

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

In Rupees Million	Bank (Audited)		Group (INR in Crores) (Audited)	
	Current Period	Previous Period	Current Period	Previous Period
	From 01-Apr-19 To 31-Mar-20	From 01-Apr-18 To 31-Mar-19	From 01-Apr-19 To 31-Mar-20	From 01-Apr-18 To 31-Mar-19
Interest income	1,629.40	1,646.24	257,323.59	242,868.65
Less: Interest expense	(426.62)	(476.71)	(159,238.77)	(154,519.78)
Net interest income	1,202.78	1,169.53	98,084.83	88,348.88
Fee and commission income	137.76	140.87	23,725.06	23,303.89
Fee and commission expense	(137.76)	(140.87)	(23,725.06)	(23,303.89)
Net fee and commission income	0.00	0.00	0.00	0.00
Net gain/(loss) from trading	-	-	2,155.41	2,155.75
Net fair value gain/(losses) on financial instruments	-	-	-	(2,124.04)
at fair value through profit or loss	-	-	-	3,146.86
Net gains/(losses) from derecognition of financial assets:	-	0.77	8,575.65	134.96
Net other operating income	132.66	134.96	10,404.35	10,292.42
Total operating income	1,473.20	1,446.13	143,306.30	125,123.76
Impairment Charges	9.20	23.93	(53,644.50)	(54,573.80)
Net operating income	1,482.40	1,470.06	89,661.80	70,549.97
Personnel expenses	(129.89)	(136.70)	(45,714.97)	(41,054.71)
Depreciation and amortisation expenses	(24.77)	(10.99)	(3,303.81)	(3,212.31)
Other expenses	(241.26)	(198.89)	(15,580.26)	(24,675.47)
Operating profit/(loss) before VAT and NBT on financial services	1,086.48	1,123.48	25,062.76	1,607.49
Profit/(Loss) from discontinued operations	-	(4.94)	-	-
Value added tax (VAT) on financial services	(155.31)	(157.29)	-	-
Nation building tax (NBT) on financial services	(16.97)	(23.84)	-	-
Operating profit/(loss) after VAT and NBT on financial services	914.20	937.42	25,062.76	1,607.49
Profit/(loss) brought forward	-	-	(15,226.06)	(15,078.57)
Share of profits of associates and joint ventures	-	-	-	-
Profit/(Loss) before tax	914.20	937.42	9,836.71	(13,471.08)
Income Tax expenses	(375.15)	(363.49)	(10,574.65)	(745.25)
Profit/(loss) for the year	539.06	573.93	(737.94)	(14,216.33)
Profit attributable to:				
Equity Holders of the Parent	-	-	(737.94)	(14,216.33)
Non Controlling interests	-	-	-	-
Earnings per share on profit				
Basic earnings per ordinary share	-	-	16.23	0.97
Diluted earnings per ordinary share	-	-	16.23	0.97

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2020

In Rupees Million	Bank (Audited)		Group (INR in Crores) (Audited)	
	Current Period	Previous Period	Current Period	Previous Period
	From 01-Apr-19 To 31-Mar-20	From 01-Apr-18 To 31-Mar-19	From 01-Apr-19 To 31-Mar-20	From 01-Apr-18 To 31-Mar-19
Profit/(loss) for the year	539.06	573.93	(737.94)	(14,216.33)
Items that will be reclassified to income statement				
Exchange differences on translation of foreign operations	364.80	515.44	-	-
Net gains/(losses) on cash flow hedges	-	-	-	-
Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	1.28	(0.78)	-	-
Share of profits of associates and joint ventures	-	-	-	-
Debt instruments at fair value through other comprehensive income	-	-	-	-
Others (specify)	-	-	-	-
Less: Tax expense relating to items that will be reclassified to income statement	-	-	-	-
Items that will not be reclassified to income statement				
Change in fair value on investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-
Change in fair value attributable to change in the Bank's own credit risk on financial liabilities designated at fair value through profit or loss	-	-	-	-
Re-measurement of post-employment benefit obligations	(24.25)	(2.33)	-	-
Changes in revaluation surplus	-	-	-	-
Share of profits of associates and joint ventures	-	-	-	-
Others (specify)	-	-	-	-
Less: Tax expense relating to items that will not be reclassified to income statement	(0.00)	(0.00)	-	-
Other comprehensive Income (OCI) for the year, net of taxes	341.83	512.33	-	-
Total comprehensive income for the period	880.89	1,086.27	(737.94)	(14,216.33)
Attributable to:				
Equity Holders of the Parent	-	-	(737.94)	(14,216.33)
Non Controlling interests	-	-	-	-
	-	-	(737.94)	(14,216.33)

