, (iii) Income on Rupee Derivatives designated as "Trading", which are accounted on realisation .

1.3 Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, the profit on sale of investments in the 'Held to Maturity' category is appropriated (net of applicable taxes and amount required to be transferred to statutory reserve) to 'Capital Reserve Account'.

1.4 Income from finance leases is calculated by applying the interest rate implicit in the lease to the net investment outstanding in the lease, over the primary lease period. Leases effective from April 1, 2001 are accounted as advances at an amount equal to the net investment in the lease as per Accounting Standard 19 – "Leases", issued by ICAI. The lease rentals are apportioned between principal and finance income based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of finance leases. The principal amount is utilized for reduction in balance of net investment in lease and finance income is reported as interest income.

1.5 Income (other than interest) on investments in "Held to Maturity" (HTM) category acquired at a discount to the face value, is recognised as follows:

i. On Interest bearing securities, it is recognised only at the time of sale/ redemption.

ii. On zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

1.6 Dividend income is recognised when the right to receive the dividend is established.

1.7 Commission on LC/ BG, Deferred Payment Guarantee, Government Business, ATM interchange fee & 'Upfront fee on restructured account' are recognised on accrual basis proportionately for the period. All other commission and fee income are recognised on their realisation.

1.8 One time Insurance Premium paid under Special Home Loan Scheme (December 2008 to June 2009) is amortised over average loan period of 15 years.

1.9 Brokerage, Commission etc. paid/incurred in connection with issue of Bonds/Deposits are amortized over the tenure of the related Bonds/Deposits and the expenses incurred in connection with the issue are charged upfront.

1.10 The sale of NPA is accounted as per guidelines prescribed by RBI:-

i. When the bank sells its financial assets to Securitisation Company (SC)/Reconstruction Company (RC), the same is removed from the books.

ii. If the sale is at a price below the net book value (NBV) (i.e., book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale

iii. If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received, as permitted by the RBI.

1.11 Non-banking entities:

Merchant Banking:

a. Issue management and advisory fees are recognised based on the stage of completion of assignments and as per the terms of the agreement with the client, net of pass-through.

b. Fees for private placement are recognised on completion of assignment.

c. Brokerage income in relation to stock broking activity is recognized on the trade date of transaction and includes stamp duty, transaction charges and is net of scheme incentives paid.

d. Commission relating to public issues is accounted for on finalisation of allotment of the public issue/receipt of information from intermediary.

e. Brokerage income relating to public issues/mutual fund/other securities is accounted for based on mobilisation and intimation received from clients/ intermediaries.

f. Depository income – Annual Maintenance Charges are recognised on accrual basis and transaction charges are recognised on trade date of transaction.

Asset Management:

a. Management fee is recognised at specific rates agreed with the relevant schemes, applied on the average daily net assets of each scheme (excluding inter-scheme investments, wherever applicable, investments made by the company in the respective scheme and deposits with Banks), and are in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996.

b. Portfolio Advisory Services, Portfolio Management Services and Management Fees on Alternative Investment Fund (AIF) are recognised on accrual basis as per the terms of the contract.

c. Recovery, if any, on realisation of devolved investments of schemes acquired by the company, in terms of the right of subrogation, is accounted on the basis of receipts. Recovery from funded guarantee schemes is recognised as income in the year of receipt.

d. Expenses of schemes in excess of the stipulated rates and expenses relating to new fund offer are charged to the Profit and Loss Account in the year in which they are incurred in accordance with the requirements of SEBI (Mutual Funds) Regulations, 1996.

Brokerage and/or incentive paid on investments in open-ended Equity Linked Tax Saving Schemes and Systematic Investment Plans (SIPs) are amortised over a period of 36 months and in case of other schemes, over the claw back period. In case of close-ended schemes, brokerage is amortised over the tenure of schemes.

Credit Card Operations:

a. First annual fee and subsequent renewal fee are recognised over a period of one year as this more closely reflects the period to which the fee relates to.

b. Interchange income is recognised on accrual basis.

c. The total unidentified receipts which could not be credited or adjusted in the customers' accounts for lack of complete & correct information is considered as liability in balance sheet. The estimated unidentified receipts aged more than 6 months and up to 3 years towards the written off customers is written back as income on balance sheet date. Further, the unresolved unidentified receipts aged more than 3 years are also written back as income on balance sheet date. The liability for stale cheques aged for more than three years is written back as income.

d. All other service income/fees are recorded at the time of occurrence of the respective events.

Factoring:

Factoring charges are accrued on factoring of debts at the applicable rates as decided by the company. Processing fees are recognised as income only when there is reasonable certainty of its receipt after execution of documents. Facility Continuation fees (FCF) are calculated and charged in the month of May for the entire next financial year on all live standard accounts. 1st of May is deemed as date for accrual of the FCF.

Life Insurance:

a. Premium of non-linked business is recognised as income (net of service tax/ goods and service tax) when due from policyholders. In respect of linked business, premium income is recognised when the associated units are allotted. In case of Variable Insurance Products (VIPs), premium income is recognised on the date when the Policy Account Value is credited. Uncollected premium from lapsed policies is not recognised as income until such policies are revived.

b. Top-up premiums are considered as single premium.

c. Income from linked funds which includes fund management charges, policy administration charges, mortality charges, etc. are recovered from linked fund in accordance with terms and conditions of policy and recognised when recovered.

d. Realised gains and losses in respect of equity securities and units of mutual funds are calculated as the difference between the net sales proceeds and their cost. In respect of debt securities, the realised gains and losses are calculated as difference between net sale proceeds or redemption proceeds and weighted average amortised cost. Cost in respect of equity shares and units of mutual fund are computed using the weighted average method.

e. Fees received on lending of equity shares under Securities Lending and Borrowing scheme (SLB) is recognised as income over the period of the lending on straight-line basis.

f. Premium ceded on reinsurance is accounted in accordance with the terms of the re-insurance treaty or in-principle arrangement with the re-insurer.

g. Benefits paid:

- Claims cost consist of the policy benefit amounts and claims settlement costs, where applicable.
- Claims by death and rider are accounted when intimated. Intimations up to the end of the period are considered for accounting of such claims.
- Claims by maturity are accounted on the policy maturity date.
- Survival and Annuity benefits claims are accounted when due.
- Surrenders and withdrawals are accounted as and when intimated. Benefits paid also includes amount payable on lapsed policies which are accounted for as and when due. Surrenders, withdrawals and lapsation are disclosed at net of charges recoverable.
- Repudiated claims disputed before judicial authorities are provided for based on management prudence considering the facts and evidences available in respect of such claims.
- Amounts recoverable from re-insurers are accounted for in the same period as the related claims and are reduced from claims.

h. Acquisition costs such as commission, medical fees, etc. are costs that are primarily related to the acquisition of new and renewal insurance contracts. The same are expensed in the period in which they are incurred.

i. **Liability for life policies:** The actuarial liability of all the life insurance policies has been calculated by the Appointed Actuary in accordance with the Insurance Act 1938, and as per the rules and regulations and circulars issued by IRDAI and the relevant Guidance Notes and/or Actuarial Practice Standards (APS) issued by the Institute of Actuaries of India.

Non-linked business is reserved using a prospective gross premium valuation method. Mathematical reserves are calculated based on future assumptions having regard to current and future experience. The unit liability in respect of linked business has been considered as the value of the units standing to the credit of the policy holders, using the Net Asset Value (NAV) as on the valuation date. Variable insurance policies (VIPs) have also been valued in a manner similar to the ULIP business by considering liability as the policy account standing to the credit of the policy holders plus additional provisions for adequacy of charges to meet expenses.

General Insurance:

a. Premium including reinsurance accepted (net of goods & service tax) is recorded in the books at the commencement of risk. In case the premium is recovered in instalments, amount to the extent of instalment due is recorded on the due date of the instalment. Premium (net of goods & service tax), including reinstatement premium, on direct business and reinsurance accepted, is recognized as income over the contract period or the period of risk, whichever is appropriate, on a gross basis under 1/365 method. Any subsequent revision to premium is recognized over the remaining period of risk or contract period. Adjustments to premium income arising on cancellation of policies are recognised in the period in which they are cancelled.

b. Commission received on reinsurance ceded is recognised as income in the period in which reinsurance risk is ceded. Profit commission under re-insurance treaties, wherever applicable, is recognized as income in the year of final determination of the profits as intimated by Reinsurer and combined with commission on reinsurance ceded.

c. In respect of proportional reinsurance ceded, the cost of reinsurance ceded is accrued at the commencement of risk. Non-proportional reinsurance cost is recognized when due. Non-proportional reinsurance cost is accounted as per the terms of the reinsurance arrangements. Any subsequent revision to, refunds or cancellations of premiums is recognized in the period in which they occur.

d. Reinsurance inward acceptances are accounted for on the basis of returns, to the extent received, from the insurers.

e. Acquisition costs are expensed in the period in which they are incurred. Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. The primary test for determination as acquisition cost is the obligatory relationship between the costs and the execution of the insurance contracts (i.e. commencement of risk).

f. Claim is recognised as and when a loss occurrence is reported. Claim is recognised by creation of provision for the amount of claim payable as estimated by the management based on available information and past experience, on receipt of claim notification. Such provision is reviewed / modified as appropriate on the basis of additional information as and when available.

   Amounts received/receivable from the re-insurers/ co-insurers, under the terms of the reinsurance and coinsurance arrangements respectively, is recognised together with the recognition of claim. Provision for claims outstanding payable as on the date of Balance Sheet is net of reinsurance, salvage value and other recoveries as estimated by the management.

g. Provision in respect of claim liabilities that may have been incurred before the end of the accounting year but are

   - not yet reported or claimed (IBNR) or
   - not enough reported i.e. reported with information insufficient for making a reasonable estimate of likely claim amount (IBNER),

   The provision is made according to the amount determined by the Appointed Actuary based on actuarial principles in accordance with the Actuarial Practice Standards and Guidance Notes issued by the Institute of Actuaries of India and IRDAI regulations and guidelines.

Custody & Fund accounting services:

The revenue (net of goods & service tax) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Pension Fund Operation:

Management fee is recognized at specific rates agreed with the relevant schemes, applied on daily net assets of each scheme, and is in conformity with the regulatory guidelines issued by Pension Fund Regulatory and Development Authority (PFRDA). The Company presents revenues net of Service Tax/ goods and service tax

Trustee Operations:

a. Mutual Fund Trusteeship fee is recognised at specific rates agreed with relevant schemes, applied on the average daily Net Assets of each scheme (excluding inter-scheme investment, investment in fixed deposits, investments made by the Asset Management Company and deferred revenue expenses, where applicable), and is in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996.

b. Corporate Trusteeship Acceptance fees are recognised on the acceptance or execution of trusteeship assignment whichever is earlier. Corporate Trusteeship service charges are recognised/accrued on the basis of terms of trusteeship contracts/ agreements entered into with clients.

c. Income from online "will" services is recognised when the right to receive the fee is established, as all certainty for revenue recognition is present at the time of establishment of such right.

Infrastructure and Facility Management:

Revenue from management and consultancy fees is recognised as and when the said contractual work is awarded to the vendor and the agreed scope of work is completed by the vendor.

