

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

In Rupees Thousand	Bank (Rs in '000s)		Group (INR in Crores)	
	Current Period	Previous Period (Restated)	Current Period	Previous Period
	From 01-Apr-14 To 31-Mar-15	From 01-Apr-13 To 31-Mar-14	From 01-Apr-14 To 31-Mar-15	From 01-Apr-13 To 31-Mar-14
Interest income	839,442.37	1,025,728.24	152,397.07	136,350.80
Less: Interest expense	(182,410.83)	(241,064.41)	(97,381.82)	(87,068.63)
Net interest income	657,031.55	784,663.84	55,015.25	49,282.17
Fee and commission income	149,529.13	134,757.40	13,172.83	12,611.30
Fee and commission expense	-	-	-	-
Net fee and commission income	149,529.13	134,757.40	13,172.83	12,611.30
Net gain/(loss) from trading	-	-	1,935.96	1,895.28
Net gain/(loss) from financial instrument designed at fair value through profit or loss	-	-	-	-
Net gain/(loss) from Financial investment	186.75	132.75	3,618.05	2,076.72
Other operating income (net)	219,764.67	191,667.23	3,849.05	1,969.63
Total operating income	1,026,512.10	1,111,221.21	77,591,014	67,835.10
Impairment for loans and other losses	177,238.06	(163,783.09)	(19,719.66)	(15,484.26)
Net operating income	1,203,750.16	947,438.13	57,871.48	52,350.84
Personnel expenses	(112,515.55)	(92,570.80)	(23,527.07)	(22,504.28)
Depreciation and amortisation	(8,182.30)	(6,689.69)	(1,116.49)	(1,333.94)
Other expenses	(120,835.66)	(110,625.86)	(13,903.96)	(12,338.74)
Operating profit/(loss) before value added tax (VAT)	962,216.65	737,551.78	19,313.96	16,173.88
Value added tax (VAT) on financial services	(109,717.26)	(74,148.64)	-	-
Operating profit/(loss) after value added tax (VAT)	852,499.39	663,403.14	19,313.96	16,173.88
Share of profits of associates and joint ventures	-	-	-	-
Profit/(Loss) before tax	852,499.39	663,403.14	19,313.96	16,173.88
Tax expenses	(263,319.08)	(213,001.79)	(6,212.39)	(5,282.71)
Profit/(loss) for the period	589,180.31	450,401.34	13,101.57	10,891.17
Profit attributable to :				
Equity Holders of the Bank			13,101.57	10,891.17
Non Controlling interests			-	-
Earnings per share on profit			13,101.57	10,891.17
Basic earnings per ordinary share			17.55	15.68
Diluted earnings per ordinary share			17.55	15.68