SELECTED PERFORMANCE INDICATORS (BASED ON REGULATORY REPORTING) AS AT 31.03.2020

ITEM	Bank	
	31-Mar-20	31-Mar-19
Regulatory Capital Adequacy (LKR in Millions)		
Common Equity Tier 1	10,718	10,670
Core (Tier 1) Capital	10,718	10,670
Total Capital Base	10,886	10,742
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital (%) (Minimum Requirement - 7%)	48.66%	64.05%
Tier 1 Capital Ratio (%) (Minimum Requirement - 8.5%)	48.66%	64.05%
Total Capital Ratio (%) (Minimum Requirement - 12.5%)	49.42%	64.48%
Leverage Ratio (Minimum Requirement - 3%)	29.96%	33.23%
Regulatory Liquidity		
Statutory Liquid Assets (LKR in Millions)	2,933.03	5,214.12
Statutory Liquid Assets (USD in Million)	30.19	39.46
Statutory Liquid Assets Ratio (%) (Minimum Requirement - 20%)	-	-
Domestic Banking Unit (%)	58.71%	83.61%
Off-Shore Banking Unit (%)	52.14%	70.54%
Total Stock of High-Quality Liquid Assets (LKR in Millions)	1,072	2,266
Liquidity Coverage Ratio (%) (Minimum Requirement - 100%)	-	-
Rupee (%)	1235.89%	1234.37%
All Currency (%)	405.48%	298.31%
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)*	135.54%	175.00%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio (%) (net of interest in suspense)	0.44%	0.63%
Net-Non Performing Advances (%) (net of interest in suspense and provision)	0.00%	0.00%
Profitability		
Interest Margin (%)	5.14%	5.00%
Return on Assets (before Tax) (%)	2.14%	2.71%
Return on Equity (%)	5.06%	6.85%

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 summarized 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 standard for others to emulate.

THE BANKS COMMITTED TO:

- Ensuring that the 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 SBA 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 in the GOR/BI and other regulations and the Board, and reports deviations, if any.

The Bank has complied with the provisions of Corporate Governance as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and LODR Amendments Regulations, 2018 with the Stock Exchanges except where the provisions of these regulations are not in conformity with SBA Act, 1955 and the directives issued by RBI/GOL 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 SBA 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 expert management, and
- Maximizing the interests of its stakeholders.

The Central Board is headed by the Chairman, appointed under section 19(a) of SBA Act; four Managing Directors are also appointed members of the Board under section 19(b) of SBA Act. The Chairman and Managing Directors are Whole Time Directors. As on 31st March 2020, there were nine other directors on the Board who are eminent professionals representing Technology, Accountancy, Finance, Economics and Academics. The composition of the Central Board, as on 31st March 2020, was as under:

- Chairman appointed by the Central Government in consultation with the RBI u/s 19(a)
- four Managing Directors, appointed by the Central Government in consultation with the RBI u/s 19(b)
- four Managing Directors, elected by the Shareholders under Section 19(c).
- three directors, nominated by the Central Government under Section 19(d).
- one director (official from the Govt. of India), nominated by the Central Government under Section 19(e), and
- one director (official from the Reserve Bank of India), nominated by the Central Government under Section 19(f) on the recommendations of the RBI.

The composition of the Board complies with provisions laid down in Regulation 17(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. There is no inter-relationship between Directors.

EXECUTIVE COMMITTEE OF THE CENTRAL BOARD

The Executive Committee of the Central Board (ECB) is constituted in terms of Section 30 of the SBA Act, 1955. The State Bank of India General Regulations (46 & 47) provide that, subject to the general or special directions of the Central Board, ECB may deal with any matter within the competence of the Central Board. ECB consists of the Chairman, the Managing Director, the Director nominated under Section 19(f) of the SBA 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 ECB meetings are held once every week. During the year, 52 ECB meetings were held. The quorum requirements as per SBI regulations 1955 were complied meticulously.

OTHER BOARD LEVEL COMMITTEES:

In terms of the provisions of SBA Act and General Regulations, 1955 and Govt./RBI/SEBI guidelines, the Central Board has constituted other eleven Board Level Committees viz. Audit Committee of the Board, Risk Management Committee of the Board, Stakeholders Relationship Committee, Special Committee of the Board for Monitoring of Large Value Frauds, Customer Service Committee of the Board, IT Strategy Committee, Corporate Social Responsibility Committee, Nomination & Remuneration Committee of the Board, Board Committee to Monitor Recovery, Committee to Review the Identification of Willful Defaulters/Non-Cooperative Borrowers and Nomination Committee of the Board. These Committees provide effective professional support in Board Oversight 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, Corporate Social Responsibility, Payment of Incentives to Executive Directors, Oversight on Recovery of Loans and Advances, Review of Identification of Willful Defaulters/Non-Cooperative Borrowers and arrive at the 'fit and proper' status of candidates filing nominations for election as Directors.

While the Nomination & Remuneration Committee meets at least once a year 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 Nomination & Remuneration Committee is constituted, to carry out necessary due diligence and arrive at the 'fit and proper' status of candidates filing nominations for election as Directors by shareholders and meets as and when required. 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 Audit Committee of the Board (ACB) was constituted on 27th July 1994 and last re-constituted on the 18th February 2020. The ACB functions as per RBI guidelines and complies with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and LODR Amendment Regulation 2016 to the extent that they do not violate the directives/guidelines issued by RBI.