Merchant Acquiring Business:

a. The revenue is measured on basis of consideration received or receivable for the services provided, excluding discounts, GST and other applicable taxes and are recognised upon performance of services.

b. The revenue from deployment of POS is recognised either over the period during which the service is rendered or on basis of the number of transactions processed during the period in accordance with the rates and conditions specified in the agreements

c. Income received but not accrued on account of maintenance deployment contract are recognised as deferred revenue and included in liabilities until the revenue recognition criteria are met. Income accrued but not billed represents revenue recognised on work performed but billed in subsequent period based on terms of contract.

d. Revenue of providing services of Merchant Acquiring are recognised on fully loaded cost plus mark up on such costs

e. Revenue is recognised to the extent it is probable that the economic benefits will flow and the revenue can be reliably measured

2. Investments:

The transactions in all securities are recorded on "Settlement Date"

2.1 Classification:

Investments are classified into three categories, viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) as per RBI Guidelines.

2.2 Basis of classification:

i. Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".

ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".

iii. Investments, which are not classified in the above two categories, are classified as "Available for Sale (AFS)".

iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

2.3 Valuation:

A. Banking Business:

i. In determining the acquisition cost of an investment:

a. Brokerage/commission received on subscriptions is reduced from the cost.

b. Brokerage, commission, securities transaction tax, etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.

c. Broken period interest paid / received on debt instruments is treated as interest expense/income and is excluded from cost/sale consideration.

d. Cost of investment under AFS and HFT category is determined at the weighted average cost method by the group entities and cost of investments under HTM category is determined on FIFO basis (first in first out) by SBI and weighted average cost method by other group entities.

ii. Transfer of securities from HFT/AFS category to HTM category is carried out at the lower of acquisition cost/book value/market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. However, transfer of securities from HTM category to AFS category is carried out on acquisition price/book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

iii. Treasury Bills and Commercial Papers are valued at carrying cost.

iv. **Held to Maturity category:** Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period of remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head "interest on investments". A provision is made for diminution, other than temporary, for each investment individually. Investments in Regional Rural Banks (RRBs) are valued at equity cost determined in accordance with AS 23 of the ICAI.

v. **Available for Sale and Held for Trading categories:** Investments held under AFS and HFT categories are individually revalued at the market price or fair value determined as per Regulatory guidelines, and only the net depreciation of each group for each category (viz., (i) Government securities (ii) Other Approved Securities (iii) Shares (iv) Bonds and Debentures (v) Subsidiaries and Joint Ventures; and (vi) others) is provided for and net appreciation, is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

vi. In case of sale of NPA (financial asset) to Securitisation Company (SC)/ Asset Reconstruction Company (ARC) against issue of Security Receipts (SR), investment in SR is recognised at lower of (i) Net Book Value (NBV) (i.e., book value less provisions held) of the financial asset and (ii) Redemption value of SR. SRs issued by an SC/ARC are valued in accordance with the guidelines applicable to non-SLR instruments. Accordingly, in cases where the SRs issued by the SC/ARC are limited to the actual realisation of the financial assets assigned to the instruments in the concerned scheme, the Net Asset Value, obtained from the SC/ARC, is reckoned for valuation of such investments.

vii. Investments are classified as performing and non-performing, based on the guidelines issued by the RBI in the case of domestic offices/entities and respective regulators in the case of foreign offices/entities. Investments of domestic offices become non-performing where:

a. Interest/instalment (including maturity proceeds) is due and remains unpaid for more than 90 days.

b. In the case of equity shares, in the event the investment in the shares of any company is valued at ₹ 1 per company on account of the non-availability of the latest balance sheet, those equity shares would be reckoned as NPI.

c. If any credit facility availed by an entity is NPA in the books of the bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.

d. The above would apply mutatis-mutandis to Preference Shares where the fixed dividend is not paid.

e. The investments in debentures/bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.

f. In respect of foreign offices/entities, provisions for NPIs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

viii. **Accounting for Repo/Reverse Repo transactions (other than transactions under the Liquidity Adjustment Facility (LAF) with the RBI)**

a. The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo A/c is classified under Schedule 4 (Borrowings) and balance in Reverse Repo A/c is classified under Schedule 7 (Balance with Banks and Money at Call & Short Notice).

b. Interest expended/earned on Securities purchased/ sold under LAF with RBI is accounted for as expenditure/ revenue.

Market repurchase and reverse repurchase transactions as well as the transactions with RBI under Liquidity Adjustment Facility (LAF) are accounted for as Borrowings and Lending transactions in accordance with the extant RBI guidelines.

B. Insurance Business:

In case of life and general insurance subsidiaries, investments are accounted in accordance with the Insurance Act, 1938, the IRDAI (Investment) Regulations, 2016 and IRDA (Presentation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, investment policy of the company and various other circulars / notifications as issued by IRDAI from time to time.

(i) Valuation of investment pertaining to non-linked life insurance business and general insurance business: -

- All debt securities, including government securities and money market securities are stated at historical cost subject to amortisation of premium or accretion of discount.
- Listed equity shares, equity related instruments and preference shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the closing price at primary exchange i.e. National Stock Exchange of India Limited ('NSE') is considered. If NSE closing price is not available, the closing price of the secondary exchange i.e. BSE Limited ('BSE') is considered.
- Unlisted equity securities, equity related instruments and preference shares are measured at historical cost.
- In case of Security Lending and Borrowing (SLB), equity shares lent are valued as per valuation policy for equity shares as mentioned above.
- Additional Tier 1 (Basel III compliant) Perpetual Bonds classified under "Equity" as specified by IRDAI, are valued at prices obtained from Credit Rating Information Services of India Limited (CRISIL).
- Investments in mutual fund units are valued at the Net Asset Value (NAV) of previous day in life insurance and of balance sheet date in general insurance.
- Investment in Alternative Investment Funds (AIFs) are valued at latest available NAV.

Unrealized gains or losses arising due to change in the fair value of listed equity shares, mutual fund units and AIFs pertaining to shareholders' investments and non-linked policyholders investments are taken to "Revenue & Other Reserves (Schedule 2)" and "Liabilities relating to Policyholders in Insurance Business (Schedule 5)" respectively, in the Balance Sheet.

(ii) **Valuation of investment pertaining to linked business: -**

- Debt Securities including Government securities with remaining maturity of more than one year are valued at prices obtained from CRISIL. Debt securities including Government securities with remaining maturity of less than one year are valued on yield to maturity basis, where yield is derived using market price provided by CRISIL on the day when security is classified as short term. If security is purchased during its short term tenor, it is valued at amortised cost using yield to maturity method. In case of securities with options, earliest Call Option/Put Option date will be taken as maturity date for this purpose. Money market securities are valued at historical cost subject to amortization of premium or accretion of discount on yield to maturity basis.
- Listed equity shares, equity related instruments and preference shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the closing price at primary exchange i.e. NSE is considered. If NSE closing price is not available, closing price of the BSE is considered.
- Unlisted equity shares, equity related instruments and preference shares are measured at historical cost.
- In case of Security Lending and Borrowing (SLB), equity shares lent are valued as per valuation policy for equity shares as mentioned above.
- Additional Tier 1 (Basel III compliant) Perpetual Bonds classified under "Equity" as specified by IRDAI, are valued at prices obtained from CRISIL.
- Investments in mutual fund units are valued at the previous day's Net Asset Value (NAV).
- Unrealized gains or losses arising due to changes in the fair value are recognized in the Profit & Loss Account.

3. Loans /Advances and Provisions thereon:

3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

i. In respect of term loans, interest and/or instalment of principal remains overdue for a period of more than 90 days;

ii. In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e. if the outstanding balance exceeds the sanctioned limit/drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance-sheet, or if the credits are not adequate to cover the interest debited during the same period;

iii. In respect of bills purchased/discounted, the bill remains overdue for a period of more than 90 days;

iv. In respect of agricultural advances (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

3.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

i. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.

ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.

iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

3.3 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Substandard Assets:

i. A general provision of 15% on the total outstanding;

ii. Additional provision of 10% for exposures which are unsecured ab-initio (i.e. where realisable value of security is not more than 10 percent ab-initio);

iii. Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available – 20%.

Doubtful Assets:

-Secured portion:

i. Upto one year – 25%

ii. One to three years – 40%

iii. More than three years – 100%

-Unsecured portion 100%

Loss Assets: 100%

3.4 In respect of foreign offices/entities, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

3.5 Advances are net of specific loan loss provisions, unrealised interest, ECGC claims received and bills rediscounted.

3.6 For restructured/rescheduled assets, provisions are made in accordance with the guidelines issued by the RBI, which require that the difference between the fair value of the loan/advances before and after restructuring is provided for, in addition to provision for the respective loans/advances. The Provision for

Diminution in Fair Value (DFV) and interest sacrifice, if any, arising out of the above, is reduced from advances.

3.7 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

3.8 Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.

3.9 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head “Other Liabilities & Provisions – Others” and are not considered for arriving at the Net NPAs.

3.10 Appropriation of recoveries in NPAs (not out of fresh/ additional credit facilities sanctioned to the borrower concerned) towards principal or interest due as per the Bank’s extant instructions is done in accordance with the following priority.

a. Charges

b. Unrealized Interest/Interest

c. Principal

4. Floating Provisions:

The Bank has a policy for creation and utilisation of floating provisions separately for advances, investments and general purposes. The quantum of floating provisions to be created is assessed at the end of the financial year. The floating provisions are utilised only for contingencies under extra ordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

5. Provision for Country Exposure for Banking Entities:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorised into seven risk categories, namely, insignificant, low, moderate, high, very high, restricted and off-credit and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the “Other liabilities & Provisions – Others”.

6. Derivatives:

6.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, cross currency interest rate swaps and forward rate agreements in order to hedge on-balance sheet/ off-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of the underlying assets and accounted in accordance with the principles of hedge accounting.

6.2 Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying assets / liabilities are also marked to market.

6.3 Except as mentioned above, all other derivative contracts are marked to market as per the Generally Accepted Accounting Practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss Account in the period of change. Any receivable under derivatives contracts, which remain overdue for more than 90 days, are reversed through Profit and Loss Account to “Suspense Account - Crystallised Receivables”. In cases where the derivative contracts provide for more settlement in future and if the derivative contract is not terminated on the overdue receivables remaining unpaid for 90 days, the positive MTM pertaining to future receivables is also reversed from Profit and Loss Account to “Suspense Account - Positive MTM”.

6.4 Option premium paid or received is recorded in Profit and Loss Account at the expiry of the option. The balance in the premium received on options sold and premium paid on options bought is considered to arrive at Mark to Market value for forex Over the Counter (OTC) options.

6.5 Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

7. Fixed Assets Depreciation and Amortisation:

7.1 Fixed Assets are carried at cost less accumulated depreciation/ amortisation.

7.2 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure(s) incurred on the assets put to use are capitalised only when it increases the future benefits from such assets or their functioning capability.

7.3 The rates of depreciation and method of charging depreciation in respect of domestic operations are as under:

Sr. No.	Description of Fixed Assets	Method of charging depreciation	Depreciation/ amortisation rate
1	Computers	Straight Line Method	33.33% every year
2	Computer Software forming an integral part of the Computer hardware	Straight Line Method	33.33% every year
3	Computer Software which does not form an integral part of Computer hardware and cost of Software Development	Straight Line Method	33.33% every year
4	Automated Teller Machine/ Cash Deposit Machine/Coin Dispenser / Coin Vending Machine	Straight Line Method	20.00% every year
5	Servers	Straight Line Method	25.00% every year
6	Network Equipment	Straight Line Method	20.00% every year
7	Other fixed assets	Straight Line Method	On the basis of estimated useful life of the assets. Estimated useful life of major group of Fixed Assets are as under: Premises 60 Years Vehicles 05 Years Safe Deposit Lockers 20 Years Furniture & Fixtures 10 Years

7.4 In respect of assets acquired during the year for domestic operations, depreciation is charged on proportionate basis for the number of days assets have been put to use during the year.

