



STATE BANK OF INDIA



An Enduring
Value Creator

ANNUAL REPORT 2016-17

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Notice

STATE BANK OF INDIA

(Constituted under the State Bank of India Act, 1955)

The 62nd Annual General Meeting of Shareholders of the State Bank of India will be held at the “Y. B. Chavan Auditorium”, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai-400021 (Maharashtra) on Tuesday the 27th June 2017, at 03.00 p.m. for transacting the following business:-

“To discuss and adopt the balance sheet and the profit and loss account of the State Bank made up to the 31st day of March 2017, the report of the Central Board on the working and activities of the State Bank for the period covered by the accounts and the auditor’s report on the balance sheet and accounts”.

Corporate Centre,
State Bank Bhavan,
Madame Cama Road,
Mumbai - 400 021
Date: 16.05.2017

(ARUNDHATI BHATTACHARYA)
CHAIRMAN

Important Information

DIVIDEND DECLARED :	₹ 2.60 per share
DIVIDEND PAYMENT DATE:	16 th June 2017
PERIOD OF BOOK CLOSURE:	30.05.2017 to 03.06.2017
RECORD DATE:	29.05.2017

About State Bank of India

Founded in 1806, Bank of Calcutta was the first Bank established in India, and over a period of time, evolved into State Bank of India (SBI). SBI represents a sterling legacy of over 200 years. It is the oldest commercial Bank in the Indian subcontinent, strengthening the nation's trillion-dollar economy and serving the aspirations of its vast population.

The Bank is India's largest commercial Bank in terms of assets, deposits, branches, number of customers and employees, enjoying the continuing faith of millions of customers across the social spectrum.

SBI, headquartered at Mumbai, provides a wide range of products and services to individuals, commercial enterprises, large corporates, public bodies and institutional customers through its various branches and outlets, joint ventures, subsidiaries and associate companies.

OUR VISION



**My SBI.
My Customer first.
My SBI: First in customer satisfaction.**

OUR MISSION



**We will be prompt, polite and proactive with our customers.
We will speak the language of Young India.
We will create products and services that help our customers achieve their goals.
We will go beyond the call of duty to make our customers feel valued.
We will be of service even in the remotest part of our country.
We will offer excellence in services to those abroad as much as we do to those in India.
We will imbibe state-of-the-art technology to drive excellence.**

OUR VALUES



**We will always be honest, transparent and ethical.
We will respect our customers and fellow associates.
We will be knowledge driven.
We will learn and we will share our learning.
We will never take the easy way out.
We will do everything we can to contribute to the community we work in.
We will nurture pride in India.**



SBI's Journey Through Numbers

Personal Banking

We are succeeding by putting our customers and clients at the centre of everything we do and by continuing to do this, we will always remain the "Smart Bank" to partner with.

CORPORATE BANKING

Our Corporate Banking offering is an end-to-end proposition and service continuum that supports corporate India of all shapes and sizes, from start-ups, through BSE/NSE 100 companies, to partnering with the largest global corporations and financial institutions.

INVESTMENT BANKING

From our unique position with dual home markets and truly global reach, we are transforming our Investment Banking so that we can continue to help our target clients achieve their ambitions.