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2015

Assets	Bank (Audited) (Rs in '000s)		Group (Audited) (INR in '000)	
	Current Period	Previous Period (Restated)	Current Period	Previous Period
	as at 31-Mar-15	as at 31-Mar-14	as at 31-Mar-15	as at 31-Mar-14
Cash and cash equivalents	869,327.47	845,745.02	1,591,883,174.00	1,115,561,457.00
Balances with central banks	943,238.94	1,528,775.38	-	-
Placements with banks	4,482,354.94	2,579,679.99	156,729,863.00	209,934,870.00
Derivative financial instruments	594.23	-	-	-
Other financial assets held-for-trading	-	-	-	-
Financial assets designated at fair value through profit or loss	-	-	-	-
Loans and receivables to banks	2,422,602.15	1,714,789.06	499,182,216.00	477,709,369.00
Loans and receivables to other customers	9,031,192.41	7,136,903.56	12,501,081,713.00	11,620,577,823.00
Financial investments - Available-for-sale	421,334.66	936,098.61	4,852,452,034.00	3,904,621,525.00
Financial investments - Held-to-maturity	-	-	-	-
Investment in subsidiaries	-	-	97,821,918.00	83,374,188.00
Investment in associates and joint ventures	-	-	-	-
Property, plant and equipment	26,618.53	25,029.74	93,291,642.00	80,021,551.00
Investment properties	-	-	-	-
Goodwill and intangible assets	-	-	-	-
Deferred tax assets	2,296.38	3,570.18	-	-
Other assets	19,109.79	33,355.38	688,355,438.00	435,682,125.00
Total assets	18,218,669.50	14,803,946.92	20,480,797,998.00	17,927,482,908.00
Liabilities				
Due to banks	7,023,934.38	4,965,013.75	92,110,350.00	193,628,321.00
Derivative financial instruments	565.88	-	-	-
Other financial liabilities held-for-trading	-	-	-	-
Financial liabilities designated at fair value through Profit or loss	-	-	-	-
Due to other customers	4,332,696.02	3,721,365.37	15,708,517,305.00	13,883,671,168.00
Other borrowings	-	-	1,593,381,261.00	1,272,283,550.00
Debt securities issued	-	-	60,712,500.00	59,096,875.00
Current tax liabilities	135,114.19	74,778.06	-	-
Deferred tax liabilities	-	-	23,531,187.00	33,515,225.00
Other provisions	17,039.24	16,330.60	553,385,770.00	571,339,789.00
Other liabilities	97,526.98	46,152.63	798,063,400.00	354,411,525.00
Due to subsidiaries	-	-	-	-
Subordinated term debts	-	-	364,713,960.00	366,713,960.00
Total liabilities	11,606,876.68	8,823,640.41	19,196,415,733.00	16,744,660,412.00
Equity				
Stated capital/Assigned capital	2,442,827.45	2,442,827.45	7,465,731.00	7,465,731.00
Statutory reserve fund	199,707.91	169,523.15	478,394,098.00	438,103,300.00
Retained earnings	3,970,541.41	3,119,943.98	303,853,708.00	244,963,152.00
Other reserves	(1,283.96)	248,011.93	494,668,728.00	492,290,313.00
Total shareholders' equity	6,117,992.81	5,980,306.51	1,284,382,265.00	1,182,822,496.00
Non-controlling interests	-	-	-	-
Total equity	6,117,992.81	5,980,306.51	1,284,382,265.00	1,182,822,496.00
Total equity and liabilities	18,218,669.50	14,803,946.92	20,480,797,998.00	17,927,482,908.00
Contingent liabilities and commitments	12,929,271.42	5,005,303.02	10,934,225,062.00	10,913,583,726.00
Memorandum information				
Number of employees	66	67	213,238	222,033
Number of branches	6	6	16,333	16,059

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

ITEM	Bank		Group (INR in Crores)	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Regulatory Capital Adequacy				
Core Capital (Tier 1 Capital), Rs. '000	6,119,211	6,079,400	122,025	112,333
Total Capital Base, Rs. '000	6,160,904	6,116,804	146,519	140,151
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	44.11%	61.01%	12.00%	12.44%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	44.42%	61.39%	12.79%	12.96%
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio, % (net of interest in suspense)	18.85%	30.68%	4.25%	4.95%
Net-Non Performing Advances % (net of interest in suspense and provision)	9.03%	3.62%	2.12%	2.57%
Profitability				
Interest Margin, %	4.12%	4.47%	3.16%	3.17%
Return on Assets (before Tax), %	3.63%	3.11%	0.68%	0.68%
Return on Equity, %	10.43%	7.95%	11.17%	10.49%
Regulatory Liquidity				
Statutory Liquid Assets, Rs. '000				
Domestic Banking Unit Rs.'000'	4,326,088	5,281,267		
Off-Shore Banking Unit US\$ '000'	-	13,979		
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)	94.30%	102.78%		
Domestic Banking Unit				
Off-Shore Banking Unit				