7.5 Assets costing less than ₹ 1,000 each are charged off in the year of purchase.

7.6 In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease and the lease rent is charged in the respective year (s).

7.7 In respect of assets given on lease by the Bank on or before 31st March 2001, the value of the assets given on lease is disclosed as Leased Assets under Fixed Assets, and the difference between the annual lease charge (capital recovery) and the depreciation is taken to Lease Equalisation Account.

7.8 In respect of fixed assets held at foreign offices/ entities, depreciation is provided as per the regulations /norms of the respective countries.

7.9 The Bank considers only immovable assets for revaluation. Properties acquired during the last three years are not revalued. Valuation of the revalued assets is done at every three years thereafter.

7.10 The increase in Net Book Value of the asset due to revaluation is credited to the Revaluation Reserve Account without routing through the profit and loss statement.

7.11 The Revalued Assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

8. Leases:

The asset classification and provisioning norms applicable to advances, as laid down in Para 3 above, are applied to financial leases also.

9. Impairment of Assets:

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future Net Discounted Cash Flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

10. Effect of changes in the foreign exchange rate:

10.1 Foreign Currency Transactions

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Foreign currency monetary items are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing (spot/forward) rates.

iii. Foreign currency non-monetary items, which are carried at historical cost, are reported using the exchange rate on the date of the transaction.

iv. Contingent liabilities denominated in foreign currency are reported using the FEDAI closing spot rates.

v. Outstanding foreign exchange spot and forward contracts held for trading are revalued at the exchange rates notified by FEDAI for specified maturities, and the resulting Profit or Loss is recognised in the Profit and Loss account.

vi. Foreign exchange forward contracts which are not intended for trading and are outstanding on the Balance Sheet date, are re-valued at the closing spot rate. The premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

vii. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised as income or as expense in the period in which they arise.

viii. Gains/Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognised in the Profit and Loss Account.

10.2 Foreign Operations:

Foreign Branches/Subsidiaries/Joint Ventures of the Bank and Offshore Banking Units (OBU) have been classified as Non-integral Operations and Representative Offices have been classified as Integral Operations.

a. Non-integral Operations:

i. Both monetary and non-monetary foreign currency assets and liabilities including contingent liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date.

ii. Income and expenditure of non-integral foreign operations are translated at quarterly average closing rates notified by FEDAI.

iii. Exchange differences arising on investment in non-integral foreign operations are accumulated in Foreign Currency Translation Reserve until the disposal of the investment.

iv. The Assets and Liabilities of foreign offices/ subsidiaries /joint ventures in foreign currency (other than local currency of the foreign offices/ subsidiaries/joint ventures) are translated into local currency using spot rates applicable to that country on the Balance Sheet date.

b. Integral Operations:

i. Foreign currency transactions are recorded on initial recognition in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of transaction.

ii. Monetary foreign currency assets and liabilities of integral foreign operations are translated at closing (Spot/Forward) exchange rates notified by FEDAI at the Balance Sheet date and the resulting Profit/Loss is included in the Profit and Loss Account. Contingent Liabilities are translated at Spot rate.

iii. Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate on the date of the transaction.

11. Employee Benefits:

11.1 Short Term Employee Benefits:

The undiscounted amounts of short-term employee benefits, such as medical benefits, which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

11.2 Long Term Employee Benefits:

i. Defined Benefit Plan

a. SBI operates a Provident Fund scheme. All eligible employees are entitled to receive benefits under the Provident Fund scheme. SBI contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are remitted to a Trust established for this purpose and are charged to Profit and Loss Account. SBI recognizes such annual contributions as an expense in the year to which it relates. Shortfall, if any, is provided for on the basis of actuarial valuation.

SBI Life Insurance Company Limited makes contribution towards provident fund, a defined benefit retirement plan. The provident fund is administered by the trustees of the SBI Life Insurance Company Limited Employees PF Trust. The contribution paid or payable under the schemes is charged to the Profit and Loss Account during the period in which the employee renders the related service. Further, an actuarial valuation is conducted annually by an independent actuary to recognise the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate.

b. The group entities operate separate Gratuity schemes, which are defined benefit plans. The group entities provide for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement or on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to the cap prescribed by the Statutory Authorities. Vesting occurs upon completion of five years of service. SBI makes periodic contributions to a fund administered by Trustees based on an independent external actuarial valuation carried out annually.

c. SBI provides for pension to all eligible employees. The benefit is in the form of monthly payments as per rules to vested employees on retirement or on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. SBI makes monthly contribution to the Pension Fund at 10% of salary in terms of SBI Pension Fund Rules. The pension liability is reckoned based on an independent actuarial valuation carried out annually and SBI makes such additional contributions periodically to the Fund as may be required to secure payment of the benefits under the pension regulations.

d. The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains/ losses are immediately recognised in the Profit and Loss and are not deferred.

ii. Defined Contribution Plans:

SBI operates a New Pension Scheme (NPS) for all officers/ employees joining SBI on or after 1st August, 2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing SBI Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from SBI. Pending completion of registration procedures of the employees concerned, these contributions are retained as deposits in SBI and earn interest at the same rate as that of the current account of Provident Fund balance. SBI recognizes such annual contributions and interest as an expense in the year to which they relate. Upon receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

iii. Other Long Term Employee benefits:

a. All eligible employees of the Group are eligible for compensated absences, silver jubilee award, leave travel concession, retirement award and resettlement allowance. The costs of such long term employee benefits are internally funded by the group entities.

The cost of providing other long term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. Past service cost is immediately recognised in the Profit and Loss and is not deferred.

11.3 Employee benefits relating to employees employed at foreign offices/ entities are valued and accounted for as per the respective local laws/regulations.

12. Taxes on income

Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax expense incurred by the Group. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively after taking into account taxes paid at the foreign offices/entities, which are based on the tax laws of respective jurisdiction. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably certain. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits.

In Consolidated Financial Statement, income tax expenses are the aggregate of the amounts of tax expense appearing in the separate financial statements of the parent and its subsidiaries/joint ventures, as per their applicable laws.

13. Earnings per Share:

13.1 The Bank reports basic and diluted earnings per share in accordance with AS 20 –"Earnings per Share" issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders (other than minority) by the weighted average number of equity shares outstanding for the year.

13.2 Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

14. Provisions, Contingent Liabilities and Contingent Assets:

14.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Group recognises provisions only when it has a present obligation as a result of a past event and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

14.2 No provision is recognised for

i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group entities; or

ii. any present obligation that arises from past events but is not recognised because

a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b. a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities.

These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

14.3 Provision for reward points in relation to the debit card holders of SBI is being provided for on actuarial estimates.

14.4 Contingent Assets are not recognised in the financial statements.

15. Bullion Transactions:

SBI imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. SBI earns a fee on such bullion transactions. The fee is classified under commission income. SBI also accepts deposits and lends gold, which is treated as deposits/advances as the case may be with the interest paid/received classified as interest expense/income. Gold Deposits, Metal Loan Advances and closing Gold Balances are valued at available Market Rate as on the date of Balance Sheet

16. Special Reserves:

Revenue and other Reserve include Special Reserve created under Section 36(i)(viii) of the Income Tax Act, 1961. The Board of Directors have passed a resolution approving creation of the reserve and confirming that it has no intention to make withdrawal from the Special Reserve.

17. Share Issue Expenses:

Share issue expenses are charged to the Share Premium Account.

Schedule 18

NOTES TO ACCOUNTS

1. List of Subsidiaries/Joint Ventures/Associates considered for preparation of consolidated financial statements:

1.1 The 29 Subsidiaries, 8 Joint Ventures and 20 Associates including 18 Regional Rural Banks from/upto respective dates of merger/exit during the year (which along with State Bank of India, the parent, constitute the Group), considered in the preparation of the consolidated financial statements, are

A) Subsidiaries:

Sr. No.	Name of the Subsidiary	Country of Incorporation	Group's Stake (%) Current Year	Group's Stake (%) Previous Year
1)	SBI Capital Markets Ltd.	India	100.00	100.00
2)	SBICAP Securities Ltd.	India	100.00	100.00
3)	SBICAP Trustee Company Ltd.	India	100.00	100.00
4)	SBICAP Ventures Ltd.	India	100.00	100.00
5)	SBICAP (Singapore) Ltd.	Singapore	100.00	100.00
6)	SBICAP (UK) Ltd.	U.K.	100.00	100.00
7)	SBI DFHI Ltd.	India	72.17	72.17
8)	SBI Global Factors Ltd.	India	86.18	86.18
9)	SBI Infra Management Solutions Pvt. Ltd.	India	100.00	100.00
10)	SBI Mutual Fund Trustee Company Pvt Ltd.	India	100.00	100.00
11)	SBI Payment Services Pvt. Ltd.@	India	74.00	100.00
12)	SBI Pension Funds Pvt Ltd.	India	92.60	92.60
13)	SBI Life Insurance Company Ltd.	India	62.10	62.10
14)	SBI General Insurance Company Ltd. @	India	70.00	74.00
15)	SBI Cards and Payment Services Pvt. Ltd. @	India	74.00	74.00
16)	SBI Business Process Management Services Pvt Ltd.@	India	74.00	74.00

Sr. No.	Name of the Subsidiary	Country of Incorporation	Group's Stake (%) Current Year	Previous Year
17)	SBI–SG Global Securities Services Pvt. Ltd. @	India	65.00	65.00
18)	SBI Funds Management Pvt. Ltd. @	India	63.00	63.00
19)	SBI Funds Management (International) Private Ltd. @	Mauritius	63.00	63.00
20)	Commercial Indo Bank Llc , Moscow @	Russia	60.00	60.00
21)	Bank SBI Botswana Limited	Botswana	100.00	100.00
22)	SBI Canada Bank	Canada	100.00	100.00
23)	State Bank of India (California)	USA	100.00	100.00
24)	State Bank of India (UK) Limited	UK	100.00	-
25)	State Bank of India Servicos Limitada	Brazil	100.00	100.00
26)	SBI (Mauritius) Ltd.	Mauritius	96.60	96.60
27)	PT Bank SBI Indonesia	Indonesia	99.00	99.00
28)	Nepal SBI Bank Ltd.	Nepal	55.00	55.00
29)	Nepal SBI Merchant Banking Limited	Nepal	55.00	55.00

@ Represents companies which are jointly controlled entities in terms of the shareholders' agreement. However, the same are consolidated as subsidiaries in accordance with AS 21 "Consolidated Financial Statements" as SBI's holding in these companies exceeds 50%.

