



STATE BANK OF INDIA



ANNUAL REPORT | 2017-18

Building Momentum
for a **Transforming** India

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Notice

STATE BANK OF INDIA

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

The 63rd 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 Thursday the 28th June, 2018, 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 of India made up to the 31st day of March 2018, the report of the Central Board on the working and activities of the State Bank of India 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: 22 May, 2018

(RAJNISH KUMAR)
CHAIRMAN

About SBI

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 individual customers, commercial enterprises, large corporates, public bodies and institutional customers through its various branches and outlets, joint ventures and subsidiaries.



VISION

Be The Bank Of Choice For A Transforming India



MISSION

Committed To Providing Simple, Responsive And Innovative Financial Solutions



VALUES

**Service
Transparency
Ethics
Politeness
Sustainability**

SBI's Journey Through Numbers

**Largest Bank in India
(Deposits, Advances,
Customers and
Banking Outlets)**

Customers **42.42**
No.
(in crore)

Market Share
Deposits **22.84**
Advances **19.92**
%

Total Branches **22,414**
No.

Pan-India ATMs, CDMs & Recyclers **59,541**
No.

BC Outlets **58,274**
No.

Share of Transactions on Alternate Channels **80.00**
%

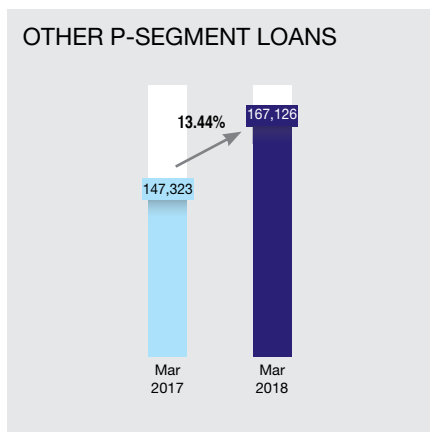
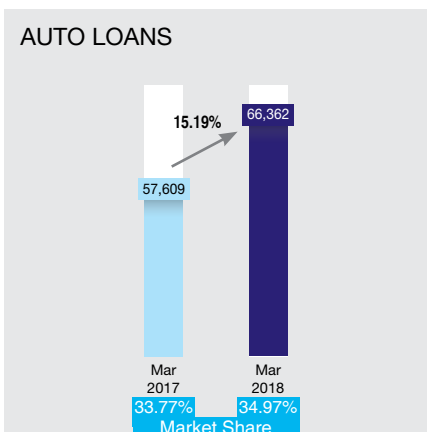
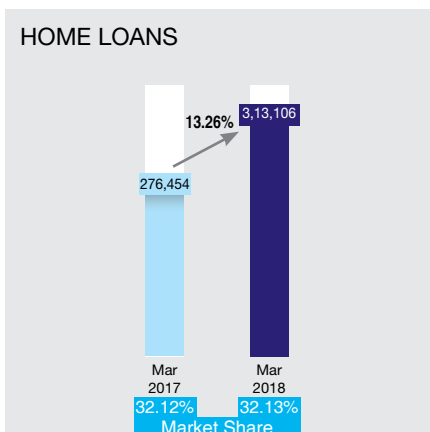
Market Share in no. of POS **20.20**
%

Market Share in Debit Card Spends **30.40**
%

Financial Inclusion Accounts **13.42**
No.
(in crore)

Financial Inclusion Deposits **23,982**
Amt.
(₹ in crore)

Financial Inclusion Transactions **31.22**
No.
(in crore)



Building Momentum for a Transforming India



At State Bank of India (SBI), we are firm believers of the 'Reform, Perform and Transform' mantra. We are passionately driven to meet the future needs of a transforming India and are guided by our unflinching commitment towards sustained value generation.



India is going through a remarkable transformation. Ease of doing business, mega tax reforms, financial inclusion, universal health insurance, mass digitalisation, infrastructure development and the growth of manufacturing and service sectors are just some of the change enablers. More so, the country currently enjoys prudent fiscal conditions, stable inflation, growing trade and steady employment creation to support sustainable GDP growth. Not surprisingly, the country is in the spotlight globally.

Focused on value creation, SBI has made strategic investments to strengthen its core businesses. Over the last 5 years, we have undertaken several initiatives in reshaping SBI into a technologically advanced universal banking institution, with optimised operational efficiency and with 'delighting customers' as its strategic driving priority.

Today, these transformative initiatives have made SBI highly competitive and relevant to its diverse base of customers. With this backdrop, we are now ideally positioned for delivering superior value creation through sustainable growth. We plan to fulfil this by enhancing our operations to the highest levels of excellence - be it lending performance; improving our asset quality; perking up our profitability; and ultimately hastening the pace of capital generation and, thus, wealth creation.

To power these efforts, we have made our own infrastructure extra robust, in terms of establishing a comprehensive monitoring and

control framework, and building on a large talent pool of committed workforce. To support this, we have re-engineered our internal processes for improving our risk management and growth velocity. We are also constantly recalibrating our lending strategy to bolster the quality of our loan book.

As a proxy to India's economy, we are building steady momentum to become even more emblematic of the resilience and transformation of the Indian economy.