DISCLOSURE

FUNCTIONS OF ACB

- ACB provides direction as also oversees the operation of the total audit function in the Bank. Total audit function implies the organisation, operationalization and quality control of internal audit and inspection within the Bank and follow-up on the statutory/external audit, compliance of RBI inspection. It also appoints Statutory Auditors of the Bank and reviews their performance from time to time.
- ACB reviews the Bank's financial, Risk Management, IS Audit Policies and Accounting Policies/Systems of the Bank to ensure greater transparency.
- ACB reviews the internal inspection/audit plan and functions in the Bank - the system, its quality and effectiveness in terms of follow-up, risks, especially, focuses on the follow-up of:
 - KYC-AML guidelines;
 - Major areas of housekeeping;
 - Compliance of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;
- It obtains and reviews reports from the Compliance Department in the Bank.
- ACB follows up on all the issues raised in RBI's Risk Based Supervision under Section 35 of Banking Regulation Act, 1949 and Long Form Audit Reports of the Statutory Auditors and other Internal Audit Reports. It interacts with the external auditors before the finalisation of the annual/quarterly financial accounts and reports. Annual/Audit Charter or 'Terms of Reference' of the Audit Committee has been approved by the Central Board and a calendar of Reviews to be submitted to the Audit Committee is also in place, which is updated periodically, the last revision effected from 18th December 2014.

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 2019-20 were published in the leading newspapers of the country. The results were also displayed on the Bank's website www.sbi.co.in or <https://bank.sbi>. 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 Reports, Half-yearly and quarterly results and details of various product offerings. Every year, after the annual/half-yearly/quarterly 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.

RISK MANAGEMENT COMMITTEE OF THE BOARD

The Risk Management Committee of the Board (RMCB) was constituted on the 23rd March 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 the 18th February 2020 and has seven members. The Non-executive Director is the Chairman of the Committee. RMCB meets a minimum of four times a year, once in each quarter. During 2019-20, seven meetings of the RMCB were held.

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2020

In Rupees Million	Bank (Audited)		Group (INR in Crores) (Audited)	
	Current Period	Previous Period	Current Period	Previous Period
	as at 31-Mar-20	as at (Audited) 31-Mar-19	as at 31-Mar-20	as at (Audited) 31-Mar-19
Assets				
Cash and cash equivalents	795.82	447.13	48,430.66	38,532.04
Balances with central banks	868.67	972.98	146,831.20	158,154.47
Placements with banks	1,426.46	4,965.35	56,035.15	25,803.60
Derivative financial instruments	-	-	-	-
Financial assets recognized through profit or loss	-	-	-	-
-measured at fair value	-	-	-	-
-designated at fair value	-	-	-	-
Financial assets at amortised cost	-	-	-	-
-loans and advances	18,399.12	14,032.08	2,325,289.56	2,185,876.92
-debt and other instruments	4,596.22	4,301.65	-	-
Financial assets measured at fair value through other comprehensive income	297.73	1,388.10	1,046,954.52	967,021.95
Investment in subsidiaries	-	-	-	-
Investment in associates and joint ventures	-	-	-	-
Property, plant and equipment	639.10	189.43	38,439.28	39,197.57
Investment properties	-	-	-	-
Goodwill and intangible assets	-	-	-	-
Deferred tax assets	53.01	56.80	289,613.55	266,327.70
Other assets	31.39	93.86	-	-
Total assets	27,107.52	26,447.19	3,951,393.92	3,680,914.25
Liabilities				
Due to banks	10,725.66	9,150.10	261,780.42	340,808.31
Derivative financial instruments	-	-	-	-
Financial liabilities recognized through profit or loss	-	-	-	-
-measured at fair value	-	-	-	-
-designated at fair value	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
-due to depositors	4,807.32	6,633.94	3,230,517.83	2,896,257.24
-due to debt securities holders	-	-	57,812.39	49,483.69
-due to other borrowers	-	-	6,165.75	27,853.89
Debt securities issued	-	-	-	-
Retirement benefit obligations	232.48	204.09	-	-
Current tax liabilities	129.94	124.75	-	-
Deferred tax liabilities	-	-	6.16	2.33
Other provisions	-	-	-	-
Other liabilities	115.06	118.14	163,103.94	145,594.96
Due to subsidiaries	-	-	-	-
Total liabilities	16,010.47	16,231.02	3,719,386.49	3,460,000.42
Equity				
Stated capital/Assigned capital	2,442.83	2,442.83	892.46	892.46
Statutory reserve fund	367.84	340.92	69,942.09	65,595.65
Retained earnings	6,660.29	6,172.40	136,230.33	129,771.77
Other reserves	1,626.10	1,260.01	24,882.55	24,653.94
Total shareholders' equity	11,097.05	10,216.16	232,007.43	220,913.82
Non-controlling interests	-	-	232,007.43	220,913.82
Total equity	11,097.05	10,216.16	232,007.43	220,913.82
Total equity and liabilities	27,107.52	26,447.19	3,951,393.92	3,680,914.25
Contingent liabilities and commitments	18,751.96	22,563.37	1,270,752.77	1,186,104.00
Memorandum information				
Number of employees	71	76	249,448	257,252
Number of branches	3			