B) Joint Ventures:

Sr. No.	Name of the Joint Venture	Country of Incorporation	Group's Stake (%) Current Year	Previous Year
1)	C - Edge Technologies Ltd.	India	49.00	49.00
2)	SBI Macquarie Infrastructure Management Pvt. Ltd.	India	45.00	45.00
3)	SBI Macquarie Infrastructure Trustee Pvt. Ltd.	India	45.00	45.00
4)	Macquarie SBI Infrastructure Management Pte. Ltd.	Singapore	45.00	45.00
5)	Macquarie SBI Infrastructure Trustee Ltd.	Bermuda	45.00	45.00
6)	Oman India Joint Investment Fund – Management Company Pvt. Ltd.	India	50.00	50.00
7)	Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.	India	50.00	50.00
8)	Jio Payments Bank Ltd.	India	30.00	30.00

C) Associates:

Sr. No.	Name of the Associate	Country of Incorporation	Group's Stake (%) Current Year	Previous Year
1)	Andhra Pradesh Grameena Vikas Bank	India	35.00	35.00
2)	Arunachal Pradesh Rural Bank	India	35.00	35.00
3)	Chhattisgarh Rajya Gramin Bank	India	35.00	35.00
4)	Ellaquai Dehati Bank	India	35.00	35.00
5)	Langpi Dehangi Rural Bank	India	35.00	35.00
6)	Madhyanchal Gramin Bank	India	35.00	35.00
7)	Meghalaya Rural Bank	India	35.00	35.00
8)	Mizoram Rural Bank	India	35.00	35.00
9)	Nagaland Rural Bank	India	35.00	35.00
10)	Purvanchal Bank	India	35.00	35.00

Sr. No.	Name of the Associate	Country of Incorporation	Group's Stake (%) Current Year	Previous Year
11)	Saurashtra Gramin Bank	India	35.00	35.00
12)	Utkal Grameen Bank	India	35.00	35.00
13)	Uttarakhand Gramin Bank	India	35.00	35.00
14)	Vananchal Gramin Bank	India	35.00	35.00
15)	Rajasthan Marudhara Gramin Bank	India	35.00	35.00
16)	Telangana Grameena Bank	India	35.00	35.00
17)	Kaveri Grameena Bank	India	35.00	35.00
18)	Malwa Gramin Bank (upto 31.12.2018)	India	35.00	35.00
19)	The Clearing Corporation of India Ltd.	India	20.05	20.05
20)	Bank of Bhutan Ltd.	Bhutan	20.00	20.00

a) In the month of April 2018, State Bank of India (UK) Limited (a wholly owned subsidiary) has commenced its operation. SBI has infused GBP 17.50 crore equivalent to ₹ 1,604.43 crore as paid up capital in State Bank of India (UK) Limited.

b) In the month of May 2018, SBI has infused ₹ 30 crore in Jio Payments Bank Limited (a joint venture). The SBI Group's stake in Jio Payments Bank Limited remains the same.

c) In the month of August 2018, SBI has infused ₹ 347.80 crore in SBI Cards and Payment Services Private Limited (a subsidiary). The SBI Group's stake in SBI Cards & Payment Services Private Limited remains the same.

d) In the month of August 2018, SBI has infused ₹ 2.50 crore in SBI Payment Services Private Limited (SBIPSPL) (a subsidiary).

SBI has transferred its merchant acquiring business (MAB) to SBIPSPL pursuant to a business transfer agreement dated September 29, 2018 for a consideration of ₹ 1,250 crore which has been since realized by SBI.

In the month of January 2019, SBIPSPL issued 15,81,082 equity shares of face value of ₹ 10 each at a price of ₹ 9,819.86 per share including the share premium of ₹ 9,809.86 per share to Hitachi Payments Service Private Limited. Resultantly, the stake of SBI Group in SBIPSPL has reduced from 100% to 74.00%.

e) In the month of September 2018, SBI sold its 4.00% stake in SBI General Insurance Company Limited (a subsidiary). The stake of SBI group in SBI General Insurance Company Limited has reduced from 74.00% to 70.00%.

f) In the month of December 2018, SBI has infused ₹ 30 crore in SBI Infra Management Solutions Private Limited. The SBI Group's stake in SBI Infra Management Solutions Private Limited remains the same.

g) In the month of February 2019, SBI Capital Markets Limited (a subsidiary) has infused ₹ 10.70 crore in SBICAP Ventures Limited (a subsidiary). The SBI Group's stake in SBICAP Ventures Limited remains the same.

h) During the year, SBI has infused additional capital in the following Regional Rural Bank (RRBs) sponsored by it :-

Regional Rural Banks	Amount
Utkal Grameena Bank	63.14
Madhyanchal Gramin Bank	57.63
Rajasthan Marudhara Gramin Bank	7.28
Nagaland Rural Bank	0.65
TOTAL	**128.70**

The SBI Group's stakes remains the same after the aforesaid capital infusion.

i) In accordance with notification issued by Govt. of India, the following amalgamations have taken place in between the Regional Rural Banks (RRBs) sponsored by SBI and RRBs sponsored by other banks :

The details of amalgamation of RRBs, where the transferee RRBs are not sponsored by SBI are as below:-

	Name of transferor RRBs	Sponsor Bank of transferor RRBs	New Name after Amalgamation of RRBs	Sponsor Bank of transferee RRBs	Effective Date of Amalgamation
1.	Punjab Gramin Bank	Punjab National Bank	Punjab Gramin Bank	Punjab National Bank	1st January ,2019
	Malwa Gramin Bank	State Bank of India			
	Sutlej Gramin Bank	Punjab & Sind Bank			
2	Pragathi Krishna Gramin Bank	Canara Bank	Karnataka Gramin Bank	Canara Bank	1st April ,2019
	Kaveri Grameena Bank	State Bank of India			
3	Assam Gramin Vikash Bank	United Bank of India	Assam Gramin Vikash Bank	United Bank of India	1st April ,2019
	Langpi Dehangi Rural Bank	State Bank of India			

The details of amalgamation of RRBs, where the transferee RRB is sponsored by SBI are as below:-

	Name of transferor RRBs	Sponsor Bank of transferor RRBs	New Name after Amalgamation of RRBs	Sponsor Bank of transferee RRBs	Effective Date of Amalgamation
1	Jharkhand Gramin Bank	Bank of India	Jharkhand Rajya Gramin Bank	State Bank of India	1st April ,2019
	Vananchal Gramin Bank	State Bank of India			

j) SBI Home Finance Ltd., an associate in which SBI is having 25.05% stake, is under liquidation and therefore, not being considered for consolidation in preparation of Consolidated Financial Statements as per Accounting Standard 21.

k) As SBI Foundation is a Not-for-Profit Company [incorporated under section 7(2) of Companies Act, 2013], SBI Foundation is not being considered for consolidation in preparation of Consolidated Financial statements as per Accounting Standard 21.

1.2 The consolidated financial statements for the financial year 2018-19 of the Group include unaudited financial statements of one subsidiary (SBI Canada Bank) & three associates (including Bank of Bhutan Ltd. and two Regional Rural Banks), the results of which are not material.

2. Share capital:

a) SBI received application money of ₹ 0.38 crore including share premium of ₹ 0.38 crore by way of the issue of 24,000 equity shares of ₹ 1 each kept in abeyance due to various title disputes or third party claims out of the Right Issue closed on 18.03.2008. The equity shares kept in abeyance were allotted on 31.01.2019.

b) Expenses in relation to the issue of shares: ₹ 9.12 crore (Previous Year ₹ 17.60 crore) is debited to Share Premium Account.

3. Disclosures as per Accounting Standards

3.1 Accounting Standard- 15 "Employee Benefits":

3.1.1 Defined Benefit Plans

3.1.1.1 Employee's Pension Plans and Gratuity Plans

The following table sets out the status of the Defined Benefit Pension Plans and Gratuity Plan as required under AS 15 (Revised 2005) :-

₹ in crore

Particulars	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Change in the present value of the defined benefit obligation				
Opening defined benefit obligation at 1st April 2018	87,786.56	83,870.13	13,025.81	9,929.61
Adjustment for SBI Business Process Management Pvt Ltd.*	-	-	-	8.70
Current Service Cost	1,060.57	978.19	430.32	302.75
Interest Cost	6,812.24	6,248.32	1,012.43	722.05
Past Service Cost (Vested Benefit)	-	-	-	3,614.64
Liability transferred In/ Acquisitions	-	-	-	1.20
Actuarial losses /(gains)	6,434.95	3,338.70	(89.76)	(9.83)
Benefits paid	(3,966.53)	(4,190.43)	(2,000.50)	(1,543.31)
Direct Payment by SBI	(2,765.64)	(2,458.35)	-	-
Closing defined benefit obligation at 31st March 2019	**95,362.15**	**87,786.56**	**12,378.30**	**13,025.81**
Change in Plan Assets				
Opening fair value of plan assets at 1st April 2018	85,249.60	79,303.20	9,263.16	9,863.77
Adjustment for SBI Business Process Management Pvt Ltd. *	-	-	-	6.21
Expected Return on Plan assets	6,615.37	5,908.09	721.37	717.37
Contributions by employer	2,391.18	4,363.81	2,404.93	243.49
Assets transferred In/Acquisitions	-	-	-	2.01
Expected Contribution by the employees	0.34	-	-	-
Benefits Paid	(3,966.53)	(4,190.43)	(2,000.50)	(1,543.32)
Actuarial Gains / (Losses) on plan assets	109.65	(135.07)	104.50	(26.37)
Closing fair value of plan assets at 31st March 2019	**90,399.61**	**85,249.60**	**10,493.46**	**9,263.16**
Reconciliation of present value of the obligation and fair value of the plan assets				
Present Value of funded obligation at 31st March 2019	95,362.15	87,786.56	12,378.30	13,025.81
Fair Value of plan assets at 31st March 2019	90,399.61	85,249.60	10,493.46	9,263.16
Deficit/(Surplus)	4,962.54	2,536.96	1,884.84	3,762.65
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	(2,707.50)
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/(Asset)	**4,962.54**	**2,536.96**	**1,884.84**	**1,055.15**
Amount Recognised in the Balance Sheet				
Liabilities	95,362.15	87,786.56	12,378.30	13,025.81
Assets	90,399.61	85,249.60	10,493.46	9,263.16
Net Liability / (Asset) recognised in Balance Sheet	4,962.54	2,536.96	1,884.84	3,762.64
Unrecognised Past Service Cost (Vested) Closing Balance	-	-	-	(2,707.50)
Unrecognised Transitional Liability Closing Balance	-	-	-	-
Net Liability/ (Asset)	**4,962.54**	**2,536.96**	**1,884.84**	**1,055.15**
Net Cost recognised in the profit and loss account				
Current Service Cost	1,060.57	978.19	430.32	302.75

₹ in crore

Particulars	Pension Plans		Gratuity Plans	
	Current Year	Previous Year	Current Year	Previous Year
Interest Cost	6,812.24	6,248.32	1,012.43	722.05
Expected return on plan assets	(6,615.37)	(5,908.09)	(721.37)	(717.37)
Expected Contributions by the employees	(0.34)	-	-	-
Past Service Cost (Amortised) Recognised	-	-	-	0.05
Past Service Cost (Vested Benefits) Recognised	-	-	2,707.50	907.09
Net Actuarial Losses / (Gains) recognised during the year	6,325.30	3,473.77	(194.26)	16.54
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	**7,582.40**	**4,792.19**	**3,234.62**	**1,231.11**
Reconciliation of expected return and actual return on Plan Assets				
Expected Return on Plan Assets	6,615.37	5,908.09	721.37	717.37
Actuarial Gains/ (Losses) on Plan Assets	109.65	(135.07)	104.50	(26.37)
Actual Return on Plan Assets	6,725.02	5773.02	825.87	691.00
Reconciliation of opening and closing net liability/(asset) recognised in Balance Sheet				
Opening Net Liability/(Asset) as at 1st April 2018	**2,536.96**	**4,566.93**	**1,055.15**	**65.84**
Adjustment for SBI Business Process Management Pvt Ltd.*	-	-	-	2.50
Expenses as recognised in profit and loss account	7,582.40	4,792.19	3,234.62	1231.11
Paid by SBI Directly	(2,765.64)	(2,458.35)	-	-
Debited to Other Provision	-	-	-	-
Recognised in Reserve	-	-	-	-
Net Liability/ (Asset) transferred in	-	-	-	(0.81)
Employer's Contribution	(2,391.18)	(4,363.81)	(2,404.93)	(243.49)
Net liability/(Asset) recognised in Balance Sheet	**4,962.54**	**2,536.96**	**1,884.84**	**1,055.15**