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2015

	Bank (Audited) (Rs in '000s)		Group (Audited) (INR in Crores)	
	Current Period	Previous Period (Restated)	Current Period	Previous Period
	From 01-Apr-14 To 31-Mar-15	From 01-Apr-13 To 31-Mar-14	From 01-Apr-14 To 31-Mar-15	From 01-Apr-13 To 31-Mar-14
Profit/(loss) for the period	589,180.31	450,401.34	13,101.57	10,891.17
Other comprehensive income, net of tax				
Changes in revaluation surplus	-	-	-	-
Actuarial gains and losses on defined benefit plans	(1,877.63)	985.71	-	-
Gain and losses (arising from translating the financial statement of a foreign operation)	-	-	-	-
Gains and losses on re-measuring available for sale financial assets	(367.8)	(526.31)	-	-
Gain and losses on cash flow hedges	-	-	-	-
Others	-	-	-	-
Share of profit of associates and joint ventures	-	-	-	-
Less: Tax expense/(income) relating to components of other comprehensive income	-	-	-	-
Other comprehensive income for the period, net of taxes	(2,245.49)	459.40	-	-
Total comprehensive income for the period	586,934.81	450,860.74	13,101.57	10,891.17

CORPORATE GOVERNANCE

The Bank's Philosophy on Code of Governance

State Bank of India is committed to the best practices in the area of Corporate Governance, in letter and in spirit. The Bank believes that good Corporate Governance is much more than complying with legal and regulatory requirements. Good governance facilitates effective management and control of business, enables the Bank to maintain a high level of business ethics and to optimize the value for all its stakeholders. The objectives can be summarised as:

- To protect and enhance shareholder value.
- To protect the interest of all other stakeholders such as customers, employees and society at large.
- To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.
- To ensure accountability for performance and customer service and to achieve excellence at all levels.
- To provide corporate leadership of highest standards for others to emulate.

The Bank is committed to:

- Ensuring that the Bank's Board of Directors meets regularly, provides effective leadership and insights in business and functional matters and monitors Bank's performance.
- Establishing a framework of strategic control and continuously reviewing its efficacy.
- Establishing clearly documented and transparent management processes for policy development, implementation and review, decision-making, monitoring, control and reporting.
- Providing free access to the Board to all relevant information, advices and resources as are necessary to enable it to carry out its role effectively.
- Ensuring that the Chairman has the responsibility for all aspects of executive management and is accountable to the Board for the ultimate performance of the Bank and implementation of the policies laid down by the Board. The role of the Chairman and the Board of Directors are also guided by the SBI Act, 1955, with all relevant amendments.
- Ensuring that a senior executive is made responsible in respect of compliance issues with all applicable statutes, regulations and other procedures, policies as laid down by the CO/IRI and other regulators and the Board, and reports deviations, if any.

The Bank has complied with the provisions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges except where the provisions of Clause 49 are not in conformity with SBI Act, 1955 and the directives issued by RBI/GOI. A report on the implementation of these provisions of Corporate Governance in the Bank

is furnished below.

Central Board: Role and Composition

State Bank of India was formed in 1955 by an Act of the Parliament, i.e., The State Bank of India Act, 1955 (Act). A Central Board of Directors was constituted according to the Act.

The Bank's Central Board draws its powers from and carries out its functions in compliance with the provisions of SBI Act & Regulations 1955. Its major roles include, among others,

- Overseeing the risk profile of the Bank;
- Monitoring the integrity of its business and control mechanisms;
- Ensuring asset management, and
- Maximising the interests of its stakeholders.

The Central Board is headed by the Chairman, appointed under section 19(a) of SBI Act; four Managing Directors are also appointed members of the Board under section 19(b) of SBI Act. The Chairman and Managing Directors are whole time Directors.

The composition of the Board complies with provisions laid in Clause 49 of the Listing Agreement. There is no inter-se relationship between Directors.

Executive Committee of the Central Board

The Executive Committee of the Central Board (ECCB) is constituted in terms of Section 30 of the SBI Act, 1955. The State Bank of India General Regulations (46 & 47) provide that, subject to the general or special directions of the Central Board, ECCB may deal with any matter within the competence of the Central Board. ECCB consists of the Chairman, the Managing Directors, the Director nominated under Section 19(b) of the SBI Act (Reserve Bank of India 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 the meeting is held. The ECCB meetings are held once every week. The quorum requirements as per SBI regulations 1955, are complied with meticulously.