1 No.
Largest Bank in India
(Deposits, Advances, Branches and Employees)

33.75 crore+
customer base

₹36 lakh crore+
Business size

SBI Online is India's most and the World's 5th most visited Banking Site

59,263
Pan-India ATMs

2.45 crore+ FI
Accounts opened during the year

Home loans
Market share at
25.88%

77%
Transactions on alternate channels

34.50 crore+
State Bank Group debit card holders

3.27 crore+
Internet banking users

1.98 crore+
Mobile Banking users

5.09 lakh+
POS machines

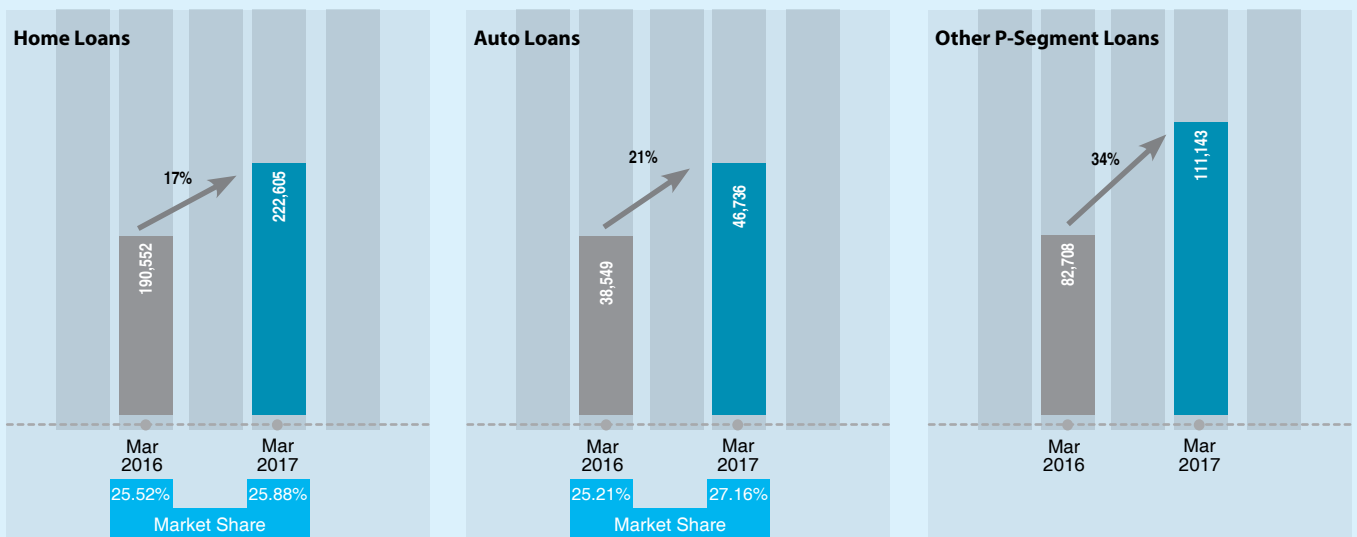
1.12 lakh+
Average daily transactions through Green Remit Cards

1,426
Villages adopted under SBI Ka Apna Gaon

5.85 crore+
RuPay Debit Cards issued under PMJDY during the year

8.57 crore+
Pradhan Mantri Jandhan Yojna Accounts

Personal Segment now 30% of Domestic Loan Book



An Enduring Value Creator





At SBI, we are cognisant of the need for an ongoing process for self-improvement. This is necessary for us to adapt and undergo constructive consolidation within the Bank's organisational structure. We are also attuned to the concerns and challenges prevailing in the economy, and more specifically, the banking sector. With our constant introspection and readiness for change, we remain committed towards optimising our framework, operations and work culture. In particular, we have focused on adjustments that are conducive to improving risk management, growth velocity and profitability.

In doing so, we have embedded transformational changes in our way of doing business, which has helped us achieve higher benchmarks of excellence in banking. We have re-engineered our internal processes, making them more efficient and leveraged on innovative technology advancements to enhance customers' experience. We planned cohesive strategies to supplement the quality of our loan book and optimise capital allocation. Furthermore, our Associate Banks and Bharatiya Mahila Bank merged with us on 1st April 2017, bringing a sense of synergy to our operations and stimulating superior performance. We believe that these delta-actions are the prerequisite for delivering better returns to our stakeholders, in a tangible and sustainable way.

We have already begun to see the positive outcome of this transformation. Confident for the future, we aspire to be an enduring value producer, and an excellent long-term wealth creator for our investors.

Enabling growth and delivering value

... by empowering customers through new age banking

In order to provide better value to our customers, we have introduced the use of the latest digital technology and have changed our processes to reduce costs and enhance our productivity.

13%

Growth of Internet Banking over previous year

44.37%

Market share of Mobile Banking (value of transactions)



We are committed towards transforming into a fully-digitised organisation, supported by technologically advanced backend operations.