* Adjustment is due to change in method of consolidation in case of SBI Business Process Management Services Pvt Ltd from Proportionate line-by-line consolidation to Total line-by-line consolidation

Investments under Plan Assets of Gratuity Fund & Pension Fund as on March 31, 2019 are as follows:

Category of Assets	Pension Fund	Gratuity Fund
	% of Plan Assets	% of Plan Assets
Central Govt. Securities	23.69%	18.49%
State Govt. Securities	31.40%	33.42%
Debt Securities, Money Market Securities and Bank Deposits	31.93%	22.92%
Mutual Funds	2.39%	4.02%
Insurer Managed Funds	2.63%	16.71%
Others	7.96%	4.44%
TOTAL	**100.00%**	**100.00%**

Principal actuarial assumptions:

Particulars	Pension Plans	
	Current Year	Previous Year
Discount Rate	7.79%	7.76%
Expected Rate of return on Plan Asset	7.79%	7.76%
Salary Escalation Rate	5.20%	5.00%
Pension Escalation Rate	0.40%	-
Attrition Rate	2.00%	2.00%

Particulars	Gratuity Plans	
	Current Year	Previous Year
Discount Rate	7.77%	7.78%
Expected Rate of return on Plan Asset	7.77%	7.78%
Salary Escalation Rate	5.20%	5.00%
Attrition Rate	2.00%	2.00%

In case of SBI, as the plan assets are marked to market on the basis of the yield curve derived from government securities, the expected rate of return has been kept the same as the discount rate.

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in the very long term, consistent high salary growth rates are not possible. The said estimates and assumptions have been relied upon by the auditors.

With a view to further strengthen the Pension Fund, it was decided to upwardly revise some of the assumptions.

3.1.1.2 Employees Provident Fund

Actuarial valuation carried out in respect of interest shortfall in Provident Fund Trust shows “Nil” liability, hence no provision is made in F.Y. 2018-19.

The following table sets out the status of Provident Fund as per the actuarial valuation by the independent Actuaries:-

₹ in crore

Particulars	Provident Fund	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2018	30,298.65	26,221.36
Current Service Cost	965.04	961.65
Interest Cost	2507.55	2,455.58
Employee Contribution (including VPF)	1377.59	1,396.25
Liability Transferred In	-	3,309.05
Actuarial losses/(gains)	-	25.56
Benefits paid	(4220.11)	(4,070.79)
Closing defined benefit obligation at 31st March 2019	**30,928.72**	**30,298.66**
Change in Plan Assets		
Opening fair value of Plan Assets as at 1st April 2018	31,874.25	27,221.93
Expected Return on Plan Assets	2,507.55	2,455.58
Contributions	2,342.63	2,357.90
Transferred from other Companies	-	3,723.65
Benefits Paid	(4220.11)	(4,070.79)
Actuarial Gains / (Loss) on plan Assets	126.22	185.98
Closing fair value of plan assets as at 31st March 2019	**32,630.54**	**31,874.25**
Reconciliation of present value of the obligation and fair value of the plan assets		
Present Value of Funded obligation at 31st March 2019	30,928.72	30,298.66
Fair Value of Plan assets at 31st March 2019	32,630.54	31,874.25
Deficit/(Surplus)	(1,701.82)	(1,575.59)

₹ in crore

Particulars	Provident Fund	
	Current Year	Previous Year
Net Asset not recognised in Balance Sheet	**1,701.82**	**1,575.59**
Net Cost recognised in the profit and loss account		
Current Service Cost	965.04	961.65
Interest Cost	2,507.55	2,455.58
Expected return on plan assets	-2,507.55	(2,455.58)
Interest shortfall reversed	-	-
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	965.04	961.65
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2018	-	-
Expense as above	965.04	961.65
Employer's Contribution	(965.04)	(961.65)
Net Liability/(Asset) Recognized In the Balance Sheet	-	-

Investments under Plan Assets of Provident Fund as on March 31, 2019 are as follows:

Category of Assets	Provident Fund
	% of Plan Assets
Central Govt. Securities	35.34%
State Govt. Securities	24.83%
Debt Securities, Money Market Securities and Bank Deposits	31.74%
Mutual Funds	1.44%
Others	6.65%
TOTAL	**100.00%**

Principal actuarial assumptions

Particulars	Provident Fund	
	Current Year	Previous Year
Discount Rate	7.77%	7.78%
Guaranteed Return	8.55%	8.65%
Attrition Rate	2.00%	2.00%
Salary Escalation	5.20%	5.00%

i) There is a guaranteed return applicable to liability under SBI Employees Provident Fund which shall not be lower of either:

(a) one half percent above the average standard rate (adjusted up or down to the interest one quarter per cent) quoted by SBI for new deposits fixed for twelve months in the preceding year (ending on the preceding the 31st day of March); or

(b) three percent per annum, subject to approval of Executive Committee.

ii) The rules of the SBI Life Insurance Company Ltd.'s Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company.

3.1.2 Defined Contribution Plans

3.1.2.1 Employees Provident Fund

An amount of ₹ 32.79 crore (Previous Year ₹ 28.59 crore) is contributed towards the Provident Fund Scheme by the group (excluding the entities covered in Note 3.1.1.2) and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

3.1.2.2 Defined Contribution Pension Scheme

SBI has a Defined Contribution Pension Scheme (DCPS) applicable to all categories of officers and employees joining the SBI on or after August 1, 2010. The Scheme is managed by NPS Trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS. During the year, an amount of ₹ 451.39 crore [Previous Year ₹ 390.00 crore] has been contributed in the scheme.

3.1.2.3 Accumulating Compensated Absences (Privilege Leave)

The following table sets out the status of Accumulating Compensated Absences (Privilege Leave) as per Actuarial valuation by independent Actuaries:

₹ in crore

Particulars	Accumulating Compensated Absences (Privilege Leave)	
	Current Year	Previous Year
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 1st April 2018	6,248.59	4,760.18
Current Service Cost	261.33	210.19
Interest Cost	485.98	432.32
Liability transferred In/ Acquisitions	-	1,188.49
Actuarial losses/(gains)	741.84	593.93

₹ in crore

Particulars	Accumulating Compensated Absences (Privilege Leave)	
	Current Year	Previous Year
Benefits paid	(861.10)	(936.51)
Closing defined benefit obligation at 31st March 2019	**6,876.64**	**6,248.59**
Net Cost recognised in the profit and loss account		
Current Service Cost	261.33	210.19
Interest Cost	485.98	432.32
Actuarial (Gain)/ Losses	741.84	593.93
Total costs of defined benefit plans included in Schedule 16 "Payments to and provisions for employees"	**1489.15**	**1,236.44**
Reconciliation of opening and closing net liability/ (asset) recognised in Balance Sheet		
Opening Net Liability as at 1st April 2018	6,248.59	4,760.17
Expense as above	1,489.15	1,236.44
Net Liability/ (Asset) transferred in	-	1,188.49
Employer's Contribution	-	-
Benefit paid directly by the Employer	(861.10)	(936.51)
Net Liability/(Asset) recognized in the Balance Sheet	**6,876.64**	**6,248.59**

Principal actuarial assumptions:

Particulars	Current Year	Previous Year
Discount Rate	7.77%	7.78%
Salary Escalation	5.20%	5.00%
Attrition Rate	2.00%	2.00%

Accumulating Compensated Absences (Privilege Leave) (excluding the entities covered in above table)

An amount of ₹ 30.76 crore (Previous Year ₹ 36.17 crore) is provided by the group (excluding the entities covered in above table) towards Privilege Leave (Encashment) including leave encashment at the time of retirement and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

3.2.3.2 Other Long Term Employee Benefits

Amount of ₹ 38.55 crore [Previous Year ₹ (-) 38.69 crore] is provided/ (written back) by the group towards other Long Term Employee Benefits and is included under the head "Payments to and provisions for employees" in Profit and Loss Account.

Details of Provisions made for various Other Long Term Employees' Benefits during the year;

₹ in crore

Sl. No.	Long Term Employees' Benefits	Current Year	Previous Year
1	Leave Travel and Home Travel Concession (Encashment/Availment)	35.80	(4.20)
2	Sick Leave	2.11	3.35
3	Silver Jubilee/Long Term Service Award	12.64	(12.64)
4	Resettlement Expenses on Superannuation	(4.15)	(13.23)
5	Casual Leave	-	-
6	Retirement Award	(7.85)	(11.97)
Total		38.55	(38.69)

3.1.3 The employee benefits listed above are in respect of the employees of the Group based in India. The employees of the foreign operations are not covered in the above schemes.

3.2 Accounting Standard- 17 "Segment Reporting":

3.2.1 Segment identification

A) Primary (Business Segment)

The following are the Primary Segments of the Group:

- Treasury
- Corporate / Wholesale Banking
- Retail Banking
- Insurance Business
- Other Banking Business

The present accounting and information system of the Group does not support capturing and extraction of the data in respect of the above segments separately. However, based on the present internal, organisational and management reporting structure and the nature of their risk and returns, the data on the Primary Segments have been computed as under:

a) **Treasury:** The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

b) **Corporate / Wholesale Banking:** The Corporate / Wholesale Banking segment comprises the lending activities of Corporate Accounts Group, Commercial Clients Group and Stressed Assets Resolution Group. These include providing loans and transaction services to corporate and institutional clients and further include non-treasury operations of foreign offices/entities.

c) **Retail Banking:** The Retail Banking Segment comprises of retail branches, which primarily includes Personal Banking activities including lending activities to corporate customers having banking relations with these branches. This segment also includes agency business and ATMs

d) **Insurance Business** – The Insurance Business Segment comprises of the results of SBI Life Insurance Co. Ltd. and SBI General Insurance Co. Ltd.

e) **Other Banking business** – Segments not classified under (a) to (d) above are classified under this primary segment. This segment also includes the operations of all the Non-Banking Subsidiaries/Joint Ventures other than SBI Life Insurance Co. Ltd. and SBI General Insurance Co. Ltd. of the group.

B) Secondary (Geographical Segment):

a) Domestic Operations - Branches, Subsidiaries and Joint Ventures having operations in India.

b) Foreign Operations - Branches, Subsidiaries and Joint Ventures having operations outside India and offshore banking units having operations in India.

C) Pricing of Inter-segmental Transfers

The Retail Banking segment is the primary resource mobilising unit. The Corporate/Wholesale Banking and Treasury segments are recipient of funds from Retail Banking. Market related Funds Transfer Pricing (MRFTP) is followed under which a separate unit called Funding Centre has been created. The Funding Centre notionally buys funds that the business units raise in the form of deposits or borrowings and notionally sell funds to business units engaged in creating assets.

D) Allocation of Revenue, Expenses, Assets and Liabilities

Expenses of parent incurred at Corporate Centre establishments directly attributable either to Corporate / Wholesale and Retail Banking Operations or to Treasury Operations segment, are allocated accordingly. Expenses not directly attributable are allocated on the basis of the ratio of number of employees in each segment/ratio of directly attributable expenses.

Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are not allocable to any segment on a reasonable basis, have been reported as Unallocated.

3.2.2 SEGMENT INFORMATION

PART A: PRIMARY (BUSINESS) SEGMENTS:

₹ in crore

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Insurance Business	Other Banking Operations	TOTAL
Revenue (before exceptional item)	77,713.33 (82,163.87)	80,139.68 (64,365.45)	1,21,250.27 (1,11,963.61)	43,417.32 (34,088.37)	11,643.14 (8,637.67)	3,34,163.74 (3,01,218.97)
Unallocated Revenue						903.54 (2,571.02)
Less : Inter Segment Revenue						4,846.40 (2,298.53)
Total Revenue						3,30,220.88 (3,01,491.46)
Result (before exceptional items)	6,593.12 (-16.83)	-15,889.35 (-38,316.71)	12,837.52 (19,464.25)	2,114.81 (1,832.28)	2,290.57 (1,680.23)	7,946.67 (-15,356.78)
Add : Exceptional items	466.48 (5,036.21)					466.48 (5,036.21)
Result (after exceptional items)	7,059.60 (5,019.38)	-15,889.35 (-38,316.71)	12,837.52 (19,464.25)	2,114.81 (1,832.28)	2,290.57 (1,680.23)	8,413.15 (-10,320.57)
Unallocated Income(+)/Expenses(–) net						-3,192.67 (-1,924.34)
Profit/(Loss) Before Tax						5,220.48 (-12,244.91)
Taxes						2,151.41 (-8,057.50)
Extraordinary Profit						0.00 (0.00)
Net Profit/(Loss) before share in profit in Associates and Minority Interest						3,069.07 (-4,187.41)
Add: Share in Profit in Associates						281.48 (438.16)

₹ in crore

Business Segment	Treasury	Corporate / Wholesale Banking	Retail Banking	Insurance Business	Other Banking Operations	TOTAL
Less: Minority Interest						1,050.91 (807.04)
Net Profit/(Loss) for the Group						2,299.64 (-4,556.29)
Other Information:						
Segment Assets	10,00,105.22 (10,85,909.92)	11,54,958.34 (10,24,506.47)	14,93,139.12 (13,19,933.76)	1,53,355.50 (1,27,110.66)	33,271.01 (27,548.89)	38,34,829.19 (35,85,009.70)
Unallocated Assets						53,637.87 (31,434.87)
Total Assets						38,88,467.06 (36,16,444.57)
Segment Liabilities	8,28,452.00 (8,10,044.02)	11,77,656.01 (10,63,520.41)	14,04,930.51 (13,11,488.36)	1,43,955.29 (1,19,108.58)	24,650.44 (21,136.24)	35,79,644.25 (33,25,297.61)
Unallocated Liabilities						74,327.15 (60,825.01)
Total Liabilities						36,53,971.40 (33,86,122.62)

PART B: SECONDARY (GEOGRAPHIC) SEGMENTS

₹ in crore

	Domestic Operations	Foreign Operations	TOTAL
Revenue (before exceptional items)	3,13,646.59 (2,88,659.53)	16,574.29 (12,831.93)	3,30,220.88 (3,01,491.46)
Net Profit/(Loss)	(2,151.64) (-6,162.65)	4,451.28 (1,606.36)	2,299.64 (-4,556.29)
Assets	34,50,717.84 (32,04,207.99)	4,37,749.22 (4,12,236.58)	38,88,467.06 (36,16,444.57)
Liabilities	32,22,555.73 (29,78,279.99)	4,31,415.67 (4,07,842.63)	36,53,971.40 (33,86,122.62)

(i) Income/Expenses are for the whole year. Assets/ Liabilities are as at March 31, 2019.

(ii) Figures within brackets are for previous year

3.3 Accounting Standard-18 "Related Party Disclosures":

3.3.1 Related Parties to the Group:

A) JOINT VENTURES:

1. C - Edge Technologies Ltd.
2. SBI Macquarie Infrastructure Management Pvt. Ltd.
3. SBI Macquarie Infrastructure Trustee Pvt. Ltd.
4. Macquarie SBI Infrastructure Management Pte. Ltd.
5. Macquarie SBI Infrastructure Trustee Ltd.
6. Oman India Joint Investment Fund – Management Company Pvt. Ltd.
7. Oman India Joint Investment Fund – Trustee Company Pvt. Ltd.
8. Jio Payments Bank Limited

B) ASSOCIATES:

i) Regional Rural Banks

1. Andhra Pradesh Grameena Vikas Bank
2. Arunachal Pradesh Rural Bank
3. Chhattisgarh Rajya Gramin Bank
4. Ellaquai Dehati Bank
5. Langpi Dehangi Rural Bank
6. Madhyanchal Gramin Bank
7. Meghalaya Rural Bank
8. Mizoram Rural Bank
9. Nagaland Rural Bank
10. Purvanchal Bank
11. Saurashtra Gramin Bank
12. Utkal Grameen Bank
13. Uttarakhand Gramin Bank
14. Vananchal Gramin Bank
15. Rajasthan Marudhara Gramin Bank
16. Telangana Grameena Bank
17. Kaveri Grameena Bank
18. Malwa Gramin Bank (upto 31.12.2018)

ii) Others

19. The Clearing Corporation of India Ltd.
20. Bank of Bhutan Ltd.
21. SBI Home Finance Ltd. (under liquidation)

C) Key Management Personnel of SBI:

1. Shri Rajnish Kumar, Chairman
2. Shri Dinesh Kumar Khara, Managing Director (Risk, IT & Subsidiaries)
3. Shri P. K. Gupta, Managing Director (Retail & Digital Banking)
4. Shri B. Sriram, Managing Director (Corporate & Global Banking) (upto 29.06.2018)
5. Shri Arijit Basu, Managing Director (Corporate Clients Group & IT) (from 25.06.2018)
6. Smt. Anshula Kant, Managing Director (Stressed Assets, Risks and Compliance) (from 07.09.2018)

3.3.2 Related Parties with whom transactions were entered into during the year:

No disclosure is required in respect of related parties, which are "State controlled Enterprises" as per paragraph 9 of Accounting Standard (AS) 18. Further, in terms of paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

3.3.3 Transactions and Balances:

₹ in crore

Particulars	Associates/ Joint Ventures	Key Management Personnel & their relatives	Total
Transactions during the year 2018-19			
Interest Income	- (-)	- (-)	- (-)
Interest Expenditure	- (0.09)	- (-)	- (0.09)
Income earned by way of Dividend	19.26 (29.24)	- (-)	19.26 (29.24)
Other Income	0.10 (0.17)	- (-)	0.10 (0.17)
Other Expenditure	0.36 (12.31)	- (-)	0.36 (12.31)
Management Contract	- (-)	1.32 (2.05)	1.32 (2.05)
Outstanding as on March 31, 2019			
Payables			
Deposit	47.18 (44.75)	- (-)	47.18 (44.75)
Other Liabilities	0.29 (1.19)	- (-)	0.29 (1.19)
Receivables			
Balances with Banks	- (-)	- (-)	- (-)
Investments	97.66 (67.66)	- (-)	97.66 (67.66)
Advances	- (-)	- (-)	- (-)
Other Assets	0.08 (0.07)	- (-)	0.08 (0.07)
Maximum outstanding during the year			
Borrowings	- (-)	- (-)	- (-)
Deposit	207.32 (206.21)	- (-)	207.32 (206.21)
Other Liabilities	0.29 (119.61)	- (-)	0.29 (119.61)
Balance with Banks	- (-)	- (-)	- (-)
Advances	- (0.62)	- (-)	- (0.62)
Investment	97.66 (77.10)	- (-)	97.66 (77.10)
Other Assets	0.08 (0.07)	- (-)	0.08 (0.07)
Non-fund commitments (LCs/BGs)	- (-)	- (-)	- (-)

(Figures in brackets pertain to previous year)
There are no materially significant related party transactions during the year.

3.4 Accounting Standard-19 "Leases":

3.4.1 Finance Leases

Assets taken on Financial Leases on or after April 01, 2001: The details of financial leases are given below:

₹ in crore

Particulars	As at 31.03.2019	As at 31.03.2018
Total Minimum lease payments outstanding		
Less than 1 year	24.58	17.26
1 to 5 years	65.08	56.06
5 years and above	-	-
Total	**89.66**	**73.32**
Interest Cost payable		
Less than 1 year	6.03	4.77
1 to 5 years	7.89	13.19
5 years and above	-	-
Total	**13.92**	**17.96**
Present value of minimum lease payments payable		

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018
Less than 1 year	18.55	12.49
1 to 5 years	57.19	42.87
5 years and above	-	-
Total	**75.74**	**55.36**

3.4.2 Operating Lease

Premises taken on operating lease are given below:

Operating leases primarily comprise office premises and staff residences, which are renewable at the option of the group entities.

Liability for Premises taken on Non-Cancellable operating lease are given below:

₹ in crore

Particulars	As at 31.03.2019	As at 31.03.2018
Not later than 1 year	188.39	208.53
Later than 1 year and not later than 5 years	558.54	613.72
Later than 5 years	120.46	252.46
Total	**867.39**	**1,074.71**

Amount of lease payments recognised in the Profit & Loss Account for the year is ₹ 3,522.61 crore (Previous Year ₹ 3,440.01 crore).

3.5 Accounting Standard-20 "Earnings per Share":

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share". "Basic earnings" per share is computed by dividing consolidated net profit/ (loss) after tax (other than minority) by the weighted average number of equity shares outstanding during the year.

Particulars Basic and diluted	Current Year	Previous Year
Number of Equity Shares outstanding at the beginning of the year	892,45,87,534	797,35,04,442
Number of Equity Shares issued during the year	24,000	95,10,83,092
Number of Equity Shares outstanding at the end of the year	892,46,11,534	892,45,87,534
Weighted average number of equity shares used in computing basic earnings per share	892,45,91,479	853,30,51,135
Weighted average number of shares used in computing diluted earnings per share	892,45,91,479	853,30,51,135
Net Profit/(Loss) for the Group (₹ in crore)	2,299.64	(4,556.29)
Basic earnings per share (₹)	2.58	(5.34)
Diluted earnings per share (₹)	2.58	(5.34)
Nominal value per share (₹)	1.00	1.00

3.6 Accounting Standard-22 "Accounting for Taxes on Income":

i) During the year, ₹ 878.16 crore has been debited to Profit and Loss Account (Previous Year ₹ 9,804.79 crore credited) on account of deferred tax.

ii) The breakup of deferred tax assets and liabilities into major items is given below:

₹ in crore

Particulars	As at 31.03.2019	As at 31.03.2018
Deferred Tax Assets		
Provision for long term employee Benefits	5,363.60	3,486.07
Provision for advances	4,404.39	4,415.43
Provision for Other Assets/ Other Liability	753.11	743.57
On Accumulated Losses	10,863.94	13,889.32
On Foreign Currency Translation Reserve	235.77	-
Depreciation on Fixed Assets	50.00	14.91
DTAs on account of FOs of SBI	277.68	317.04
Others	220.38	207.56
Total	**22,168.87**	**23,073.90**
Deferred Tax Liabilities		
Depreciation on Fixed Assets	99.44	89.71
Interest accrued but not due on securities	6,389.76	6,315.01
Special Reserve created u/s 36(1)(viii) of Income Tax Act 1961	4,690.10	4,690.10
DTLs on account of FOs of SBI	2.33	2.80
Foreign Currency Translation Reserve		117.30

₹ in crore

Particulars	As at 31.03.2019	As at 31.03.2018
Others	8.22	26.66
Total	**11,189.85**	**11,241.58**
Net Deferred Tax Assets/(Liabilities)	**10,979.02**	**11,832.32**

3.7 Accounting Standard-28 "Impairment of assets":

In the opinion of the Management, there is no impairment to the assets during the year to which Accounting Standard 28 – "Impairment of Assets" applies.