Technology advancements are continuously being implemented both towards back-end processes, as well as robust and efficient customer service delivery channels. At the same time, our commitment to highest standards of risk management, ethics and governance safeguard our stakeholder's interests at all times. Through this upgraded framework, we have laid a strong foundation for sustained long-term growth, and are gradually moving towards a more transparent, cost-competitive, and innovation-driven organisation.

We are beginning to see clear signs of benefits from the merger with our associate banks, having unified multiple operations to match the highest standards, and stimulating superior synergistic performance. Going forward, an enhanced scale of operations, sharing of best practices and the rationalisation of common costs are expected to result in meaningful savings. This will further strengthen our mission for becoming an enduring value creator.

We are optimistic about the future. The success of the largest ever QIP floated in India by SBI, is a strong testimony to the faith reposed in us by our investors and to our capital raising capability overall. The QIP enjoyed wide participation by diverse sets of quality investors. Furthermore, the IPO of SBI Life, led to significant value discovery and is a strong indication of the Bank's ability to incubate and nurture future industry leaders with a strong potential for value creation in the times ahead.

The Bank is deeply committed to contributing to society at large. We will continue to serve as a trusted partner to all our stakeholders by responsibly providing financial services that enable growth and economic progress for people of all income groups. During major transformational reforms seen in the past, such as the Government's demonetisation measures and the tax reforms through the introduction of GST, the Bank has emerged as a resilient player on a steady path of quality growth.

Embracing Technological Advancements, to consolidate our Digital Banking Leadership.

A Transforming India is digitally savvy and has high expectations from the banking industry. We are committed to develop, deploy and maintain technology solutions that are stable, reliable and deliver what the business needs to optimise customer satisfaction and value creation.



We are committed towards transforming ourselves into a digitalised organisation, supported by technology enabled backend operations.

600 bps

Growth in Digital Banking over the previous year

37%

Share of Digital Transactions in total Transactions

1.96 million

Merchant Payments Acceptance Touch Points

India is undergoing a digital transformation and witnessing an accelerated pace of innovation and technology adoption. As the digital economy is flourishing, the Bank is also progressing with its technological advancements and growing its presence in multi-channel platforms, keeping itself ahead of the curve. Consequent to our digital initiatives, we have improved the share of digital transactions as a percentage of total transactions by over 600 bps during the year.

During FY2018, we launched an integrated omni-channel digital platform YONO as an integral part of our digital drive. This is India's first fully digital service platform designed to facilitate banking as well as lifestyle needs of our customers through an all encompassing B2C marketplace. Apart from banking services, the application is designed to offer other financial products including investments, insurance and credit cards.

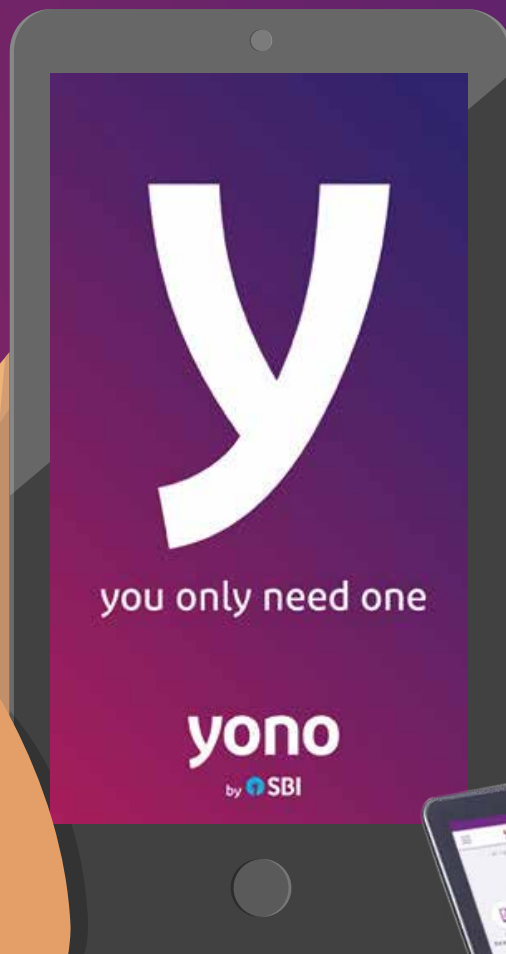
This path-breaking product has been developed using the latest digital technologies.

We are also committed towards transforming ourselves into a digitalised organisation, supported by technology enabled backend operations. Along with the digitalisation of consumer facing operations,

we continue to invest in the automation of our internal processes to improve efficiency, reduce cost of operations and re-deploy employees in revenue accretive roles.

With an all-pervasive digital transformation taking hold, we are highly motivated to integrate and absorb multiple technologies into

our operational culture. The potential and the productivity of new age technologies like block chain, machine learning, artificial intelligence and IoT with data and analytics as their foundation have been recognised by the Bank. Centres of excellence, proofs of concept and a collaborative and definitive time bound plan with fintech companies and vendors has been put in place to harness and harvest the benefits of these technologies for greater customer engagement, enhancing productivity of the Bank and empowering our employees. We are continuously training our employees to keep them updated on the technology front, and this enables them to deliver new-age banking for an aspiring and transforming India.



Progressively Enhancing Asset Quality and Processes, through Efficient Risk Management.

To be able to serve a transforming and demanding India, we need to be a strong bank with the best risk management practices. Going forward, we are making credible progress in risk assessment and management, while working diligently to resolve legacy stressed assets.