Other Board Level Committees

In terms of the provisions of SBI Act and General Regulations, 1955 and Govt./IRBI/SBI guidelines, the Central Board has constituted eight Board Level Committees viz. Audit Committee, Risk Management Committee, Shareholders'/Investors' Grievance Committee, Special Committee of the Board for Monitoring of Large Value Frauds (1 crore and above), Customer Service Committee, IT Strategy Committee, Remuneration

Committee & Board Committee to monitor recovery. These Committees provide effective professional support in the conduct of Board level business in key areas like Audit & Accounts, Risk Management, resolution of Shareholders'/Investors' grievances, Fraud Review and Control, Review of customer service and redressal of customer grievances, Technology Management, Payment of Incentives to Executive Directors and Oversight on recovery of loans and advances. While the remuneration committee approves, once in a year, payment of incentives to whole time directors based on Govt. of India guidelines, the other committees meet periodically, once in a quarter generally, to deliberate on policy issues and/or review domain performance as per the calendar of reviews approved by the Central Board. The committees also call external specialists besides drawing upon the services of top executives from the bank as and when needed. The minutes and proceedings containing brief reports on the discussions held at the meetings of the committees are placed before the Central Board.

Audit Committee of the Board

The ACB functions as per RBI guidelines and complies with the provisions of Clause 49 of the Listing Agreement to the extent that they do not violate the directives/guidelines issued by RBI.

Disclosure:

The Bank has not entered into any materially significant related party transactions with its Promoters, Directors or Management, their subsidiaries or relatives, etc that may have potential conflict with the interest of the Bank at large. The Bank has complied with applicable rules and regulations prescribed by Stock Exchanges, SEBI, RBI or any other statutory authority relating to the capital markets. During the last three years no penalties or strictures have been imposed by them on the bank.

A Whistle Blower Policy has been in place and displayed on "State Bank Times" for reporting any unethical practices or behavior by employees in violation of their service rules, with a provision for protection of interest/identity of the whistleblower.

The Bank has complied in all respects with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, to the extent that the requirements of the Clause do not violate the provisions of SBI Act of India Act 1955, the Rules and Regulations made thereunder and guidelines or directives issued by the Reserve Bank of India.

Mandatory requirements of Clause 49 as to the composition of the Board of Directors, composition and quorum of the Audit Committee, Non-executive Directors' compensation, the appointment, re-appointment of the Statutory Auditors and fixation of

their fees are not binding on the Bank, as separate provisions in the State Bank of India Act, SBI General Regulations and the Reserve Bank of India guidelines deal with the same.

The Bank has complied with all applicable non-mandatory requirements of Clause 49, except for sending half-yearly declaration of financial performance and summary of significant events to the households of shareholders, since detailed information on the same is posted on the website of the Bank.

Means of Communication

The Bank strongly believes that all stakeholders should have access to complete information on its activities, performance and product initiatives. Annual, half yearly and quarterly results of the Bank for the year 2014-15 were published in the leading newspapers of the country. The results were also displayed on the Bank's website (www.sbi.co.in) and www.statebankofindia.com. The Annual Report is sent to all shareholders of the Bank. The Bank's website displays, inter-alia, official news releases of the Bank, the Bank's Annual Report and Half yearly report, and details of various product offerings. Every year, after the annual and half-yearly results are declared, a Press meet is held on the same day, in which the Chairman makes a presentation and answers the queries of the media. This is followed by another meeting to which a number of investment analysts are invited. Details of the Bank's performance are discussed with the analysts in the meeting. After declaring quarterly results, press notifications are issued.

CERTIFICATION:

We, the undersigned, being the Chief Executive Officer and Compliance Officer of State Bank of India certify jointly that:

- the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;
- the information contained in these statements have been extracted from the audited financial statements of the bank.

Chamara Divithuragama
(Sd/), Compliance Officer
Date: 16.02.2015

Ramesh Chandra
(Sd/), Country Head, Sri Lanka
Date: 16.02.2015