3.8 Accounting Standard – 29 "Provisions, Contingent Liabilities and Contingent Assets"

- **Provisions and contingencies recognised in Profit and Loss Account:**

₹ in crore

Sr. No.	Break up of "Provisions and Contingencies" shown under head Expenditure in Profit and loss account	Current Year	Previous Year
a)	Provision for Taxation		
	- Current Tax	1,982.02	1,758.40
	- Deferred Tax	878.16	(9,804.79)
	- Write Back of Income Tax	(708.77)	(11.11)
b)	Provision on Non-Performing Assets	55,343.42	72,217.65
c)	Provision on Restructured Assets	(89.85)	(691.67)
d)	Provision on Standard Assets	20.51	(3,584.56)
e)	Provision for Depreciation on Investments	(606.00)	8,177.30
f)	Other Provisions	131.03	(103.65)
Total		**56,950.52**	**67,957.58**

(Figures in brackets indicate credit)

- **Floating provisions:**

₹ in crore

Sr. No.	Particulars	Current Year	Previous Year
a)	Opening Balance	193.75	193.75
b)	Addition during the year	-	-
c)	Draw down during the year	-	-
d)	**Closing balance**	**193.75**	**193.75**

- **Description of contingent liabilities (AS-29):**

Sr. No	Particulars	Brief Description
1	Claims against the Group not acknowledged as debts	The parent and its constituents are parties to various proceedings in the normal course of business. It does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, results of operations or cash flows. The Group is a party to various taxation matters in respect of which appeals are pending.
2	Liability on partly paid-up investments/ Venture Funds	This item represents amounts remaining unpaid towards liability for partly paid investments. This also includes undrawn commitments for Venture Capital Funds.
3	Liability on account of outstanding forward exchange contracts	The Group enters into foreign exchange contracts in its normal course of business to exchange currencies at a pre-fixed price at a future date. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. The notional amounts are recorded as contingent liabilities. With respect to the transactions entered into with its customers, SBI generally enters into off-setting transactions in the interbank market. This results in generation of a higher number of outstanding transactions, and hence a large value of gross notional principal of the portfolio, while the net market risk is lower.

Sr. No	Particulars	Brief Description
4	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Group issues documentary credits and guarantees on behalf of its customers. Documentary credits enhance the credit standing of the customers of the Group. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfil its financial or performance obligations.
5	Other items for which the Group is contingently liable	The Group enters into currency options, forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts. Further, these also include estimated amount of contracts remaining to be executed on capital account and not provided for, letter of comforts issued by SBI on behalf of Associates & Subsidiaries, SBI's Liability under Depositors Education and Awareness Fund A/c and other sundry contingent liabilities.

The contingent liabilities mentioned above are dependent upon the outcome of court/arbitration/out of court settlements, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, as the case may be.

- **Movement of provisions against contingent liabilities:**

₹ in crore

Sr No	Particulars	Current Year	Previous Year
a)	Opening Balance	526.29	1,026.38
b)	Additions during the year	113.95	127.43
c)	Amount utilised during the year	66.22	227.72
d)	Unused amount reversed during the year	39.27	399.80
e)	Closing balance	**534.75**	**526.29**

4 Inter-Bank/ Company balances between group entities are being reconciled on an ongoing basis. No material effect is expected on the profit and loss account of the current year.

5 **Counter Cyclical Provisioning Buffer (CCPB)**

RBI vide Circular No. DBR.No.BP. BC.79/21.04.048/2014-15 dated March 30, 2015 on 'Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer' has allowed the banks, to utilise up to 50 per cent of CCPB held by them as on December 31, 2014, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by SBI's Board of Directors.

During the year, SBI has not utilized the CCPB for making specific provision for NPAs.

6 RBI vide Circular no. DBR.No.BP. BC.108/21.04.048/2017-18 dated June 06, 2018 permitted banks to continue the exposures to MSME borrowers to be classified as standard assets. Accordingly, SBI has retained advances of ` 242.32 crore as standard asset as on March 31, 2019. In accordance with the provisions of the circular, SBI has not recognized interest on these accounts and is maintaining a standard asset provision of ` 12.12 crore as on March 31,2019 in respect of such borrowers.

7 As per RBI letter no. DBR. No.BP.15199/21.04.048/2016-17 and DBR. No. BP. 1906/21.04.048/ 2017-18 dated June 23, 2017 and August 28, 2017 respectively, for the accounts covered under the provisions of Insolvency and Bankruptcy Code (IBC), SBI is holding total provision of ₹ 34,554 crore (89.66% of total outstanding) as on March 31,2019.

8 SBI has made a provision of ₹ 3,984 crore (total ₹ 5,643.41 crore) for the year ended March 31, 2019 towards arrears of wages due for revision w.e.f November 01, 2017.

9 Profit / (loss) on sale of investment (net) under schedule 14 "Other Income" includes ₹ 446.48 crore on sale of partial investment in SBI General Insurance Company Limited (Previous year ₹ 5,036.21crore on sale of partial investment in SBI Life Insurance Company Limited).

10 In respect of SBI Life Insurance Company Ltd.:

a) IRDAI has issued directions under Section 34(1) of the Insurance Act, 1938 to distribute the administrative charges paid to Master policy holders vide order no. IRDA/Life/ORD/Misc/228/10/2012 dated October 5, 2012 amounting to ` 84.32 crore (Previous Year ` 84.32 crore). The company had filed an appeal against the said order with Ministry of Finance, Government of India, who remanded the case back to IRDAI on November 04, 2015. IRDAI issued further directions dated January 11, 2017 reiterating the directions issued on October 5, 2012. The company has filed an appeal against the said directions /orders with Securities Appellate Tribunal

b) IRDAI has issued directions under Section 34(1) of the Insurance Act, 1938 to refund the excess commission paid to corporate agents to the members or the beneficiaries amounting to ` 275.29 crore (Previous Year ` 275.29 crore) vide order no. IRDA/Life/ORD/Misc/083/03/2014 dated March 11, 2014 .The company has filed appeals against the order with the Securities Appellate Tribunal (SAT).

As the final orders are pending, the aforesaid amounts have been disclosed as contingent liability.

11 The investments of life and general insurance subsidiaries have been accounted for in accordance with the IRDAI (Investment) Regulations, 2016 instead of restating the same in accordance with the accounting policy followed by SBI. The investments of insurance subsidiaries constitute approximate 12.74% (Previous Year 9.87%) of the total investments as on March 31, 2019.

12 In accordance with RBI circular DBOD NO.BP. BC.42/21.01.02/2007-08, redeemable preference shares (if any) are treated as liabilities and the coupon payable thereon is treated as interest.

13 In accordance with current RBI guidelines, the general clarification issued by ICAI has been considered in the preparation of the consolidated financial statements. Accordingly, additional statutory information disclosed in separate financial statements of the parent and its subsidiaries having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements in view of the Accounting Standard Interpretation issued by ICAI.

14 Previous year figures have been regrouped/reclassified, wherever necessary, to confirm to current year classification. In cases where disclosures have been made for the first time in terms of RBI guidelines/Accounting Standards, previous year's figures have not been mentioned.

Smt. Anshula Kant	**Shri Arijit Basu**	**Shri Dinesh Kumar Khara**	**Shri P. K. Gupta**
MD (SARC)	MD (CCG & IT)	MD (GB & S)	MD (R & DB)

In term of our Report of even date.
For **J.C. Bhalla & Co.**
Chartered Accountants

Shri Rajnish Kumar
Chairman

Shri Rajesh Sethi
Partner
Mem. No. : 085669
Firm Regn. No. : 001111N

Mumbai
Dated 10th May 2019

State Bank of India

Consolidated Cash Flow Statement for the year ended 31st March 2019

(000s omitted)

PARTICULARS		Year ended 31.03.2019 ₹	Year ended 31.03.2018 ₹
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before taxes (including share in profit from associates and net of minority interest)		4451,05,72	(12613,79,21)
Adjustments for :			
Depreciation on Property, Plant & Equipment		3495,89,21	3105,07,10
(Profit)/Loss on sale of Property, Plant & Equipment (Net)		32,35,82	30,73,27
(Profit)/Loss on revaluation of Investments (Net)		2124,03,82	1120,61,02
(Profit)/Loss on sale of Investments in Subsidiaries/Joint Ventures/Associates		(466,47,81)	(5134,30,14)
Provision for diminution in fair value & Non Performing Assets		55253,57,08	71525,98,80
Provision on Standard Assets		20,50,53	(3584,56,16)
Provision for depreciation on Investments		(606,00,24)	8177,30,33
Other Provisions including provision for contingencies		131,02,52	(103,64,78)
Share in Profit of Associates		(281,47,94)	(438,15,98)
Dividend from Associates		(11,71,87)	(15,45,97)
Interest on Capital Instruments		4222,27,24	4554,43,06
		68365,04,08	**66624,21,34**
Changes in:			
Increase/(Decrease) in Deposits		218362,77,89	121391,84,57
Increase/(Decrease) in Borrowings other than Capital Instruments		41290,72,22	44832,14,90
(Increase)/Decrease in Investments other than Investment in Subsidiaries/ Joint Ventures/Associates		63373,44,50	(164770,34,41)
(Increase)/Decrease in Advances		(321988,70,29)	(134190,21,63)
Increase/(Decrease) in Other Liabilities		4182,31,31	(111,91,71)
(Increase)/Decrease in Other Assets		(35854,36,00)	(22273,22,00)
		37731,23,71	**(88497,48,94)**
Tax refund / (Taxes paid)		(8175,23,21)	(8010,41,70)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	**(A)**	**29556,00,50**	**(96507,90,64)**
CASH FLOW FROM INVESTING ACTIVITIES			
(Increase)/Decrease in Investments in Subsidiaries/Joint Ventures/Associates		(63,52,57)	104,83,55
Profit/(Loss) on sale of Investments in Subsidiaries/Joint Ventures/Associates		466,47,81	5134,30,14
Dividend from Associates		11,71,39	15,45,97
(Increase)/Decrease in Property, Plant & Equipment		(3005,51,02)	6601,82,54
(Increase)/Decrease in Goodwill on Consolidation		1734,07,01	(790,65,51)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	**(B)**	**(856,77,38)**	**11065,76,69**
CASH FLOW FROM FINANCING ACTIVITIES			
(Expenses on Shares issued and allotted on 27 March 2018) / Proceeds from issue of Equity Shares net of issue expense		(8,74,22)	23782,45,47

(000s omitted)

PARTICULARS		Year ended 31.03.2019 ₹	Year ended 31.03.2018 ₹
Issue/redemption of Capital Instruments (net)		3377,60,00	(12118,47,50)
Interest on Capital Instruments		(4222,27,24)	(4554,43,06)
Dividend paid including tax thereon		,,0	(2416,26,71)
Dividend tax paid by Subsidiaries/Joint Ventures		(120,69,39)	(143,58,57)
Increase/(Decrease) in Minority Interest		1421,74,62	997,46,74
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	**(C)**	**447,63,77**	**5547,16,37**
EFFECT OF EXCHANGE FLUCTUATION ON TRANSLATION RESERVE	**(D)**	**1076,28,67**	**1305,17,53**
CASH AND CASH EQUIVALENTS RECEIVED ON ACCOUNT OF MERGER OF BHARATIYA MAHILA BANK	**(E)**	**-**	**681,75,35**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)+(D)+(E)		**30223,15,56**	**(77908,04,70)**
CASH AND CASH EQUIVALENTS AT 1ST APRIL		**195289,10,83**	**273197,15,53**
CASH AND CASH EQUIVALENTS AT PERIOD END		**225512,26,39**	**195289,10,83**
Note:			
1) Components of Cash & Cash Equivalents as at:		**31.03.2019**	**31.03.2018**
Cash & Balances with Reserve Bank of India		177362,74,09	150769,45,69
Balances with Banks and Money at Call & Short Notice		48149,52,30	44519,65,14
Total		**225512,26,39**	**195289,10,83**
2) Cash Flow from operating activities is reported by using indirect method.			