In order to provide better value to our customers, we have enhanced our digital banking platform and have changed our processes to reduce costs and enhance our productivity. We are committed towards increasing the share of digital initiatives in products, services and transactions, supported by technologically advanced backend operations.

Today, a differentiated and delightful customer experience has become more important than just providing banking services. We have empowered our customers to fulfil their banking needs through multiple channels of banking. Depending on individual preferences and access, we have given our customers the ability to move away from conventional cash and branch based banking towards new-age technology oriented internet and mobile based banking solutions.

Furthermore, with the evolution of technology, branch banking has become less cost effective when compared to the newer digital channels. At SBI, after recognising the need to embrace all available digital channels, we have succeeded in gaining an impressive presence across all platforms. We have worked on deploying multiple innovative technologies and are in the process of offering a range of newer digital services. Millions of merchants are realising the advantage of collaborating with SBI. Most recently, SBI has enabled its customers to

make digital collections through SBI Pay (a mobile based payment solution), which rides on the Unified Payment Interface (UPI) system of National Payments Corporation of India (NPCI) and State Bank Buddy, which can be integrated with any corporate's payment interface.

Moreover, the Government's drive towards demonetisation has given a strong push to the popularity of digital banking. SBI aims to be the banker to digital India and has been at the fore-front of all digital initiatives in the banking space. Post demonetisation, our digital initiatives have helped millions of Indians to adapt to easier, faster and safer ways of going cashless. Demonetisation has deeply impacted the volume of our digital transactions, recording significant growth since November 2016.

Digitisation has helped to take control of the customer-experience ecosystem by managing the business processes from the customers' perspective. With the increasing use of technology enabled devices, and in order to catch up with the increasing expectations of the world, the extensive digitisation of our backend processes is inevitable. As a result, we have earmarked several more processes for digitisation in the near future.

With this digital structural change, we are redesigning our business development model. By strategically connecting

businesses with the vast amount of data that is available to us, we plan to build clear and predictive insights into our customers' evolving needs. Going forward, we are in the process of leveraging the CRM tool to use analytics and intelligence around data from FY2018.

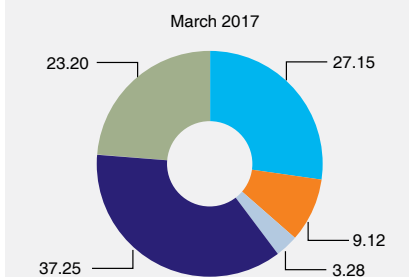
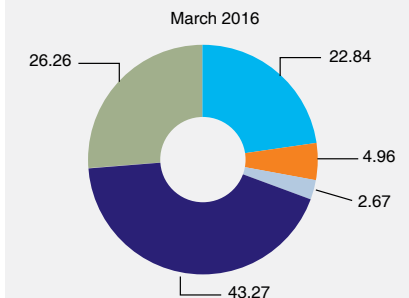
We believe that these digital tools and technology can completely transform the distribution reach of SBI's banking services and the banking cycle time in general. The benefits are immense: By digitising information-intensive processes, costs can be reduced significantly and turnaround times are improved remarkably. These efforts are expected to positively impact the efficiency and productivity of our Bank, and are essential for being an enduring value creator.

Channel	Market Share (%) SBI
Number of Group ATMs	28.44
Group ATMs: Amt of Txns	38.84
Number of Group Debit Cards	40.35
Mobile Banking: Number of Txns	24.67
Mobile Banking: Value of Txns	44.37
Number of PoS Terminals	20.16

Moving away from Cash to Digital

Share of Transactions (%)

- Internet Banking
- POS
- Mobile Banking
- ATM/CDM
- Branch



Share of digital transactions grew from 74% as on March 2016 to 77% as on March 2017

Enabling growth and delivering value

.... by building expertise to create a banking powerhouse

Our people remain core to the success of SBI, and we remain committed towards investing in them, ensuring they are able to consistently deliver strong performance over time.

2,09,572
Team size

Capacity of class room training for employees per day

3,400