Smt. Anshula Kant
MD (SARC)

Shri Arijit Basu
MD (CCG & IT)

Shri Dinesh Kumar Khara
MD (GB & S)

Shri P. K. Gupta
MD (R & DB)

In term of our Report of even date.
For **J.C. Bhalla & Co.**
Chartered Accountants

Shri Rajnish Kumar
Chairman

Shri Rajesh Sethi
Partner
Mem. No. : 085669
Firm Regn. No. : 001111N

Mumbai
Dated 10th May 2019

Independent Auditors' Report

To

The Board of Directors,
State Bank of India,
State Bank Bhavan
Madam Cama Road,
Mumbai-400021

Report on Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of State Bank of India ("the Bank") which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended, and Notes to Consolidated Financial Statements including a summary of Significant Accounting Policies and other explanatory information which includes:

a) Audited Results of the Bank which have been reviewed by all the Central Statutory Auditors including us;

b) Audited Results of 28 Subsidiaries, 8 Joint Ventures and 17 Associates audited by other Auditors (including 15 Regional Rural Banks); and

c) Un-audited results of 1 Subsidiary and 3 Associates (including 2 Regional Rural Banks)

The above entities together with the Bank are referred to as the 'Group'.

In our opinion and to the best of our information and according to the explanations given to us, and based on our consideration of the reports of other auditors on separate financial statements of Subsidiaries, Joint Ventures and Associates, the unaudited financial statements and the other financial information of subsidiaries and Associates as furnished by the management, the aforesaid consolidated financial statements are in conformity with accounting principles generally accepted in India and give:

a) true and fair view in case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at March 31, 2019;

b) true balance of profit in case of Consolidated Profit & Loss Account for the year ended on that date; and

c) true and fair view in case of Consolidated Cash Flow Statement for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (the ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the code of ethics issued by the ICAI together with ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

3. Key Audit Matters are those matters that in our professional judgment were of most significance in our audit of the Consolidated Financial Statements for the year ended March 31, 2019. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters of the Bank to be communicated in our report:

Sr. No.	Key Audit Matters	Auditors' Response
i	Classification of Advances and Identification of and provisioning for non-performing Advances in accordance with the RBI guidelines (Refer Schedule 9 read with Note 3 of Schedule 17 to the standalone financial statements) Advances include Bills purchased and discounted, Cash credits, Overdrafts loans repayable on demand and Term loans. These are further categorised as secured by Tangible assets (including advances against Book Debts), covered by Bank / Government Guarantees and Unsecured advances. Advances constitute 59.38% of the Bank's total assets. They are, inter-alia, governed by income recognition, asset classification and provisioning (IRAC) norms and other circulars and directives issued by the RBI from time to time which provides guidelines related to classification of Advances into performing and non-performing Advances (NPA). The Bank classifies these Advances based on IRAC norms as per its accounting policy No. 3. Identification of performing and non-performing Advances involves establishment of proper mechanism. The Bank accounts for all the transactions related to Advances in its Information Technology System (IT System) viz. Core Banking Solutions (CBS) which also identifies whether the advances are performing or non-performing. Further, NPA classification and calculation of provision is done through another IT System viz. Centralised Credit Data Processing (CCDP) Application. The carrying value of these advances (net of provisions) may be materially misstated if, either individually or in aggregate, the IRAC norms are not properly followed. Considering the nature of the transactions, regulatory requirements, existing business environment, estimation/ judgement involved in valuation of securities, it is a matter of high importance for the intended users of the Standalone Financial Statements. Considering these aspects, we have determined this as a Key Audit Matter. Accordingly, our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances.	Our audit approach towards advances with reference to the IRAC norms and other related circulars / directives issued by RBI and also internal policies and procedures of the Bank includes the testing of the following: - The accuracy of the data input in the system for income recognition, classification into performing and non-performing Advances and provisioning in accordance with the IRAC Norms in respect of the branches allotted to us; - Existence and effectiveness of monitoring mechanisms such as Internal Audit, Systems Audit, Credit Audit and Concurrent Audit as per the policies and procedures of the Bank; We have examined the efficacy of various internal controls over advances to determine the nature, timing and extent of the substantive procedures and compliance with the observations of the various audits conducted as per the monitoring mechanism of the Bank and RBI Inspection. In carrying out substantive procedures at the branches allotted to us, we have examined all large advances/stressed advances while other advances have been examined on a sample basis including review of valuation reports of independent valuer's provided by the Bank's management. Reliance is also placed on Audit Reports of other Statutory Branch Auditors with whom we have also made specific communication. We have also relied on the reports of External IT System Audit experts with respect to the business logics / parameters inbuilt in CBS for tracking, identification and stamping of NPAs and provisioning in respect thereof.

Sr. No.	Key Audit Matters	Auditors' Response
ii	Classification and Valuation of Investments, Identification of and provisioning for Non-Performing Investments (Schedule 8 read with Note 2 of Schedule 17 to the standalone financial statements) Investments include investments made by the Bank in various Government Securities, Bonds, Debenture, Shares, Security receipts and other approved securities. Investments constitute 26.27% of the Bank's total assets. These are governed by the circulars and directives of the Reserve Bank of India (RBI). These directions of RBI, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, the corresponding non-recognition of income and provision there against. The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various sources such as FIMDA rates, rates quoted on BSE / NSE, financial statements of unlisted companies etc. Considering the complexities and extent of judgement involved in the valuation, volume of transactions, investments on hand and degree of regulatory focus, this has been determined as a Key Audit Matter. Accordingly, our audit was focused on valuation of investments, classification, identification of Non Performing Investments and provisioning related to investments.	Our audit approach towards Investments with reference to the RBI Circulars / directives included the review and testing of the design, operating effectiveness of internal controls and substantive audit procedures in relation to valuation, classification, identification of Non Performing Investments, Provisioning / depreciation related to Investments. In particular, a. We evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of Non Performing Investments, Provisioning/depreciation related to investments; b. We assessed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments; c. For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security. Samples were selected after ensuring that all the categories of investments (based on nature of security) were covered in the sample; d. We assessed and evaluated the process of identification of NPIs, and corresponding reversal of income and creation of provision; e. We carried out substantive audit procedures to recompute independently the provision to be maintained and depreciation to be provided in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained in accordance with the RBI Circular for those selected sample of NPIs; f. We tested the mapping of investments between the Investment application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions.
iii	Assessment of Provisions and Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes, various claims filed by other parties not acknowledged as debt. (Schedule 12 read with Note 18.9 of Schedule 18 to the financial statements) : There is high level of judgement required in estimating the level of provisioning. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advices from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and the Balance Sheet. We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgments/ interpretation of law involved.	Our audit approach involved :- a. Understanding the current status of the litigations/tax assessments; b. Examining recent orders and/or communication received from various Tax Authorities/ Judicial forums and follow up action thereon; c. Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice ; and d. Review and analysis of evaluation of the contentions of the Bank through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues.

Information Other than the Consolidated Financial Statements and Auditors' Report thereon

4. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance report (but does not include the Consolidated Financial Statements and our auditors' report thereon), which will be obtained at the time of issue of this auditors' report, and the Directors' Report of the Bank including annexures, if any, thereon, which is expected to be made available to us after that date.

   Our opinion on the Consolidated Financial Statements does not cover the other information and the Basel III Disclosure and we do not and will not express any form of assurance conclusion thereon.

   In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

   When we read the Director's Report of the Bank, including annexures, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

5. The Bank's Board of Directors is responsible with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standard 21-"Consolidated Financial Statements", Accounting Standards 23- "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standards 27 – "Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India, and provisions of Section 29 of the Banking Regulation Act, 1949, the State Bank of India Act,1955 and circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the Consolidated Financial Statements, respective management is responsible for assessing the respective Group Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group Entity or to cease operations, or has no realistic alternative but to do so.

   Those managements are also responsible for overseeing the respective Group Entity's financial reporting process.

Auditors' Responsibility for the Audit of Consolidated Financial Statements

6. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

   As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group Entity to cease to continue as a going concern.
   - Evaluate the overall presentation structure and content of the Consolidated Financial Statements, including the disclosures and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

7. Incorporated in these consolidated financial statements are the:

   a) We along with 13 (thirteen) Joint Auditors did not audit the financial statements/ information of 14,796 branches included in the standalone financial statements of the Bank whose financial statements / financial information reflect total advances of INR 14,00,731.01 crores at 31st March 2019 and total interest income of INR 1,06,540.62 crores for the year ended on that date, as considered in the standalone financial statements. The financial statements / information of these branches have been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors;

   b) We did not audit the financial statements of 28 (twenty eight) Subsidiaries, 8 (eight) Joint Ventures whose financial statements reflect total assets of INR 2,25,286 crores as at 31st March, 2019, total revenues of INR 57,143 crores and net cash out flows amounting to INR 921 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of INR 241 crores for the year ended 31st March, 2019, as considered in the consolidated financial statements, in respect of 17 (seventeen) associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors

   c) We did not audit the financial statements of 1(one) subsidiary whose financial statements reflect total assets of INR 5,766 crores as at 31st March, 2019, total revenues of INR 238 crores and net cash inflows amounting to INR 39 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of INR 41 crores for the year ended 31st March, 2019, as considered in the consolidated financial statements, in respect of 3(three) associates, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report relates to the aforesaid subsidiaries, jointly controlled entities and associates, in so far as is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

   Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

8. The auditors of SBI Life Insurance Company Limited and SBI General Insurance Company Limited, a subsidiary of the Group have reported that the actuarial valuation of liabilities for life policies in force and the actuarial valuation of liabilities in respect of Claims Incurred But Not Reported (IBNR) and Claims Not Incurred But Not Enough Reported (IBNER) is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2019 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory Development Authority of India ("IRDAI" / "Authority") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in financial statements of the Company.

Report on Other Legal and Regulatory Requirements

9. The Consolidated Balance Sheet and the Consolidated Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949; and these give information as required to be given by virtue of the provisions of the State Bank of India Act, 1955 and regulations there under.

   Subject to the limitations of the audit indicated in paragraph 5 to 8 above and as required by the State Bank of India Act, 1955, and subject also to the limitations of disclosure required therein, we report that:

a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;

b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

For J. C. Bhalla & Co.
Chartered Accountants
Firm's Registration No. 001111N

Shri Rajesh Sethi
Partner
Membership No: 085669

Place: Mumbai
Date: 10th May, 2019

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